PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

80th REPORT TO THE PARLIAMENT

REPORT ON THE 2008-09 BUDGET ESTIMATES – PART THREE

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Parliament of Victoria

Public Accounts and Estimates Committee

Report on the 2008-09 Budget Estimates – Part Three

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The series of reports on the 2008-09 Budget Estimates produced by the Committee consists of three parts and includes:

Part One

- an index of key matters raised at the first 16 budget estimates hearings to 16 May 2008;
- transcripts of proceedings of the budget estimates hearings to 16 May 2008;
- a list of further information to be provided and questions on notice for each portfolio; and
- departmental reviews that reproduce responses provided by departments and the parliamentary departments to the Committee's budget estimates questionnaire.

Part Two

- an index of key matters raised at the remaining 25 budget estimates hearings to 3 June 2008;
- transcripts of proceedings for the remaining budget estimates hearings to 3 June 2008; and
- a list of further information to be provided and questions on notice for each portfolio.

Part Three

- information relating to responses received to questions taken on notice and further information provided by Ministers, together with any additional information sought in relation to the responses received to the Committee's budget estimates questionnaire; and
- analysis, key findings and recommendations relating to the budget estimates for 2008-09.

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PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE MEMBERSHIP – 56TH PARLIAMENT

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For this inquiry, the Committee was supported by a secretariat comprising:

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DUTIES OF THE COMMITTEE

The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 2003*.

The Committee comprises ten members of Parliament drawn from both Houses of Parliament.

The Committee carries out investigations and reports to Parliament on matters associated with the financial management of the state. Its functions under the Act are to inquire into, consider and report to the Parliament on:

- any proposal, matter or thing concerned with public administration or public sector finances;
- the annual estimates or receipts and payments and other budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council; and
- any proposal, matter or thing that is relevant to its functions and has been referred to the Committee by resolution of the Council or the Assembly or by order of the Governor in Council published in the *Government Gazette*.

The Committee also has a number of statutory responsibilities in relation to the Office of the Auditor-General. The Committee is required to:

- recommend the appointment of the Auditor-General and the independent performance and financial auditors to review the Victorian Auditor-General's Office;
- consider the budget estimates for the Victorian Auditor-General's Office;
- review the Auditor-General's draft annual plan and, if necessary, provide comments on the plan to the Auditor-General prior to its finalisation and tabling in Parliament;
- have a consultative role in determining the objectives and scope of performance audits by the Auditor-General and identifying any other particular issues that need to be addressed;
- have a consultative role in determining performance audit priorities; and
- exempt, if ever deemed necessary, the Auditor-General from legislative requirements applicable to government agencies on staff employment conditions and financial reporting practices.

CHAIR'S FOREWORD

As Chair of the Public Accounts and Estimates Committee, I have pleasure in introducing the Committee's Part Three report on the 2008-09 Budget Estimates.

This report completes the Committee's exhaustive inquiry into the 2008-09 Budget Estimates. In contrast to Parts One and Two, which essentially provided an index to the matters raised at the budget estimates hearings that took place in May 2008, Part Three contains the Committee's high level analysis of certain substantive issues of clear economic, social and environmental relevance to the Parliament and community.

New features of the report include a greater focus on the following topics:

- department income and revenue initiatives; and
- revenue foregone - concessions and subsidies.

I regard the recommendations propounded in this report (49 in total) as vital for spearheading improvements in financial and resource management and strengthening accountability in the public sector. Accordingly, in the pursuit of continuous improvement and excellence in Government reporting to Parliament, the Committee has a clear expectation that the recommendations framed by the Committee, will be implemented by the Government. In this regard, the Committee takes note from its Budget briefing this year that comments made by the Committee were taken seriously by the Department of Treasury and Finance.

Over the past two state budgets, the Committee, in its drive for implementing an innovative new framework for examining and reporting on the budget estimates by linking its inquiries to the key visions and policies of the government, has endeavoured to continue and build on this approach.

I recommend that this report be considered by key stakeholders as well as other parliamentary jurisdictions and welcome any feedback on how the estimates process and report content could be further enhanced in future. To facilitate this process, the Committee's secretariat has created a suggestion facility on the Committee's website.

In conclusion, I wish to especially thank the Deputy Chair, Kim Wells MP as well as the other members of the Committee for their invaluable input into reviewing the 2008-09 Budget Estimates and finalising this report. In addition, the preparatory work undertaken by the Premier, Ministers, departmental Secretaries and senior managers as part of the budget estimates hearings and questionnaires process and their continued cooperation in dealing with the Committee's secretariat are also greatly appreciated.

And finally, on behalf of the Committee, as always, I extend my thanks to the professional dedication and admirable enthusiasm of the secretariat of the Committee, in embracing change and breaking new ground in research areas for this expanded report.

Bob Stensholt MP

Chair

RECOMMENDATIONS

The Committee recommends that:

Recommendation 1: **The Department of Treasury and Finance implement strategies, such as identification of a contact area in the budget papers and a suggestion facility on its website, to assist readers experiencing difficulty in locating or comprehending material and to invite suggestions from readers for improving the readability of budget data.**

Page 24

Recommendation 2: **As the COAG Reform Agenda unfolds, a Whole of Government section should be included in the budget papers that explains:**

(a) **Victoria's efforts in contributing to the work agenda of the seven working groups including the Productivity Agenda, actual results against performance measures, future requirements and funding allocations; and**

(b) **how outcomes derived from the Reform Agenda have shaped the Victorian budget.**

Page 62

Recommendation 3: **Where productivity improvements form part of economic factors evaluated during the development of major new budget initiatives, these considerations forming part of related business cases or output price reviews should be made clearly visible in the budget papers.**

Page 62

Recommendation 4:

In terms of achieving general efficiencies of an administrative nature that are expected to be derived (or any other specific efficiency initiatives announced in future budgets), the Budget Papers should disclose:

(a) a breakdown by department and various components that make up such efficiencies; and

(b) how savings have been utilised in the budget.

Page 62

Recommendation 5:

Given that standardised performance measures have not been developed to measure productivity of government services, departments should quantify examples of productivity gains in their annual reports in order to increase accountability to the community. This practice should also extend to local government agencies, statutory authorities and non government organisations in receipt of substantial grant funding from government.

Page 62

Recommendation 6:

The Department of Human Services include in their annual report, details of expenditure to date and progress made on all major infrastructure projects with a TEI in excess of $10 million.

Page 72

Recommendation 7:

Given the increased levels of asset investment by the government, the Department of Treasury and Finance examine the effectiveness of current reporting practices to ensure that public sector agencies keep Parliament and the community informed of progress made in terms of project completion and outcomes delivered through meaningful disclosure in their annual reports.

Page 78

Recommendation 8: **All departments and their budget funded agencies ensure that complete and accurate information on staffing levels and costs are available to the Committee in future years.**

Page 82

Recommendation 9: **Departments continue to review their output performance measures to ensure that they are relevant to, and that they reflect appropriately, the department's service outcomes and strategic objectives.**

Page 95

Recommendation 10: **The Department of Treasury and Finance incorporate within future budget papers a tabular presentation of annual global movements in new and discontinued output measures, categorised according to quantity, quality and timeliness measures to enhance clarity and accountability in reporting.**

Page 97

Recommendation 11: **Output performance measure targets in budget papers be regularly reviewed and adjusted to ensure that they at least reflect historical performance.**

Page 100

Recommendation 12: **Departments act on the Auditor-General's recommendation to provide more detailed explanations of significant and material variations between actual output performance and published targets in the notes to Budget Paper No.3, Service Delivery.**

Page 100

Recommendation 13: **From 2009-10, a new budget paper providing a comprehensive overview of the state government programs and initiatives, for regional and rural Victoria, be provided.**

Page 110

Recommendation 14: **The Department of Treasury and Finance monitor weather patterns and ground conditions and determine any required additional budgetary measures for drought relief. Commitments should be detailed in the budget update.**

Page 121

Recommendation 15: **To ensure that the approved allocation of funding to the Regional Infrastructure Development Fund is fully committed and spent in a timely manner, the government will need to accelerate the number of announced projects over the next two years.**

Page 22

Recommendation16: **In terms of fully disclosing the extent of revenue foregone to the state arising from the granting of concessions, including tax exemptions in the form of tax expenditures, the Department of Treasury and Finance ensure the budget papers contain a greater dissection quantifying the value of taxation exemptions granted, fees waived to particular groups and income not collected due to regulatory reform.**

Page 148

Recommendation 17: **The Department of Treasury and Finance expand the concessions section of the budget papers by disclosing a more comprehensive breakdown of the estimates that reveals:**

- **(a) the various types of concessions (e.g. electricity and gas usage, municipal rates and water and sewerage charges) associated with each category of concession;**
- **(b) the estimated number of Victorians/households expected to benefit from these concessions and related programs;**
- **(c) the actual number of recipients of concessions for the most recent completed year against estimates for that year;**
- **(d) explanations for major variations between the expected number of recipients for the prior year and the current budget estimate; and**
- **(e) estimated outlays in the form of subsidies presented in a consolidated form across government.**

Page 149

Recommendation 18: **The State Government increase awareness among Victorians of the extensive nature of concessions it provides.**

Page 149

Recommendation 19: **The Department of Transport provide in its annual report for 2008-09 relevant information relating to the effectiveness of the Early Bird Fare Initiative.**

Page 150

Recommendation 20: **The Government review its reporting mechanisms on progress with its infrastructure and asset program with a view to providing Parliament and the Victorian public with a regular and fully transparent account of progress.**

Page 156

Recommendation 21: **Where a Committee recommendation is accepted in part the Government response should make clear which part they accept and which they do not, including information about why they do not accept particular parts.**

Page 157

Recommendation 22: **The Department of Transport assess whether its target for the proportion of freight transported to and from ports by rail to increase to 30 per cent by 2010 is still relevant or needs to be revised. As part of such an assessment, a review needs to be undertaken of climatic conditions and associated forecasts as well as any significant trends in growth in the metropolitan freight task and modal shifts to road in preference to rail for the transportation of freight.**

Page 176

Recommendation 23: **In addressing the proposals contained in the review of Victoria's Regional Rail Freight Network, which were released in December 2007, the Department of Transport develop a plan that includes:**

(a) a timeline for addressing each of the report's recommendations; and

(b) a schedule of programmed works identified for upgrade and maintenance.

Page 179

Recommendation 24: **The Department of Transport, led by VicRoads:**

(a) **collect and publicly report statistics on an ongoing basis of the extent of ridesharing among Melbourne's motorists during peak hour traffic;**

(b) **assess how many riders per car would be necessary to have a significant impact on reducing road traffic congestion;**

(c) **monitor whether car pooling strategies, such as the use of dedicated transit lanes, are effective in reducing the number of cars on Melbourne's roads during peak periods and improving traffic flow; and**

(d) **determine whether there is a need to extend incentives to encourage a greater level of car pooling, thereby reducing the number of cars and congestion on Victoria's roads during peak periods.**

Page 194

Recommendation 25: **The Department of Education and Early Childhood Development include in its annual report a comparative assessment of educational outcomes prior to and following the implementation of initiatives within the Victorian Schools Plan.**

Page 197

Recommendation 26: **The Department of Education and Early Childhood Development inform the Parliament of its evaluation of education outcomes resulting from the Victorian Schools Plan implementation.**

Page 198

Recommendation 27: **The Department of Education and Early Childhood Development examine the reasons behind the significant variations in the performance of Indigenous students across the three benchmarks: reading, writing and numeracy.**

Page 202

Recommendation 28: **The Department of Education and Early Childhood Development report on the effectiveness of the Wannik: Learning Together – Journey to Our Future strategy in improving writing, reading and numeracy skills for Indigenous students and use this information to refine the strategy.**

Page 203

Recommendation 29: **The Department of Human Services provide Parliament with a cost forecast for the maintenance and replacement of the IT infrastructure over the life of the HealthSMART system.**

Page 204

Recommendation 30: **The Department of Human Services provide a detailed timeline and budget for the implementation of the rebaselined clinical systems.**

Page 206

Recommendation 31: **A more detailed explanation of the phasing of expenditure for new energy technology projects should be provided to parliament.**

Page 210

Recommendation 32: **The Department of Treasury and Finance ensure that major projects such as Our Water Our Future, The Next Stage of the Government's Water Plan, the Victorian Schools Plan and Meeting Our Transport Challenges are represented within the budget papers in a clear and consistent manner. Information about the investment in, and progress of, such projects should be easy to identify and understand.**

Page 214

Recommendation 33: **The Port of Melbourne Corporation disclose fully, the additional Channel Deepening Project budgeted costs identified after the publication of the Supplementary Environmental Effects Statement.**

Page 217

Recommendation 34: **The Department of Transport and the Port of Melbourne Corporation disclose fully, the costs incurred by each party in defending the legal challenge to the Channel Deepening Project.**

Page 219

Recommendation 35: **The Department of Justice provide information to Parliament on how the initiatives in the Alcohol Action Plan relate to output funding and a proposed timeline for implementation of each initiative.**

Page 232

Recommendation 36: **The Department of Justice should provide analysis of performance outcomes under each initiative of the Alcohol Action Plan in its Annual Report.**

Page 232

Recommendation 37: **Consumer Affairs Victoria should improve transparency regarding the role, goals, objectives and estimated performance outputs of the Liquor Licensing Compliance Directorate by making such information available to Parliament in a timely manner.**

Page 233

Recommendation 38: **Aboriginal Affairs Victoria provide an overview of all government programs and initiatives that impact on Indigenous Victorians and monitor and report performance of these in a one centralised area.**

Page 235

Recommendation 39: **That the Government review the Departmental Output Statements in Budget Paper No. 3 with a view to ensuring that the strategic actions identified in the Victorian Indigenous Affairs Framework are adequately reflected.**

Page 238

Recommendation 40. **That the Department of Justice reinstate the individual measures associated with timeliness in relation to each of the major courts of Victoria.**

Page 242

Recommendation 41. **That the Auditor-General undertake further performance audits of the Courts.**

Page 242

Recommendation 42: **The Department of Transport publish on its website:**

(a) a plain English summary of the Australian Level Crossing Assessment Model; and

(b) further details on the risk scores and risk rankings.

Page 252

Recommendation 43: **The Department of Transport provide the following information (e.g. in its annual report) relating to the unfolding of the level crossing safety program:**

(a) the particular crossings assessed as requiring priority works, together with the associated risk mitigation treatments to be applied at each crossing in summary form;

(b) the safety improvement works that have been undertaken at each level crossing; and

(c) a timeline covering the safety improvement works that are planned to be undertaken.

Page 252

Recommendation 44: **The Department of Planning and Community Development publish a schedule that discloses the expected timeframe for completion of each Precinct Structure Plan.**

Page 257

Recommendation 45: **To ensure that meaningful information is disclosed in the budget papers dealing with progress made in relation to precinct structure planning, the Department of Treasury and Finance ensure that the target for the performance measure titled 'Proportion of Precinct Structure Plans completed in accordance with adopted process' include the number of Precinct Structure Plans expected to be completed during the year.**

Page 258

Recommendation 46: **Performance measures be developed on a progressive basis to assess the effectiveness of the Precinct Structure Planning Program in achieving the desired outcomes. This information be disclosed in the Department of Planning and Community Development's annual report and budget papers.**

Page 258

Recommendation 47: **The Department of Parliamentary Services should review the need for implementation of an archival/automated storage and retrieval process for video webcasting recordings.**

Page 261

Recommendation 48: **The State Government funds in the forthcoming budgets the Department of Parliamentary Services so as to ensure the introduction of video webcasting of the Legislative Assembly proceedings in 2009-10 and the Legislative Council in 2010-11.**

Page 262

Recommendation 49: **The Department of Parliamentary Services should conduct a follow up review to determine whether the Parliamentary web casting systems are operating effectively and whether or not the anticipated benefits of implementation are being realised.**

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SECTION A: OVERVIEW

CHAPTER 1: INTRODUCTION

1.1 Background

On 6 May 2008, the government introduced two appropriation bills: the *Appropriation (2008/09) Bill* and the *Appropriation (Parliament 2008/09) Bill*, into Parliament. These Bills subsequently passed through the Parliament in June 2008. The legislation enables the government and the Parliament to deliver planned services and embark on new asset investments during 2008-09.

The appropriation Bills sought parliamentary authority to draw an amount of $31.2 billion from the Consolidated Fund in 2008-09 for government services and $93.4 million for the funding of Parliament's activities. These amounts include funding to meet operating expenditure involved in the provision of outputs (new and ongoing initiatives) and capital additions to the State's net asset base.

Section 40 of the *Financial Management Act 1994* requires the government to submit to Parliament, along with the appropriation bills, the budget estimates for the forthcoming financial year. The budget estimates include, for the relevant financial year, particulars of:

- goods and services each government department will provide or produce;
- amounts available, or to be available, to each department;
- the estimated amount of the receipts and receivables for each department; and
- the expected financial requirements of Parliament.

The budget estimates also deal with the application of funds that do not require annual parliamentary authority such as:

- special appropriations where there is continuing authority embodied in specific legislation ($2.3 billion);[1]
- agency revenue credited to appropriations ($2.1 billion);[2] and
- unspent prior year appropriations carried over to the budget year ($539.7 million).[3]

The 2008-09 Budget estimates identify that the government expects total income in the year from operating transactions of $37.8 billion and total expenditure from operating transactions of $37 billion.[4] Total expenditure from operating transactions is met from the output funding component of the appropriation acts and funds derived from special appropriations, agency revenue credited to appropriations and unspent prior year appropriations carried forward.

In addition, the government's net infrastructure investment program is expected to involve spending of $3.9 billion in 2008-09 and to average $4.3 billion over the forward estimates period to 2011-12.[5] This capital expenditure is met from the cash surplus generated from operating activities (after adding back non-cash items such as depreciation), proceeds from asset sales, an unallocated capital provision available for specific projects in future years and an increase in net debt.

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1 Budget Paper No.4, *2008-09 Statement of Finances*, pp.222-4
2 ibid. pp.225–7
3 ibid.
4 ibid. p.10
5 Budget Paper No.2, *2008-09 Strategy and Outlook*, p.49

1.2 Process followed by the Public Accounts and Estimates Committee for its review of the 2008-09 Budget Estimates

A key function of the Committee each year is to conduct an inquiry into the budget estimates. This process involves the conduct of public estimates hearings with each Minister and supporting departmental officers, the gathering of information from departments through a budget estimates questionnaire and presentation of a report in three parts to Parliament. The Committee's overall aim with this annual process is to:

- facilitate a greater understanding of the budget estimates;
- inform debate in Parliament on the appropriations;
- constructively contribute to the quality and presentation of the budget information; and
- enable more effective monitoring of the performance of departments and agencies.

The inquiry into the budget estimates focuses principally on transparency and adequacy of reporting. It does not involve an analysis to verify policy statements made by Ministers or the Treasurer or to establish if information prepared by the Department of Treasury and Finance contained in the budget papers is well founded.

The main intention of the Committee, in presenting its two earlier reports to Parliament on the 2008-09 Budget Estimates (Parts One and Two), was to assist Members of Parliament in their consideration of the appropriation Bills and, in turn, to enrich the Parliament's debate on the Bills.

This third component (Part Three) of the reporting process contains:

- the Committee's analysis, key findings and recommendations pertaining to the 2008-09 Budget estimates;
- additional information sought to clarify particular responses to the Committee's budget estimates questionnaire; and
- responses received to questions taken on notice and unasked questions emanating from the estimates hearings.

The report culminates the Committee's examination of the 2008-09 Budget estimates.

1.2.1 Analysis, key findings and recommendations

Section A of the report outlines in summary form key aspects of the 2008-09 Budget as well as providing specific analysis of key fiscal parameters, including infrastructure funding, contingency provisions, planned efficiency initiatives, revenue foregone and unspent funds carried forward from the previous financial year.

Drawing on the material received in response to the Committee's 2008-09 Budget Estimates questionnaire and various matters raised through the estimates hearings, section B contains the results of the Committee's analysis of a number of issues, presented under theme headings, that have direct relevance to the examination of the budget estimates. Continuing the approach adopted by the Committee in the previous year, key fiscal and economic matters such as productivity, economic reform and staffing are the subject of extensive analysis.

In section C, the Committee has continued an initiative introduced last year with an evaluation of the nexus between various issues raised by the Committee at the estimates hearings and the government's *Growing Victoria Together* (GVT) policy vision and goals. This analysis has been incorporated into the report to complete the trilogy of aligning GVT's policy vision to the budget estimates reporting format, the Auditor-General's Annual Plan and the Committee's reporting requirements. Under each of the GVT policies, the Committee has subjected several key issues to in-depth analysis leading to substantive recommendations.

1.2.2 Recent machinery of government changes

The government announced shortly before the release of the 2008-09 Budget that responsibility for most functions of the former Department of Infrastructure had been transferred to a new Department of Transport under a machinery of government change. The budget papers indicated that these changes also included the transfer of certain other functions, particularly relating to major projects, of the former department to the Department of Innovation, Industry and Regional Development.[6]

The budget papers state that, for financial reporting purposes, the above transfers do not take effect until after the end of 2007-08. They also identify that, while there is no net impact of these changes on the aggregate budget, the full impact of the changes on the 2008-09 departmental estimates was yet to be quantified. The changes were therefore not reflected in the 2008-09 Budget.[7] Accordingly, references in this report to the former Department of Infrastructure are consistent with the position presented in the budget papers.

6 Budget Paper No 3, *2008-09 Service Delivery*, pp.2-3

7 ibid

1.3 Scope for further assistance to readers of the annual budget papers

As recognised in the Committee's report on the 2007-08 Budget estimates, the government has, for some years now, made progressive improvements to the presentation of material in the annual budget papers.[8] The importance of these initiatives, from a reader perspective, is reinforced by the size of each year's budget documentation and the diversity and complexity of material included in each budget paper.

The Committee is aware that the Department of Treasury and Finance (DTF), which has principal responsibility for preparation of the budget papers, places strong emphasis on ensuring that material is presented in a user friendly format, notwithstanding technical content or complexity, to assist readers. The Committee considers that DTF has been largely successful in pursuing this goal.

Currently, the budget papers do not identify a DTF contact area for any reader who requires assistance in locating information in the budget papers on a particular subject or in comprehending published material. Also, the DTF website does not directly invite suggestions (such as through a suggestion facility) from readers on areas with potential for enhancing the presentation of budget material. The Committee considers that action by DTF on these two fronts would assist its endeavours to continually improve the clarity and readability of published budget material.

Recommendation 1: **The Department of Treasury and Finance implement strategies, such as identification of a contact area in the budget papers and a suggestion facility on its website, to assist readers experiencing difficulty in locating or comprehending material and to invite suggestions from readers for improving the readability of budget data.**

1.4 Acknowledgment

The Committee is grateful to the Premier, Ministers, departmental Secretaries and their staff for the assistance provided at the budget estimates hearings and the written material submitted in response to the Committee's formal lines of inquiry.

The cost of this inquiry was approximately $73,300.

[8] Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates – Part Three*, September 2007, p.39

CHAPTER 2: KEY ASPECTS OF THE 2008-09 BUDGET

Key aspects of the 2008-09 Budget:

2.1 **The 2008-09 Budget completes funding for all of the government's output commitments made during the 2006 election and increases funding from about 48 per cent to around 72 per cent of asset commitments.**

2.2 **The government has set a new target of maintaining a budget surplus of at least one per cent of revenue which equates in 2008-09 to an estimated $378 million. The government expects to achieve a budget surplus of $828 million in 2008-09 and an average surplus of $907 million over the next three financial years, both significantly higher than the new target.**

2.3 **Two rating agencies have reconfirmed Victoria's triple-A credit rating.**

2.4 **Over the period 2008-09 to 2011-12, net infrastructure investment is expected to average $4.3 billion a year which represents additional annual infrastructure spending of $1 billion compared with the equivalent estimate in last year's budget.**

2.5 **The net infrastructure investment will be funded by a combination of cash operating surpluses (around 64 per cent) and an increase in net debt from an estimated $2.3 billion (0.9 per cent of GSP) at June 2008 to $9.5 billion (2.9 per cent of GSP) at June 2012.**

2.6 **Contingency provisions within the budget of at least $8.6 billion for unallocated outputs and of $3.6 billion for unallocated capital are available to the government over the four year period to 2011-12. These provisions represent an increase of 107 per cent for outputs and 127 per cent for assets compared with the equivalent estimates in last year's budget.**

2.7 **The government plans to generate savings totalling $371 million across departments over the remaining three years, 2008-09 to 2010-11, of its *Efficient Government Policy*.**

2.8 **The 2008-09 Budget also makes provision for additional *general efficiencies in administration* amounting to $500 million to be achieved by departments over the four year period to 2011-12. The nature and composition of these general efficiencies are not disclosed.**

2.1 Key themes

The 12 key themes influencing the direction of the 2008-09 Budget and its new funding initiatives are identified in the budget documents as:[9]

- sound financial management;
- delivering record investment in infrastructure;
- driving jobs growth and competitive innovative businesses;
- providing major new support for Victorian families;
- investing in first class education for all Victorians;
- delivering high quality health services;
- meeting the growing demand for transport;
- securing a prospective future for Provincial Victoria;
- improving community safety and access to justice;
- reducing disadvantage and building a fairer Victoria;
- tackling climate change and securing water supplies; and
- building thriving liveable communities.

The theme, providing major new support for Victorian families, is a new separately-identified theme for the 2008-09 Budget. It reflects a range of government strategies and services outlined in the budget which are directed at families, including expanded maternity services and additional assistance for first homebuyers. A 2007-08 Budget theme, affordable housing, is no longer presented separately but is subsumed under the new 2008-09 theme for families.

The wording for most other themes has been expanded (from that used in 2007-08) in line with the overall direction of the current budget. For example, *excellence in education* now reads *investing in first class education for all Victorians* and *meeting environmental challenges* now reads *tackling climate change and securing water supplies*.

The government's budget themes align closely with the goals set out in its key visionary document *Growing Victoria Together*.

The overview document on the budget lists the main funding initiatives under each theme heading that have been earmarked for attention over the four year forward estimates period.[10] The major budgetary initiatives supporting the high-level goals of *Growing Victoria Together* are also summarised in the budget papers.[11] In addition, the strategy and outlook budget document tabulates the aggregate dollar values of new output and asset initiatives assigned to each department [12] and the service delivery document provides detailed information on these initiatives under each departmental heading.[13]

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9 Victorian Government *2008-09 Victorian Budget Overview: Taking action for our suburbs and our regions*, pp.5–7, 10-32

10 ibid.

11 Budget Paper No.3, *2008-09 Service Delivery*, pp.7–41

12 Budget Paper No.2, *2008-09 Strategy and Outlook*, pp.46, 50

13 Budget Paper No.3, *2008-09 Service Delivery*, pp.289-357

Last year's budget commenced delivery of all of the government's 2006 election output commitments and just under half of the asset commitments.[14] The 2008-09 Budget documents indicate that the current budget provides output funding over the forward estimates period to 2011-12 of $439 million which, together with earlier funding prior to and in the 2007-08 Budget, will fully cover all of the government's 2006 election output commitments.[15]

With regard to asset commitments, the budget documents show that just on 72 per cent ($2.4 billion) of total estimated election costings of $3.4 billion will now receive funding approval up to 2011-12.[16] The government has indicated that the remaining asset election commitments will be delivered over future budgets.[17]

2.2 Changed fiscal target for annual operating surplus

For eight consecutive financial years, the government has met its commitment to maintaining an annual operating surplus of at least $100 million. The Committee has previously commented that the $100 million target had not been adjusted in dollar terms since 1999 and was expected to be significantly exceeded during budget periods up to 2010-11.[18]

When delivering the budget, the Treasurer stated the government had set and would meet a new target of maintaining a budget surplus of at least one per cent of revenue. The Treasurer stated that the new target will act as "*Victoria's buffer against harder global times*"[19] and that "*We will use these increased surpluses to manage future risks and to invest in vital infrastructure such as schools, hospitals, roads and public transport*".[20]

In 2008-09, 1 per cent of operating revenue is estimated to be $378 million. The government is forecasting an operating surplus of $828 million in 2008-09 and an average of $907 million over the forward estimates period to 2011-12, significantly higher than the new target.[21] This new strategy will allow the operating surplus target to grow in line with movements in operating revenue.[22]

Table 2.1 shows revenue and expense projections for 2008-09 compared with the original budget and estimated actual position for 2007-08.

14 Budget Paper No.1, *2007-08 Treasurer's Speech*, p.2
15 Budget Paper No.3, *2008-09 Service Delivery*, p.274
16 ibid.
17 ibid.
18 Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates-Part Three*, September 2007, p.25
19 Budget Paper No.1, *2008-09 Treasurer's Speech*, p.3
20 ibid.
21 ibid.
22 Budget Paper No.2, *2008-09 Strategy and Outlook*, p.7

Table 2.1: Revenue and expense estimates for 2008-09

Operating item	2007-08 Budget ($ million)	2007-08 Estimated ($ million)	2008-09 Budget ($ million)
Revenue	34,269.2	36,788.1	37,810.0
Expenses	33,944.9	35,792.1	36,982.4
Estimated operating surplus	**324.3**	**996.0**	**827.6**

Sources: Budget Paper No.2, 2008-09 Strategy and Outlook, p.39 and Budget Paper No.4, 2008-09 Statement of Finances, p.268

The latest expected operating surplus for 2007-08 is more than 200 per cent higher than the original budget estimate primarily because of an enhanced revenue position. Increased revenue is estimated to be $2.5 billion and unbudgeted additional expenditure is expected to be $1.8 million. The expected result for 2007-08 is also higher than the budgeted operating surplus for 2008-09, which as mentioned above, significantly exceeds the government's new target for its operating surplus of one per cent of estimated revenue. The likely solid result for 2007-08 has given the government a much stronger than initially envisaged basis for its spending on infrastructure.

2.2.1 Revenue and expense projections for 2008-09

The estimated revenue growth of around $1 billion (2.8 per cent) to **$37.8 billion** in 2008-09 (as shown in table 2.1), when compared with the expected result for 2007-08, is mainly attributable to:[23]

- an increase of $892 million (9.5 per cent) to $10.3 billion in GST grants, reflecting growth in the estimated GST pool and an increase in Victoria's share of that pool, offset by a net reduction of $518 million in other grants, and particularly specific purpose own use grants because of the completion or winding down of several programs and projects;
- net higher taxation revenue of $385 million (3 per cent) to $13.4 billion, with increases expected for most taxation categories including land tax and land transfer duties. The main growth ($139.1 million) is expected to be in payroll tax due to expected employment and wages growth (see also, tax relief measures, p.34); and
- an increase of $213 million from sales of goods and services arising from higher inter-sector asset charge revenue from increased VicTrack asset values, regulatory fees, hospitals revenue from other parties, VicRoads revenue from external works and indexation of fees and charges.

Table 2.1 also shows that operating expenses are projected to increase by $1.2 billion (3.3 per cent) to **$36.9 billion** in 2008-09, when compared with the revised result for 2007-08. Unlike previous budgets, the 2008-09 Budget documents do not include an analysis of differences between 2008-09 estimates and revised estimates for 2007-08 for the main expense categories.

[23] Budget Paper No.4, *2008-09 Statement of Finances*, pp.177–205

The commentary on estimated expenses in the current documents includes comparisons between the 2008-09 estimates and: [24]

- the expected average increase over the forward estimates period to 2011-12; and
- estimates presented in the 2007-08 Budget Update published in November 2007.

The latter comparison identifies that expenses are expected to be $784 million higher in 2008-09, when compared with the budget update, due principally to:[25]

- new output policy initiatives, involving additional expenses of $182 million, taken since the budget update;
- flow-on expense impacts totalling $111 million from variations to Commonwealth grant funding; and
- an increase of $415 million in administrative variations primarily relating to an increase in the contingency provision not allocated to departments. This provision takes into account the growth in demand for government services due to an anticipated population growth and possible funding for programs that may need to continue to meet service delivery priorities.[26]

Only limited information is provided on estimated movements in the government's highest expense item, employee benefits including superannuation, during 2008-09, compared to the revised estimate for 2007-08. There is a brief comparison of 2008-09 outlays with expected forward expenses over the forward estimates period which states that:[27]

> *"Growth in employee expenses over the forward estimates period is expected to average $921 million, or 5.4 per cent, a year which is consistent with historical growth. This primarily reflects the government's wages policy and output policy initiatives, including 2008-09 Budget initiatives."*

The Committee considers that identification of the reasons for changes in estimated operating expenses between the latest revised figures for the preceding and current budget periods should be incorporated in the annual budget documents, as has been the case in previous years. The disclosed information should encompass a description of the factors contributing to the principal movements in each key expense category.

2.2.2 Maintenance of triple-A credit rating

Victoria's credit rating is assessed by two international agencies – Standard & Poor's and Moody's Investors Service Limited. Both agencies conduct reviews of the state's economic structure and prospects, financial performance and outlook, balance sheet position, liquidity and debt management strategy, and the government's fiscal strategy.[28]

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24 Budget Paper No.2, *2008-09 Strategy and Outlook*, pp.44-5, 94-5
25 ibid. pp.94-5
26 ibid. p.95
27 ibid. p.44
28 Department of Treasury and Finance, *Victoria's Credit Rating*, www.dtf.vic.gov.au, accessed 4 September 2008

In a bulletin issued by Standard & Poor's on 6 May 2008, the firm stated that:[29]

> *"[The] budget announced today for the state of Victoria is consistent with the state's 'AAA' rating.*
>
> *The strength of the government's forecast operating performance and existing low debt enables the state to maintain high capital spending without affecting its current credit rating.*
>
> *Victoria's review of its operating surplus target further demonstrates its commitment to a prudent medium-term fiscal strategy.*
>
> *There currently is little downside risk to the rating... In the next two to three years the rating would only be threatened in the unlikely event of a major unexpected deterioration in the operating position combined with government inactivity in addressing the problem."*

Moody's Investors Service provided its latest credit opinion on Victoria in April 2008. This opinion reaffirmed the state's AAA credit rating. The agency's summary comments on the rating stated that:[30]

> *"…Victoria's credit quality reflects a sound record of financial performance underpinned by the state's prudent fiscal practices along with strength in tax revenues and commonwealth grants, a modest debt burden stemming from positive cash operations over many years, and a sizable and diversified economic base which amply supports the state's financial obligations…."*

On Victoria's rating outlook, Moody's commented:[31]

> *"The outlook is stable, based on Moody's assessment that the state's strong financial profile and low debt burden position it well to absorb financing deficits (net borrowing result) and an associated increase in debt burden anticipated over the medium term."*

On what could change the rating, the agency stated:[32]

> *"An unlikely scenario combining a severe decline in the housing market and economic recession along with a significant change in the government's prudent fiscal policies that would lead to a rapid accumulation of debt, could have an adverse impact on the rating."*

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29 Standard & Poor's, *Victorian State Budget's Forecast Net Debt Increases Consistent With 'AAA' Rating*, bulletin, 6 May 2008

30 Moody's Investors Service, *Credit Opinion: Victoria (State of) Australia*, 15 April 2008

31 ibid.

32 ibid.

2.3 Funding for infrastructure investments

The Treasurer has stated that, over the next four years, the government will invest a further $17 billion in infrastructure, which is in addition to around $20 billion allocated to delivery of its infrastructure program since 1999.[33]

The budget papers identify that net infrastructure investment is expected to be $3.9 billion in 2008-09 and to average $4.3 billion a year over the forward estimates period.[34] The latter figure represents additional annual spending on infrastructure of $1 billion when compared with the equivalent estimate shown in last year's budget.

The capital expenditure estimates for the three year period 2009-10 to 2011-12 incorporate an unallocated provision totalling $3.6 billion. The government has indicated that this provision will be allocated, in accordance with existing budget practice, to specific projects in future budgets "*to ensure realistic forward projections of infrastructure investment"*.[35]

Cash flow projections shown in the budget indicate that around 64 per cent of net infrastructure investment will be funded by the cash surplus, after adjustment for the adding back of depreciation and other non-cash accrual items. The remainder of the infrastructure program will be funded by borrowings.[36]

The budget papers state that, over the forward estimates period, general government net debt is projected to rise from $2.3 billion at June 2008 to $9.5 billion at June 2012.[37] As a percentage of gross state product, net debt is expected to rise from 0.9 per cent at June 2008 to 2.9 per cent at June 2012, compared with 3.0 per cent ($4.8 billion) at June 1999.[38]

The Treasurer described this projected level of debt as "*modest, manageable and sustainable."* [39]

In its previously mentioned May 2008 Bulletin confirming the state's AAA rating, Standard & Poor's drew attention to the longer-term ramifications of a rising level of debt with the comment *"... In the longer-term, the rating could be threatened if debt continued to grow at the forecast rate beyond the current 2012 estimate."* However, the rating agency considered this "*is unlikely."*[40]

2.4 New funding initiatives for 2008-09

The government's key themes underpinning the 2008-09 Budget are principally reflected in the new revenue, output and asset funding initiatives presented in the budget papers.

An appendix to the service delivery document provides the main budget presentation of output and asset funding initiatives, comprising an alphabetical listing of all initiatives under the responsible department accompanied by a short description of each initiative and specification of the output to which it contributes.[41] Disclosure of this latter relationship between initiatives and output represents a valuable addition to the budget papers introduced in last year's budget.

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33 Budget Paper No.1, *2008-09 Treasurer's Speech*, p.4
34 Budget Paper No.2, *2008-09 Strategy and Outlook*, p.49
35 ibid. pp.49-50
36 ibid. p.49
37 ibid. p.56
38 ibid.
39 Budget Paper No.1, *2008-09 Treasurer's Speech*, p.4
40 Standard & Poor's, *Victorian State Budget's Forecast Net Debt Increases Consistent With 'AAA' Rating*, bulletin, 6 May 2008
41 Budget Paper No.3, *2008-09 Service Delivery*, pp.289–360

Table 2.2 shows the aggregate dollar values for 2008-09 and over the forward estimates period of new output initiatives announced in the budget together with the budget's new asset funding initiatives assigned to each department:

Table 2.2: New output and asset initiatives announced in 2008-09 Budget

Department	2008-09 Output initiatives ($ million)	2009-10 to 2011-12 Output initiatives ($ million)	2008-09 Asset initiatives ($ million)	Total estimated asset investment [(b)] ($ million)
Education and Early Childhood Development	55.4	197.5	233.9	592.3
Human Services	485.3	1,069.2	144.2	524.3
Infrastructure (c)	136.5	486.0	212.3	1,402.2
Innovation, Industry and Regional Development	166.2	497.9	14.4	49.8
Justice	188.5	743.3	118.3	443.7
Planning and Community Development	42.8	157.0	17.4	65.4
Premier and Cabinet	6.9	19.8	7.2	11.2
Primary Industries	10.4	22.5	2.8	13.9
Sustainability and Environment	106.3	93.4	45.4	91.6
Treasury and Finance	18.7	-	1.9	1.9
Parliament	6.5	23.3	0.9	3.8
Government wide	202.7	527.8	23.7	45.9
Total 2008-09 Budget funding	**1,426.3**	**3,837.8**	**822.4**	**3,246.0**
Less: **Funding from demand contingency and efficiencies**	**1,244.2**	**3,457.6**	**n/a**	**n/a**
Net impact of new 2008-09 Budget output funding [(a)]	**182.0**	**380.2**	**822.4**	**n/a**

Notes: *(a) Excludes initiatives funded from internal reprioritisation or other existing funding sources and 2007-08 Budget update initiatives.*

(b) Total estimated investment includes projects to be delivered through the public non-financial corporations sector on behalf of the government.

(c) Most functions of the former Department of Infrastructure were transferred to a new Department of Transport under machinery of government changes announced shortly before release of the 2008-09 Budget.

n/a not applicable

Some minor variations in additions may not add up due to rounding

Source: *Budget Paper No.2, 2008-09 Strategy and Outlook, pp.46, 50*

The Committee identified in its report on the 2007-08 Budget estimates that, although there is extensive coverage of new funding initiatives in the departmental sections of the budget papers, the output and asset initiatives assigned to each department are not grouped, and budget allocations not sub-totalled, according to applicable budget themes. With this form of presentation, the Committee considered it was difficult to ascertain from the budget documents the extent of each department's responsibility in servicing the budget themes.[42]

As pointed out by the Committee in its previous report, the 2006-07 Budget documents grouped budget initiatives (but did not sub-total funding allocations) according to key strategic policy documents such as *A Fairer Victoria*, *Moving Forward, Maintaining the Advantage* and *Healthy Futures* etc. However, this practice was discontinued in the 2007-08 Budget documents. In the current budget documents, some government-wide initiatives have been grouped according to certain government strategies such as *Climate Change* and *Future Farming* but all departmental initiatives are listed in alphabetical order without any connecting link to a strategy or budget theme.

The Committee continues to encourage the government to adopt as a standard feature of each year's budget papers the linking of output and asset initiatives in each departmental section with the applicable budgetary theme or policy priority under Growing Victoria Together. Such themes form the basis of the government's summary document on the budget and reflect the priorities and directions of funding proposed by the government for the ensuing year. The Committee will further consider this issue as part of its current inquiry into financial and performance reporting practices in the public sector.

2.5 Contingency provisions

The dissection of budgeted operating expenses in table 3.1 of Budget Paper No.4 discloses that *Contingencies not allocated to departments* are estimated to total $429.3 million for 2008-09 as part of an aggregate of $7.7 billion for the four year period to 2011-12.[43] An explanatory footnote states that this contingency "*includes a provision for programs lapsing, future demand growth, items not yet formalised at the time of the budget and an allowance for departmental underspending in 2008-09"*.

The contingency provision for asset spending is presented in the budget as an approved capital provision of $3.6 billion to 2011-12 that will be allocated to specific projects in future budgets.[44] This provision forms part of the computation of estimates for the net cash investment in fixed assets which, as mentioned in the earlier section 2.3 relating to infrastructure funding, is financed by a combination of the operating cash surplus and an increase in net debt.

A third form of contingency provision available to the government is the Advance to the Treasurer to meet urgent claims that may arise before Parliamentary approval. This provision forms part of annual appropriations recorded under the Department of Treasury and Finance in the annual appropriation act. The provision for 2008-09 totals $932 million.[45]

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42 Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates – Part Three*, September 2007, p.29

43 Budget Paper No.4, *2008-09 Statement of Finances*, p.97

44 Budget Paper No.2, *2008-09 Strategy and Outlook*, pp.49-50

45 *Appropriation (2008-09) Act 2008*, Schedule 1, p.15

Table 2.3 brings together the above contingency items as presented in the current budget and the appropriation act for 2008-09:

Table 2.3: Contingency items within the 2008-09 Budget and Appropriation Act

Item	2008-09 Budget ($ million)	2009-10 Estimate ($ million)	2010-11 Estimate ($ million)	2011-12 Estimate ($ million)	Total ($ million)
Output contingencies					
Output contingencies not allocated to departments (a)	429.3	1,687.3	2,434.0	3,121.1	7,671.7
Advance to the Treasurer to meet urgent claims that may arise before Parliamentary approval (b)	932.0	-	-	-	932.0
Total	1,361.3	1,687.3	2,434.0	3,121.1	8,603.7
Asset contingencies					
Approved capital provision to be allocated to specific projects in future budgets (c)	-	607.0	1,146.4	1,904.0	3,657.4

Sources: *(a) Budget Paper No.4, 2008-09 Statement of Finances, p.97*

(b) Appropriation (2008/09) Act 2008, page 15 of Schedule 1. The total shown is a minimum figure as, based on past practice, it is likely that a similar provision for each year beyond 2008-09 would be included in the respective appropriation Act

(c) Budget Paper No.2, 2008-09 Strategy and Outlook, p.49

The equivalent total contingency provisions presented in last year's budget were $4.2 billion for output spending and $1.6 billion for asset spending which means that output contingencies have increased in comparison by $4.5 billion or 107 per cent for outputs and by $2.1 billion or 127 per cent for assets.

The magnitude of the above contingency items may appear, on an initial assessment, to be considerable and the Committee has previously reported that it is difficult to be precise on what constitutes an appropriate level of contingency provisions for any four year forward estimates period.[46] On the one hand, it can be argued that adequate allowance for contingencies in budget estimates is a fundamental component of sound risk management in order to guard against the impact of unforeseen occurrences or changes in global or local economic conditions. They are also available for future program or policy initiatives which might be in the process of being developed but were not finalised at the time of the budget. A counter argument is that excessive reserve provisions in budgets should be avoided with freed up funds redirected to taxation relief or to delivery of key community services.

Table 2.4 restates and compares, for the current and previous budgets, the above output and asset contingency figures as a percentage of total operating expenses and of net cash investment in fixed assets respectively.

[46] Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates – Part Three*, September 2008, p.31

Table 2.4: Comparison of output and asset contingencies for forward estimates period shown in the 2007-08 and 2008-09 Budgets

Contingency item	2007-08 Budget (4 years to 2010-11) (%)	2008-09 Budget (4 years to 2011-12) (%)
Output contingency		
Contingencies not allocated to departments expressed as a percentage of total operating expenses	2.6	4.9
Asset contingency		
Unallocated capital provision expressed as a percentage of net cash investment in fixed assets	12.2	21.4

Sources: *Budget Paper No.2, 2007-08 Strategy and Outlook, p.45, 49; and Budget Paper No.4, 2007-08 Statement of Finances, p.44, 97.*

It can be seen from table 2.4 that the government has made provision in the 2008-09 Budget for a significant increase in the quantum of output and asset contingencies relative to projected operating expenses and cash outlays on assets respectively over the forward estimates period, when compared with the previous budget. This situation means that the government will have substantially increased flexibility over the next four years to address both planned and unforeseen future output and asset occurrences, while remaining within established budgetary parameters relating to budgeted surplus and projected debt levels.

As explained in its report on the 2007-08 Budget estimates, the Committee views the management of contingencies as a significant element of the government's fiscal responsibilities. In that report, the Committee considered, from an accountability perspective, there was scope for greater transparency by the government in the presentation of contingencies, including their role and impacts in the budgetary process and the basis adopted for their quantification.[47]

The Committee was therefore pleased to see some additional commentary in the 2008-09 Budget papers on the nature and function of contingencies as part of an explanation of the government's expenditure risks.[48] It sees potential for the government to build on this initial step in future budgets through tabular disclosure of all contingencies and identification of the basis for their quantification. The Committee will further consider the adequacy of external reporting in this area as part of its current inquiry into financial and performance reporting in the public sector.

47 Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates – Part Three*, September 2008, p.34

48 Budget Paper No. 2, *Strategy and Outlook*, p.48

2.6 Major planned efficiencies across government outlined in the 2008-09 Budget

2.6.1 Savings targets set under Efficient Government Policy

The Committee's report on the 2007-08 Budget estimates identified that last year's budget commenced implementation of the government's *Efficient Government Policy* which forms part of the government's 2006 election commitments.[49] The policy provides for output savings to be achieved by departments over the four year period 2007-08 to 2010-11. It incorporates a strategy of *Buying Smarter, Buying Less* and is aimed at encouraging all departments to reduce non-necessary expenditure, use new technology to improve service delivery at a reduced cost, and operate more efficiently.[50] The Government Services Group within the Department of Treasury and Finance has primary responsibility for delivering the *Efficient Government Polic*y.

The 2008-09 Budget papers disclose that output savings totalling $371 million are to be realised by departments under the policy's six efficiency measures over its remaining three years, 2008-09 to 2010-11. The composition of these savings is presented in the budget papers as follows:[51]

- the Buying Smarter, Buying Less program – $241 million;
- a whole of government approach to shared services – $55 million;
- the *Best Practice In Grant Administration* program – $30 million;
- more efficient management of the government vehicle fleet – $15 million;
- reduced advertising and consultancy expenditure – $15 million; and
- better integration of ICT services across government – $15 million.

The budget papers deduct these savings from each year's output funding allocations for the government's 2006 election commitments to arrive at the net funding available across departments for implementation of the commitments. Most of these funding allocations were announced in last year's budget. The budget papers do not identify the share of targeted savings assigned to each department.

2.6.2 General efficiencies to be achieved by departments

A second category of efficiencies identified in the 2008-09 Budget papers relates to *general efficiencies in administration* totalling $500 million to be achieved by departments over the four year forward estimates period to 2011-12.[52] Each department's share of the planned efficiencies is shown in the budget papers as a deduction from aggregate funding allocated for new output initiatives falling within the department's responsibility. Table 2.5 shows the spread across departments of the planned general efficiencies.

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49 Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates – Part Three*, September 2008, pp.34-7

50 Budget Paper No.3, *2007-08 Service Delivery*, p.35

51 ibid. p.282

52 ibid. p.358

Table 2.5: General efficiencies for departments announced in 2008-09 Budget

Department	2008-09 General efficiencies ($ million)	2009-10 General efficiencies ($ million)	2010-11 General efficiencies ($ million)	2011-12 General efficiencies ($ million)	Total ($ million)
Education and Early Childhood Development	25.0	25.0	25.0	25.0	100.0
Human Services	25.0	25.0	25.0	25.0	100.0
Infrastructure [(a)]	12.5	12.5	12.5	12.5	50.0
Innovation, Industry and Regional Development	8.3	8.3	8.3	8.3	33.2
Justice	12.5	12.5	12.5	12.5	50.0
Planning and Community Development	8.3	8.3	8.3	8.3	33.2
Premier and Cabinet	8.3	8.3	8.3	8.3	33.2
Primary Industries	8.3	8.3	8.3	8.3	33.2
Sustainability and Environment	8.3	8.3	8.3	8.3	33.2
Treasury and Finance	8.3	8.3	8.3	8.3	33.2
Total general efficiencies in 2008-09 Budget	**124.8**	**124.8**	**124.8**	**124.8**	**499.2**

Note *(a) Most functions of the former Department of Infrastructure were transferred to a new Department of Transport under machinery of government changes announced shortly before release of the 2008-09 Budget.*

Source: Information compiled by Committee from data in Budget Paper No.3, 2008-09 Service Delivery, pp.302-356

The above information is not presented in tabular form in the budget papers and it is necessary for readers to locate and add each department's annual targeted savings to arrive at an aggregate organisational figure for the forward estimates period.

Consistent with the approach adopted in last year's budget for the *Buying Smarter, Buying Less* component of the *Efficient Government* policy, the allocation across departments of general efficiencies identified in the current budget is on a proportionate basis, with similar targets assigned to particular groups of departments.

2.6.3 Further scope for improved presentation of planned efficiencies in budget papers

In its report on the 2007-08 Budget estimates, the Committee was critical of the limited approach adopted for presentation in the budget papers of savings targeted across departments under the Efficient Government policy and other efficiency strategies. The Committee suggested that future budget papers incorporate a simple reconciliation of aggregate targeted savings under each efficiency category and each department's expected contribution to those savings.[53]

Such an approach should complement information on savings included in published reporting documents such as departmental annual reports so that prospective data on planned efficiencies disclosed in the budget documents can be readily linked to the ex-post data on actual achievements reported by departments.

The Committee also considered that the formulation of budgeted efficiency savings might better reflect each department's unique organisational circumstances and potential to generate savings, rather than involve similar somewhat ad hoc allocations across particular groups of departments.[54]

The Committee recognises that the coverage of efficiencies in the 2008-09 Budget papers reflects an improvement on the previous year in that planned savings under each efficiency measure under the Efficient Government Policy are now separately recorded. However, the Committee considers there is scope for further improvement in the presentation of what has become an important aspect of annual budgets, given that the information included in the 2008-09 Budget papers:

- does not identify each department's expected contribution to the targeted savings of $371 million under the six efficiency measures of the *Efficient Government* policy over the policy's remaining three years;
- does not identify the nature and composition of general efficiencies in administration totalling $500 million expected to be achieved by departments over the four year period to 2011-12;
- indicates that the allocation across departments of the targeted general efficiencies is on a proportionate basis incorporating similar allocations for particular groups of departments, which does not necessarily reflect each department's unique organisational environment and potential to generate savings; and
- requires readers to collate the targeted annual savings from general efficiencies assigned to each department to determine its aggregate contribution to targets over the forward estimates period.

The Committee would prefer to see, in future budget papers a more structured approach to the presentation of planned efficiencies so that the published material and annual report give a clearer picture of each department's contribution to aggregate savings and more definitive information on the nature of expected savings and the basis adopted for their allocation across individual departments.

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53 Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates – Part Three*, September 2008, p.35

54 ibid. p.37

2.7 Revenue foregone initiatives contained in 2008-09 Budget

Each year, the government presents commentary in the budget papers on the expected financial impact of revenue foregone initiatives such as tax relief granted to certain taxpayers, and concessions and subsidies designed to assist particular groups.

2.7.1 Tax relief measures announced in 2008-09 Budget

The 2008-09 Budget papers identify three tax relief measures that were introduced in the 2008-09 Budget and their expected impact over the forward estimates period to 2011-12. Table 2.6 lists these three tax relief measures, valued at just over $1 billion over the four year period.

Table 2.6: Tax relief measures in 2008-09 Budget

	2008-09 Budget ($ million)	2009-10 Estimate ($ million)	2010-11 Estimate ($ million)	2011-12 Estimate ($ million)	Total ($million)
Land tax cuts	-122.3	-119.1	-125.3	-122.0	-488.7
Land transfer duty	-149.5	-87.9	-90.3	-93.9	-421.6
Payroll tax cut	-36.6	-42.2	-44.6	-47.2	-170.6
Total tax relief	**-308.4**	**-249.2**	**-260.2**	**-263.1**	**-1,080.9**

Note: (a) A negative figure indicates reduced revenue

Source: Budget Paper No.2, 2008-09 Strategy and Outlook, p.42

The budget papers indicate that the 2008-09 land tax relief measures will complement the government's recent land tax reforms. The measures provide for an upward adjustment of approximately 10 per cent to land tax thresholds and reduction of the top land tax rate from 2.5 per cent to 2.25 per cent. [55]

The tax relief measure for land transfer duty includes a reduction of about 10 per cent to all stamp duty on land transfer thresholds, targeted assistance to first homebuyers and two additional exemption provisions.[56]

Tax relief from a cut in payroll tax arises from a reduction in the payroll tax rate to 4.95 per cent effective from 1 Jul 2008.

2.7.2 Tax expenditures and concessions

In addition to the above information on the specific impact over the forward estimates period of tax relief measures incorporated in the 2008-09 Budget, a whole chapter in the budget papers is devoted to estimates of aggregate tax expenditures and concessions arising from both past and current revenue decisions.[57]

55 Budget Paper No.2, *2008-09 Strategy and Outlook*, p.42
56 ibid.
57 Budget Paper No.4, *2008-09 Statement of Finances*, pp.207-214

The budget papers define *tax expenditures* as tax concessions granted to certain taxpayers, activities or assets which are a deviation from the normal taxation treatment. They include tax free thresholds, entitlements to exemptions, lower tax rates, deductions or tax rebates.[58] Aggregate tax expenditures, excluding tax thresholds, are projected to total $2,684 million in 2008-09 while tax expenditures that can be costed, including tax thresholds, are estimated to be $4.6 billion.[59]

The budget papers define *concessions* as a direct budget outlay or reduction in government charges that have the effect of reducing the price of a good or service for particular groups. The papers explain that concessions allow certain groups in the community to access and/or purchase important amenities like energy, health and transportation at a cheaper or zero cost.[60] The total value of major concessions in 2008-09 is estimated to be $1.3 billion, with the breakdown according to type of concession shown in the budget papers as follows:

Table 2.7: Total estimated value of concessions by category

Type of concession	**2007-08 Estimate ($ million)**	**2008-09 Estimate ($ million)**
Energy, municipal rates, water and sewerage	281	309
Education	188	200
Health	486	506
Hardship assistance	21	22
Transport	249	258
Total	**1,225**	**1,294**

Source: Budget Paper No.4, 2008-09 Statement of Finances, p.213

The budget papers include a description of the various types of concessions.

As signalled in its report on the 2007-08 Budget estimates, the Committee is taking an increasing interest in the reporting of explicit and implicit subsidies in budgets and forward estimates. More detailed commentary on the revenue foregone initiatives included in the 2008-09 Budget is given in Chapter 10.

58 Budget Paper No.4, *2008-09 Statement of Finances*, p.207
59 ibid. pp.207, 210
60 ibid. p.212

2.8 Unapplied budgets carried forward to 2008-09 by departments

Section 32 of the *Financial Management Act 1994* provides the authority for unapplied output and asset appropriations to be carried forward to the following year. The capacity to carry forward unapplied appropriations formed part of legislative amendments introduced several years ago to increase the flexibility of departments in their management of appropriations.

The budget papers summarise, in aggregate form, the amounts to be carried forward from 2007-08 to 2008-09 for each department.[61] The total of these carried forward amounts (not shown in the budget papers) is $539.7 million comprising $267.5 million for output funding, $271.2 million for asset funding and $1 million for payments made on behalf of the State. The budget papers do not contain any information on the underlying reasons for each department's funding carry over or the intended revised timing for use of carried forward funds.

As part of its 2008-09 Budget Estimates inquiry, the Committee sought information from departments on the factors giving rise to the need for the carry over of funding. The responses received from departments, which were included in the Committee's *Report on the 2008-09 Budget Estimates – Part One*, disclose a wide range of underlying circumstances including:

- delays of many categories such as contractor issues, revisions to project timelines and cash flow forecasts, extended negotiation and consultation processes, and changes to project milestones following awarding of contracts;
- timing differences between the funding and implementation of programs (particularly those involving Commonwealth funding) across calendar and financial years;
- grant recipients not achieving milestones; and
- a need to recruit staff to administer new funding initiatives.

In its report on the 2007-08 Budget estimates, the Committee considered that, given the high dollar value of carried forward appropriations, more extensive coverage under each department, as appropriate in the budget papers and specifically in the government's Annual Financial Report, would enable Members of Parliament and other readers to assess the reasons for carry over funding, particularly relating to delays in the delivery of programs, and to seek explanations where deemed necessary.[62]

The Committee intends to further evaluate reporting practices relating to carried forward appropriations as part of its current inquiry into financial and performance reporting in the Victorian public sector.

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61 Budget Paper No.4, *2008-09 Statement of Finances*, pp.225-7

62 Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates – Part Three*, September 2008, p.38

SECTION B:
KEY THEMES

CHAPTER 3: COAG REFORM AGENDA AND PRODUCTIVITY IN VICTORIA

Key findings of the Committee:

3.1 **On 20 December 2007, the Council of Australian Governments (COAG) (formerly known as the NRA) agreed to a new model of cooperation underpinned by more comprehensive working arrangements. COAG identified seven areas for its 2008 work agenda: health and ageing; the productivity agenda – including education, skills, training and early childhood; climate change and water; infrastructure; business regulation and competition; housing; and Indigenous reform.**

3.2 **At its meeting held on 26 March 2008, COAG agreed to a new model for federal financial relations, with priority given to modernising payments for specific purposes and the development of National Partnership Payments.**

3.3 **Victoria recorded real gross state product (GSP) of $56.60 per hour worked in 2006-07, up 2.0 per cent from 2005-06 and 10.9 per cent from 1999-2000. This is in line with the national average real GSP per hour worked of $56.80 in 2006-07 (up 1.8 from 2005-06 and 12.6 per cent from 1999-2000).**

3.4 **According to the government, Victorian gross state product is forecast to grow by 3.25 per cent in 2007-08 and by 3 per cent in 2008-09. Growth will be supported by solid, albeit slower, growth in household consumption, dwelling investment and business investment as well as continued recovery in the farm sector (assuming a return to average seasonal conditions).**

3.5 **The Committee noted that at the most recent COAG meeting held on 3 July 2008, leaders reaffirmed their commitment to the goals of the COAG Reform Agenda to address the challenges of boosting productivity, increasing workforce participation and mobility and delivering better services for the community. COAG welcomed the substantial progress that had been made on the broad reform agenda.**

3.6 **The Committee observed, however, that there is a lack of publicly disclosed information in Victoria to demonstrate the linkages between economic reforms, outcomes derived in terms of increasing productivity and improving economic growth and prosperity. The impact of economic factors, including productivity improvements, on budget formulation is also not clearly discernible.**

3.7 **Given the importance of expanding Victoria's productivity capacity in terms of enhancing economic growth and the state's prosperity into the future, the Committee believes that as the new COAG Reform Agenda gains momentum, there will be a need for the development of a more transparent and comprehensive outcome-based public accountability regime, both in annual reports and the state's budget papers.**

3.8 **As the COAG Reform Agenda unfolds and improvements to Victoria's productivity are achieved, the Committee will view with interest the outcome of evaluations conducted on reform projects, the effectiveness of strategies designed to improve Victoria's productivity and enhancements introduced to improve the outcomes reporting framework.**

3.1 Introduction

Past coverage by the Committee

Since the inception of the 56th Parliament of Victoria, past Committee reports covering the budget estimates for 2007-08 and financial and performance outcomes for 2006-07 have featured:

- commentary on the way in which budget initiatives have responded to the National Reform Agenda (NRA); and
- examples of the impact of portfolio spending initiatives on improving productivity in Victoria.

The Committee was pleased to learn that in terms of its recommendation that the Department of Premier and Cabinet ensure that evaluations (including assessments of measurable costs and benefits against estimates) take place with regard to the delivery of NRA programs and projects, the government indicated that the department would consider further information around evaluation as the NRA develops.[63]

The Committee was also pleased to find that in response to its recommendation that the budget papers explain how strategies and initiatives are designed to improve Victoria's productivity and associated outcomes for the community, the government advised that the Department of Treasury and Finance and Department of Premier and Cabinet would continue to work together, in consultation with departments, to develop and improve the outcomes reporting framework.[64]

As the Council of Australian Governments (COAG) Reform Agenda (formerly known as the NRA) unfolds and improvements to Victoria's productivity are achieved, the Committee will view with interest the outcome of evaluations conducted on reform projects, the effectiveness of strategies designed to improve Victoria's productivity and enhancements introduced to improve the outcomes reporting framework.

Council of Australian Governments – recent deliberations prior to the handing down of Victoria's budget for 2008-09 on 6 May 2008

The Committee noted that with the change in government that occurred at the Federal level after the Federal election in November 2007, COAG decided at their meeting on 20 December 2007 that previously agreed work under the NRA would continue.[65]

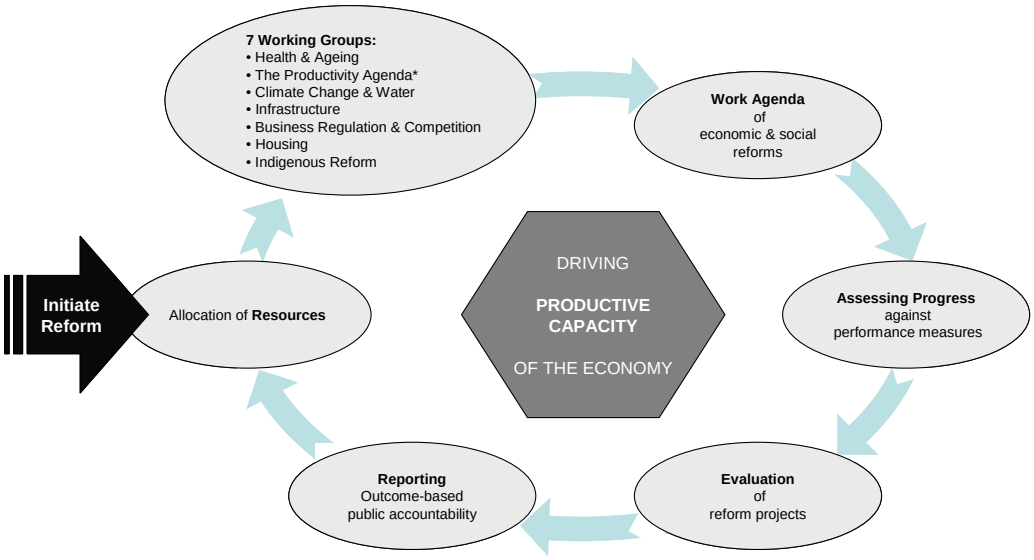
At its meeting on 26 March 2008, various commitments were made by COAG concerning a new COAG Reform Agenda. The new platform encompasses elements of the NRA. This new microeconomic reform agenda for Australia, which has a focus on health, water, regulatory reform and the broader productivity agenda, also covers areas connected with water supply, climate change, infrastructure, housing affordability, homeless people and Indigenous disadvantage. The productivity agenda includes reforms across all aspects of education – early childhood development, schooling and vocational education and training. Importantly, at its March 2008 meeting, COAG agreed to a new model for federal financial relations, with priority given to modernising payments for specific purposes and the development of National Partnership Payments. A diagram developed by the Committee showing components of the COAG Reform Agenda is presented in Figure 3.1.

63 Government Responses to the Recommendations of Public Accounts and Estimates Committee's 73rd Report on the 2007-08 Budget Estimates, p.4

64 ibid. p.6

65 Council of Australian Governments, Communiqué, 20 December 2007, p.2

Figure 3.1: The COAG Reform Agenda



Note: * *Education, Skills, and Training Early Childhood*

Source: *Figure compiled by Public Account & Estimates Committee*

In terms of engagement between the Victorian and commonwealth governments, the Premier advised at the Committee at the budget estimates hearing on 12 May 2008 that:

> *"There have been a number of examples and historically the national reform agenda is probably the best example of significant reform, which is about driving productivity growth. ….*[66]
>
> *The key thing there in the national reform agenda is, as I said earlier, that it is investment in human capital and it is regulation reform. In the human capital area they are really the two strands. The first is preventive health care, and the second is investment in education and skills. In the preventive health care space, the federal government is doing a huge amount of work in that area at the moment. Already it has partnered with us on increasing funding for things like diabetes. There has been some modest increase in funding in that area, which we welcome. There has been a significant increase in mental health funding, which we welcome, and we hope to see more which will come out of possibly this week's federal budget in that preventive health space. I know just from the work that the DHS has done on diabetes in Victoria the savings that can be made in the workforce from reducing diabetes. Diabetes is costing the Victorian economy about $1 billion a year, and there are great opportunities under the NRA to reduce that.*
>
> *In education I think the biggest thing is the commitment the federal government has made to 500,000 new training places over next four years. Again, we look forward to a start to that in the federal budget, and that is consistent with all the work that the productivity working group, as part of COAG, chaired by Deputy Prime Minister Julia Gillard has been doing. So I think there is very positive work occurring, it is pretty detailed work, and it is all consistent with that national reform agenda."*[67]

66 Hon. J Brumby MP, Premier, 2008-09 Budget Estimates hearing, transcript of evidence, 12 May 2008, p.5

67 ibid. p.24

3.2 Impact of developments at the Commonwealth level on budget formulation in Victoria

In examining the Budget Estimates for 2008-09, the Committee was interested in ascertaining from agencies the impact that developments at the Commonwealth level have had on preparing departments' component of the state budget. Information provided by departments in May 2008 is set out in table 3.1.

Table 3.2: Measures undertaken at the Commonwealth level that have impacted on the development of departments' budgets for 2008-09

Department	Commonwealth government developments
Parliamentary departments	Minimal (if any) impact has resulted from development at the Commonwealth level.
Department of Education and Early Childhood Development	Changes to the approach taken by the Commonwealth Government to distribute Specific Purpose Payments (SPP) from 2009 onwards have not been finalised. Discussions are currently being undertaken with the States on how the Specific Purpose Payments will be distributed to the States from 2009 onwards. As changes to the way the Commonwealth will distribute SPP have not been finalised, the 2008-09 Budget has been prepared in the same manner as previous budgets with SPP continuing to be identified separately. Indexation, based on the anticipated movement in the Average Government School Recurrent Cost (AGSRC), has been incorporated into the 2008-09 Budget and the forward estimates. Any Commonwealth funding received as part of the 2008-09 Commonwealth Budget will be reflected in the Department's forward estimates post-budget.
Department of Human Services	On 20 December 2007, COAG agreed to a new model of cooperation underpinned by more comprehensive working arrangements. COAG identified seven areas for its 2008 work agenda: health and ageing; the productivity agenda – including education, skills, training and early childhood; climate change and water; infrastructure; business regulation and competition; housing; and Indigenous reform. Seven working groups were established, each overseen by a Commonwealth Minister, with senior departmental level deputies nominated by the States and Territories. The Secretary, Department of Human Services is a health and ageing workgroup representative and facilitates a constructive working relationship with the Commonwealth in health and ageing and across the breadth of human services. The Director of Housing is a Victorian representative on the Affordable Housing working group. COAG has also agreed to begin changing the nature of Commonwealth-State funding arrangements by focusing more on outputs and outcomes, underpinned by a commitment from the Commonwealth Government to provide incentive payments to drive reforms. This will include reform of Specific Purpose Payments (SPP). The proposed SPP reforms are expected to require less onerous reporting and concentrate on outputs and outcomes, and new National Partnership Payments (NPPs) will include incentive reform type payments which may be subject to more detailed accountability and reporting.

Table 3.2: Measures undertaken at the Commonwealth level that have impacted on the development of departments' budgets for 2008-09 *(continued)*

Department	Commonwealth government developments
Department of Human Services *(continued)*	In relation to health and ageing, areas of COAG focus include: • tackling elective surgery waiting times; • investing in public dental programs; • nursing workforce; • preventative health care; and • GP superclinics. The department's funding submission to the 2008-09 State Budget provided for existing Commonwealth/State agreement commitments and related activities including: **Elective Surgery** The Commonwealth and States have signed the Commonwealth 2008 Elective Surgery Waiting List Reduction Plan funding agreement. Victoria will be funded $34.2 million to perform an additional 5,908 elective surgery procedures by 31 December 2008. **Chronic Disease** Recent COAG initiatives have sought to improve health outcomes associated with chronic disease. An explicit agenda to increase the focus on prevention and early intervention underscores the Australian Better Health Initiative (ABHI) and the human capital stream of the National Reform Agenda (NRA). Both initiatives have been key drivers for plans to develop a Victorian Integrated Chronic Disease Plan and roll out of associated activities in 2008-09. The existing focus on an integrated approach to chronic disease in Victoria will contribute to meeting health outcomes of ABHI and the NRA along the care continuum from the well population to those with advanced chronic conditions. **Oral Health** Australia's National Oral Health Plan 2004-13, endorsed by all health ministers, sets out an action area to extend water fluoridation around Australia. **HIV/AIDS and Hepatitis C** Commonwealth funding provided to the State in relation to HIV/AIDS and Hepatitis C has had no growth component for a number of years. **Workforce** The Commonwealth government's announcement of 1,500 additional university nursing places across Australia from 2009 is welcomed, but will require Victorian public health services to create additional clinical placements for the new nursing students. This will make it more important for public hospitals to be able to offer high quality teaching facilities, including teaching rooms, teaching equipment, and audiovisual and simulation tools. **Mental Health** The development of the new Victorian mental health strategy builds on a new framework for joint Commonwealth-State responsibilities for mental health service provision. These shared and complementary responsibilities were progressed through the COAG National Action Plan on Mental Health and continue to be developed through the Victorian COAG Mental Health Group and a range of other intergovernmental structures. In addition, Victoria has commenced working with the Commonwealth in the early stages of implementing the Commonwealth Government's commitment on peri-natal mental health.

Table 3.2: Measures undertaken at the Commonwealth level that have impacted on the development of departments' budgets for 2008-09 *(continued)*

Department	Commonwealth government developments
Department of Human Services *(continued)*	**Housing** The Commonwealth Government's focus on increasing housing affordability and ameliorating homelessness aligns with the Victorian Government's objectives in this area. The Commonwealth has announced a National Rental Affordability Scheme to grow the supply of affordable housing in Australia. This builds on the Victorian Government's commitments to grow affordable housing supply for low-income people, including the ongoing delivery of units associated with the $500 million boost for social housing announced in the 2007-08 State Budget. The Commonwealth's A Place to Call Home initiative, which aims to provide homeless people with immediate access to long-term housing, complements work being done in Victoria to provide better access to housing and homelessness services and prevent people becoming homeless in the first place.
Department of Infrastructure	During the federal election, the Commonwealth Government agreed to provide funding of $2.7 billion to Victoria for 23 AusLink 2 projects between 2009-2014. These projects will be funded in partnership with the Victorian Government. They will enhance the efficiency of Victoria's transport network and facilitate economic development, regional growth and export activity. The Victorian Government is keen to commence delivery of these projects as quickly as possible. Victoria has sought Commonwealth funding for Auslink 2 projects in the federal 2008-09 Budget. The Victorian and Commonwealth Governments are working in partnership to address the gaps and bottlenecks in the national transport system and generate new jobs, investment and prosperity for Victorians.
Department of Innovation, Industry and Regional Development	Developments at the Commonwealth level have had minimal impact, however there is the potential for future impact in relation to proposed changes to the negotiation of Commonwealth Specific Purpose Payments and changes in relation to Tertiary Education funding.
Department of Justice	**Departmental Response** The development of the 2008-09 Budget allows for increased judicial remuneration costs. These costs are driven by the Government's policy to maintain parity with the Commonwealth Remuneration Tribunal's determination, as required under the Judicial Salaries Act 2004. In addition, the Department of Justice (DoJ) receives two major Commonwealth Special Purpose Payments: *1. Compensation for transfer of corporate regulatory function to Commonwealth* In 1991, to ensure uniformity and efficiency in company and securities regulation, the States agreed to hand over their regulatory functions to the Commonwealth. The States are compensated by the Commonwealth for the financial loss of companies and securities regulation revenues as a result of this change. *2 Legal Aid* Commonwealth specific purpose grants are paid to assist the functioning of State legal aid schemes. The Commonwealth provides funding for a share of the operating costs of State Legal Aid Commissions and for referrals to private practitioners on Commonwealth matters.

Table 3.2: Measures undertaken at the Commonwealth level that have impacted on the development of departments' budgets for 2008-09 *(continued)*

Department	Commonwealth government developments
Department of Justice *(continued)*	**Victoria Police Response** There have been no specific Commonwealth Government developments impacting on the Victoria Police component of the state budget.
Department of Planning and Community Development	There are significant opportunities to collaborate with the Commonwealth Government, particularly in the areas of housing affordability, social inclusion, cutting red tape, and strengthening local government and the community sector. Key developments at the Commonwealth level influencing the department's budget preparation included: • housing strategy and policy (e.g. housing affordability, use of surplus government land); • climate change (e.g. coastal management and the future of farms); • water resources (e.g. water security for towns and cities); and • transport infrastructure (e.g. funding of major road and rail freight projects through Auslink 2). The Commonwealth is also a funding contributor to a number of Australian Football League club facility redevelopment projects and to events such as the Parliament of the World's Religions.
Department of Premier and Cabinet	There has been no direct impact on the departmental budget, other than recognition of the continued importance of policy advice to the Premier and Victoria's input into the National Reform Agenda.
Department of Primary Industries	The release of the Commonwealth Budget on 13 May 2008 confirms the Rudd Government's commitment to substantial funding of low–emission energy technologies. This was anticipated in the Victorian budget allocation for such technologies, which will be used to leverage Commonwealth and private funding.
Department of Sustainability and Environment	The main impact for the department arising from developments at the Commonwealth level is the lack of early advice on funding for a number of projects or programs. This means that there is some uncertainty for the department as to expected Commonwealth revenue for 2008-09, including the level of the department's Special Purpose Payments (SPP's) for 2008-09. For example, the Commonwealth is changing the way in which the existing National Action Plan for Salinity and Water Quality (NAP) and the Natural Heritage Trust (NHT) programs are run. In previous years, the Commonwealth has provided SPP funding under the NAP/NHT to match the State's contribution. The department understands that up to 40 per cent of the Commonwealth's total contribution to States and Territories may potentially now be held centrally by the Commonwealth, with jurisdictions to 'bid' for a proportion of this funding.
Department of Treasury and Finance	The department will continue to be significantly involved in the Council of Australian Governments (COAG) reform process through 2008-09. The department participates in all COAG working groups, as well as its continuing support for the Treasurer in his participation in the Ministerial Council. The department is allocating sufficient resources to meet this requirement.

Source: Departmental responses to the Committee's 2008-09 Budget Estimates questionnaire (question 1.3)

3.3 How have productivity improvement and National Reform Agenda initiatives been addressed in framing departmental budgets for 2008-09?

The Committee obtained a range of responses from departments to this line of inquiry. Some of the more informative comments received are set out below.

Parliamentary Departments

Productivity requirements on current enterprise bargaining agreements are in line with the government's wages policy where a productivity improvement of 0.5 per cent is required. With the electorate officers' agreement and the parliamentary officers' agreement due for renegotiation in the next 18 months, this will place significant stress on the financial resources of the Parliament.[68]

Department of Education and Early Childhood Development

All new Budget initiatives, including capital funding, contribute to improved educational outcomes driving productivity improvements and economic growth as well as individual benefits such as social participation.

More recently, establishment of the new Department of Education and Early Childhood Development signalled a new approach to the role of the government in human capital development from birth to adulthood. The new department has a key role to play in the provision of:

- quality early childhood education and care;
- effective and innovative school education; and
- flexible pathways to work and/or further study.

Consistent with the government's efficiency objectives, the department has also implemented operating efficiencies and is committed to reducing the regulatory burden on schools and children's services.

In terms of National Reform Agenda initiatives, the department has worked closely with the Department of Premier and Cabinet and the Department of Treasury and Finance to develop Victoria's Plan to Improve Literacy and Numeracy Outcomes and contribute to the development of multilateral reforms for the agreement and implementation by all jurisdictions.[69]

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68 Parliamentary Departments, response to the Committee's 2008-09 Budget Estimates questionnaire, received 13 May 2008, p.6

69 Department of Education and Early Childhood Development, response to the Committee's 2008-09 Budget Estimates questionnaire, received 13 May 2008, p.14

Department of Human Services

Rises in interest rates and inflation carry a high potential to create social stress and hardship in the community through increased prices in the basic staples of life, mortgage stress, unemployment and homelessness. In a climate of rising interest rates and inflation and uncertainty in economic forecasts and stability, the department's budget initiatives for 2008-09 have been developed with regard to the risks of such an environment, especially in areas such as homelessness and social housing, and the increasing costs of out of home childcare. The department's budget initiatives also reflect the need for a skilled and expanded health workforce and accessible tertiary and preventative services and support the human capital element of the National Reform Agenda (NRA), which is founded on the evidence that a healthy and skilled population secures a strong economy, through increased workforce participation and productivity. The department's budget initiatives seek to provide all Victorians with the opportunity to enjoy full and active participation in our economy and society.[70]

Department of Infrastructure (DoI)

The savings and efficiencies targets required of the department will be achieved, in part, through productivity improvements in areas such as information technology.

Most of the transport infrastructure aspects of the NRA fall under the competition stream, where COAG agreed to:

- ask the Productivity Commission to develop proposals for efficient pricing of road and rail infrastructure. The department contributed to Victoria's submission to this inquiry;
- harmonise and reform rail and road regulation within five years. The department has taken a strong role in leading inter-jurisdictional work in this area;
- strengthen transport planning and project appraisal processes by adopting the Australian Transport Council-endorsed national guidelines for evaluating road and rail infrastructure projects. The department has prepared revised project appraisal guidelines that are consistent with the national guidelines; and
- reduce current and projected urban transport congestion. In September 2006, the Victorian Competition and Efficiency Commission released its report on managing transport congestion, and the Victorian Government issued its response in March 2007. Victoria participated strongly in the national review of urban congestion that COAG released in April 2007, and the Premier convened a congestion workshop in January 2008.

The NRA also required each State to prepare the first of a series of five-yearly infrastructure reports to COAG by early 2007, and DoI coordinated the preparation of Victoria's report.[71]

Department of Innovation, Industry and Regional Development

Where appropriate, the department considers productivity improvement particularly during the development of new initiatives. Most departmental initiatives or programs also seek to address productivity improvement; for instance, through developing skills and promoting innovation among firms.

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70 Department of Human Services, response to the Committee's 2008-09 Budget Estimates questionnaire, received 13 May 2008, p.15

71 Department of Infrastructure, response to the Committee's 2008-09 Budget Estimates questionnaire, received 9 May 2008, p.12

The department is involved in three areas related to the NRA. These are as follows:

Business Licensing

The department has led work to identify areas on which a review of business licensing, in which case there has been marginal impact on the department's 2008-09 Budget.

ABN/Business Names

The World Class Service project is involved in the Small Business Ministerial Council ABN/Business Names project. This also has minimal effect on the 2008-2009 departmental budget.

Apprenticeships, Training and Skills Recognition

The Commonwealth committed $2.7 million (excluding GST) over 3 years to improve skills recognition in Victoria, subject to matched Victorian funding. Victoria matched this funding through its $23 million Skills Stores initiative announced in the 2006-2007 Victorian Budget. This has seen 12 Skills Stores throughout Victoria during 2007 and 2008.The 13th will be open in Central Melbourne in July 2008. The Budget allocation for 2008-2009 is $7.6 million, which will predominately be used to facilitate the uptake of Recognition of Prior Learning.[72]

Department of Justice

Economic factors are taken into account by the Department of Treasury and Finance (DTF) assessment of the business cases that are presented for review to the Expenditure Review Committee (ERC) for funding approval.

Productivity improvements and initiatives have arisen in 2006-07 and 2007-08 in reviewing the outputs and capabilities of the Supreme, County and Magistrates' Courts. These reviews are expected to modernise Courts' administration; reduce Court delays; improve access to Justice services and deliver better community outcomes.

In framing the 2008-09 Budget, the Departmental Funding Model (DFM) takes into consideration economic factors such as interest rates, inflation and productivity improvements. When departments (or DTF) believe that economic or other cost pressures cannot be met within the DFM, an Output Price Review may be requested. The recommendations from the Output Price Review are presented to ERC for approval.

The **National Reform Agenda** calls for a reduction in the regulatory burden through greater national consistency in regulation, regulatory review, and increased regulatory efficiency and transparency.

In the context of ***gambling regulation***, streamlining of the gambling regulatory framework has continued through bills that have been subsequently passed in Parliament. In line with government policy, all new gambling regulations and legislation have to comply with the Regulatory Impact Statement (RIS) and Business Impact Assessment (BIA) processes applicable to all Victorian legislation.

The Department of Justice has completed a review and restructure of licensing arrangements for public lotteries and is currently reviewing the licensing arrangements for electronic gaming machines, club keno, and wagering. These reviews focus particularly on the licensing structure and associated regulatory arrangements. Opportunities to reduce the regulatory burden and compliance costs are considered as part of the review process.

In addition, the department is currently undertaking a review of the regulatory burden on bingo, and reviewing the regulation of gaming venue employees.

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[72] Department of Innovation, Industry and Regional Development, response to the Committee's 2008-09 Budget Estimates questionnaire, received 9 May 2008, pp.15-16

In the context of **consumer affairs**, a number of regulatory reforms are being pursued by COAG in conjunction with the Ministerial Council on Consumer Affairs (MCCA). Consumer Affairs Victoria is committed to the focus on regulatory reform and the broader productivity agenda through work on the following initiatives:

Reducing the Regulatory Burden – an initiative committing the Victorian Government to measuring the administrative burden of regulations, developing a targeted range of initiatives to reduce burden, and monitoring progress towards achieving targeted reductions.

Occupational Licensing Review – a priority review aimed at reducing administrative burden through the implementation of an IT system to support the licence application process for businesses in six occupational licence categories. It is expected that on-line forms to facilitate license applications will be developed and rolled out by 2008.

Better Business Regulation – a good practice tool kit for regulators. It provides a self assessment for regulators to examine existing practices against a comprehensive set of activities representing good regulatory practice.

National Trade Measurement – an initiative to ensure continuity of service and existing service standards until the trade measurement function is transferred to the Commonwealth in 2010. In 2008-09, Consumer Affairs Victoria (CAV) will also fund an independent audit/valuation of the trade measurement assets.

National Product Safety Regime – participation in agreement of a national consumer product safety regulatory scheme and continued leadership of a project to harmonise existing bans and mandatory standards across the states and territories.

Personal Properties Security – watching brief on the establishment of a single national system for the registration and regulation of security interests in personal property to commence operation in 2009.

Business Names Registrations – participation in the development of new systems and technologies leveraging off our highly developed business names system, which includes application of an automated names test and online transactions. CAV is also participating in a national project looking at improvements to Business Name registrations for businesses.

Consumer Policy Framework – input into enhanced national approaches to improve the consumer policy framework, including legislative and regulatory structures, following the finalisation of the Productivity Commission Review of Australia's Consumer Policy Framework. Consumer Affairs Victoria was the lead agency for the preparation of the Victoria Government's submission in response to the Productivity Commission Report.

Other Initiatives – CAV will also provide input into developing an effective and efficient national approach to consumer protection regulation for mortgage credit and advice; margin lending; and non-deposit taking institutions.[73]

[73] Department of Justice, response to the Committee's 2008-09 Budget Estimates questionnaire, received 8 May 2008, pp.22-23

In terms of the **Police and Emergency Services** portfolio, the Committee was interested in obtaining information from the Minister at the 2008-09 Budget estimates hearing about the Enterprise Bargaining Agreement between force command and the Police Association and learning how inherent flexibilities would enable police to reduce crime figures and increase productivity. An extract from the transcript of the hearing is set below:

> *"In relation to the EBA the chief commissioner was very, very keen to bring about greater flexibility within the force as part of the EBA, which was ultimately agreed to. The chief commissioner and the police union also agreed that during the four year EBA period, within the current and committed resources for the coming period, there would be a reduction in crime by 10 per cent. So obviously flexibility is part of the tools which the chief commissioner can now use to bring about that reduction.*
>
> *In terms of the flexibilities and why you would have the flexibilities, it is what the chief said at the time. It is about having the right people at the right place at the right time to make sure you have got, like on Friday and Saturday nights you have got more people at that particular time given that that is obviously a higher activity time, to make sure you have got more people out on the beat during that time.*[74]
>
> *… Any reduction in crime in this state is a productivity gain in the broad sense and a great saving in funds within our community when crime is reduced …*
>
> *Some of the flexibility was a capacity for our members to cash in part of their leave, which is in a sense accrued time off. Perhaps I can explain accrued time off. We work a 40 hour week, and people can take 38 hours; they are only required to work 38 hours, so that adds up to two weeks. We are at this stage asking our members who want to sell that leave back to us, and that is certainly occurring now; members are doing that. What that allows us to do is we have planned a significant number of operations, principally on Thursday, Friday and Saturday nights for our busy time, but some other occasions, where we will use the additional capacity available. We also can bring back members of Victoria Police who left us. I recently hosted a dinner for retired members, and a number of them made them the point — very experienced members — that they would like to come back and work in busy times for Victoria Police. So this enterprise bargain allows us to do that.*
>
> *It also is a new career structure, which allows us to retain the knowledge and skill of our members and to reward them for the job they do and for the skill they apply in doing that particular job. It has salary sacrifice options, which is an issue for the members as well. That had been denied this previously. It allows us to also build on a campaign we have had to look at our rostering structures, to be able to work with our members to make sure that we do have the right numbers of members on at the right time … And we are also paying for what is called 'unsociable hours' as part of this flexibility, because we know police officers who are going to have work Thursday, Friday and Saturday need to be given appropriate rewards for that, and that is what this enterprise bargain does as well."*[75]

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74 Hon. R Cameron MP, Minister for Police and Emergency Services, 2008-09 Budget Estimates hearing, transcript of evidence, 15 May 2008, p.12

75 C Nixon, Chief Commissioner, Victoria Police, 2008-09 Budget Estimates hearing, transcript of evidence, 15 May 2008, pp.12-13

Department of Planning and Community Development

The department has established a three year administrative burden reduction plan to streamline regulatory administrative processes for business and the not-for-profit sector. In framing the 2008-09 Budget, these regulatory reform initiatives have been reviewed in this context.[76]

Department of Primary Industries

With regard to productivity improvement, the department addresses this by allocating efficiency savings targets, as set out under the Efficient Government policy initiative, across the department.[77]

At the 2008-09 Budget estimates hearing, the Committee heard about various strategies designed to improve productivity. Various comments about the **Future Farming Strategy** are discussed below.

> *"Research and development*
>
> *If we look at the demand for protein across the globe, the demand for food, we certainly see some very significant developments and we see some relatively healthy prices are being achieved for the commodities that our farmers grow, so there is an opportunity. If we look at the opportunities that are inherent in improving productivity to research development and through science, the abilities to improve productivity, they are tremendous opportunities. All of those are encompassed in the Future Farming statement to meet the challenges and of course to exploit the opportunities.*[78]
>
> *Skills base for agriculture and regional and rural communities and attracting sufficient labour*
>
> *The budget brought to bear, not through my department but through other departments, considerable investment in improving the ability to build the skills base for agriculture and for regional and rural communities through capital initiatives and through program initiatives, something I enormously welcome and something that the Future Farming statement foreshadowed. An important part in terms of any industry be it agriculture, manufacturing, whatever the sector may be, in terms of attracting sufficient labour and sufficient skills is the public perception of a particular industry. The perception that many people in agriculture have about themselves and about their own sector is one that is going to be increasingly echoed by this government and is indeed echoed through Future Farming, which is that it is an exciting, innovative, forward looking and forward moving, highly skilled industry as we look to the future. If we paint that picture and if we project the industry in that light we make it attractive for young people to move to.*[79]

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76 Department of Planning and Community Development, response to the Committee's 2008-09 Budget Estimates questionnaire, received 14 May 2008, p.26

77 Department of Primary Industries, response to the Committee's 2008-09 Budget Estimates questionnaire, received 15 May 2008, p.11

78 Mr J.Helper MP, Minister for Agriculture, 2008-09 Budget Estimates hearing, transcript of evidence, 16 May 2008, p.9

79 ibid.

Precision agriculture

I was blown away when I had the opportunity to observe some of the trials that are occurring on precision agriculture when I visited field days held by Southern Farming Systems down in the south west. The ability to sow, to fertilise — Satellite technology is roughly good enough for 10 to 20 metre accuracy. We are talking about accuracy that comes down to 2 centimetres. It is done through enhancing the satellite technology as well as the interpretation of it, as well as having ground based infrastructure.

… The opportunities for agriculture as we drive productivity — and let us define productivity: it is doing more with less inputs. For example, if you do not have to fertilise a broad area of soil for the same outcome, if you can narrow it down to put it in the root zone of the crop that you are planting, you can make significant savings. There are environmental benefits with nutrient run off, et cetera. There are obviously cost benefits to the specific farmer, and through that productivity improvements for agriculture. I reckon it is an absolutely exciting technology and a fantastic way forward.

… We are expecting that 560 odd farmers will take up this capability within three years, or 10 per cent of the 5,600 farmers for whom the network, if you want to call it that, will be available. Uptake of new technology and practice change in agriculture takes an exponential curve. The first farmer to adopt is the very courageous one. The second one is still courageous, but then it comes to a point of being commonly and quite quickly adopted right across the sector. That is clearly what is intended with this particular technology and the government's support through the Future Farming statement and the commitment of resources to it.

Expected benefits: a gross economic benefit of $36 million annually for precision farming in Victoria's cropping district alone. That is a significant productivity boost that comes out of this technology."[80]

Department of Sustainability and Environment

Economic projections for Victoria are prepared by the Department of Treasury and Finance, and can be found in the annual Budget Papers (BP2). As a result, the impacts of interest rates, inflation and productivity improvements are addressed through the Departmental Funding Model (DFM), which is also managed by the Department of Treasury and Finance.

In relation to NRA initiatives, the area which primarily impacts the department is Climate Change.

In February 2006, COAG agreed to adopt a new national Climate Change Plan of Action and to establish a high-level inter-jurisdictional Climate Change Group to oversee implementation of the Plan's recommendations. COAG released a National Adaptation Framework in April 2007.

[80] Mr J Helper MP, Minister for Agriculture, 2008-09 Budget Estimates hearing, transcript of evidence, 16 May 2008, p.16

The department has a number of climate change programs which align with the COAG framework, and which will continue under the 2008-09 Budget. These projects and programs include:

- the *Our Water Our Future: The Next Stage of the Government's Water Plan (Victoria's Water Plan)* that includes the construction of the Wonthaggi desalination plant will source additional water for Victoria, commencing operations in 2011;
- the *Land and Biodiversity at a Time of Climate Change* Green Paper - the second stage in the development of a White Paper which will set the direction for future government policy and priorities in this area; and
- the *Future Coasts: Preparing Victoria's Coast for Climate Change* project, which will assist the Government to obtain an accurate understanding of the risks climate change presents to Victoria's coastline.[81]

Department of Treasury and Finance

The Department of Treasury and Finance has undertaken an Output restructure in two divisions to allow for:

- greater flexibility and productivity improvement within the department; and
- the Economic and Financial Policy output to focus on better outcomes for Victoria from the National Reform Agenda/COAG developments.[82]

3.4 COAG deliberations – 3 July 2008

The Committee noted at the most recent COAG meeting held on 3 July 2008, leaders reaffirmed their commitment to the goals of the COAG Reform Agenda to address the challenges of boosting productivity, increasing workforce participation and mobility and delivering better services for the community. The reform agenda is to contribute to the broader goals of social inclusion, closing the gap on Indigenous disadvantage and environmental sustainability. At the meeting, COAG welcomed the substantial progress on the broad reform agenda across business regulation and competition, health and ageing, early childhood, education and training, housing, Indigenous reform, infrastructure, climate change and water and the new financial relations framework.[83] The Committee noted a wide range of specific references to the concept of boosting productivity which are set out below:

- COAG acknowledged that Australia's overlapping and inconsistent regulations impede **productivity** growth. Without change Australia's future living standards would be compromised, the competitiveness of the economy reduced and our ability to meet the challenges posed by an ageing population diminished;[84]
- the Productivity Commission has estimated that the development of consumer policy framework reforms could provide a net gain to the community of between $1.5 billion and $4.5 billion a year, through more effective consumer laws and better enforcement, and **increasing productivity** and innovation, through reducing compliance costs for business and increasing consumer confidence;[85]

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81 Department of Sustainability and Environment, response to the Committee's 2008-09 Budget Estimates questionnaire, received 20 May 2008, p.10

82 Department of Treasury and Finance, response to the Committee's 2008-09 Budget Estimates questionnaire, received 9 May 2008, p.13

83 Council of Australian Governments, Communiqué, 3 July 2008, p.1

84 ibid.

85 ibid. p.3

- COAG noted the preliminary Statements of Objectives, Outcomes, Outputs and Performance Measures for the new funding agreements prepared by the Health and Ageing, **Productivity Agenda**, Housing and Indigenous Reform Working Groups and the Community and Disability Services Ministers' Conference;[86]
- COAG has an ambitious health and ageing reform agenda proposed for implementation from 2009. This includes a substantial program of hospital reform, improvements to Indigenous health, chronic disease management and preventative health care. When fully implemented, reforms will improve the health outcomes for all Australians, contributing to **increased productivity**;[87]
- COAG welcomed the significant progress of the **Productivity Agenda Working Group** in developing Statements of Objectives, Outcomes, Outputs and Performance Measures in the key areas of early childhood development, schooling and skills and workforce development. This effort is critical to ensuring that all Australians have access to the quality education, training and support they need to be equipped for a life of success in learning and employment;[88] and
- in terms of the allocation of up to 50,000 additional vocational education and training places over three years for national priority health occupations under the **Productivity Places Program**, COAG agreed that all governments would immediately roll-out the first 4,500 places of the 50,000 to be allocated to the priority health occupations, with detailed arrangements to be agreed between jurisdictions by 31 July 2008. In the light of the urgent need for these training places in the health sector, the Commonwealth agreed to fund fully the government contributions to the costs of this training during the period to 31 December 2008, with this additional funding contribution to be recognised in the financial arrangements for the new agreement from 1 January 2009.[89]

3.5 Accountability regime for productivity growth

The Committee noted that the Victorian government has acknowledged in the 2008-09 Budget papers dealing with the 'Economic Reform Agenda' that Victoria faces a number of challenges to economic prosperity, including an ageing population, slowing productivity growth, changing global fortunes and environmental issues. These challenges highlight the importance of getting the most from Victoria's potential sources of growth – especially productivity growth and workforce participation – by continuing an active program of Victorian and national reform.[90] According to the government, Victorian gross state product is forecast to grow by 3.25 per cent in 2007-08 and by 3 per cent in 2008-09. Growth will be supported by solid, albeit slower, growth in household consumption, dwelling investment and business investment as well as continued recovery in the farm sector (assuming a return to average seasonal conditions).[91]

Victoria's reform program is designed to foster economic growth by:

- improving workforce participation and productivity by improving people's skills;
- investing in preventative health measures to provide for a healthy workforce;
- improving business competitiveness; and
- continuing to improve the quality and timely provision of infrastructure.

86 Council of Australian Governments, Communiqué, 3 July 2008, p.4
87 ibid. p.5
88 ibid.
89 ibid. p.6
90 Budget Paper No.2, Strategy and Outlook, 2008-09, p.75
91 ibid. pp.21-23

Policies are also aimed at meeting challenges to economic growth by:

- responding to climate change; and
- ensuring water security.[92]

In terms of improving business competitiveness, the target to cut the administrative burden by 15 per cent by July 2009 translates to a net reduction equivalent to business and not-for-profit organisations of $154 million a year by that date. The government has foreshadowed that provisional estimates indicate that Victoria is on track to meet the July 2009 target and that a detailed update on further prospective reductions as a result of changes implemented during 2007-08 will be released later in the year.[93] In comparison to this target, the budget papers disclose that provisional estimates indicate a net decrease in the administrative burden of $29.6 million per annum has been achieved since July 2006.[94] Given the quantum leap that will be required for the government's target to be achieved, the Committee recommended in its *Report on the 2006-07 Financial and Performance Outcomes* that the Department of Treasury and Finance will need to closely monitor the level of accelerated outcomes derived from the future implementation of the government's Reducing the Regulatory Burden initiative by requesting agencies to furnish statements on yearly savings generated from the initiative.[95]

With regard to efficiency initiatives, the budget requires that general efficiencies amounting to $125 million are expected to be generated in 2008-09 and over each of the following three years to 2011-12 as part of the forward estimates. Departments are to achieve general efficiencies in administration from 2008-09 onwards.[96]

The Committee also noted that in terms of the *Thriving Economy* vision under the *Growing Victoria Together* (GVT) initiative, the government disclosed a (GVT) progress report on the following information in the budget papers against the measure 'Victoria's productivity and competitiveness will increase':[97]

- gross state product (GSP) per employed person;
- GSP per hour worked; and
- extent and quality of business regulation.

The government maintains that real GSP per hour worked, which provides a measure of the income created by each hour that Victorians work, gives a more accurate picture of Victoria's productivity, as it accounts for the effects of changes in the hours of work for part-time and casual employees. Victoria recorded real GSP of $56.60 per hour worked in 2006-07, up 2.0 per cent from 2005-06 and 10.9 per cent from 1999-2000. This is in line with the national average real GSP per hour worked of $56.80 in 2006-07 (up 1.8 from 2005-06 and 12.6 per cent from 1999-2000).[98]

The Committee observed, however, that there is a lack of publicly disclosed information in Victoria to demonstrate the linkages between economic reforms, outcomes derived in terms of increasing productivity and improving economic growth and prosperity of the state. The impact of economic factors, including productivity improvements, on budget formulation is also not clearly discernible.

92 Budget Paper No.2, Strategy and Outlook, 2008-09, p.76
93 ibid p.77
94 Budget Paper No.3, Service Delivery, 2008-09, p.370
95 Public Accounts and Estimates Committee, Report on the 2006-07 Financial and Performance Outcomes, May 2008, pp.148-149
96 Budget Paper No.3, Service Delivery, 2008-09, p.358
97 ibid. pp.368-370
98 ibid. pp.369-370

Given the importance of expanding Victoria's productivity capacity in terms of enhancing economic growth and the state's prosperity into the future, the Committee believes that as the new COAG Reform Agenda gains momentum, there will be a need for the development of a more transparent and comprehensive outcome-based public accountability regime, both in annual reports and the state's budget papers.

Recommendation 2: **As the COAG Reform Agenda unfolds, a Whole of Government section should be included in the budget papers that explains:**

- **(a) Victoria's efforts in contributing to the work agenda of the seven working groups including the Productivity Agenda, actual results against performance measures, future requirements and funding allocations; and**
- **(b) how outcomes derived from the Reform Agenda have shaped the Victorian budget.**

Recommendation 3: **Where productivity improvements form part of economic factors evaluated during the development of major new budget initiatives, these considerations forming part of related business cases or output price reviews should be made clearly visible in the budget papers.**

Recommendation 4: **In terms of achieving general efficiencies of an administrative nature that are expected to be derived (or any other specific efficiency initiatives announced in future budgets), the Budget Papers should disclose:**

- **(a) a breakdown by department and various components that make up such efficiencies; and**
- **(b) how savings have been utilised in the budget.**

Recommendation 5: **Given that standardised performance measures have not been developed to measure productivity of government services, departments should quantify examples of productivity gains in their annual reports in order to increase accountability to the community. This practice should also extend to local government agencies, statutory authorities and non-government organisations in receipt of substantial grant funding from government.**

CHAPTER 4: DEPARTMENTAL ASSET INVESTMENT

Key findings of the Committee:

4.1 **The budget papers indicate a net investment in fixed assets of $17.1 billion over the next four years at an average of $4.3 billion per year. This is a marked increase compared with the 2007-08 Budget which identified an average investment in fixed assets of $3.3 billion per year over the four out years.**

4.2 **The government's infrastructure investment is funded from surplus cash (20 per cent) generated from operating activities (operating surplus) with the remaining $3.0 billion to be funded through increased borrowings.**

4.3 **The 2008-09 Budget provides funding for new asset investment projects with a TEI of $3.2 billion in addition to $1.1 billion which was provided for infrastructure investment in the 2007-08 Budget Update.**

4.4 **Sixty nine per cent of the Government's investment in new and ongoing capital projects will be delivered by the Department of Infrastructure ($1.7 billion) and the Department of Human Services (1.4 billion).**

4.5 **The Committee requests that the Government provide further public reporting of the progress and expenditure on major asset initiatives.**

4.1 Trend analysis of net investment on fixed assets as a percentage of gross state product

Table 4.1 shows that there has been a significant increase in the net investment in fixed assets expressed as a percentage of Gross State Product (GSP) since 1999-00. Two significant increases, in 2006-07 and 2007-08, took annual net investment in fixed assets to $4.2 billion (1.66 per cent of GSP). Annual net investment in fixed assets is predicted to fall slightly during 2008-09 to $3.9 billion (1.53 per cent of GSP). This compares with $1.5 billion in 1999-00 (0.93 per cent of GSP). Gross State Product has risen over the period from $158 billion to an estimated $258 billion this financial year.

Table 4.1: Net investment on fixed assets as a percentage of gross state product

	1999-00 ($ million)	2000-01 ($ million)	2001-02 ($ million)	2002-03 ($ million)	2003-04 ($ million)	2004-05 ($ million)	2005-06 ($ million)	2006-07 ($ million)	2007-08 ($ million)	2008-09 ($ million)
Total net investment in fixed assets (actual) [a]	1,466.2	1,796.6	2,087.2	2,109.6	2,378.4	2,373.3	2,691.5	3,281.5	4,165.2	3,938.4
Gross State Product (c)	157,915	164,365	179,369	187,013	201,133	217,047	228,198	242,595	250,479	257,993
Total net investment in fixed assets as a percentage of Gross State Product	0.9	1.1	1.2	1.1	1.2	1.1	1.2	1.4	1.7	1.5

Notes: *(a) the total net investment in fixed assets for the period 1999-00 to 2006-07 is derived from the Annual Financial Reports for the State of Victoria. The 2007-08 and 2008-09 figures are derived from the revised and budget estimate figures shown in Budget Paper No.2, Strategy and Outlook 2008-09, p.49*

(b) the Gross State Product figure for 2007-08 and 2008-09 has been calculated by the Committee using the forecast increase identified in the 2008-09 Budget Paper No.2, Strategy and Outlook 2008-09, p.23

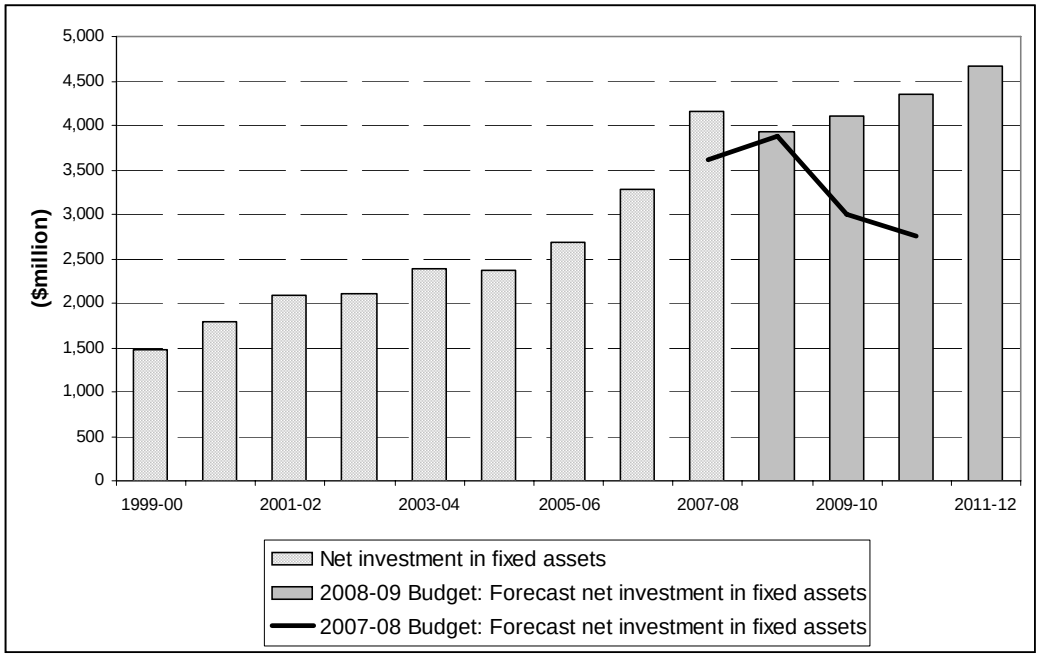
(c) Gross State Product (GSP)is the total market value of goods and services produced in a state or territory within a given period, after deducting the cost of goods and services used up in the process of production, but before deducting allowances for the consumption of fixed capital. Typically, when calculating GSP, the Australian Bureau of Statistics adjusts historical GSP to reflect current prices. To ensure a valid comparison with the total net investment in fixed assets figures, the Committee has used the unadjusted GSP figures published in the 'Australian National Accounts State Accounts 5220.0' for each year.

Source: *Australian Bureau of Statistics, Australian National Accounts State Accounts 5220.0 1999-00 to 2006-07, 1999-00 to 2006-07 Financial Reports for the State of Victoria and 2008-09 Budget Papers.*

4.2 Asset investment provisions within the 2008-09 Budget Estimates

The 2008-09 Budget identified infrastructure investment is one of the government's core objectives.[99] The government has provided for net investment in fixed assets of $17.1 billion over the next four years, an average of $4.3 billion per year.[100] This is a marked increase compared with the 2007-08 Budget which identified an average investment in fixed assets of $3.3 billion per year over the four out years.[101] This increase of nearly $4 billion over four years can be seen clearly in Figure 4.2 which details the government's asset investment program for the period 1999-00 to 2007-08, and the proposed program covering 2008-09 and the forward estimates period 2009-10 to 2011-12.

Figure 4.2: Government asset investment program 2000-01 to 2010-11



Source: *Budget Paper No.2, 2007-08 Strategy and Outlook, p.44*
Budget Paper No.2, 2008-09 Strategy and Outlook, p.49
1999-00 to 2006-07 Financial Reports for the State of Victoria

99 Department of Treasury and Finance, 2008-09 Budget Paper No.2 Strategy and Outlook, May 2008, p.6
100 ibid., p.49
101 ibid., p.44

The government's infrastructure investment will be funded from surplus cash generated from operating activities (operating surplus) and borrowings. In the 2008-09 Budget, the Government has reassessed its operating surplus target and has elected to move from a minimum sum of $100 million to at least of one per cent of operating revenue (in 2008-09, this is estimated to be $378 million).[102] Speaking at the estimates hearings, the Treasurer explained that:[103]

> *"it sends fairly clearly a signal that we need to have strong operating surpluses to invest in infrastructure for the future, and this is a very clear signal that that is what we need to do every year, if we are going to do that. Operating surplus is also a buffer in challenging economic times, but this is fundamentally one that sends a signal to the market and sends a signal to the community that we are serious about investing in infrastructure on an ongoing and sustainable basis into the future, and one of the ways of doing that is through a stronger operating surplus."*

The government has forecast an operating surplus of $828 million in 2008-09 (2.2 per cent of the operating revenue in 2008-09) and an average of $907 million a year over the period of the forward estimates.[104]

At the estimates hearing, the Treasurer indicated to the Committee that the expected $828 million surplus in 2008-09, would fund approximately 20 per cent of the government's infrastructure investment[105]. This leaves an infrastructure funding requirement of $3 billion which will be funded through increased borrowings. The government is predicting that general government debt will rise from $2.3 billion in 2008 to $9.5 billion in 2012. Over the same period, net debt by public non-financial corporations (e.g. water authorities etc.) is estimated to rise from $3.5 billion to $13.4 billion.[106] Table 4.3 illustrates net state debt over the forward estimates period.

Table 4.3: Net Debt Over the Forward Estimates Period

Government Sector	2008 Revised ($ Million)	2009 Budget ($ Million)	2010 Estimate ($ Million)	2011 Estimate ($ Million)	2012 Estimate ($ Million)
Public non-financial corporations	3,449.0	7,277.8	10,717.0	12,665.9	13,415.0
General Government	2,270.9	3,738.6	5,357.3	6,903.6	9,464.8
Non-financial public sector (net state debt)	**5,715.0**	**11,011.0**	**16,068.2**	**19,562.7**	**22,872.0**

Notes: *minor variations in additions are due to variations in the budget paper representation of these figures*

Source: *Department of Treasury and Finance, 2008-09 Budget Paper No 4, May 2008, pp.84-85*

Department of Treasury and Finance, 2008-09 Budget Paper No.2, 2008-09 Strategy and Outlook, p.56

102 Department of Treasury and Finance, 2008-09 Budget Paper No.2 Strategy and Outlook, May 2008, p.7

103 Public Accounts and Estimates Committee, Report on the 2008-09 Budget , May 2008, Treasury Portfolio Verified Transcript, p.3

104 Department of Treasury and Finance, 2008-09 Budget Paper No. 2 Strategy and Outlook, May 2008, p.7

105 Public Accounts and Estimates Committee, Report on the 2008-09 Budget Paper No.1 Treasurers Speech, May 2008, Treasury Portfolio Verified Transcript, p.3

106 Department of Treasury and Finance, 2008-09 Budget Paper No 4, May 2008, p.85

4.3 Asset investment funding during 2008-09

Table 4.4 below summarises budgeted asset investment expenditure by department for 2008-09. This table includes funding for both new and existing asset investment projects and identifies the major departmental asset investment programs.

Table 4.4: Departmental Asset Investments for funding during 2008-09

Department	**Project title**	**2008-09 Budget ($ million)**	**2008-09 Budget total ($ million)**
Parliamentary departments	Parliament House heritage asset management strategy	4.6	4.6
Department of Education and Early Childhood Development	New and Replacement Schools	74.4	511.5
	Regeneration	89.5	
	Modernisation	156.4	
	Various other projects	191.2	
Department of Human Services	Medical Equipment Replacement Program	145.0	1,392.8
	Statewide Infrastructure Renewal Program	80.0	
	Health ICT Strategy	138.5	
	Kew Residential Services Redevelopment	86.5	
	Royal Women's Hospital	65.1	
	Royal Melbourne Hospital Emergency Department Redevelopment	56.3	
	Royal Children's Hospital Redevelopment	47.1	
	Super Clinics	42.0	
	Box Hill Hospital-Outpatients & Dialysis Centre and Associated Works	38.2	
	Various other projects	694.1	

Table 4.4: Departmental Asset Investments for funding during 2008-09 *(continued)*

Department	Project title	2008-09 Budget ($ million)	2008-09 Budget total ($ million)
Department of Infrastructure	Accessible Public Transport in Victoria – DDA Compliance for Train, Tram and Bus	41.8	
	Metropolitan Train Rolling Stock Procurement	123.5	
	New Ticketing System	149.9	
	Wodonga Rail Freight and Urban Redevelopment	41.7	
	Geelong Ring Road	91.0	
	Road Safety Infrastructure Program 3	80.0	
	Western Highway: Deer Park Bypass and Leakes Road Interchange Upgrade (Deer Park)	95.1	
	West-Gate Monash Freeways Improvement Project	360.2	
	Various other projects	764.5	1,747.7
Department of Innovation, Industry and Regional Development	Automotive Centre of Excellence – Kangan Batman	10.0	
	Improving TAFE Equipment	12.0	
	Princes Pier Restoration	11.6	
	Technical Education Centres	13.0	
	Various Other Projects	34.1	80.7
Department of Justice	Melbourne Legal Precinct Master Plan	30.3	
	Building Confidence in Corrections	78.2	
	Police Stations	67.5	
	Various Other Projects	68.0	244.0
Department of Planning and Community Development	Rectangular Sports Stadium	106.9	
	Footscray Transit City	19.2	
	Revitalising Central Dandenong	10.3	
	Olympic Park Upgrade	11.2	
	Various other projects	16.8	164.4
Department of Premier and Cabinet	Arts and Cultural Facilities Maintenance	5.0	
	Melbourne Recital Centre and Melbourne Theatre Company	9.3	
	City of Literature	7.4	
	Various Other Projects	16.0	37.7

Table 4.4: Departmental Asset Investments for funding during 2008-09 *(continued)*

Department	Project title	2008-09 Budget ($ million)	2008-09 Budget total ($ million)
Department of Primary Industries	Melbourne Wholesale Market Redevelopment	42.2	107.2
	New Biosciences research centre	49.7	
	Various other projects	15.3	
Department of Sustainability and Environment	Foodbowl Modernisation Projects	74.1	240.4
	Wimmera-Mallee Pipeline – Additional Funding	58.0	
	Wonthaggi Desalination Project Stage 1 – Procurement Activities	30.0	
	Fire Protection – Access: Bridge Replacement in Parks and Forests	15.0	
	Various other projects	63.3	
Department of Treasury and Finance	Purchase of Municipal Valuations	18.3	31.1
	Various other projects	12.8	
Total			**4,562.1**

Sources: *Departmental responses to the Committee's 2008-09 Budget Estimates questionnaire*

Department of Transport response to PAEC clarification questions (Appendix 3)

Department of Justice response to PAEC clarification questions (Appendix 3)

Department of Innovation, Industry and Regional Development response to PAEC clarification questions (Appendix 3)

Department of Parliamentary Services response to PAEC clarification questions (Appendix 3)

4.4 Asset Investment Observations

The 2008-09 Budget provides funding for new asset projects with a TEI of $3.2 billion in addition to $1.1 billion which was provided for infrastructure investment in the 2007-08 Budget Update.[107] Most project funding is hypothecated to extend over four years based on a notional average expenditure profile of capital projects over recent years and assuming the following pattern of expenditure – 28 per cent in year one; 28 per cent in year two; 28 per cent in year three; and 16 per cent in year four.

Investment in new and ongoing capital projects across all 10 departments and the parliamentary departments are estimated at $4.6 billion in 2008-09. Of this expenditure:

- $1.7 billion (38.3 per cent) has been allocated to the Department of Infrastructure;
- $1.4 billion (30.5 per cent) has been allocated to the Department of Human Services;
- $511.5 million (11.2 per cent) has been allocated to the Department of Education;
- $244.0 million (5.4 per cent) has been allocated to the Department of Justice;
- $240.4 million (5.3 per cent) has been allocated to the Department of Sustainability and Environment; and
- $164.4 million (3.6 per cent) has been allocated to the Department of Planning and Community Development.

The remaining $425.7 million (9.3 per cent) is distributed among the other government departments and the Department of Parliamentary Services.

The Committee also understands that there are currently significant levels of public sector asset investment outside the budget. For example, a significant proportion of the $4.9 billion investment in water infrastructure is funded outside the budget and consequently details are not included in the budget papers. The Committee has commented on this in more detail in section 15.1.

The nature and scale of budget funded asset investment programs depend to a large extent on departmental and agency responsibilities in the delivery of services to meet projected community needs. As such, certain types of infrastructure, such as transport networks, water projects and health services facilities are more capital intensive.

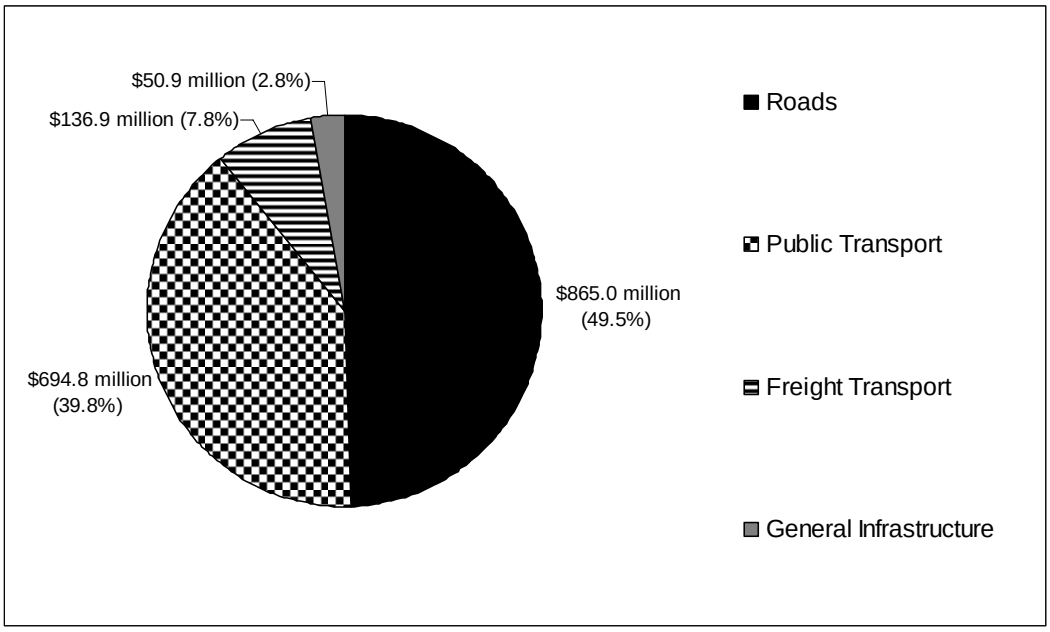
The Committee offers the following comments on the six departments with the largest capital expenditure program during 2008-09.

[107] Budget Paper No.2, *2008-09 Strategy and Outlook*, p.5

4.4.1 Department of Infrastructure

The Department of Infrastructure has a budgeted expenditure, in 2008-09, of $1.7 billion which includes $865 million for VicRoads programs. This is up slightly when compared to 2007-08, where the Department of Infrastructure asset investment budget was $1.5 billion including VicRoads programs totalling $880 million. The department's allocation of asset investment expenditure for 2008-09 is shown in figure 4.5.

Figure 4.5: Department of Infrastructure Budgeted expenditure 2008-09



Source Department of Transport response to PAEC clarification questions (Appendix 3)

The Department of Infrastructure has identified 75 separate programs with a budgeted expenditure of $1.7 billion. Just under half of that expenditure ($865 million) will be delivered through the VicRoads Capital Investment Program, with $360.2 million (41.6 per cent) being directed towards the West-Gate Monash Freeway Improvement Project and $187.5 million (21.7 per cent) allocated to projects on regional roads.

Aside from VicRoads funding, the other significant portion ($694.8 million) of the total funding relates to public transport infrastructure. This includes $123.5 million (17.8 per cent) towards the purchase of new metropolitan train rolling stock and $149.9 million (21.6 per cent) towards the New Ticketing System.

The Department of Infrastructure identified the following major infrastructure challenges:[108]

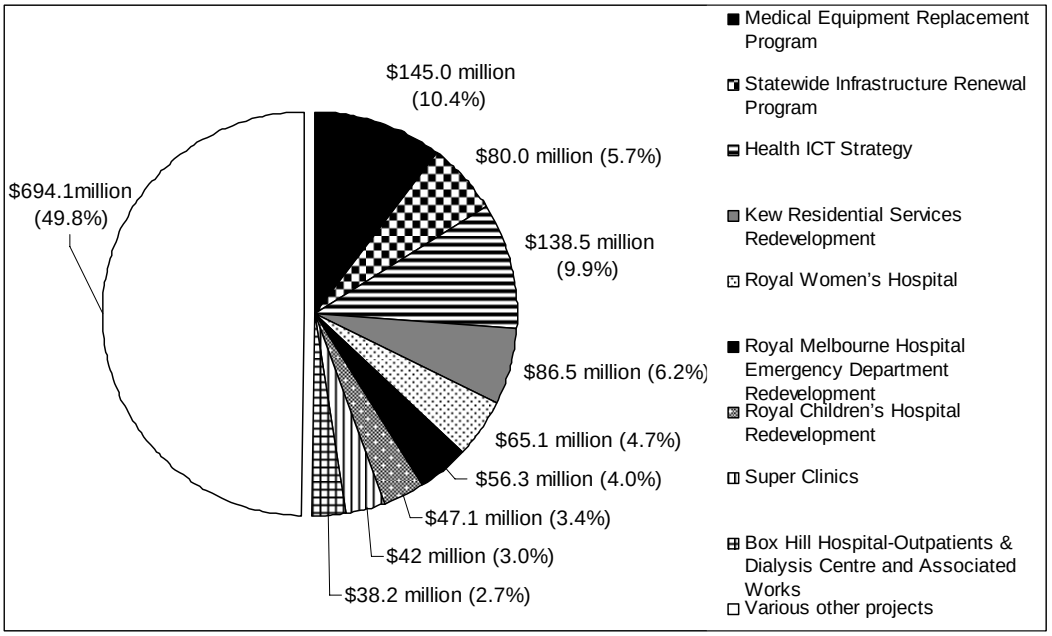
- catering for future transport demand arising from population, economic and jobs growth; and
- catering for different transport needs arising from demographic change, climate change, changes in peoples travel requirements and catering for people with particular transport needs.

[108] Department of Transport, response to PAEC Estimates questionnaire, May 2008, p.6.

4.4.2 Department of Human Services

The budgeted 2008-09 expenditure of the Department of Human Services of $1.4 billion is shown in figure 4.6. This is a significant increase over the expenditure during 2007-08 which was $429 million.

Figure 4.6: Department of Human Services Budgeted expenditure 2008-09



Source: Department of Human Services response to PAEC Estimates questionnaire, May 2008, pp.5-6.

The Department of Human Services has identified 58 separate programs in which it anticipates its 2008-09 expenditure will exceed one million dollars. The expected expenditure on 62 per cent of these projects is in excess of $10 million each. The program with the greatest expenditure during 2008-09 is the Medical Equipment Replacement Program. The department informed the Committee that this program is designed to replace medical equipment items across the acute public hospital system and in the non-acute areas, in order to improve service quality and availability.[109] Other major asset investment programs focus on the upgrade, redevelopment or expansion of existing hospital, community or aged care facilities.

Given the significant increase in the size of the asset investment program and in the number of projects being undertaken by the department in 2008-09, the Committee would expect appropriate levels of accountability to Parliament for this expenditure to ensure that the funds are being spent as intended and that the projects are being well managed and delivered. The Committee recommends that:

Recommendation 6: **The Department of Human Services include in their annual report, details of expenditure to date and progress made on all major infrastructure projects with a TEI in excess of $10 million.**

[109] Department of Human Services Response to PAEC Estimates questionnaire, May 2008, p.9

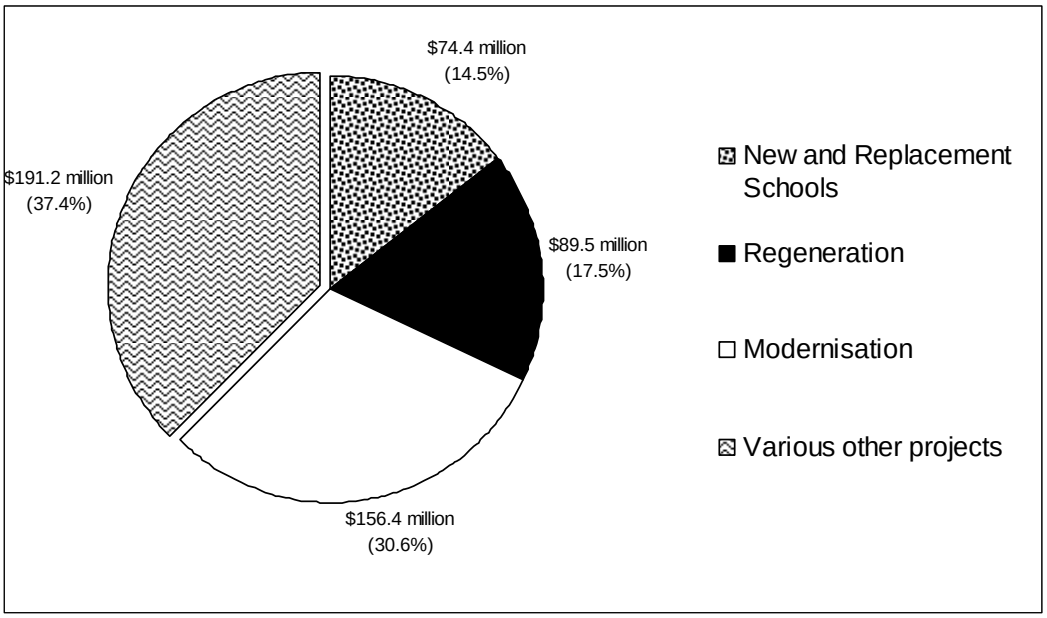
The Department identified four major infrastructure challenges:[110]

- the size and age of the existing asset base, as well as the annual asset investment requirements to sustain the base at appropriate standards for efficient health and other human services service delivery and associated risk levels;
- service demand pressures requiring additional assets to provide appropriate service capacity, as service demand has been increasing at approximately 4 per cent per annum over the last 10 years;
- service reconfiguration requirements to cater for new technologies, models of care and redistribution of departmentally funded services to meet changing community needs; and
- the need to invest in more efficient plant and equipment to achieve government environmental policy / climate change objectives.

4.4.3 Department of Education and Early Childhood Development

The department's budgeted asset investment expenditure for 2008-09 totals $511.5 million. This is more than double the budgeted expenditure of $238 million during 2007-08. The allocation of expenditure is shown in figure 4.7.

Figure 4.7:Department of Education and Early Childhood Development Budgeted expenditure 2008-09



Source: Department of Education and Early Childhood Development, response to PAEC Estimates questionnaire, May 2008, pp.3-4.

The Department's asset investment profile entails three broad categories of expenditure, New and replacement schools, regeneration of schools and modernisation of schools. Together, these account for 62.6 per cent of the Department's budgeted expenditure for the year. Other major projects include the ongoing delivery of the Ultranet ($21.0 million) and land acquisitions ($30.0 million).

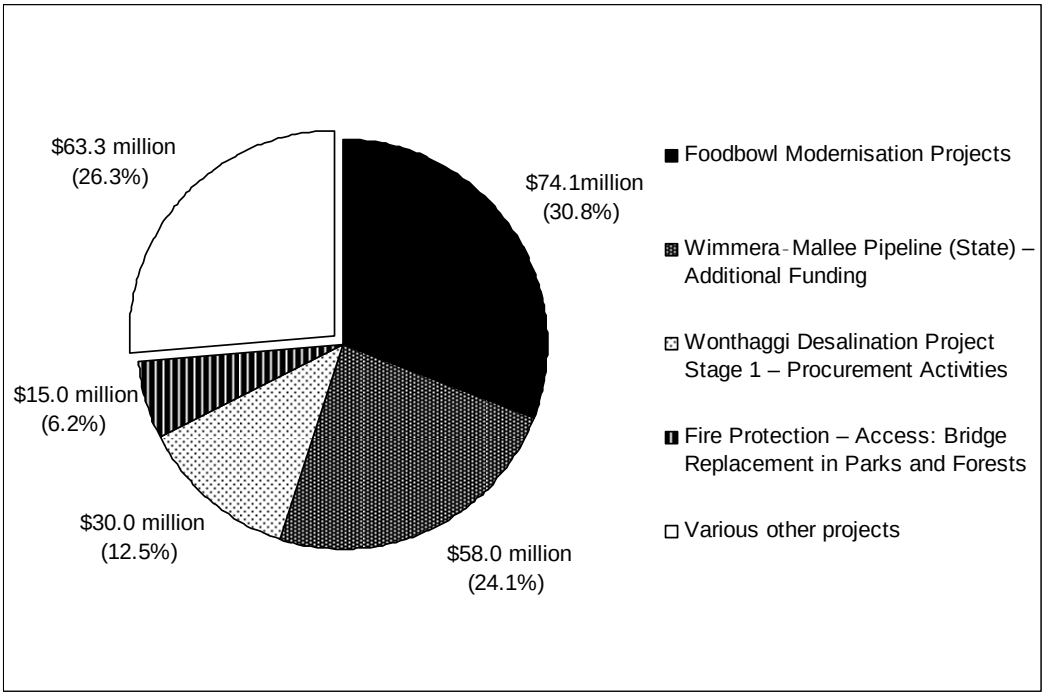
110 Department of Human Services Response to PAEC Estimates questionnaire, May 2008, pp.7-8.

The Department identified future infrastructure challenges facing the department as relating to planning and location, ownership and control of land and buildings, governance and operational management and resourcing.[111]

4.4.4 Department of Sustainability and Environment

The department's budgeted asset investment expenditure for 2008-09 totals $240.4 million. The allocation of expenditure is shown in figure 4.8. This is a decrease of 16.5 per cent from the 2007-08 levels of $288 million.

Figure 4.8: Department of Sustainability and Environment Budgeted expenditure 2008-09



Source: Department of Sustainability and Environment, response to PAEC Estimates questionnaire, May 2008, p.4.

The Committee noted that $186.3 million of the Department's budgeted capital expenditure on asset investment (77.5 per cent) is attributed to water infrastructure projects. This is similar to 2007-08 when the department's expenditure on water related asset investment projects was budgeted to be $193.0 million. During 2007-08, the Wimmera Mallee Pipeline and the Goldfields Superpipe together accounted for 59.8 per cent of water related infrastructure. The remaining expenditure was spread across a large number of small projects. During 2008-09, three projects account for 87 per cent of water related asset investment expenditure:

- the *Foodbowl Modernisation Project*, $74.1 million;
- the *Wimmera Mallee Pipeline (State) – Additional Funding*, $58.0 million; and
- the *Wonthaggi Desalination Project Stage 1 – Procurement Activitie*s, $30.0 million.

[111] Department of Education and Early Childhood Development, response to PAEC Estimates questionnaire, May 2008, pp.4-5.

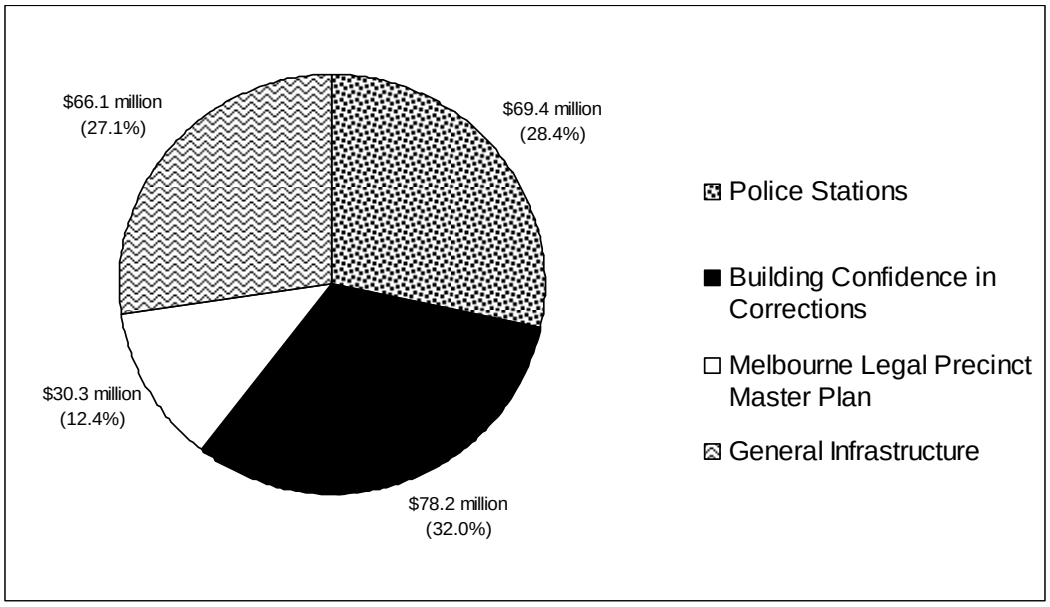
The Department of Sustainability and Environment identified that the two most significant infrastructure challenges currently impacting the department relate to securing Victoria's water supply and addressing climate change.[112]

In its Report on the 2007-08 Budget Estimates – Part Three, the Committee recommended that to enhance accountability and provide a means of disseminating information to the community and engaging the community in the formulation of water policy in future, the Department of Sustainability and Environment and water authorities report regularly on progress made on the construction of the major water supply projects. The Committee was pleased to note that the Department has produced a progress report on the major projects that comprise its current water plan.[113]

4.4.5 Department of Justice

The department's budgeted asset investment expenditure for 2008-09 totals $244 million. The Department's asset investment expenditure is more than double that of 2007-08 ($123 million). The allocation of expenditure is shown in figure 4.9.

Figure 4.9: Department of Justice Budgeted expenditure 2008-09



Source: Department of Justice response to PAEC clarification questions (Appendix 3).

The Department of Justice has identified 39 existing projects and 13 new projects where expenditure on asset is scheduled to occur during 2008-09. Victoria Police is responsible for delivering 26 (23 existing and three new) projects with a combined estimated expenditure of $89.4 million. Of these, 18 involve the construction or enhancement of police stations.

The most significant new estimated expenditure is in Building Confidence in Corrections ($78.2 million) with the Melbourne Legal Precinct Master Plan entailing both new and existing projects.

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112 Department of Sustainability and Environment, *response to PAEC Estimates questionnaire*, May 2008, p.5.

113 Department of Sustainability and Environment, *12 Month Progress Report on the Our Water Our Future: The Next Stage of the Government's Water Plan*, 17 July 2008, accessed at www.ourwater.vic.gov.au, 31 July 2008

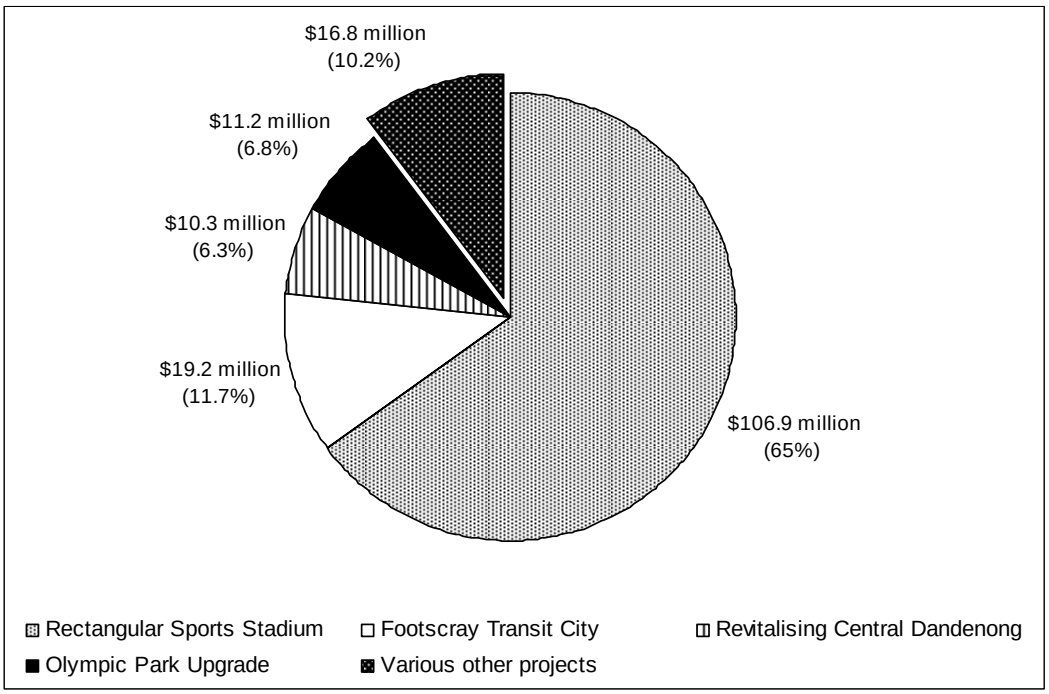
The Department advised the Committee that the immediate and long-term infrastructure challenges include:[114]

- increasing prison system capacity;
- improving court security and access to Justice for all Victorians;
- supporting police and emergency services;
- protecting Victorians;
- addressing disadvantage and inequality;
- regional development; and
- innovation and technology.

4.4.6 Department of Planning and Community Development

The department's budgeted asset investment expenditure for 2008-09 totals $164.4 million. The Department's asset investment expenditure is more than double that of the Department for Victorian Communities during 2007-08 ($81 million). The allocation of expenditure is shown in figure 4.10.

Figure 4.10 Planning and Community Development Budgeted Expenditure 2008-09



Source: Department of Planning and Community Development response to PAEC Estimates questionnaire, May 2008, p.23.

The rectangular sports stadium accounts for 65 per cent of the Department's expenditure on assets during 2008-09. This is more than the Department's entire expenditure for 2007-08 ($81 million). The total estimated cost of this project is $267.5 million and it is expected to be completed by late 2009. The Stadium development is being undertaken by Major Projects Victoria.

[114] Department of Justice response to PAEC Estimates questionnaire, May 2008, p14.

Capital expenditure in other asset initiatives by the Department has risen from $3 million in 2007-08 to $57.5 million in 2008-09.

The Department identified two key aspects of their strategic direction that are related to asset investment:[115]

- the provision of infrastructure to meet community needs; and
- the timing of the infrastructure investment to ensure that necessary services are provided early in the life of new communities.

In relation to these, the Department indicated to the Committee that:[116]

> *"Growth and change in rural, regional and metropolitan communities will challenge the full range of infrastructure including housing, utility services (water, energy etc), social (health, education etc), transport (all modes including cycling, walking, personal travel and freight), community infrastructure (libraries, open space, sporting and recreation facilities etc), jobs and services.*
>
> *New infrastructure will be required in growth areas in Melbourne and regional Victorian cities, and infrastructure upgrades and replacement will be required in established urban areas experiencing growth."*

115 Department of Planning and Community Development response to PAEC Estimates questionnaire, May 2008, pp.24.

116 ibid.

4.5 Reporting by departments on net benefits derived from asset investments

The Committee recommended in its report on the 2007-08 Budget Estimates, that:[117]

> *"Recommendation 18.*
>
> *Given the proposed large increase in the government's asset investment program, public sector agencies keep the Parliament and the community informed of progress made in terms of completion and outcomes delivered through meaningful disclosure in their annual reports".*

The Government accepted this recommendation, but in response indicated that no further action was planned because it believed that the existing reporting mechanisms do report on the status or completion of the government's asset program.[118]

The Committee notes the government's ongoing commitment to investing in asset programs at record levels and as such will continue to examine the government's disclosure in annual reports regarding asset investment. The Committee will be looking to ensure continual improvements in reporting on these matters in the future.

Recommendation 7: **Given the increased levels of asset investment by the government, the Department of Treasury and Finance examine the effectiveness of current reporting practices to ensure that public sector agencies keep Parliament and the community informed of progress made in terms of project completion and outcomes delivered through meaningful disclosure in their annual reports.**

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117 Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates – Part 3*, September 2007, p.99

118 Victorian Government, Response to the Committee's Report on the 2007-08 Budget Estimates, p.14

CHAPTER 5: DEPARTMENTAL WORKFORCE – COMPARATIVE ANALYSIS

Key findings of the Committee:

5.1 **Committee analysis of staffing data provided by eight government departments, parliamentary departments, and nine major budget funded agencies, indicates a likely increase of around 5114.1 EFT numbers (3.1 per cent) between 30 June 2007 and 30 June 2009.**

5.2 **Three departments and one budget funded agency have indicated that they expect staff numbers to decrease by 30 June 2009, while all other departments and agencies for whom data was submitted expect staffing levels to increase.**

5.3 **The Committee identified four departments and one agency where staffing levels were expected to increase by more than 10 per cent. Departments and major budget funded agencies should identify significant staffing changes (greater than 10 per cent) in budget papers, explaining the reasons for those changes.**

5.4 **Numbers of executive staff are forecast to rise by 2.9 per cent in the eight departments for which the Committee was provided complete data. The Department of Sustainability and Environment was the only department that expects to reduce the number of executive officers, while the Department of Planning and Community Development and the Department of Primary Industries both expect executive numbers to rise by more than 20 per cent.**

5.1 Introduction

As part of its 2008-09 Budget Estimates inquiry, the Committee sought information from departments on their actual equivalent full time (EFT) staff numbers at 30 June 2007 compared with the expected actual for 30 June 2008 and 30 June 2009. The Committee's request covered both departments and their major budget funded agencies.

The purpose of seeking such information was to identify any trends on staffing numbers within departments and budget funded agencies, and to consider any additional information provided by departments on matters impacting on staffing numbers such as machinery of government changes and targeted efficiency savings.

Departmental staffing costs are key components of output or recurrent expenditure. All departments and budget funded agencies are expected to continuously review their staffing profiles under their various programs to ensure delivery of program objectives in an efficient and economical manner.

The Committee considers that the number of staff is a key raw indicator of efficiency and effectiveness for government and its agencies. It accepts that any analysis also needs to take into account the level of staff and their skills as applied in a particular program, while acknowledging that, in a macro sense, there will be productivity gains to be made in virtually all programs in terms of staff by virtue of the application of new technology and continuous improvement in work practices.

On the basis of the expectation of productivity gains over time, the Committee judges that there should be incremental savings in staffing costs in the absence of any program changes or increases. In that context, any increase in staffing numbers by departments and agencies needs to be fully explained and justified.

The Committee sought to follow up with departments and selected agencies, staff numbers against budgets and historical data. Therefore, what follows is not a full analysis of public sector employment. The Committee intends to undertake a more comprehensive analysis of public sector employment in its *Report on the 2007-08 Financial and Performance Outcomes*.

5.2 Analysis of Departmental Staff Numbers

The detailed information provided by each department in relation to staff numbers was presented in the Report on the 2008-09 Budget Estimates - Part One which was tabled in Parliament on 29 May 2008.

Table 5.1 brings together the aggregate EFT staff numbers furnished by departments and the expected percentage movement in those numbers between 30 June 2007 and 30 June 2009.

Table 5.1 indicates a likely increase of around 1249.4 EFT staff numbers, or 4.2 per cent, from the actual position in June 2007 to June 2009 and an increase of around 290.7 EFT staff numbers, or 1.0 per cent, from the estimated position in June 2008.

Table 5.1: Departmental staff numbers excluding major budget funded agencies (equivalent full-time, rounded) June 2007 to June 2008

Department	30 June 2007 (Actual) (EFT)	30 June 2008 (Estimate) (EFT)	30 June 2009 (Estimate) (EFT)	Variation between 2007 and 2009 (%)	Variation between 2008 and 2009 (%)
Parliament	540.3	590.2	589.2	9.0	-0.2
Department of Education [(a)]	1834.2	2,393.5	2,355.5	28.4	-1.6
Department of Human Services	11,515.0	11,180.0	11,314.0	-1.7	1.2
Department of Infrastructure	1,059.8	1,188.5	1,230.6	16.1	3.5
Department of Innovation, Industry and Regional Development	915.0	993.7	928.0	1.4	-6.6
Department of Justice	6,491.7	7,032.1	7,195.3	10.8	2.3
Department for Planning and Community Development	686.0	962.1	1,004.2	46.4	4.4
Department of Premier and Cabinet	335.4	350.5	350.5	4.5	0.0
Department of Primary Industries	2,632.8	2,583.0	2,566.0	-2.5	-0.7
Department of Sustainability and Environment	2,831.0	2,520.4	2,545.4	-10.1	1.0
Department of Treasury and Finance	597.1	603.0	609.0	2.0	1.0
Total	**29,438.3**	**30,397.0**	**30,687.7**	**4.2**	**1.0**

Notes *(a) Department of Education figures do not include school staff. Variations from the figures contained within the Department's Annual Report 2006-07 are a consequence of separation of school and non-school data.*

Source: *Responses from Departments to the Committee's 2008-09 Budget Estimates Questionnaire (question 13)*

Responses from Department of Innovation, Industry and Regional Development and Department of Premier and Cabinet, to the Committee's Clarification Questions (Appendix 3)

The Department of Education, Department of Infrastructure and Department of Planning and Community Development identified respective staff number increases of 28.4 per cent, 16.1 per cent and 46.4 per cent between 2007 and 2009. This represents an increase of 1010 EFT staff in these departments.

The staffing increases in these three departments relate primarily to:

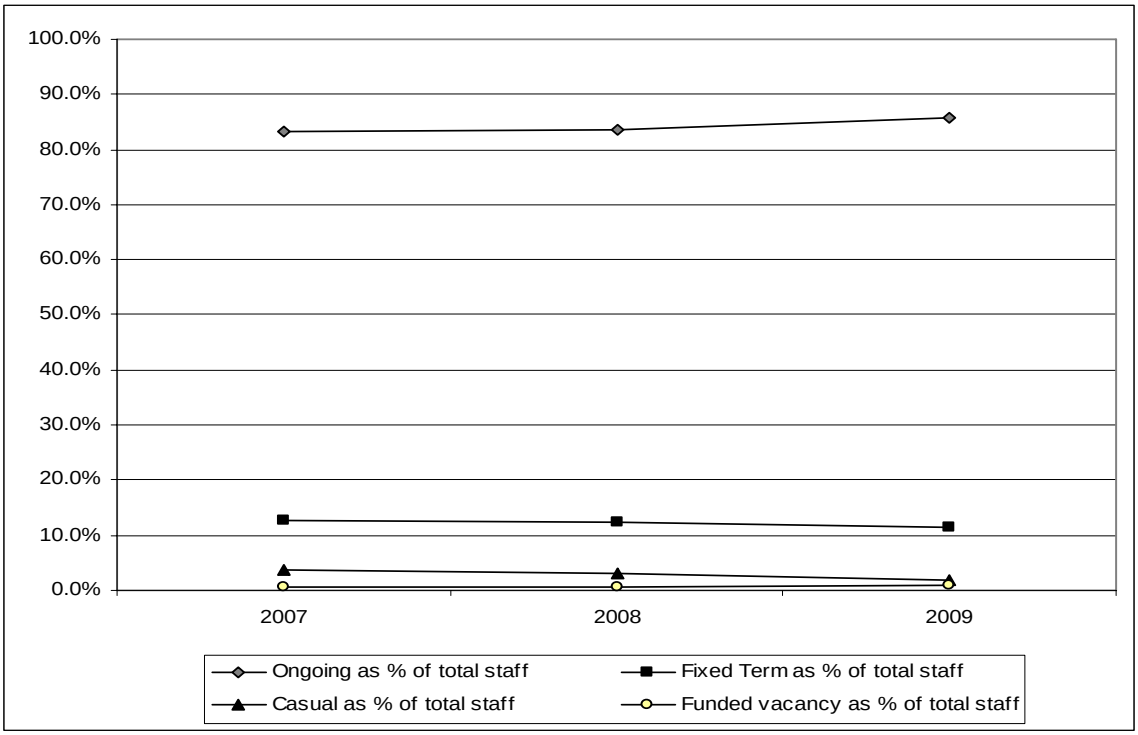
- Department of Education and Early Childhood Development – The Department identified a significant increase in the numbers of Allied Health Workers at the AH2 and AH3 levels. These increases equate to 122 EFT staff. The department also identified 199 EFT equivalent staff in new classification areas, an additional 99 staff at VPS levels five and six and a further 96 in the VPS ranges from one to four. These changes all occurred between June 2007 and June 2008 and the department has identified no significant changes between June 2008 and June 2009. These changes were to a large extent, the result of the Machinery of Government changes instigated during August 2007.
- Department of Infrastructure – The Department identified increases at all levels of employment other than at Executive Officer level, between June 2007 and June 2009. They identified an increase of 66 EFT equivalent staff at VPS levels five and six and a further 90 in the VPS ranges from one to four. The Department also identified a 135 per cent increase in the number of Principle Scientists employed, from 8.0 EFT in June 2007 to 18.8 EFT in June 2009.
- Department of Planning and Community Development – The Department identified an increase of 185 EFT staff employed within VPS levels five and six and a further 125 employed within the VPS ranges from one to four between June 2007 and June 2009. Eighty seven per cent of the increase in staff numbers during this time period is anticipated to have occurred between June 2007 and June 2008 and is likely a result of the August 2007 Machinery of Government changes.

The Department Human Services, Department of Primary Industries and the Department of Sustainability and Environment anticipate a decrease in staff numbers of 1.7 per cent, 2.5 per cent and 10.1 per cent respectively. This represents a decrease of 553.4 EFT staff in these departments.

There was a significant improvement in the quality and completeness of workforce data provided to the Committee compared with previous years. The Department of Human Services has taken significant steps to improve the workforce data relating to public hospitals and residential aged care centres and the Department of Innovation, Industry and Regional Development provided a breakdown for two years according to key categories such as executive officers and Victorian public service officers.

Recommendation 8: **All departments and their budget funded agencies ensure that complete and accurate information on staffing levels and costs are available to the Committee in future years.**

Figure 5.2: Ratio of ongoing / fixed term / casual / funded vacancies across all government departments



Notes: *(a) The Department of Human Services, Department of Innovation, Industry and Regional Development and the Department of Premier and Cabinet did not provide data for 2009.*

(b) Figures do not include school staff.

Source: *Responses from Departments to the Committee's 2008-09 Budget Estimates Questionnaire.*

During 2007, 83.2 per cent of staff employed directly by government departments were employed on an ongoing basis. Departments predict that this figure will rise to 85.7 per cent by 2009. During the same period the ratio of staff employed on a fixed term and casual basis are expected to fall by around one per cent each.

The Department of Infrastructure identified an increase in the percentage of staff employed on an ongoing basis between 2007 and 2009 of 7.5 per cent, a reduction of 5.3 per cent of staff employed on a fixed term basis and a reduction of funded vacancies of 2.2 per cent. The classification area of most significant change was Principle Scientists. In addition to increasing the number of staff employed under this classification from eight EFT to 18.8 EFT, the department also moved all Principle Scientist staff from a fixed term basis to an ongoing basis.

The Department of Sustainability and Environment and the Department of Treasury and Finance each identified a decrease in the percentage of staff employed on an ongoing basis of 2.3 per cent and 0.1 per cent respectively. The Department of Sustainability and Environment identified an increase in the percentage of funded vacancies of 2.2 per cent.

5.3 Analysis of Major Budget Funded Agency Staff Numbers

The detailed information provided by departments in relation to the staff numbers of nine major budget funded agencies was presented in the *Report on the 2008-09 Budget Estimates - Part One* which was tabled in Parliament on 29 May 2008.

Table 5.3 brings together the aggregate EFT staff numbers furnished by departments in relation to the major budget funded agencies and the expected percentage movement in numbers between 30 June 2007 and 30 June 2009.

Table 5.3 indicates a likely increase of around 3865 EFT staff numbers, or 2.9 per cent, from the actual position in June 2007 to June 2009 and an increase of around 1673 EFT staff numbers, or 1.2 per cent, from the estimated position in June 2008.

The Southern and Eastern Integrated Transport Authority (SEITA) was the only agency where the identified variation represented a decrease in overall staffing numbers between June 2007 and June 2009. SEITA was established in July 2003 to facilitate the EastLink urban road project.119 The Department of Infrastructure indicated to the Committee that once the East Link project has been completed in 2008-09, most of the staff currently employed with SEITA will return to the Department of Infrastructure or VicRoads.

The Shared Services Centre (SSC) was the only agency which identified a significant (greater than 10 per cent) increase in EFT staff numbers between June 2007 and June 2008. The SSC identified an increase of 52.4 EFT staff (77.5 per cent), mainly at VPS level three and VPS level 6 where EFT numbers more than doubled from 27.6 EFT to 62.6 ETF.

Regarding public hospitals and aged care centres, the Department of Human Services indicated to the Committee, that they have been working with the major payroll providers that supply payroll services to public hospitals and have implemented a new minimum workforce database (MDS) that provides for the collection of a wider range of staffing profiles and payroll data on a regular basis. At present 43 agencies (approximately 50 per cent), are reporting through the MDS. The Department advised that all payroll providers have completed necessary IT specification work and the software is currently being tested at lead agencies by payroll providers yet to come online.[120]

119 Southern and Eastern Integrated Transport Authority Annual Report 2006-07, September 2007, p.11.

120 Department of Human Services, Departmental Response to PAEC Budget Estimates 2008-09 Questionnaire, p.30.

Table 5.3: Staff numbers for nine major budget funded agencies (equivalent full-time, rounded) June 2007 to June 2008

Department	30 June 2007 (Actual) (EFT)	30 June 2008 (Estimate) (EFT)	30 June 2009 (Estimate) (EFT)	Variation between 2007 and 2009 (%)	Variation between 2008 and 2009 (%)
Southern and Eastern Integrated Transport Authority	32.3	32.3	30.8	-4.6	-4.6
Essential Services Commission	58.1	73.5	62.5	7.5	-15.0
Shared Services Centre	67.6	119.4	120.0	77.5	0.5
State Revenue Office	443.6	468.0	462.0	4.1	-1.3
Police (Public Servants)	2,532.0	2,589.7	2,583.6	2.0	-0.2
VicRoads	2,729.3	2,772.0	2,903.0	6.4	4.7
Police (Police, Reservists & Recruits)	11,163.4	11,196.5	11,262.0	0.9	0.6
Schools (a)	51,068.9	51,490.0	51,730.0	1.3	0.5
Public Hospitals and Aged Care Centres (b)	66,468.0	68,014.0	69,274.0	4.2	1.9
Total	**134,563.2**	**136,755.4**	**138,427.9**	**2.9**	**1.2**

Notes: *(a) Variations from the figures contained within the Department's Annual Report 2006-07 are a consequence of separation of school and non-school data.*

(b) The Department of Human Services noted that this data was collected either electronically from payroll providers or by survey from hospitals.

Source: *Responses from Departments to the Committee's 2008-09 Budget Estimates Questionnaire (question 13)*

CHAPTER 6: COMMUNICATION, ADVERTISING AND PROMOTIONAL EXPENDITURE

Key findings of the Committee:

6.1 **Government communication, advertising and promotional expenditure has regularly been subject to considerable public scrutiny including from the Auditor-General and the Public Accounts and Estimates Committee.**

6.2 **Later in this financial year, the Committee will publish a review of the findings and recommendations of the Auditor-General's 2006 report on Government Advertising.**

6.3 **The Committee was unable to obtain a complete set of figures for forecast 2008-09 expenditure on communication, advertising and promotional expenditure as it is not included as a stand alone budget item.**

6.1 Introduction

Public debate concerning the magnitude and appropriateness of advertising and promotional expenditure by governments has been a frequent occurrence in Australian and international jurisdictions. Not surprisingly, therefore, this aspect of public administration in Victoria has often been subject to official scrutiny.

In September 2006, the Auditor-General issued his latest report to Parliament on Government Advertising. This was the fourth report by the Auditor-General on Government Advertising in 11 years. The primary purpose of this latest audit was to determine whether selected public sector advertising campaigns complied with the government guidelines and whether processes around the management of government advertising were adequate.

During 2007-08, the PAEC reports on the *Budget Estimates* and *Financial and Performance Outcomes* examined the forecast and actual expenditure on government advertising, communication and promotion, making a number of recommendations relating to the findings of the Auditor-General and the transparency of reporting practices relating to advertising expenditure.

Under its functions and powers under Sections 14 and 33 of the Parliamentary Committees Act 2003, the Committee systematically follows up audit reports tabled in Parliament by the Auditor-General. The Committee prioritises these reports using various criteria including considerations of seriousness of impacts or implications of audit findings, public interest, risks, social impacts, criticality and unresolved disputes, materiality and opportunities to enhance accountability.

Currently, the Committee is conducting a review of findings and recommendations of the Auditor-General's reports tabled in 2006 and 2007 including the 2006 report on Government Advertising. This report is due to be tabled later in this financial year and gives due consideration to the broad range of issues raised in previous Auditor-General and PAEC reports.

6.2 Advertising and promotional expenditure by Departments

During its 2008-09 Budget Estimates inquiry, the Committee sought from each department, the following financial information relating to their advertising and promotional activities:

- the communication, advertising and promotion budget for 2008-09; and
- the actual expenditure incurred on communications, advertising and promotion in 2007-08.

Table 6.1 sets out the aggregate estimated advertising and promotion costs incurred by departments and selected statutory agencies in 2007-08 and the expected expenditure for 2008-09, based on information furnished to the Committee.

Table 6.1: Departmental aggregate estimated advertising and promotional expenditure

Department	2007-08 Estimated ($ million)	2008-09 Budget ($ million)
Education	0.6 [(b)]	-[(b)]
Human Services	14.2	-[(c)]
Infrastructure	14.0[(d)]	15.5[(d)]
Innovation, Industry and Regional Development	57.9[(e)]	56.3[(e)]
Justice	-[(f)]	8.1[(g)]
Planning and Community Development	4.0	3.8
Premier and Cabinet	3.0[(h)]	-[(i)]
Primary Industries	8.9	5.0
Sustainability and Environment	6.5	5.6[(j)]
Treasury and Finance	1.6	1.5[(k)]
Total	**110.1**	**95.8**

Notes:

(a) Forecast expenditure for 2007-08 as of 13 May 2008

(b) The Department of Education and Early Childhood Development advised the Committee that the budget for 2008-09 is yet to be determined

(c) The Department of Human Services advised the Committee that they do not have a centralised budget for communication, advertising and promotions

(d) Figures include advertising by SEITA and VicRoads in addition to DOI advertising expenditure

(e) Figures include Tourism Victoria

(f) The Department of Justice did not provide the Committee with data for 2007-08

(g) Figure includes Victoria Police.

(h) 2007-08 figures do not include Arts and Portfolio Agencies.

(i) The Department of Premier and Cabinet advised the Committee that they do not have a centralised budget for communication, advertising and promotions

(j) 2007-08 figures exclude costs of around $2.0 million associated with the Our Water Our Future behavioural change campaign, as it is funded by Melbourne's water retailers and Melbourne Water.

(k) The Department of Treasury and Finance advised the Committee that the figures provided for 2007-08 are the expected actuals.

Source: Departmental responses to the PAEC Budget Estimates Questionnaire, PAEC Report on the 2008-09 Budget Estimates Part One.

Departmental responses to the PAEC Budget Estimates Clarification Questions (Appendix 3)

Five departments (Human Services, Justice, Planning and Community Development, Primary Industries and Premier and Cabinet) advised the Committee that advertising and communications activities are not independent of program and policy development, implementation and evaluation. They are not included as a stand alone budget item but formulated as part of an overall program delivery or output.

The Committee has found it difficult, analysing available information, to obtain consistent year comparisons. It continues to be concerned regarding definitional matters in respect to communication, advertising and promotional expenditure.

In light of the Government's efficiency measure, to reduce advertising and consultancy expenditure by 10 per cent of 2006-07 levels by 2010-11[121], the Committee will carefully monitor expenditure through future Financial and Performance Outcomes Reports and Budget Estimates Reports.

6.3 Progress against the recommendations in the PAEC's Report on the 2007-08 Budget Estimates.

In its 2007-08 Budget Estimates Report the Committee made four recommendations in relation to Government Advertising as detailed in table 6.2.

Table 6.2: The Government's response to recommendations made in the Report on the 2007-08 Budget Estimates (communication, advertising and promotional expenditure)

Recommendation	Government Response
Recommendation 22 The government issue the revised guidelines for advertising and communications as soon as possible and that the guidelines be reviewed and updated every four years.	The Government will develop new guidelines to be implemented in the future.
Recommendation 23 The Auditor-General include, within the scope of performance audits of particular programs, an examination of advertising and communications expenditure and the extent of compliance with the government's guidelines.	The examination of advertising and communications expenditure and the extent of compliance with the government's guidelines, will be included in audits, where considered appropriate.
Recommendation 24 Departments include expenditure on communications, advertising and promotion by all statutory authorities and government entities in future reporting to allow for full reporting and transparency.	Government agencies will continue to strive to provide accurate reporting of communications, advertising and marketing in response to official requests.
Recommendation 25 The Department of Treasury and Finance ensure, as part of its enhancements to annual reporting practices that agencies identify and report on performance against advertising budgets, identifying key components of expenditure including government-wide or agency specific publicity campaigns.	The Department of Treasury and Finance considers current reporting directions provide adequate disclosure. However, such directions are continually reviewed to ensure relevance and appropriateness.

Source: Government Response to the PAEC Report on the 2007-08 Budget Estimates

The Committee considers recommendation 22 to be of particular significance and is concerned that the revised guidelines have not yet been completed. The Committee urges the Government to take immediate action to address this recommendation. Further discussion regarding the Government's responses to Committee recommendations can be found in Chapter 11.

[121] Australian Labor Party, Efficient Government Policy for the 2006 Victorian Election, pp.9, 12

CHAPTER 7: DEPARTMENTAL OUTPUT STRUCTURES AND PERFORMANCE MEASURES

Key findings of the Committee:

7.1 **The government manages delivery of its annual budget according to an accrual output-based framework whereby departments are required to develop output statements and performance measures for inclusion in the budget papers.**

7.2 **Compared with 2007-08, there is a net decrease of 57 output measures in the 2008-09 Budget Papers made up of 178 new measures and 235 discontinued measures. There was a net decrease in the number of quantity and quality measures while there was a small overall increase in the number of timeliness measures.**

7.3 **While the Committee was pleased to note the continued net reduction in the number of quantitative measures in this year's budget, it is concerned to note that only 18 per cent of new measures introduced into the 2008-09 Budget were quality measures.**

7.4 **Seven departments achieved a net reduction in the number of performance measures in the 2008-09 Budget papers. The Department of Sustainability and Environment and the Department of Treasury and Finance both reduced the number of performance measures associated with their departmental outputs by more than ten per cent, while the number of measures increased by more than ten per cent in the Department of Planning and Community Development and the Department of Primary Industries.**

7.5 **As noted in the Committee's Report on the 2007-08 Budget Estimates, the number of measures presented in the budget papers is progressively falling. However, some quantitative measures were still used by departments which conveyed a targeted increase in output without any obvious connection to an improved service outcome.**

7.6 **Seven departments were identified where more than 10 per cent of performance targets reported in the 2008-09 Budget papers varied by more than 10 per cent from the expected outcome for 2007-08. While explanations were provided in most instances, the Committee identified a number of measures where the target had not been updated or revised to reflect changed circumstances or where the explanation did not adequately explain the variance.**

7.7 **Future budget papers should incorporate a tabular presentation of annual global movements in new and discontinued output measures, categorised according to quantity, quality and timeliness measures to enhance clarity and accountability in reporting.**

7.8 **Output performance measure targets in budget papers should be regularly reviewed and adjusted to ensure that they reflect historical performance.**

7.1 Background to departmental outputs and performance measures

The government manages delivery of its annual budget according to an accrual output-based framework, whereby departments are required to develop output statements and performance measures for inclusion in the budget papers.

In recent years, the Auditor-General and the Committee have presented reports to Parliament which incorporate comment on the government output framework and the adequacy of performance measures in place in capturing key aspects of output delivery.[122]

In his recent report *Parliamentary Appropriations: Output Measures*, the Auditor-General observed that:[123]

> *"The reporting of outputs and performance measures in the annual budget papers is at the heart of the Executive Government's Accountability to Parliament and the community. For this accountability to be effective, the output descriptions and performance measures must be relevant, appropriate and fairly representative of actual performance."*

The output framework features a purchaser/provider arrangement under which Parliament authorises the Treasurer to purchase outputs from departments based on an accrual price to be paid to departments in return for delivering outputs. Appropriations are formally applied to departments when the Treasurer is satisfied that agreed outputs have been delivered.

The government's annual budget paper on service delivery outlines the nature of departmental outputs and their relationship, through specification of performance measures, with the service delivery obligations of departments.[124] The budget papers disclose for each performance measure the target specified for 2008-09 compared with the equivalent target for 2007-08, the expected outcome for that year and the actual outcome for 2006-07. They also identify new measures introduced for the year and any measures discontinued by departments, together with explanatory reasons.

7.2 Changes to departmental outputs and performance measures reflected in the 2008-09 Budget

During its 2008-09 Budget Estimates inquiry, the Committee sought information from departments regarding:

- the rationale for any change in performance measures presented in the budget papers for 2008-09; and
- performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09.

The purpose of seeking this information was to assess the nature of any changes made to performance measures in the budget papers and to determine the rationale behind departmental target setting.

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122 Victorian Auditor General's Office, Parliamentary Appropriations: Output Measures, November 2007; Victorian Auditor General's Office, Parliamentary control and management of appropriations, April 2003; and Public Accounts and Estimates Committee, Report on the review of the Auditor General's report on Parliamentary control and management of appropriations, September 2005.

123 Victorian Auditor General's Office, Parliamentary Appropriations: Output Measures, November 2007, p.v

124 Department of Treasury and Finance, Budget Paper No. 3 Service Delivery, May 2008, pp.65-273

The departmental responses are presented in the Committee's *Report on the 2008-09 Budget Estimates – Part One*.

7.2.1 Overall changes to output measures in the 2008-09 Budget

The Committee's analysis of the 2008-09 Budget papers identified 178 new performance measures of which over 50 per cent were quantity measures.[125] The budget papers also identified 235 discontinued measures of which 53 per cent were quantity measures.[126] This represents a net reduction of 57 measures. Table 7.1 summarises this position.

[125] Department of Treasury and Finance, Budget Paper No. 3 Service Delivery, May 2008, pp.65-273

[126] ibid. pp.431-462

Table 7.1: New and discontinued output measures presented in the 2008-09 and 2007-08 Budgets

		Item in 2008-09 Budget				Item in 2007-08 Budget			
		Total	**Quantity measures**	**Quality measures**	**Timeliness measures**	**Total**	**Quantity measures**	**Quality measures**	**Timeliness measures**
New output measures									
Number of new measures	Number	178	92	32	54	217	115	48	54
Proportion of total	%	100	52	18	30	100	53	22	25
Discontinued output measures									
Number of discontinued measures	Number	235	122	58	55	353	183	79	91
Proportion of total	%	100	52	25	23	100	52	22	26
Net movement in number of measures	Number	**-57**	**-30**	**-26**	**-1**	**-136**	**-68**	**-31**	**-37**
Total Number of Measures(a)	%	**1,178**	**601**	**324**	**253**	**1,235**	**630**	**356**	**249**

Note: The measures identified in the table above do not include the cost of delivery of the outputs.

Source: Department of Treasury and Finance, Budget Paper No. 3 Service Delivery, May 2008, pp. 65-273 and pp. 431-462.

Reasons conveyed to the Committee by departments for the changes made to their output measures include the consolidation of measures to reflect changes in departmental focus and program operation, changes to more accurately reflect achievements and target outcomes in key areas of service delivery, machinery of government changes and adjustments made to reflect changing practices in service delivery.

In its 2007-08 Budget Estimates Report – Part 3, the Committee identified that while the number of quantitative measures has fallen over the years due to Department of Treasury and Finance (DTF) reviews and departmental initiatives, there were still a number of measures being described in broad quantity terms of projects and programs underway, number of ministerial briefs, number of bridges maintained and number of meetings held.[127] These types of measures conveyed a targeted increase in output without any obvious connection to service outcomes and strategic objectives.

While the Committee was pleased to note the continued net reduction in the number of quantitative measures in this years budget, it is concerned to note that only 18 per cent of new measures introduced into the 2008-09 Budget were quality measures. As such, the Committee wishes to reiterate its desire that all quantitative measures clearly exhibit a connection to departmental outcomes and strategic objectives.

Recommendation 9: **Departments continue to review their output performance measures to ensure that they are relevant to, and that they reflect appropriately, the department's service outcomes and strategic objectives.**

Table 7.2 compares the overall number of performance measures adopted by each department during 2007-08 and 2008-09.

[127] Public Accounts and Estimates Committee, 2007-08 Budget Estimates Report – Part 3, September 2007, p.118

Table 7.2: Comparison of Output Performance Measures Adopted by Departments

Department	Total performance measures in 2008-09 Budget (Number)	Total performance measures in 2007-08 budge (Number)	Change in the number of measures from 07-08 to 08-09 (Number)	Change in the number of measures from 07-08 to 08-09 (per cent)
Department of Education and Early Childhood Development	80	83	-3	-3.6
Department of Human Services	219	237	-18	-7.6
Department of Infrastructure	170	187	-17	-9.1
Department of Innovation, Industry and Regional Development	92	91	1	1.1
Department of Justice	92	100	-8	-8.0
Department of Premier and Cabinet	86	88	-2	-2.3
Department for Planning and Community Development	167	133	34	25.6
Department of Primary Industries	59	51	8	15.7
Department of Sustainability and Environment	80	120	-40	-33.3
Department of Treasury and Finance	88	100	-12	-12.0
Parliamentary Departments	45	45	0	0.0
Total (all Departments) [(a)]	**1,178**	**1,235**	**-57**	**-4.6**

Note: The measures identified in the table above do not include the cost of delivery of the outputs.

Source: Department of Treasury and Finance, Budget Paper 3 – Service Delivery, May 2008, pp. 65-273

Department of Treasury and Finance, Budget Paper 3 – Service Delivery, May 2007, pp. 51-261

Two departments (Department of Planning and Community Development and Department of Primary Industries) increased the number of performance measures by a significant amount from 2007-08 to 2008-09. Departments explained to the Committee that the new measures have been developed to replace deleted measures and to reflect the re-direction of resources in line with current policy directions as well and changes brought about by the machinery of government.[128]

Seven of the remaining nine departments achieved a net reduction in the number of performance measures in the 2008-09 Budget papers. The Department of Sustainability and Environment (DSE) and DTF both reduced the number of performance measures associated with their departmental outputs by more than ten per cent.

[128] Department of Planning and Community Development, Response to PAEC estimates questionnaire, pp.2-9 and Department of Primary Industries, Response to PAEC estimates questionnaire, p.2.

The Department of Sustainability and Environment transferred a number of measures associated with two major outputs, *Planning*, *Urban Design* and *Housing Affordability and Heritage Protection* to the Department of Planning and Community Development as part of the machinery of government changes announced in August 2007. DSE also conducted a review of its performance measures which resulted in the cessation of some measures and the introduction of others.[129] This resulted in the Department achieving the largest reduction (33.3 per cent) in the number of measures of any department in the 2008-09 Budget.

DTF explained that they consolidated six existing outputs into three new outputs with the result that many of the performance measures associated with these outputs were consolidated or, where appropriate, replaced with updated measures that reflect the new outputs.

The Committee also identified in its Report on the 2007-08 Budget Estimates – Part 3, a need for DTF to incorporate within future budget papers, a tabular presentation of annual global movements in new and discontinued output measures, categorised according to quantity, quality and timeliness measures.[130] The department responded to the Committee that:[131]

> *"The Department of Treasury and Finance considers that sufficient information is already provided in the budget papers.*
>
> *All performance measures that are new for each budget are published in Budget Paper No. 3, Chapter 3. The new performance measures are explained in the individual footnotes at the end of each section. Footnotes also explain key variances in data from previous budgets and any amendments to performance measure titles.*
>
> *Appendix C of Budget Paper No. 3 is a list of all discontinued outputs and performance measures. Appendix C also includes footnotes explaining the reasons for discontinuing each measure."*

While the Committee acknowledges that the information outlined by DTF is available in the budget papers, it still considers that a tabular presentation of global movements in new and discontinued performance measures categorised according to quantity, quality and timeliness measures would enhance clarity and accountability of reporting in budget papers. The extensive use of footnotes as evidenced in Appendix C of Budget Paper No. 3 to convey information vital to parliament does not enhance clarity, nor encourage accountable reporting.

Recommendation 10: **The Department of Treasury and Finance incorporate within future budget papers a tabular presentation of annual global movements in new and discontinued output measures, categorised according to quantity, quality and timeliness measures to enhance clarity and accountability in reporting.**

129 Department of Treasury and Finance, Budget Paper No. 3 Service Delivery, May 2008, p.228

130 Public Accounts and Estimates Committee, 2007-08 Budget Estimates Report – Part 3, September 2007, p.119

131 Government Response to the Recommendations of the Public Accounts and Estimates Committee's 73rd Report on the 2007-08 Budget Estimates, p.20

7.2.2 Performance targets for major departmental outputs

Departmental output statements presented in the budget papers detail the goods and services that government departments intend to deliver in the forthcoming year and how they will contribute to the government's desired outcomes as outlined in Growing Victoria Together. The output statements list quantity, quality, timeliness and cost performance measures for each output and these are then used to assess each department's performance in service delivery.[132]

The Committee's Report on the 2006-07 Financial and Performance Outcomes identified a significant number of performance measures whereby the actual result varied from the target by more than 10 per cent. It also identified that some departments had not adjusted performance measures in accordance with actual performance, creating instances of significant ongoing recorded over or under-performance. The Committee indicated that it would like to see departments improve the accuracy of estimating processes and the level of adherence in principle to targets.

As part of the Committee's ongoing focus on improving accountability, this section of the report examines the target setting practices of the government and parliamentary departments in the 2008-09 Budget papers.

Table 7.3 examines the relationship between the expected outcomes from 2007-08 and the targets set for 2008-09.

Table 7.3: Comparison of 2008-09 targets with the expected outcomes for 2007-08

	Total performance measures in 2008-09 Budget	**Variance of 10% or over between the expected outcome for 2007-08 and the target for 2008-09**	
	(number)	**(number)**	**(per cent)**
Department of Education and Early Childhood Development	80	1	1.3
Department of Human Services	219	19	8.7
Department of Infrastructure	170	27	15.9
Department of Innovation, Industry and Regional Development	92	20	21.7
Department of Justice	92	10	10.9
Department of Premier and Cabinet	86	11	12.8
Department for Planning and Community Development	167	18	10.8
Department of Primary Industries	59	5	8.5
Department of Sustainability and Environment	80	10	12.5
Department of Treasury and Finance	88	9	10.3
Parliamentary Departments	45	2	4.4

Note: The measures identified in the table above do not include the cost of delivery of the outputs.

Source: Departmental Responses to the PAEC budget estimates 2008-09 questionnaire and the 2008-09 Budget Paper No.3, pp.65-272.

[132] Department of Treasury and Finance, Budget Paper No. 3 Service Delivery, May 2008, p.63

Committee analysis identified seven departments where more than 10 per cent of performance targets reported in the 2008-09 Budget papers varied by more than 10 per cent from the expected outcome for 2007-08.

The Department of Innovation, Industry and Region Development (21.7 per cent) had the largest percentage of target variations, while the Department of Education and Early Childhood Development (1.3 per cent) had the lowest percentage. Individual departmental results were reported in Committee's *Report on the 2008-09 Budget Estimates – Part 1,* Appendix 3.

Table 7.4 examines the extent to which the variations from target were above or below the expected result for 2007-08.

Table 7.4: 2008-09 Target variations from the expected outcomes for 2007-08

Department	2008-09 target 10% above 2007-08 expected outcome	2008-09 target 10% below 2007-08 expected outcome
Department of Education and Early Childhood Development	0	1
Department of Human Services	14	5
Department of Infrastructure	21	6
Department of Innovation, Industry and Regional Development	9	11
Department of Justice	3	7
Department of Premier and Cabinet	2	9
Department for Planning and Community Development	3	15
Department of Primary Industries	5	0
Department of Sustainability and Environment	4	6
Department of Treasury and Finance	4	5
Parliamentary Departments	0	2
Total	**65**	**67**

Note: The measures identified in the table above do not include the cost of delivery of the outputs.

Source: Departmental Responses to the PAEC budget estimates 2008-09 questionnaire and the 2008-09 Budget Paper No.3, pp.65-272.

In both the Department of Human Services and the Department of Infrastructure, the majority of variations consisted of targets being much higher than the expected outcome. Departments indicated to the Committee that where targets were set significantly higher than the expected outcome for the previous year, this was a result of a combination of factors including, the introduction of new initiatives or funding, anticipated performance improvements or efficiencies generated within the department.

In both the Department of Premier and Cabinet and the Department of Planning and Community Development, the majority of variations consisted of targets being much lower than the expected outcome. Where targets were set significantly lower than the expected outcome for the previous year, departments predominately indicated that this was a result of exceptional circumstances in 2007-08 which resulted in the target being exceeded on that occasion.

Despite these explanations, the Committee identified instances across a number of departments where the target had not been updated or revised to reflect changed circumstances. For example, the Department of Premier and Cabinet performance measure 'number of briefs', under the *Strategic Policy Advice* output, has a target of 3,050 briefs. Yet the expected outcome for 2007-08 was 6,000 and the actual for the previous two years exceeded 7,000, a fact acknowledged by the department:[133]

> *"The number of briefs is significantly higher than target, reflecting the ongoing high demand for advice."*

In addition to this, the Committee was disappointed in the variable nature and quality of the explanations provided by departments. In a number of instances, department explanations amounted to little more than restating the nature of the performance measure. This echoes the recommendation by the Auditor-General that:[134]

> *"…Departments provide more detailed explanations of significant and material variations between actual output performance and published targets in the notes to Budget Paper No.3, Service Delivery"*

The Committee recommends that:

Recommendation 11: **Output performance measure targets in budget papers be regularly reviewed and adjusted to ensure that they at least reflect historical performance.**

Recommendation 12: **Departments act on the Auditor-General's recommendation to provide more detailed explanations of significant and material variations between actual output performance and published targets in the notes to Budget Paper No.3, Service Delivery.**

133 Department of Premier and Cabinet, Response to PAEC estimates questionnaire, p.2

134 Victorian Auditor General's Office, Parliamentary Appropriations: Output Measures, November 2007, p.3

CHAPTER 8: REGIONAL VICTORIA INITIATIVES AND RELATED ISSUES

Key findings of the Committee:

8.1 **Victoria has experienced strong population growth over the past eight years with the number of people residing in provincial Victoria increasing by 92,400.**

8.2 **Between 30 June 2005 and 30 June 2006, regional Victoria had the four fastest growing inland cities of regional Australia, namely Mildura (2.2 per cent), Bendigo (2.0 per cent), Ballarat (1.9 per cent) and Shepparton (1.9 per cent).**

8.3 **In terms of population growth outside of metropolitan Melbourne in 2006-07 compared to 2005-06, the largest growth in numbers occurred in the local government areas of Greater Geelong (2,466), Greater Bendigo (1,582), the City of Ballarat (1,228), the City of Latrobe (830) and the Rural City of Mildura (752).**

8.4 **The fastest rate of population growth in regional Victoria between 30 June 2006 and 30 June 2007 occurred in the following local government areas: the shires of Surf Coast (3.2 per cent), Mitchell (2.2 per cent) and Bass Coast (2.0 per cent); the City of Warrnambool (1.7 per cent); and the Baw Baw Shire (1.5 per cent).**

8.5 **The rural sector makes a major contribution to economic growth and employment in Victoria whereby the value of products from Victoria's agriculture, forestry and fishing sector in 2005-06 was estimated to be more than $9.3 billion. Over 67,000 people are employed directly in agricultural industries, while a further 84,000 people are employed in related processing and service industries.**

8.6 **Victoria's farmers are facing unprecedented pressures due to a strong dollar, international competition, water scarcity or labour skills shortages.**

8.7 **Regional funding initiatives are disclosed in a variety of ways throughout the budget papers (some are specific to regional locations whereas others are included in 'across Victoria' designations). The larger funding initiatives contained in the 2008-09 Budget includes:**

- **$278 million to maintain and improve regional passenger rail infrastructure;**
- **$224 million to upgrade regional roads;**
- **$205 million for the *Future Farming* strategy; and**
- **$137 million to improve regional health services.**

8.8 **The Committee remains of the view that the budget papers should show a more comprehensive picture of funding to regional and rural Victoria including, where possible, by region. While reiterating the general tenor of the recommendations in last year's report, the Committee believes that it is now timely for the preparation of a specific budget paper on regional and rural Victoria as from 2009-10.**

8.9 **The Regional Development Output Group estimate for 2008-09 compared to the prior year's budget decreased by 40.1 per cent from $150.2 million to $90.0 million. The government indicated that the main reasons for the variance were due to annual variations for the Regional Development Fund in 2008-09 consistent with its budget funding profile, and cessation of funding for drought initiatives.**

8.10 **In terms of economic conditions and outlook, the May 2008 budget reveals that the latest Australian Bureau of Agricultural and Resource Economics (ABARE) forecast for Victorian winter crop production is 3.8 million tonnes in 2007-08, up 112 per cent on drought-affected 2006-07, but still well below the five-year average.**

8.11 **The Committee notes that the government, in acknowledging that long-term rainfall deficiencies persist across much of Victoria, recognises that the rural sector has only partially recovered from drought conditions. The government also conveys through the budget an important warning that, although the economic projections assume a return to normal seasonal conditions in 2008-09 based on the most recent information from ABARE, if poor conditions continue in the rural sector, this will place downward pressure on economic growth.**

8.12 **The government has approved $585 million in funding to the Regional Infrastructure Development Fund (RIDF) from 2000-01 to 2009-10. At 20 May 2008, the government had announced $399.9 million for 172 major projects. In terms of actual expenditure, the RIDF had contributed $272 million towards 105 infrastructure projects across provincial Victoria with a total investment value of more than $754 million when additional leveraged funding from applicants is included. To ensure that the total of the approved funding for the RIDF is to be utilised in the required timeframe, the Committee believes that the government will need to accelerate the number of infrastructure projects planned and commenced for provincial Victoria over the next two years to 2009-10.**

8.13 **The Committee notes that the RIDF program has been successful in attracting investment. According to information supplied to the Committee by the Minister for Regional and Rural Development on 30 September 2008, the overall commitment of $411.3 million for 194 projects has been matched with commitments of approximately $837.7 million from other sources. This equates to a direct leverage ratio (from other sources) of $2.04 for every dollar committed by the RIDF.**

8.14 **The Committee obtained details relating to actual expenditure for the 194 RIDF projects that had been announced as at 11 July 2008. The five largest projects in terms of expenditure incurred to 31 March 2008 were:**

- **Natural Gas Extension Program (13 projects for 34 towns: announced between 2003-04 and 2005-06): $41,363,043**
- **Small Towns Development Fund announced in 2003-04: $14,847,963**
- **Geelong Central Revitalisation Program announced in 2000-01: $12,000,000**
- **Rural Community Infrastructure Allocation announced in 2001-02: $10,000,000**
- **Victorian Dairy Electricity Infrastructure announced in 2000-01: $8,000,000**

8.15 **Various large RIDF projects announced between 2002-03 and 2005-06 had not yet been completed in terms of achieving key payment milestones as at 31 March 2008. These projects included the Hepburn Springs Bathhouse Refurbishment and Redevelopment announced in 2002-03, the Small Towns Development Fund announced in 2003-04, the Natural Gas Extension Program, announced between 2003-04 and 2005-06, which involved 13 projects for 34 towns, and the Small towns Development Fund (Moving Forward) announced in 2005-06.**

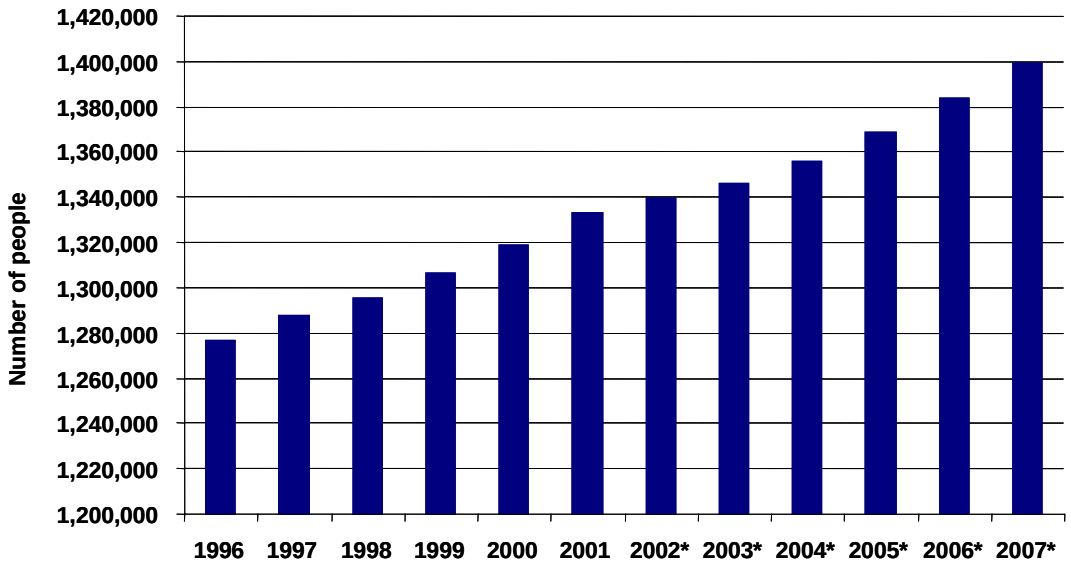
8.16 **The initiatives that attracted the largest allocations from the Provincial Victoria Growth Fund, which is designed to deliver $100 million to assist regional councils, businesses and communities, were 'meeting new challenges in key regional industries' ($24.2 million or 24.2 per cent) and 'building a skilled provincial workforce' ($22.0 million or 22.0 per cent).**

8.1 Introduction

In inquiring into the budget estimates for any given year, the Committee is interested in the allocation of the state's resources to the regional and rural sector. The Committee's lines of inquiry were strategic in nature in that areas pursued related to the government's key policy announcements, namely the goals set out under *Growing Victoria Together*, the *Moving Forward* statement, *Securing a prosperous future for Provincial Victoria* as outlined in the budget and the *Future Farming: Productive, Competitive and Sustainable* strategy (refer to 8.4.1 of this report for further details).

At the budget estimates hearing, the Minister for Regional and Rural Development informed the Committee that Victoria has experienced strong population growth over the past eight years with the number of people residing in provincial Victoria increasing by 92,400 over that period (see figure 8.1). [135]

Figure 8.1: Population growth in provincial Victoria 1996 to 2007



Note: * *Preliminary*

Source: *Hon. J Allan, MLA, Minister for Regional and Rural Development, 2008-09 Budget Estimates hearing, 30 May 2008, slide presentation (slide no.2); (Data source: Australian Bureau of Statistics)*

The Committee was interested to learn from the Minister that over the past statistical period from 30 June 2005 to 30 June 2006, regional Victoria has had the four fastest growing inland cities of regional Australia, namely Mildura, Bendigo, Ballarat and Shepparton.[136] Table 8.2 shows details relating to the population growth of these statistical districts compared to that of Victoria.

135 Hon. J Allan MP, Minister for Regional and Rural Development, 2008-09 Budget Estimates hearing, transcript of evidence, 30 May 2008, p.2

136 ibid.

Table 8.2:Population growth for the fastest growing inland cities of regional Australia compared to Victoria 30 June 2005 compared to 30 June 2006

Statistical district	Resident population 30 June 2005 Number	Resident population 30 June 2006 Number	Increase in resident population Number	Population growth Per Cent
Mildura	47,783	48,836	1,053	2.2
Bendigo	84,256	85,978	1,722	2.0
Ballarat	88,618	90,303	1,685	1.9
Shepparton	47,170	48,063	893	1.9
Victoria	**5,023,164**	**5,091,666**	**68,502**	**1.4**

Source: Australian Bureau of Statistics, Regional Population Growth, Australia, 2005-06

In terms of population growth outside of metropolitan Melbourne in 2006-07, the largest growth occurred in the local government areas of Greater Geelong, Greater Bendigo the City of Ballarat, the City of Latrobe and the Rural City of Mildura. The rate of growth, however, was fastest in the following local government areas in Regional Victoria: the shires of Surf Coast, Mitchell and Bass Coast; the City of Warrnambool; and the Baw Baw Shire.[137] Table 8.3 shows relevant details of these areas that experienced the largest increase in population and the greatest population growth in 2006-07 together with population growth figures for Victoria.

Table 8.3: Local government areas in regional Victoria that experienced the largest increase and fastest rate of growth in population 30 June 2007 compared to the previous year

Local Government Area	Estimated resident population 30 June 2007 Number	Change in resident population over the previous year Number	Population growth Per Cent
Largest increase in population			
Greater Geelong	208,395	2,466	1.2
Greater Bendigo	98,323	1,582	1.6
City of Ballarat	89,665	1,228	1.4
City of Latrobe	72,905	830	1.2
Rural City of Mildura	52,576	752	1.5
Fastest rate of growth			
Surf Coast Shire	23,521	719	3.2
Shire of Mitchell	32,760	720	2.2
Bass Coast Shire	28,081	557	2.0
City of Warrnambool	32,042	541	1.7
Baw Baw Shire	39,078	594	1.5
Victoria	**5,205,216**	**76,906**	**1.5**

Source: Australian Bureau of Statistics, Regional Population Growth, Australia, 2006-07

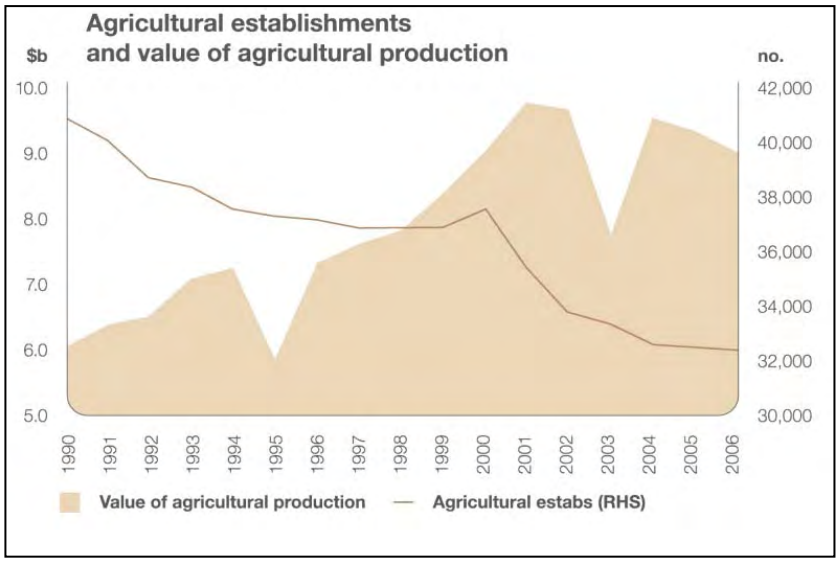
[137] April 2008 – ABS Update

In terms of the rural sector and the business of farming, the Committee notes the view expressed by the government that, while the nature of farming has changed dramatically in recent decades, the sector continues to make a major contribution to economic growth and employment in Victoria. This can be seen from the following:[138]

- the value of products from Victoria's agriculture, forestry and fishing sector in 2005-06 was estimated to be more than $9.3 billion;
- farm businesses in Victoria produce around 26 per cent of the nation's food and fibre exports from only three per cent of Australia's arable land;
- between 1999-2000 and 2004-05, the dairy industry was Victoria's most significant industry producing 64 per cent of Australia's milk production and accounting for 85 per cent of Australia's dairy exports;
- Victoria has the largest area of plantation forestry in Australia (in 2006, there were 396,000 hectares of plantation forests in Victoria or 21.7 per cent of the 1.8 million hectares in Australia); and
- over 67,000 people are employed directly in agricultural industries, while a further 84,000 people are employed in related processing and service industries.

The rural sector faces various challenges in the foreseeable future. The Minister for Agriculture advised the Committee at the budget estimates hearing that Victoria's farmers are facing unprecedented pressures due to a strong dollar, international competition, water scarcity or labour skills shortages. The Committee heard that there has been strong growth in agricultural production and a long-term reduction in the number of individual farms through the consolidation of the farms.[139] As can be seen in figure 8.4, while the number of agricultural establishments has been reducing, the value of agricultural production overall has been increasing.

Figure 8.4: Agricultural establishments and value of agricultural production 1990 to 2006



Source: Mr J Helper MP, Minister for Agriculture, 2008-09 Budget Estimates hearing, 16 May 2008, slide presentation (no.9)

138 Victorian Government, *Future Farming (Productive, Competitive and Sustainable) strategy*, April 2008, p.5

139 Mr J Helper, MP, Minister for Agriculture, 2008-09 Budget Estimates hearing, transcript of evidence, 16 May 2008, p.3

Acknowledging the prevailing climatic and economic challenges facing the sector, the vast majority of which are beyond the control of the state, it is essential that the Parliament exercises careful oversight of the way in which regional and rural communities are assisted to cope with these challenges through initiatives funded by the public purse. The Committee's inquiry into the budget estimates facilitated this process, whereby the Committee raised around 70 questions (some 14 per cent of all questions) directly relating to regional and rural Victoria at the budget estimates hearings. The portfolios attracting the highest percentage of questions were Regional and Rural Development, Agriculture and Water.

Accordingly, in examining the budget from a regional and rural perspective, the Committee was interested in gaining an appreciation of:

- how the government has responded to past recommendations made by the Committee in this area, primarily in relation to ways in which disclosure could be enhanced in the budget papers;
- the challenges facing regional and rural Victoria;
- the assumptions upon which the budget is based in order to drive growth and opportunities throughout regional and rural communities;
- the apportionment of the budget among the six geographical segments of Victoria and departments compared to the Melbourne metropolitan region and prior years;
- the specific new responses contained in the budget and associated funding (in the form of government-wide as well as individual and output and asset initiatives) that are targeted at regional and rural Victoria; and
- the rationale supporting policy decisions connected with key budget initiatives.

8.2 How did the government respond to the recommendations made by the Committee in its report on the Budget Estimates for 2007-08 Part Three?

In the 2007-08 Budget estimates report part three, the Committee recommended that:[140]

- funding for new initiatives targeted at regional and rural development for each department be dissected among each of the state's designated regions and be disclosed in a widened presentation in the budget papers;
- the government explore the merits of an associated budget document on funding allocated to programs for regional and rural Victoria; and
- the coordination of funding for regional investment initiatives to be conferred on a central entity to facilitate dedicated streamlined reporting within the budget papers.

While supporting the presentation of budget information for regional and rural Victoria and reporting significant targeted initiatives by the six geographical segments of Victoria and by *Provincial Victoria* key themes, the government indicated that state-wide initiatives are currently not reported by region as these are funded across Victoria and not specifically to a region. The Department of Treasury and Finance considers the dissection of state-wide initiatives budget funding by regions is only feasible where the information clearly represents the underlying purpose of the initiative.

[140] Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates Part Three*, pp.126-128

The Department of Treasury and Finance also indicated that it does not consider there is a need to consolidate the funding coordination and reporting role to one single agency as the department is responsible for budget coordination and the form and content of the budget papers, including whole-of-government reporting on budget initiatives for regional Victoria.[141]

8.3 How are regional funding initiatives disclosed in the 2008-09 Budget?

Regional funding initiatives are disclosed in a variety of ways throughout the budget papers (some are specific to regional locations whereas others are included in 'across Victoria' designations), which include disclosure in the following areas:

Victorian Budget Overview, *Taking action for our suburbs and our regions*, 2008-09:

- the budget highlights section under various priority areas or elements considered most critical in Victoria's future success (funding disclosed);[142]
- under 11 areas earmarked for taking action, which includes one area for taking action titled 'Securing a prosperous future for Provincial Victoria' (funding disclosed);[143] and
- a section titled 'A Budget for all Victorians' which includes a map of Victoria and lists individual initiatives according to each of the six geographical segments of Victoria (including an 'outer suburbs' category) as well as Melbourne – in this area of the budget documents, individual funding is not disclosed for each initiative.[144]

Budget Paper No.3, *Service Delivery 2008-09:*

- the service and budget strategies section categorised under the various goals of the government's Growing Victoria Together initiative;[145] and
- output and asset initiatives (both government-wide and for individual departments) where funding is disclosed for the current year and over the forward estimates period.

Building on the $502 million package of measures contained in the government's *Moving Forward* statement issued in November 2005, which included the provision of $200 million to extend the Regional Infrastructure Development Fund to 2009-10 (see 8.4.3) and $100 million to establish the Provisional Victoria Growth Fund (see 8.4.4),[146] the 2008-09 Budget provides a range of initiatives in a wide range of areas such as education, health transport, community safety, climate change and water that extend across the state.

141 Government Responses to the Recommendations of the Public Accounts and Estimates Committee's 73rd Report on the 2007-08 Budget Estimates, pp.22-23
142 Victorian Budget Overview, *Taking action for our suburbs and our regions*, 2008-09, pp.5-7
143 ibid., pp.10-32
144 ibid., pp.16-17
145 Budget Paper No.3, *Service Delivery 2008-09*, pp.5-41
146 Public Accounts and Estimates Committee, *Report on the 2007-08 Budget Estimates Part Three*, pp.121-122

Initiatives specifically earmarked in the Treasurer's Speech as being given a high priority for Regional Victoria are set out in table 8.5:[147]

Table 8.5: High priority initiatives for regional Victoria

2008-09 Budget initiative	Funding ($ million)	Proportion of total Per Cent
Maintain and improve regional passenger rail infrastructure	278	30.6
Upgrade regional roads	224	24.7
Future Farming strategy (a)	205	22.6
Improve regional health services	137	15.1
Improve regional freight connections	47	5.2
Large upgrades at eight small rural schools	16	1.8
Total (b)	**907**	**100.0**

Note: *(a) the strategy is designed to deliver better services to farmers, increase Victoria's agricultural research effort and drive greater productivity, innovation and competitiveness in the farming sector*

(b) the budget also introduces a Regional First Home Bonus of $3000 for first homebuyers purchasing newly built homes in regional Victoria. Along with existing first home grants, this gives homebuyers up to $15,000 towards a new home

Source: *Treasurer's Speech, Budget Paper No.1, 2008-09, pp.10-11*

In appreciating the difficulties posed in categorising all funding in the budget between the Melbourne metropolitan region and the various geographic segments of the state, the Committee believes there is scope for a more expansive presentation of some of this information in the budget papers. For example, information shown in the map of Victoria in the Victorian Budget Overview, which is useful in associating various budget initiatives according to related geographical segments of Victoria, could be expanded to include quantification of those specific initiatives that can be identified specifically to regions.[148]

The Committee remains of the view that the budget papers should show a more comprehensive picture of funding to regional and rural Victoria including, where possible, by region. While reiterating the general tenor of the recommendations in last year's report, the Committee believes it is time that a specific budget paper on regional and rural Victoria be produced in future.

Recommendation 13: **From 2009-10, a new budget paper providing a comprehensive overview of the state government programs and initiatives, for regional and rural Victoria, be provided.**

147 Budget Paper No.1, Treasurer's Speech 2008-09, pp.11-12

148 Victorian Budget Overview, *Taking action for our suburbs and our regions, 2008-09*, pp.16-17

8.4 Issues relating to regional and rural Victoria canvassed at the budget estimates hearings

8.4.1 Summary of issues covered from a strategic perspective

There were 18 budget estimates hearings where certain questions posed to Ministers had a regional and rural perspective. The portfolios that attracted the largest concentration of questioning along these lines are shown in table 8.6 together with the linkage to the government's major policy pronouncements.

Table 8.6: Specific regional and rural related questions strategically aligned to the government's policy agenda (Portfolios with the highest concentration of questions)

Questions by the Committee aligned to government policy	
Area of interest	**Government policy**
Public Transport	
Additional train sets for the forthcoming grain harvest season and related subsidies (domestic grain rebate) (p.9 of transcript)	*Growing Victoria Together (GVT) - Growing and linking all of Victoria* *Moving Forward statement* *Future Farming strategy*
The country passenger rail network renewal and maintenance program (p.5)	*GVT - Growing and linking all of Victoria* *Moving Forward statement* *Securing a prosperous future for Provincial Victoria*
South Morang rail extension and relationship to the Epping and Hurstbridge lines (p.7)	See above
The public transport service package for South Gippsland and the Bass Coast (p.28)	*GVT - Growing and linking all of Victoria* *Moving Forward statement*
The upgrade of the Mildura freight train line (pp.7-8)	*GVT - Growing and linking all of Victoria* *Moving Forward statement* *Future Farming strategy*

Table 8.6: Specific regional and rural related questions strategically aligned to the government's policy agenda (Portfolios with the highest concentration of questions) *(continued)*

Questions by the Committee aligned to government policy	
Area of interest	**Government policy**
Regional and Rural Development	
The Regional Infrastructure Development Fund pp.3-8 (refer section 8.4.3 of this chapter)	*GVT - More quality jobs and thriving, innovative industries across Victoria* *Moving Forward statement* *Securing a prosperous future for Provincial Victoria*
Output structure for the department p.6	*GVT - Greater public participation and more accountable government*
The Moving Forward statement pp.8-9	*GVT - More quality jobs and thriving, innovative industries across Victoria* *Moving Forward statement*
The Provincial Victoria Growth Fund pp.9-10 (refer 8.4.4 of this chapter)	See above
Support for growth in Victoria's food industry pp.10-11	See above
Regional Economic Development, Investment and Promotion output – quantity performance measures pp.12-13	*GVT - Greater public participation and more accountable government*
New exports facilitated in regional Victoria pp.13-14	*GVT - More quality jobs and thriving, innovative industries across Victoria* *Moving Forward statement*
Drought assistance measures pp.14-16	*GVT - Protecting the environment for future generations* *Future Farming strategy*

Table 8.6: Specific regional and rural related questions strategically aligned to the government's policy agenda (Portfolios with the highest concentration of questions) *(continued)*

Questions by the Committee aligned to government policy	
Area of interest	**Government policy**
Premier's	
Assumptions regarding the duration and impact of the drought in formulating the budget pp.9-10 (refer 8.4.2 of this report)	*GVT - Protecting the environment for future generations*
Matching announcements concerning drought assistance with actual expenditure p.20	*GVT - Protecting the environment for future generations* *Moving Forward statement* *Future Farming strategy*
Securing Victoria's water supplies – the food bowl modernisation project pp.20-22	*GVT - Protecting the environment for future generations* *Moving Forward statement*
Improving services to farmers – additional funding pp.19-20	*GVT - Protecting the environment for future generations* *Moving Forward statement* *Securing a prosperous future for Provincial Victoria* *Future Farming strategy*
Department's role in assisting in improving urban development and planning pp.12-13	*GVT - More quality jobs and thriving, innovative industries across Victoria* *Moving Forward statement*

Table 8.6: Specific regional and rural related questions strategically aligned to the government's policy agenda (Portfolios with the highest concentration of questions) *(continued)*

Questions by the Committee aligned to government policy	
Area of interest	**Government policy**
Agriculture	
Subsidies, concessions and revenue foregone pp.4-5	*GVT - Greater public participation and more accountable government*
Future Farming Strategy pp.8-9 and 15	*GVT - Protecting the environment for future generations* *Future Farming strategy*
Precision agriculture p.16	See above
On-farm productivity grants and funding of drought coordinators pp.9-10	*GVT - Protecting the environment for future generations* *Moving Forward statement* *Future Farming strategy*
Drought proofing works, farm productivity, mental health services and sporting grounds p.13	See above
Weeds and pests p.10-12	*GVT - Protecting the environment for future generations* *Securing a prosperous future for Provincial Victoria* *Future Farming strategy*
Victoria's grape vine industries pp.17-18	*GVT - Protecting the environment for future generations*
Fox and wild dog control – reactivation of bounties p.18	*GVT - Protecting the environment for future generations*
Applying lessons learnt from the equine flu campaign to combating the abalone virus pp.20-21	*GVT - Protecting the environment for future generations*
Food bowl modernisation project – strategies and funding pp.16-17 and 22-23	*GVT - Protecting the environment for future generations* *Moving Forward statement*
Budget assumptions and economic projections p.23	*GVT - Sound financial management*

Table 8.6: Specific regional and rural related questions strategically aligned to the government's policy agenda (Portfolios with the highest concentration of questions) *(continued)*

Questions by the Committee aligned to government policy	
Area of interest	**Government policy**
Agriculture *(continued)*	
Reduction in 'general government expenses by purpose' for agriculture, forestry and fishing including drought response pp.5-8	*GVT - Greater public participation and more accountable government*
Machinery of government changes p.6	See above
Communicating the budget to farming communities p.19	See above
Industry standards for animal welfare – inspections and prosecutions p.14	*GVT - Building friendly, confident and safe communities*
Community information regarding genetically modified technology pp.19-20	*GVT - Protecting the environment for future generations* *Moving Forward statement* *Future Farming strategy*

Table 8.6: Specific regional and rural related questions strategically aligned to the government's policy agenda (Portfolios with the highest concentration of questions) *(continued)*

Questions by the Committee aligned to government policy	
Area of interest	**Government policy**
Water	
Reconnection of Tarago Reservoir p.3	*GVT - Efficient use of natural resources* *Moving Forward statement*
Food Bowl Modernisation project and North-South pipeline pp.3-11	See above
Goldfields Superpipe project p.5	*GVT - Protecting the environment for future generations* *Moving Forward statement*
Water savings under Top 1,500 industry program pp.7-8	*GVT – Efficient use of natural resources*
Viability of construction of a pipeline from Tasmania to Victoria pp.9-10	*GVT - Protecting the environment for future generations* *Moving Forward statement*
Dams as an alternative water augmentation strategy pp.11-12	*GVT - Efficient use of natural resources* *Moving Forward statement*
Environmental contribution levy p.15	*GVT - Protecting the environment for future generations*
Small Towns Water Quality Fund and Victoria's overall performance in water management compared to other Australian jurisdictions pp.15-16	*GVT - Efficient use of natural resources* *Moving Forward statement*
Geelong-Melbourne pipeline p.17	*GVT - Protecting the environment for future generations* *Moving Forward statement*
Victorian Water Trust pp.17-18	*GVT - Efficient use of natural resources* *Moving Forward statement*
Sustainable Water Management and Supply output pp.18-19	*GVT - Protecting the environment for future generations*

Table 8.6: Specific regional and rural related questions strategically aligned to the government's policy agenda (Portfolios with the highest concentration of questions) *(continued)*

Questions by the Committee aligned to government policy	
Area of interest	**Government policy**
Treasury	
Concessions to assist country Victorians cope with the rising cost of living pp.11-13	*GVT - A fairer society that reduces disadvantage and respects diversity*
Investment in major water projects, especially the desalination plant and the food bowl irrigation infrastructure projects pp.16-17 and 23-24	*GVT - Protecting the environment for future generations* *Moving Forward statement*
Phasing of expenditure under the Regional Infrastructure Investment Fund p.33-34	*GVT – Sound financial management* *Moving Forward statement*
Global and domestic economic challenges pp.10-11	See above
Victoria's comparative performance against other Australian states in addressing economic challenges pp.13-14	*GVT –More accountable government*
Treasurer's direction on commercial issues to VicForests p.35	*GVT - Efficient use of natural resources* *Moving Forward statement*

Sources: Various transcripts relating to the 2008-09 Budget Estimates hearings

8.4.2 Assumptions regarding the duration and impact of the drought

(a) Basis for assuming a return to average seasonal conditions

In noting that the budget for the Regional Development Output Group for 2008-09 compared to the prior year's budget decreased by 40.1 per cent from $150.2 million to $90.0 million,[149] the Committee was interested in gaining an understanding of the assumptions made in relation to the duration and impact of the drought in formulating the budget. The budget papers revealed that the major reasons for the variance in Regional Development were due to annual variations for the Regional Development Fund in 2008-09 consistent with its budget funding profile, and cessation of funding for drought initiatives.[150]

The Committee noted that the government has drawn on recent information released by the Australian Bureau of Agricultural and Resource Economics (ABARE) in making budgetary decisions connected with infrastructure development in regional Victoria. In terms of economic conditions and outlook, the May 2008 budget reveals that the latest ABARE forecast for Victorian winter crop production is 3.8 million tonnes in 2007-08, up 112 per cent on drought-affected 2006-07, but still well below the five-year average. This partial recovery in the rural sector is expected to contribute around 0.3 percentage points to GSP growth in 2007–08 (around half the contribution expected from a full recovery). The government expects that a return to more normal climatic conditions will contribute to a further recovery in the agricultural sector in 2008-09. According to the Bureau of Meteorology, Victoria experienced around average rainfall over summer, and rainfall levels are expected to be around average over the following months.[151]

Referring to matters outlined in the budget that have on-going relevance to regional and rural Victoria, the Committee wishes to emphasise for future budget deliberations, the following serious challenges acknowledged by the government:

> *"Farm incomes have been supported by rising prices for a number of agricultural commodities, particularly grains and dairy, but conditions remain challenging due to the rising input costs such as fuel, financing chemicals and fertilisers, in addition to low water allocations. Long-term rainfall deficiencies persist across much of Victoria.*[152]
>
> *The rural sector has only partially recovered from drought conditions. The economic projections assume a return to normal seasonal conditions in 2008-09, but should poor conditions continue in the rural sector, this will place downward pressure on economic growth."*[153]

149 Budget Paper No.3, *Service Delivery 2008-09*, p.145
150 ibid.
151 Budget Paper No.2, *Strategy and Outlook*, 2008-09, p.34
152 ibid.
153 ibid. p.35

The Committee appreciates that in framing budget projections, it is imperative that the government has access to the most relevant, authoritative and up to date advice. In exploring this matter while inquiring into the budget estimates for 2008-09, the Committee learned from the Premier that:[154]

> *"All we can do obviously in putting the budget together is use the best advice which is available at the time. At the time of putting the budget together, most of the medium-term forecasters were predicting good autumn and winter rainfall…*
>
> *My understanding of the present situation is that the bulk of forecasters are still predicting average or near average rains through winter. But as with all of these things, we just have to wait and see…*
>
> *… In terms of how governments respond to those things, if you think back over the last two years it has generally been in around September or October of each year that we make a judgement about whether any further ongoing assistance is necessary because it is usually not until that time that you have got a clear and decisive picture of what is happening across the state. At the moment we have a significant number of drought programs in place. As I have said, the economic forecasts which are in the budget are based on the latest advice from the Australian Bureau of Agricultural and Resource Economics (ABARE) and the bureau."*

In terms of environmental indicators, the seasonal outlook released by the Department of Primary Industries on 3 July 2008 revealed that the national outlook for total rainfall over the mid-winter to early spring period (July to September) shows a shift in the odds favouring drier than average conditions over a broad band from northwest Western Australia to south east Australia. The pattern of seasonal rainfall odds across Australia is a result of higher than average temperatures in the Indian Ocean surrounding the west coast of Western Australia, and a warming trend in recent months over the equatorial Pacific.[155]

The Committee, in noting information contained in regional reports prepared by the Department of Primary Industries in early June and July 2008 that related to seasonal conditions in May and June 2008 (refer to extracts shown in table 8.7), will be interested in comparing the seasonal conditions later in the year and any policy shifts in funding directed at regional and rural Victoria to address further drought-related impacts.

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154 Hon J. Brumby MP, Premier, 2008-09 Budget Estimates hearing, transcript of evidence, 12 May 2008, p.10

155 Department of Primary Industries, *Dry Seasonal Conditions in Rural Victoria, Report: 79*, July 2008, p.2

Table 8.7: Victoria's regional areas
Seasonal Conditions in Rural Victoria June 2008

Region	Regional report as outlined by the Department of Primary Industries on 3 July 2008
Mallee	Below average rainfall and relatively warm conditions is putting pressure on crop and pasture growth. Dryland farmers are nervous and horticulturalists are concerned about the season.
Wimmera	Conditions are dry but there is still hope for a reasonable year. Without average rain, crops could easily fail.
North Central	All areas need good rainfall soon. The farming community is concerned about continuation of dry conditions over the next four months.
Northern Irrigation	The poor weather outlook is negatively impacting many dairy farmers.
North East	Conditions are drying and good rain is needed now with crops looking OK although they are surviving from shower to shower. The mood in the region is shifting from concerned to frightened regarding the prospects for the coming season.
East Gippsland	Conditions are extremely dry which may impact on spring growth. The Macalister Irrigation District has a high volume of irrigation water which should result in a good season.
West and South Gippsland	Soil moisture is ideal for pasture growth. Cereal crops are growing well as are crops of annual ryegrass. In relation to snow pea growers, soil moisture is sufficient for land preparation but unless it rains more, may not have sufficient to sow.
Port Phillip	Overall, orchard yields were reduced because of the lack of irrigation water. Farms with catchment dams on the Mornington Peninsula are worried about lack of inflows to replenish supplies and are relying on good rains to have water available for spring crops.
South West	The season is still fairly dry and there is a clear need for follow up rain to boost crop growth and replenish subsoil moisture. Pasture growth rates are less than ideal but not critical at this stage.

Source: Department of Primary Industries, Dry Seasonal Conditions in Rural Victoria, Report 79: 3 July 2008, pp.4-5

(b) Assessment of the impact of the drought on economic growth and future budgetary measures

According to the economic projections for Victoria outlined in the budget, the Victorian economy is expected to grow by 3.25 per cent in 2007-08 and then 3.0 per cent over each of the years from 2008-09 to 2011-12. Export growth is expected to be moderate, with solid services exports growth offsetting weaker merchandise export growth. The government foresees that, since the rural sector has partly recovered from the drought conditions experienced in 2006-07, agricultural production will make a moderate contribution to economic growth. Although the government is predicting a continued recovery in the farm sector on the assumption of a return to average seasonal conditions, the government also acknowledges in the budget that the Victorian economic projections are sensitive to a number of risks including prospects for the rural sector.[156]

[156] Budget Paper No.2, *Strategy and Outlook, 2008-09*, pp.22-23

In the event of downward pressure being placed on the predicted level of economic growth over 2008-09 (growth in Victorian gross state product of 3.0 per cent), the Committee supports in such circumstances an assessment being made as soon as possible about whether any ongoing assistance will need to be provided to regional and rural communities as dry seasonal conditions continue to prevail throughout Victoria. This should be made clear in the budget update for 2008-09.

Recommendation 14: **The Department of Treasury and Finance monitor weather patterns and ground conditions and determine any required additional budgetary measures for drought relief. Commitments should be detailed in the budget update.**

As part of the Committee's analysis of issues relating to the Growing Victoria Together vision calling for a healthy environment, chapter 15.1 covers various matters relating to the impact of the drought on the formulation of the budget in further detail.

8.4.3 Expenditure from the Regional Infrastructure Development Fund and delivery of outcomes to regional Victoria

Established in 1999, the Regional Infrastructure Development Fund (RIDF) is designed to improve the competitive capacity of regional Victoria and enhance economic development through investment, job creation and the promotion of export opportunities.[157]

The RIDF provides support for capital works that aims to enhance the development of regional and rural Victoria to:[158]

- support new industry development;
- link transport infrastructure;
- improve tourism facilities; and
- better link regional Victoria to new opportunities in education and information and communication technologies (ICT) infrastructure.

(a) Commitments versus spending

RIDF funding has been approved in three main allocations:

- $180 million – 1999 Policy Commitments: for 2000-01 to 2002-03;
- $180 million – 2003 Policy Commitments: for 2003-04 to 2007-08; and
- $200 million – Moving Forward Statement: for 2005-06 to 2009-10.

An additional $25 million has been provided through special programs and budget increases.[159]

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157 www.business.vic.gov.au Business Victoria, Regional Development Victoria, Regional Infrastructure Development Fund, accessed 15 August 2008, p.2

158 ibid.

159 Hon. J Allan MP, Minister for Regional and Rural Development, 2008-09 Budget Estimates hearing, 30 May 2008, slide No. 10

In comparison to the government's approval of funding of $585 million to the RIDF from 2000-01 through to 2009-10 as outlined above, the Committee noted that: [160]

- as at 20 May 2008, the government had announced $399.9 million for 172 major projects with a total value of $1.19 billion;[161] and
- in terms of actual expenditure, the RIDF had contributed $272 million towards 105 infrastructure projects across provincial Victoria (with a total investment value of more than $754 million when additional leveraged funding from applicants was included).

The Committee sought details from the Minister for Regional and Rural Development on expenditure of the program. At the budget estimates hearing the Minister confirmed that:[162]

> *"…As most people who are familiar with how infrastructure projects are both funded and delivered know, there is always a lag between the commitment of the funding and the delivery of projects. Any responsible government will only deliver the funding for that project against certain agreed milestones, which is why we have contracts that are entered into, agreements that are entered into, with organisations that receive this funding. There is from year-to-year going to be a lag between the amount that is being committed to and publicly announced and the actual amount being expended. That is why you see that difference…*
>
> *Of the 172 projects that have been announced to date, 156, so 91 per cent of those, have commenced construction; 54 per cent of them — 93 — have actually been completed, and legal agreements are being negotiated or finalised with the remaining 16 projects. It is a fund that is well on track in delivering the funds that have been committed."*

Given that the value of the total announced projects comprise some two thirds of approved funding for the RIDF over an eight year period from 2000-01 to 2007-08, the government will need to announce projects over the next two years to 2009-10 that will account for one third of the remaining approved funding. As such, an accelerated number of infrastructure projects for provincial Victoria will need to be planned and commenced over the next two years.

In keeping with the thrust of the comments made by the Committee in its Report on the 2006-07 Financial and Performance Outcomes concerning expenditure in the Regional Infrastructure Development Fund,[163] the Committee will continue to monitor performance over the two ensuing years in terms of the extent of funding allocated to approved infrastructure projects for which payments will be made in future financial years.

Recommendation 15: **To ensure that the approved allocation of funding to the Regional Infrastructure Development Fund is fully committed and spent in a timely manner, the government will need to accelerate the number of announced projects over the next two years.**

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160 Victorian Government, *Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest*, November 2005, p.21

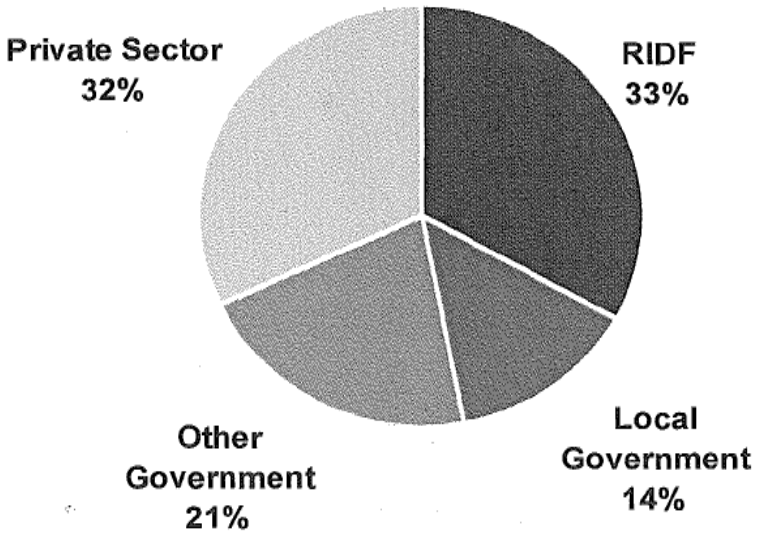
161 Hon. J Allan MP, Minister for Regional and Rural Development, 2008-09 Budget Estimates hearing, 30 May 2008, slide No. 10

162 Hon. J Allan MP, Minister for Regional and Rural Development, 2008-09 Budget Estimates hearing, 30 May2008, transcript of evidence, pp.5-6

163 Public Accounts and Estimates Committee, *Report on the 2006-07 Financial and Performance Outcomes*, May 2008, p.457

On 30 September 2008, the Minister for Regional and Rural Development advised the Committee that the RIDF aims to maximise funding from other sources and in this regard has been highly successful. The overall commitment of $411.3 million for 194 projects (announced as of 11 July 2008) has been matched with commitments of approximately $837.7 million from other sources. This equates to a direct leverage ratio (from other sources) of $2.04 for every dollar committed by the RIDF. In regard to other funding partners, the largest proportion (approximately 32 per cent) of project costs has been committed from the private sector (see figure 8.8). [164]

Figure 8.8: Regional Infrastructure Development Fund Direct leverage from funding sources



Source: Hon. J Allan, MP, Minister for Regional and Rural Development, response to request for further information, received 30 September 2008 (Appendix 4)

[164] Hon. J Allan MP, Minister for Regional and Rural Development, response to request for further information, received 30 September 2008 (Appendix 4)

(b) Disclosure of expenditure on projects and outcome-related information

The Auditor-General recommended in 2005 on the need for Regional Development Victoria (RDV) to provide more information on the operations and outcomes achieved by the RIDF in its annual report to the Parliament.[165] The Auditor-General concluded that:[166]

> *"While RDV's annual report and other publications currently provide information on the overall activities and expenditures of the fund, accountability for the RIDF's management would be improved by providing more public information on the allocation of funds against the principal project categories specified in the Act, the geographic distribution of funds and more detail about the status of approved projects.*
>
> *There is also insufficient public information available on the overall performance of the RIDF, particularly in relation to any impact it may be having on the economic and social development of rural and regional Victoria. RDV's annual report to Parliament provides information on the outputs of regional infrastructure development, but does not address outcomes in terms of whether the policy objectives of the RIDF are being achieved."*

Given that Regional Development Victoria (RDV) has only reported on commitments made against the RIDF in terms of approved grants for particular projects in its annual report,[167] the Committee sought from the Minister information disclosing:

- actual expenditure against each of the funded projects to 31 March 2008; and
- a status report in relation to adopting the recommendations of the Auditor-General made in October 2005 regarding reporting on the outcomes delivered by the RIDF projects.

The Minister advised that for the 194 projects that had been approved for funding under the RIDF since 2000, a listing of all approved projects and approved amounts is available in the RDV Annual Report and on the RDV website.[168]

RIDF payments as at 31 March 2008 that were in excess of $3,000,000 for RIDF announced projects as of 11 July 2008 are set out in table 8.8. As identified in the table, the five largest projects in terms of expenditure incurred to 31 March 2008 are shown below:

- $41,363,043 for the *Natural Gas Extension Program* (13 projects for 34 towns: announced between 2003-04 and 2005-06);
- $14,847,963 for the *Small Towns Development Fund* announced in 2003-04;
- $12,000,000 for the *Geelong Central Revitalisation Program* announced in 2000-01;
- $10,000,000 for *Rural Community Infrastructure Allocation* announced in 2001-02; and
- $8,000,000 for *Victorian Dairy Electricity Infrastructure* announced in 2000-01.

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165 Victorian Auditor-General, *Results of special reviews and other investigations*, October 2005, p.28

166 ibid., pp.19-20

167 Regional Development Victoria, *2006-07 Annual Report*, pp.71-72

168 Hon. J Allan MP, Minister for Regional and Rural Development, response to request for further information, received 30 September 2008

The Committee also noted that actual expenditure from the fund reflects applicants' achievement of key payment milestones set out in the specific project legal agreements.[169] Various large projects announced between 2002-03 and 2005-06 (see table 8.9) had not yet been completed in terms of achieving key payment milestones as at 31 March 2008. These projects included the Hepburn Springs Bathhouse Refurbishment and Redevelopment announced in 2002-03, the Small Towns Development Fund announced in 2003-04, the Natural Gas Extension Program, announced between 2003-04 and 2005-06, which involved 13 projects for 34 towns and the Small Towns Development Fund (Moving Forward) announced in 2005-06.

Table 8.9: Regional Infrastructure Development Fund Payments greater than $3,000,000 as at 31 March 2008

Project name	Applicant	RIDF Approved $	RIDF Paid as at 31 March 2008 (a), (b) $
Announced 2000-01			
Cattle Under/Over passes	Victorian Farmers Federation	4,000,000	Project complete
Flagstaff Hill Maritime Village Redevelopment	Warrnambool City Council	3,300,000	Project complete
Geelong Central Revitalisation Program	Greater Geelong City Council	12,000,000	Project complete
Loddon Murray Region Sustainable Development	Loddon Shire Council	3,274,000	Project complete
RMIT Flexible Learning Centre and RMIT Centre for Regional & Rural Development	RMIT/Southern Grampians Shire Council	3,135,000	Project complete
Victorian Dairy Electricity Infrastructure	Powercor Australia	8,000,000	Project complete
Announced 2001-02			
Bendigo ICT Centre	LaTrobe University	3,200,000	Project complete
Customer Access Network Demonstrations Program	Multimedia Victoria	5,000,000	Project complete
Mt Baw Baw Resort All Year Visitor Activities, Facilities, Services and Infrastructure	Mt Baw Baw Alpine Resort Management Board	3,556,000	Project complete
Rural Community Infrastructure Allocation	Department of State and Regional Development	10,000,000	Project complete

[169] Hon. J Allan MP, Minister for Regional and Rural Development, response to request for further information, received 30 September 2008, (Appendix 4)

Table 8.9: Regional Infrastructure Development Fund Payments greater than $3,000,000 as at 31 March 2008 *(continued)*

Project name	Applicant	RIDF Approved $	RIDF Paid as at 31 March 2008 (a), (b) $
Announced 2002-03			
Central Victorian Innovation Park	Greater Bendigo City Council	3,317,000	Project complete
La Trobe University Visual Arts Centre View Street, Bendigo	La Trobe University	3,120,000	Project complete
Shepparton Showgrounds Redevelopment	Greater Shepparton City Council	3,000,000	Project complete
Hepburn Springs Bathhouse Refurbishment and Redevelopment	Major Projects Victoria	8,180,515	6,650,000
Announced 2003-04			
Lake Eildon Dam Improvement Program	Department of Sustainability and Environment	4,000,000	Project complete
Skilled Stadium Redevelopment	Department for Victorian Communities, Sport & Recreation	6,750,000	Project complete
Natural Gas Extension Program (13 projects for 34 towns: announced between 2003-04 and 2005-06)	Envestra Ltd (Vic Gas Distribution Ltd), Multinet Gas and TXU (SPI) Networks	71,522,080	41,363,043
Small Towns Development Fund	Regional Development Victoria	20,000,000	14,847,963
Announced 2004-05			
Nil			
Announced 2005-06			
Gippsland Water Factory	Central Gippsland Region Water Authority	25,000,000	Project complete
Small Towns Development Fund – Moving Forward	Regional Development Victoria	25,000,000	4,968,374

Table 8.9: Regional Infrastructure Development Fund Payments greater than $3,000,000 as at 31 March 2008*(continued)*

Project name	Applicant	RIDF Approved $	RIDF Paid as at 31 March 2008 (a), (b) $
Announced 2006-07			
Nil			
Announced 2007-08			
Nil			

Note: *(a) Project complete means that apart from some minor variations, the project grant has been fully applied.*

(b) In relation to the complete listing, there are minor variations between announced funds and final projects costs as some projects were delivered under budget and the final RIDF payment was adjusted accordingly

Source: *Hon. J Allan, MP, Minister for Regional and Rural Development, response to request for further information, received 30 September 2008 (Appendix 4)*

In terms of reporting on outcomes achieved from projects funded from the RIDF, the Minister advised the Committee that:[170]

- the 2006-07 Regional Development Victoria Annual Report provided greater information on the allocation of funds against the principal project categories (such as Dairy Roads, Local Ports, Arts Infrastructure and Provincial Pathways) and included numerous examples of RIDF projects and outcomes (a similar presentation is envisaged for the 2007-08 annual report); and
- Regional Development Victoria provides more regular information on the operation and outcomes of RIDF projects through its newsletter *Moving Forward* and via its website (e.g. the website provides case study information on successful RIDF projects and reports on completed independent evaluations of the fund).

8.4.4 The Provincial Victoria Growth Fund

The Provincial Victoria Growth Fund, which commenced in April 2006, is designed to deliver $100 million to assist regional councils, businesses and communities:

- market and promote provincial Victoria;
- identify and capture new business, industry and investment opportunities;
- tackle skills shortages; and
- manage and plan for growth and change.

[170] Hon. J Allan MP, Minister for Regional and Rural Development, response to request for further information, received 30 September 2008 (Appendix 4)

In supporting specific new programs announced in the government's *Moving Forward* policy document aimed at driving population, investment and business growth, the fund operates as a whole-of government initiative with priority for funding given to collaborative projects between or among provincial councils, departments and business groups.[171]

In keeping with the Committee's interest shown in the past about public sector organisations effectively managing staffing costs associated with the direct delivery of services compared to administrative functions supporting those services,[172] the Minister informed the Committee that the vast majority of funding is channelled directly into community programs, businesses and industries compared to bureaucracy.[173]

A breakdown of funding allocations from the Provincial Victoria Growth Fund is set out in table 8.10. The Committee noted that the initiatives that attracted the largest allocations from the fund were 'meeting new challenges in key regional industries' ($24.2 million or 24.2 per cent) and 'building a skilled provincial workforce' ($22.0 million or 22.0 per cent). Although the fund commenced in April 2006, the Committee also observed that $10.2 million or 10 per cent of the fund has yet to be allocated. The Committee observed that $10.2 million or 10 per cent of the fund has been used for operating costs and overheads or is available for new initiatives.

Table 8.10: Provincial Victoria Growth Fund Funding allocations

Initiative/Sub Program	Budget ($ million)	Percentage Per Cent
Meeting new challenges in key regional industries	24.2	24.2
Building a skilled provincial workforce	22.0	22.0
Managing growth in regional communities	15.3	15.3
Attracting more people to live, work and invest in provincial Victoria	12.0	12.0
Attracting investment and promoting exports	6.6	6.6
Promoting sustainable development and better land management	5.0	5.0
Delivering greater support for small towns	3.0	3.0
Driving growth and competitiveness in primary industries	1.7	1.7
Other (new initiatives, operating costs, overheads)	10.2	10.2
Total	**100.0**	**100.0**

Source: Hon. J Allan, MP, Minister for Regional and Rural Development, response to request for further information, received 30 September 2008 (Appendix 4)

171 Victorian Government, *Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest*, November 2005, p.20

172 Public Accounts and Estimates Committee, Report on the 2006-07 Financial and Performance Outcomes, pp.289-294

173 Hon. J Allan MP, Minister for Regional and Rural Development, 2008-09 Budget Estimates hearing, 30 May 2008, transcript of evidence, p.10

CHAPTER 9: DEPARTMENTAL INCOME / REVENUE INITIATIVES

Key findings of the Committee:

9.1 **In relation to Victoria's general government sector, the government expects to receive revenue from transactions totalling $37.8 billion in 2008-09.**

9.2 **The largest components of the estimated revenue pool for 2008-09, comprising around 80 per cent of the state's revenue, relate to revenue to be derived by way of Grants ($17.6 billion or 46 per cent of all revenue sources) and Taxation ($13.4 billion or 35 per cent).**

9.3 **The Committee noted that major movements in revenue categories between the revised estimates for 2007-08 and the budget for 2008-09 are expected to occur in relation to the receipt of GST grants from the Commonwealth (an increase of $892.3 million or 9.5 per cent) and Land Tax (an increase of $178.8 million or 20.5 per cent).**

9.4 **The expected increase in GST-related grants ($892 million) reflects growth in the total GST pool and an increase in Victoria's share as determined by the Commonwealth Grants Commission.**

9.5 **The expected increase in land tax reflects the expected increase in land values for the two years to 2008-09, consistent with the strength in the property market, as well as the progressiveness in land tax scales.**

9.6 **The Committee noted that according to the revised estimates, revenue to be collected from land transfer duty in 2007-08 is predicted to be in the order of $3.874 billion, approximately $1 billion higher than the initial budget of $2.854 billion for that year. According to the government, increases in the volume and average value of transactions were contributing factors to the expected growth in stamp duty in 2007-08. The government expects that there will be a re-alignment over the forward estimates period, whereby growth of property prices will re-align with economic fundamentals, and respond to the more recent interest rate rises and financial volatility. The government expects to collect $3.737 billion from land transfer duty in 2008-09.**

9.7 **In 2008-09, payroll tax revenue is estimated to amount to $3.963 billion, an increase of $361.4 million over the initial budget for 2007-08 and an increase of $139.1 million over the revised budget for 2007-08. This growth, according to the government, reflects moderate employment and wages growth.**

9.8 **Notwithstanding the growth in revenue estimates, the Committee observed that the 2008-09 Budget contained various revenue initiatives which included tax relief measures in the areas of Land Tax ($488.7 million over the forward estimates to 2011-12, including $122.3 million in 2008-09); Stamp Duty on Land Transfer Duty ($421.6 million over the forward estimates to 2011-12, including $149.5 million in 2008-09); and Payroll Tax ($170.6 million over the forward estimates to 2011-12, including $36.6 million in 2008-09).**

9.9 Revenue from electronic gaming machines is expected to increase in 2008-09 to $1.0 billion. This will represent an estimated 2.7 per cent of total general government sector revenue. The proportion of the total taxation budget derived from taxes on electronic gaming machines is estimated to decline to 7.7 per cent in 2008-09 and remain close to this level over the forward estimates to 2011-12.

9.1 Composition of general government sector's revenue estimates

In relation to Victoria's general government sector, the government expects to receive revenue from transactions totalling $37.8 billion in 2008-09. Table 9.1 outlines the major revenue categories that comprise the revenue estimates for 2008-09 and the expected movement in revenue between the 2007-08 revised estimates and the 2008-09 Budget Estimates for each component. The Committee noted that the more significant increases in revenue are expected to occur in relation to GST grants (an increase of $892.3 million or 9.5 per cent) and Land Tax (an increase of $178.8 million or 20.5 per cent).

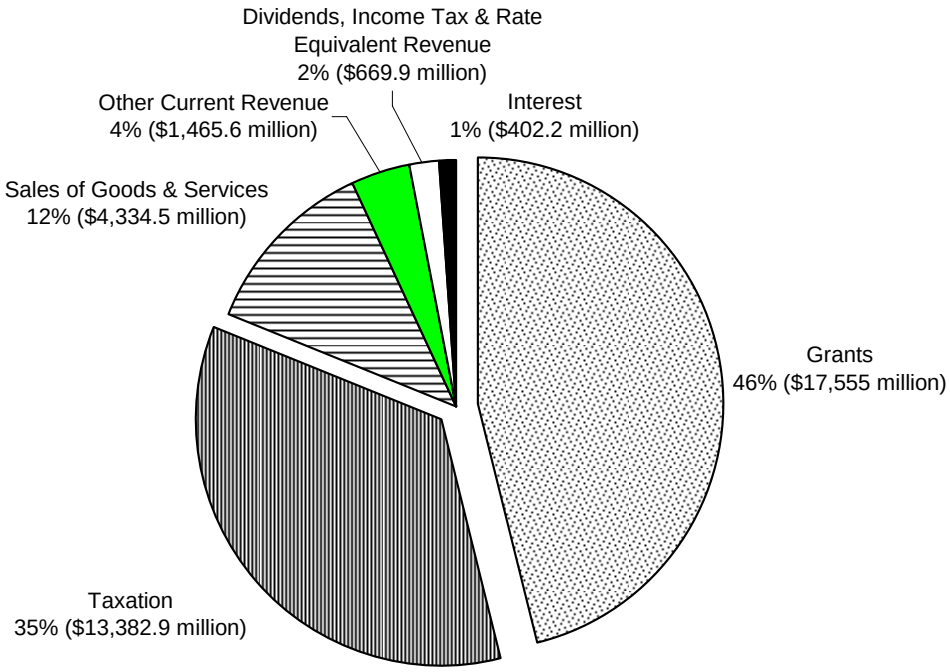
Table 9.1: General Government Sector Revenue
Expected movement in revenue categories
between the 2007-08 revised estimates and the 2008-09 Budget estimates

Revenue categories	2007-08 Revised Estimate ($ million)	2008-09 Budget ($ million)	Change (%)
GST grants	9,389.1	10,281.4	9.5
Other grants	7,791.6	7,273.6	-6.7
Total grants	17,180.7	17,555.0	2.2
Land tax	871.0	1,049.8	20.5
Land transfer duty	3,874.5	3,736.9	-3.6
Gambling taxes – Electronic gaming machines	992.3	1,025.0	3.3
Other taxation	7,259.6	7,571.2	4.3
Total taxation	**12,997.4**	**13,382.9**	**3.0**
Sale of goods and services	**4,121.6**	**4,334.5**	**5.2**
Dividends, income tax and rate equivalent revenue	**679.8**	**669.9**	**-1.5**
Interest	**372.9**	**402.2**	**7.9**
Other current revenue	**1,435.8**	**1,465.6**	**2.1**
Total revenue	**36,788.1**	**37,810.0**	**2.8**

Source: Budget Paper No.4, 2008-09 Statement of Finances, p.177-193

A breakdown of the proportion of the total estimated revenue for 2008-09 according to major revenue categories, prepared by the Committee, is shown in figure 9.2. The largest components of the estimated revenue pool for 2008-09, which comprise around 80 per cent of the state's revenue, relate to revenue to be derived from Grants ($17,555.0 million or 46 per cent of all revenue sources) and Taxation ($13,382.9 million or 35 per cent).

Figure 9.2: Composition of estimated general government sector revenue 2008-09



Source: Figure prepared by the Committee using information drawn from Budget Paper No.4, Statement of Finances 2008-09, p.177

9.2 Major variations in revenue items between revised estimates for 2007-08 and the budget for 2008-09

An analysis of movements between the revised estimates for 2007-08 and the budget for 2008-09 for revenue items within each major revenue category is shown in table 9.3. In terms of materiality, the largest movements occur in relation to Land Tax (an increase of 20.5 per cent), Fines (an increase of 14.5 per cent) and GST Grants (an increase of 9.5 per cent).

Table 9.3: General Government Sector Revenue Major variations in revenue items between the 2007-08 revised estimates and the 2008-09 Budget estimates

Revenue item	2007-08 Revised Estimate ($ million)	2008-09 Budget ($ million)	Change (%)
Taxation			
Land tax (a)	871.0	1,049.8	20.5
Financial accommodation levy	20.9	32.1	53.2
Other taxes			
Transurban concession fees	20.1	7.2	-64.4
Dividends, income tax and rate equivalent revenue			
Dividends	358.5	421.1	17.5
Income tax equivalent revenue	319.1	246.5	-22.8
Other current revenue			
Fair value of assets received free of charge or for nominal consideration	85.5	21.8	-74.5
Fines (b)	430.0	492.2	14.5

Table 9.3: General Government Sector Revenue Major variations in revenue items between the 2007-08 revised estimates and the 2008-09 Budget estimates *(continued)*

Revenue item	2007-08 Revised Estimate ($ million)	2008-09 Budget ($ million)	Change (%)
Grants			
Current grants			
GST grants (c)	9,389.1	10,281.4	9.5
Special learning needs – English and a Second Language (ESL) new arrivals	28.8	20.3	-29.6
Australian Immunisation Agreement	133.5	64.1	-52.0
Elective surgery waiting list reduction plan	11.4	22.8	100.0
Exceptional Circumstances relief payments	112.5	36.0	-68.0
National Action Plan – Salinity and Water Quality	6.2	15.0	141.5
Capital grants			
Specific purpose own use grants	920.2	376.5	-59.1
Specific purpose grants for on-passing	170.7	150.4	-11.9

Notes: *(a) The expected increase in land tax reflects the expected increase in land values for the two years to 2008-09, consistent with the strength in the property market, as well as the progressiveness in land tax scales.*

(b) The expected increase in fines revenue is principally due to an expected increase in traffic camera and on-the-spot speeding fines arising from the planned opening of the EastLink Tollway (which will begin to contribute fine revenue in early 2008-09) and the annual CPI indexation of fines. A downward revision of fine revenue has occurred since the 2007-08 Budget Update of approximately $50 million a year as a result of improved driver behaviour.

(c) The expected increase in GST-related grants ($892 million) reflects growth in the total GST pool and an increase in Victoria's share as determined by the Commonwealth Grants Commission.

Source: *Budget Paper No.4, 2008-09 Statement of Finances, p.179-200 and Budget Paper No.2, Strategy and Outlook, 2008-09, p.43*

9.3 Revenue initiatives contained in the 2008-09 Budget

The Committee noted that the 2008-09 Budget contained various revenue initiatives which included tax relief measures in the areas of Land Tax, Stamp Duty on Land Transfer Duty and Payroll Tax. Information outlining the estimated revenue collections for these items amounting to $36.7 billion over the forward estimates period to 2011-12 together with the estimated tax relief over the same period totalling $1,080.9 million is presented on a yearly basis in table 9.4.

Table 9.4: Principal Budget Tax Initiatives
Analysis of estimated revenue collections and tax relief over the forward estimates

	Estimated revenue collections					Estimated tax relief				
Revenue item	**2008-09 Budget ($ million)**	**2009-10 Estimate ($ million)**	**2010-11 Estimate ($ million)**	**2011-12 Estimate ($ million)**	**Total revenue collections ($ million)**	**2008-09 Budget ($ million)**	**2009-10 Estimate ($ million)**	**2010-11 Estimate ($ million)**	**2011-12 Estimate ($ million)**	**Total Tax Relief ($ million)**
Land Tax	1,049.8	1,023.8	1,076.2	1,049.4	**4,199.2**	122.3	119.1	125.3	122.0	**488.7**
Land Trans. Duty	3,736.9	3,710.7	3,865.6	3,880.0	**15,193.2**	149.5	87.9	90.3	93.9	**421.6**
Payroll Tax	3,963.2	4,200.1	4,449.7	4,710.6	**17,323.6**	36.6	42.2	44.6	47.2	**170.6**
Total	**8,749.9**	**8,934.6**	**9,391.5**	**9,640.0**	**36,716.0**	**308.4**	**249.2**	**260.2**	**263.1**	**1,080.9**

Note: *Apart from revenue initiatives relating to the general government sector, the 2008-09 Budget also includes a five per cent reduction in average WorkCover premiums, which is estimated to save Victorian employers an additional $88 million in 2008-09 ($352 million over the next four years to 2011-12)*

Sources: *Budget Paper No.4, 2007-08 Statement of Finances, p.135; Budget Paper No.2, 2008-09 Strategy and Outlook, pp.42-43; Budget Paper No.4, 2008-09 Statement of Finances, pp. 43 and 179; and Budget Paper No.3, 2008-09 Service Delivery, p.358*

Table 9.5: Principal Budget Tax Initiatives Comparison of 2008-09 Budget to the initial and revised budgets for 2007-08

Revenue. item	Column 1	Column 2	Column 3	Column (3-1)
	2007-08 Budget ($ million)	**2007-08 Revised Estimate ($ million)**	**2008-09 Budget ($ million)**	**Change ($ million)**
Land Tax	765.4	871.0	1,049.8	284.4
Land Trans. Duty	2,854.3	3,874.5	3,736.9	882.6
Payroll Tax	3,601.8	3,824.1	3,963.2	361.4
Total	**7,221.5**	**8,569.6**	**8,749.9**	**1,528.4**

Sources: Budget Paper No.4, 2007-08 Statement of Finances, p.135 and Budget Paper No.4, 2008-09 Statement of Finances, p.179

An analysis of the tax relief provided in the 2008-09 Budget compared to increased revenue collections is provided below.

9.3.1 Land Tax

As shown in table 9.4, the 2008-09 Budget provides land tax reforms that are estimated to provide $122.3 million in tax relief in 2008-09 ($488.7 million over the forward estimates to 2011-12). From the 2009 land tax year, there will be an upward adjustment to land tax thresholds of approximately 10 per cent and the top land tax rate will be further reduced from 2.5 per cent to 2.25 per cent. The budget also extends the exemptions for aged care facilities, supported residential care services and rooming houses, announced in the 2005-06 Budget, to include facilities which cater to groups such as young people with disabilities.[174] According to the government, the increase in the tax free threshold will remove around 19,000 taxpayers from the land tax net in 2009.[175]

Land tax revenue is expected to increase in 2008-09 compared to the initial budget for 2007-08 by $284.4 million (see table 9.5) due to an expected increase in land values, consistent with the strength in the property market, as well as the progressiveness in land tax scales. This is partly offset by the changes announced in the budget in terms of the land tax reforms outlined in the budget (and mentioned above) and by the ongoing disaggregation of land holdings.[176]

9.3.2 Stamp Duty on Land Transfer

As shown in table 9.4, changes to the tax brackets for stamp duty on land transfer contained in the 2008-09 Budget are estimated to provide $149.5 million in tax relief in 2008-09 ($421.6 million over the forward estimates to 2011-12).

174 Budget Paper No.4, *2008-09 Statement of Finances*, p.181
175 Department of Treasury and Finance, 2008-09 budget fact sheet, *Land tax cuts*, p.1
176 Budget Paper No.4, *2008-09 Statement of Finances*, p.181

The Committee noted that according to the revised estimates, revenue to be collected from land transfer duty in 2007-08 is predicted to be in the order of $3,874.5 million, almost $1 billion higher than the initial budget for that year (see table 9.5). The budget papers include various comments (see below) to explain the growth in stamp duty revenue during 2007-08, payable on any transaction that results in a change in beneficial ownership of land and associated real assets, and an expected re-alignment over the forward estimates period.

Growth in stamp duty in 2007-08 – contributing factors

- Increases in the volume of transactions (which may in part be attributable to changes by the Commonwealth Government to superannuation laws that appear to have generated extra buying and selling of properties); and
- Increases in the average value per transaction (which is consistent with the growth in property prices over the year).

Expected re-alignment over the forward estimates period – contributing factors

- Growth of property prices will re-align with economic fundamentals, as well as respond to the more recent interest rate rises and financial volatility;
- In particular, the increases in mortgage interest rates from August 2007, and the shock to financial wealth resulting from the decline in equity prices since November 2007, may relieve the upward pressure on property prices; and
- The revenue impact from changes to the thresholds result in an expected decline in stamp duty in 2008-09 of $138 million compared to the revised estimate for 2007-08.[177]

9.3.3 Payroll Tax

The reduction in the payroll tax rate to 4.95 per cent, effective 1 July 2008, that was announced in the 2008-09 Budget benefits more than 28,000 Victorian businesses by providing $36.6 million in tax relief in 2008-09 ($170.6 million over the forward estimates to 2011-12)[178] – refer to table 9.4 for details.

In 2008-09, payroll tax revenue is estimated to amount to $3,963.2 million, an increase of $361.4 million over the initial budget for 2007-08 and an increase of $139.1 million over the revised budget for 2007-08 (see table 9.5). According to the government, this reflects moderate employment and wages growth, which is partly offset by the further reduction in the payroll tax rate from the previously announced fall to 5.0 per cent from 1 July 2008 to the new measure outlined in the budget which reduced the rate to 4.95 per cent as from that date.[179]

9.4 Trends in revenue from electronic gaming machines

As can be seen from table 9.6, there was a decline in expected revenue from gaming machines in 2007-08 as compared with 2006-07. This seems to have occurred largely as a result of restrictive measures (e.g. on smoking). Revenue is expected to rise to $1.025 billion in 2008-09. It should be noted from the table that the proportion of the total taxation budget derived from taxes on electronic gaming machines has declined from 9.2 per cent to 7.7 per cent over the past three years from 2006-07 to 2008-09 and then is estimated to remain at his level over the next three years of the forward estimates to 2011-12.

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177 Budget Paper No.4, *2008-09 Statement of Finances*, pp.184-185

178 Department of Treasury and Finance, *$1.43 billion relief for home buyers and business*, 6 May 2008, accessed at www.budget.vic.gov.au/, 18 July 2008, p.3

179 Budget Paper No.4, *2008-09 Statement of Finances*, pp.180-181

Table 9.6:Electronic gaming machine budgeted revenue as a proportion of total tax revenue budget 2006-07 to 2008-09

Revenue item	2006-07 Budget ($ million)	2007-08 Budget ($ million)	2008-09 Budget ($ million)	2009-10 Estimate ($ million)	2010-11 Estimate ($ million)	2011-12 Estimate ($ million)
Gambling taxes						
Electronic gaming machines	1,006.4	941.4	1,025.0	1,074.0	1,126.4	1,180.8
Total taxation	10,971.0	11,589.0	13,382.9	13,795.9	14,504.2	14,977.2
Per cent	**9.2**	**8.1**	**7.7**	**7.8**	**7.8**	**7.9**

Sources: Budget Paper No.4, 2007-08 Statement of Finances, p.135 and Budget Paper No.4, 2008-09 Statement of Finances, pp.43 and 179

The Committee also noted that revenue from gaming machines in 2008-09 is estimated at 2.7 per cent of general government sector revenue.[180]

[180] Budget Paper No.4, *2008-09 Statement of Finances*, pp.177, 179

CHAPTER 10: CONCESSIONS AND SUBSIDIES

Key findings of the Committee:

10.1 **Tax expenditures are tax concessions which include tax free thresholds and can also take the form of exempting or applying a lower rate, deductions or rebate of a tax for a certain class of taxpayer, activity or asset. Of the estimated tax expenditures for 2008-09 that can be costed (including thresholds) amounting to $4.628 billion, the largest components related to land tax exemptions (estimated at $1.551 billion or 33.5 per cent) and payroll tax exemptions (estimated at $2.635 billion or 56.9 per cent).**

10.2 **The budget for 2008-09 contains concessions amounting to $1.294 billion ($1.225 billion, 2007-08) in terms of reducing the price of a good or service for particular groups in the community, which enable these groups to access and/or purchase important amenities like energy, health and transportation at a cheaper rate or zero cost. Around 1.3 million low income Victorians benefit from concessions and concession-related programs, representing more than 25 per cent of the population and 33 per cent of households.**

10.3 **The health sector continues to be the largest provider of concessions to the Victorian community, with an estimated value of $506 million to be granted in 2008-09 (39.1 per cent of the value of all concessions expected to be granted in the year). In comparison, the estimate for 2007-08 of $486 million comprised 39.7 per cent of all concessions.**

10.4 **In terms of government-wide output initiatives, the budget provides an extra $25.7 million in 2008-09 ($73.8 million over four years to 2011-12) for various concession-related programs which contribute to the Department of Human Services' Energy, Water and Municipal Rates Concessions and Ambulance Emergency Services outputs.**

10.5 **In recognising the impact that climate change is having on the community, including increasing both the general cost of living and the cost of utilities, various changes to concessions and hardship programs have been included in the budget. These measures are designed to assist the most vulnerable members of the community to afford water, energy and other essential services.**

10.6 **Of the major concession categories, the increase of $52.0 million (or 20.2 per cent) in the estimated value of concessions connected with energy, municipal rates and water and sewerage charges to be granted between 2006-07 and 2008-09 showed the greatest movement.**

10.7 **The Committee noted that one of the areas where existing concessions had been extended in the 2008-09 Budget related to the provision of utility relief in water to low income earners. Under this budget initiative, the government allocated $42.0 million over four years to make water and sewerage charges more affordable to those members of the community on low incomes.**

10.8 **In terms of the government's Early Bird Fare initiative whereby, to ease congestion during the busy AM peak period, funding has been provided for two years at $6.0 million per annum to provide free travel to passengers completing their travel prior to 7.00am, the Committee is of the view that that the Department of Transport should reveal in its annual report for 2008-09 information on the effectiveness of this budget initiative.**

10.9 **The Committee believes there is scope for a greater level of transparency in the budget papers in terms of disclosing concessions (and quantifying revenue foregone) that are implicit in nature such as:**

- **land tax and payroll tax exemptions granted (e.g. to non-government schools);**
- **fees waived to particular bodies (e.g. departments waiving rental charges to their statutory authorities); and**
- **measures connected with regulatory reform.**

10.10 **The Committee maintains that, based on the magnitude of funds involved, the spread of concessions among numerous concession types and the number of recipients throughout Victoria, there is scope for a more expanded form of disclosure of the various concessions in an explicit manner and related material in the budget papers. For example, the budget papers should break down the aggregate value of concessions among concession categories by quantifying the value of concessions to be granted according to particular types of concessions such as municipal rates, free emergency ambulance transport for concession holders and the multi-purpose taxi program.**

10.1 Introduction

While Chapter 9 covers the wide topic of departmental income as well as specific revenue initiatives contained in the budget relating to tax relief measures which translate to revenue foregone, this chapter covers the fiscal parameters of the budget dealing with other elements of revenue foregone in the form of concessions and subsidies. This year the Committee placed an emphasis on exploring various issues connected with the topic of forgoing the collection of revenue and raising awareness in this social area of the budget involving 'hand-outs' in the form of concessions granted to certain groups of the community. The Committee was also interested in understanding the nature and extent of subsidies, both explicit and implicit. In particular, the Committee focussed on gaining an understanding of the specific concessions and subsidies contained in the budget, the extent of revenue foregone and any changes from that of the prior year.

In contrast, in reviewing last year's budget estimates, the Committee focused on examining economic-related aspects of the budget dealing with productivity improvement where savings or efficiencies could be achieved in the provision of services.

Concessions and subsidies can take various forms which comprise the following:

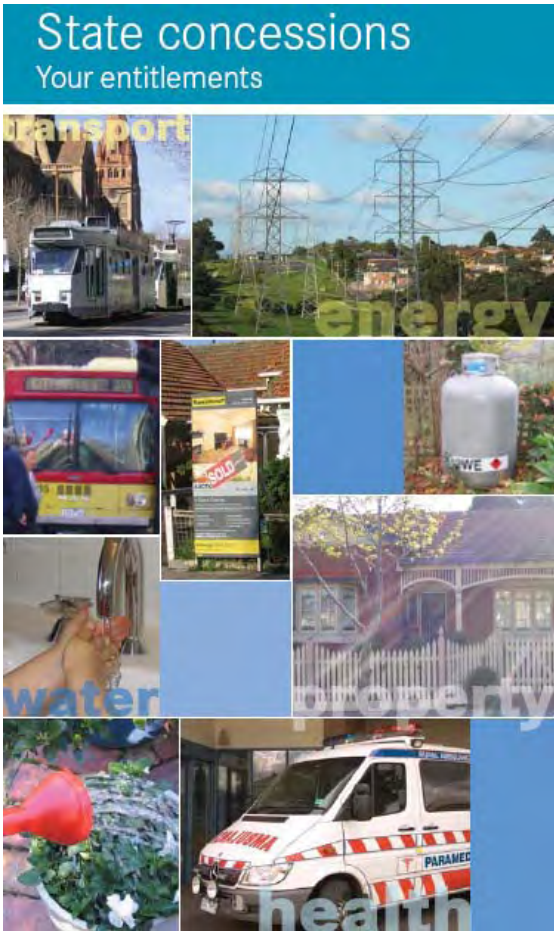
- tax expenditures that relate to tax concessions granted to certain taxpayers, activities or assets which represent a deviation from the normal taxation treatment. This includes tax free thresholds and can also take the form of exempting or applying a lower rate, deductions or rebate of a tax for a certain class of taxpayer, activity or asset (this excludes generally applying marginal tax rates). Tax incentives reported in the 2008-09 Budget that have implications for tax expenditures include an adjustment of approximately 10 per cent to stamp duty on land transfer thresholds and a reduction in the payroll tax rate to 4.95 per cent;[181] and
- a direct budget outlay in the form of payments in the nature of a subsidy (e.g. education maintenance allowances paid to low-income families to assist them with meeting the cost of educating their children) or a means-tested reduction in government charges where revenue is foregone to the state. In this latter case, concessions enable certain groups in the community (e.g. consumers possessing a Commonwealth pension card or a health care card) to access and/or purchase important amenities like energy, health and transportation at a cheaper rate or zero cost.[182]

The Committee examined the budget papers in respect to concessions and subsidies, questioned Ministers about the extent of these and included in its questionnaire, specific questions as to the extent of such concessions and subsidies. Generally speaking, there was a positive response by Ministers to requests by the Committee for full accounting for such concessions and subsidies. However, the committee notes that definitional issues do occur when trying to determine whether program expenditure is involved or whether expenditure should be classified as a subsidy (e.g. payments for public transport). Over time, the Committee will seek a clearer definition and accounting of all subsidies.

A diagrammatic illustration of State concessions, published by the Department of Human Services, is shown over.

181 Budget Paper No.4, *2008-09 Statement of Finances*, pp.207-08

182 ibid. p.212



Source: *Department of Human Services, State Concessions – Your entitlements, January 2008, published by the Concessions Unit, Office for Children, accessed at www.cyf.vic.gov.au/, 23 July 2008*

10.2 Approach adopted by the government to revenue foregone by the state in the form of concessions and subsidies contained in the budget

At the 2008-09 Budget Estimates hearing, the Committee was interested in learning from the Treasurer about any strategic approaches by the government in the budget to fiscal matters dealing with concessions and subsidies and associated revenue foregone by the state. The Treasurer advised the Committee that: [183]

> *"I guess our general approach in these areas is such that transparency is clearly a critical area here. When government is providing either social support or economic support in any of these areas on concessions, it is good to have them all in the one place in the budget context so we have transparency. It is also good so you can have an informed policy debate on whether these are an appropriate way for the government to provide revenue or not. I guess the opening comment is what we do should be transparent and it should be clear for the community, for PAEC, for the Parliament, for everyone to see where they are.*

[183] Mr J Lenders, MLC, Treasurer, 2008-09 Budget Estimates hearing, transcript of evidence, 13 May 2008, pp.4-5

> *… Similarly on concessions, the government forgoes more than a billion dollars in revenue or makes deliberate contributions to low-income earners and disadvantaged Victorians to assist them with concessions. So the point in response to your questions is: they are all codified here and set out in chapter 5 of budget paper 4. But as far as government policy goes, there is no change to government policy, but greater transparency in these areas is always of particular use in an informed community, and that is what openness and transparency in government is about.*
>
> *We reported in chapter 5 of budget paper 4 that it is a challenge for government to show support for this area of the community, whether it be for schools, whether it be for principal place of residence, whether it be for primary producers that is not often evident in the community, which is clearly in our budget papers."*

The Treasurer confirmed before the Committee that concessions have been extended in the budget and particular exemptions granted to various bodies, namely concessions connected with utility relief in water and exemptions granted to non-government schools for the payment of land tax and payroll tax.[184]

In terms of other exemptions granted, the Committee was also interested to hear from the Minister of Education at the budget estimates hearing that:[185]

> *"The only area where the department does not collect revenue to which it is entitled is in respect of rental costs to its statutory bodies that occupy space within the department's buildings. The notional rent provided is recorded as a service, and the buildings are occupied free of charge. At a total of $1.9 million for last year — in other words, $1.9 (million) if they were rented on a commercial basis, and we are talking about the VCAA, which is the curriculum assessment authority, et cetera, the VRQA (the Victorian Registration and Qualifications Authority) and other bodies. That $1.9 million represents less then 0.03 per cent of the department's total expenditure for the year."*

184 Mr J Lenders, MLC, Treasurer, 2008-09 Budget Estimates hearing, transcript of evidence, 13 May 2008, p.5

185 Hon. B Pike MP, Minister for Education, 2008-09 Budget Estimates hearing, transcript of evidence, 14 May 2008, p.5

10.3 Tax Expenditures

A summary of estimated tax expenditures for 2008-09 that can be costed (including thresholds) compared to the estimates for the prior two years is shown in table 10.1. The largest components of the estimated tax expenditures that can be costed (including thresholds) for 2008-09 of $4.628 billion comprised revenue foregone that emanated from the granting of land tax exemptions ($1.551 billion or 33.5 per cent) and payroll tax exemptions ($2.635 billion or 56.9 per cent).

Table 10.1: Tax expenditures that can be costed (including thresholds) 2006-07 to 2008-09

Description	2006-07 Estimate ($ million)	2007-08 Estimate ($ million)	2008-09 Estimate ($ million)	2008-09 Distribution (%)
Land tax exemptions	1,596	1,289	1,551	33.5
Payroll tax exemptions	2,415	2,613	2,635	56.9
Congestion levy tax exemptions	42	41	43	0.9
Gambling tax exemptions	75	67	67	1.5
Motor vehicle tax expenditures	68	75	79	1.7
Other stamp duties exemptions (a)	134	150	253	5.5
Total estimated tax expenditures	**4,330**	**4,235**	**4,628**	**100.0**

Notes: *(a) Principally stamp duty on land transfer*

Source: *Budget Paper No.4, Budget Paper No.4 Statement of Finances 2007-08, pp.162-163; and Budget Paper No.4 Statement of Finances 2008-09, pp.209-210*

10.4 Concessions including subsidies contained in the budget

The Committee noted that the budget papers, which classified major concessions by category (such as a public transport category and an energy, municipal rates, water and sewerage category), disclosed the percentage of total concessions attributable to each category and the estimated value for each category. Table 10.2 shows the breakdown of concessions by category in terms of value and proportion of total concessions (these figures include the cost of administration). The health sector is the largest provider of concessions to the Victorian community, with an estimated value of just over half a billion dollars to be granted in 2008-09 (almost 40 per cent of the value of all concessions expected to be granted in the year). The Committee also noted that of the major concession categories, the increase in the estimated value of concessions connected with energy, municipal rates and water and sewerage charges to be granted between 2006-07 and 2008-09 of $52.0 million (or 20.2 per cent) showed the greatest movement. The distribution of concessions among the various categories as a proportion of the total concessions has remained similar for the past three years.

Table 10.2: Concessions by category 2006-07 to 2008-09

Category	2006-07 Estimate ($ million)	2007-08 Estimate ($ million)	2008-09 Estimate ($ million)	2008-09 Distribution (%)
Energy, municipal rates, water and sewerage	257	281	309 (a)	23.9
Education	179	188	200 (b)	15.4
Health	449	486	506 (c)	39.1
Hardship assistance	16	21	22	1.7
Transport (e)	236	249	258 (d)	19.9
Total of items estimated	**1,137**	**1,225**	**1,294**	**100.0**

Notes: *(a) Consists of concessions primarily associated with the Winter Energy Program ($127.8 million), municipal rates ($77.0 million) and water and sewerage charges ($101.2 million)*

(b) Includes the Education Maintenance Allowance ($60.7 million), School Start Bonus ($40.2 million), Pre-School Subsidy ($12.2 million), Conveyance Allowance ($28.7 million) and the school bus service (a free service) for students attending special schools ($38.0 million)

(c) Includes Ambulance – Community Service Obligation program ($302 million), Dental Services ($109.9 million) and Community Health programs ($87.6 million)

(d) Includes public transport concessions ($189 million), funding for the Multi-Purpose Taxi Program (approximately $40 million) and the discount on Transport Accident Commission premiums for pensioners. Concessions on behalf of this latter item are included in the estimated net revenue of $61.7 million to be foregone during 2008-09 from collections administered by VicRoads on behalf of the Victorian Government.

(e) Does not include the general government subsidy for public transport which is classified as a program expenditure. In relation to this item, the Department of Infrastructure reported in its 2006-07 Annual Report in Note 29 to the financial statements that the department has entered into a number of contracts with private operators to provide Victoria's tram, train and bus services. Under the terms of these agreements, the department provides subsidies for transport services and capital commitments. At 30 June 2007, rail commitments (exclusive of GST) were estimated to be in the order of $3.5 billion and bus commitments (exclusive of GST) were estimated to be in the order of $615 million.

Source: *Budget Paper No.4, 2008-09 Statement of Finances, pp.213-214, responses to departmental questionnaires and questions on notice; and*

Department of Infrastructure 2006-07 Annual Report, pp.142-144, Note 29

The Committee noted that concession categories can be broken down among various types of concessions (see table 10.3).

Table 10.3: Concession categories characterised according to types of concessions

Concession category	**Types of concessions**			
Energy, municipal rates, water and sewerage	Electricity and gas usage	Municipal rates	Water and sewerage charges	Other small concessions relating to energy use
Education and Early Childhood Development	Education maintenance allowance	Student transport allowance	School start bonus	Pre-school concessions
Health	Free emergency ambulance transport for concession holders	School, community and specialist dental services	Optical concessions	Community health programs
Hardship assistance programs	Utility relief	Capital grant scheme (a)	Trustee services	Domestic grain rebate
Transport	Discount on Transport Accident Commission premiums for pensioners	Multi-purpose taxi program	Particular transport concessions	Car registration discount

Note: (a) From 1 July 2008, the Capital Grant Scheme is to be renamed the Home Wise: Appliance and Infrastructure Grant

Source: Budget Paper No.4, 2008-09 Statement of Finances, p.214

A dissection of some of these types of concessions according to particular concession programs or recipient groups is shown in table 10.4.

Table 10.4: Concession types characterised according to particular purposes/recipient groups

Concession Type	**Particular Concession Programs/Recipient Groups**							
Electricity and gas usage and other related concessions	Winter Energy Concession	Non-Mains Winter Energy Conc.	Off Peak Conc.	Electricity transfer fee waiver	Service to Property Charge Conc.	Multiple Sclerosis Conc.	Life Support Concessions.	
Community health	Audiology	Dietetics	Occupational Therapy	Physio.	Podiatry	Nursing	Family Planning	Women's health
Capital grant scheme	Hot water services/ generators	Refrigerators	Washing machines	Leaking water/gas pipes	Wall heaters	Upright stoves	Water tanks	Toilets
Particular transport concessions	Children under 15 years of age	Primary and secondary students Tertiary students	Victorian Seniors Card holders Pensioner Concession Card holders	Victorian Health Care Card holders	War Veterans/Widows TPI War Veterans (a) WW1 Widows (a)	People who are legally blind (a)	Companions of people with disabilities (a)	

Note: *(a) free travel*

Source: *Department of Human Services, 'State Concessions – Your entitlements', January 2008, published by the Concessions Unit, Office for Children, accessed at www.cyf.vic.gov.au/, 23 July 2008; and*

Mr D Andrews MP, Minister for Health, 2008-09 Budget Estimates hearing, transcript of evidence, 13 May 2008, p.5;and

Hon. L Kosky MP, response to questions on notice received 7 July 2008, budget estimates hearing, 14 May 2008, p.1

In terms of government-wide output initiatives, the budget provides an extra $25.7 million in 2008-09 ($73.8 million over four years to 2011-12) for various concession-related programs. In contributing to the Department of Human Services' Energy, Water and Municipal Rates Concessions and Ambulance Emergency Services outputs, this government-wide initiative will:[186]

- increase the water and sewerage concession cap;
- modify other concession programs to assist concession card holders;
- provide additional funding for the provision of free ambulance services to eligible concession card holders; and
- provide additional funding for the *Home Wise Program* under the *Climate Change Package*.

Given the magnitude of concessions contained in the budget ($1.3 billion for 2008-09),[187] the Committee supports full disclosure of government policy and the various components of this item in the budget papers. This is particularly relevant as around 1.3 million low income Victorians benefit from concessions and concession-related programs, which represents more than 25 per cent of the population and 33 per cent of households.[188]

The Committee is of the view that based on the magnitude of the overall quantum of funds involved, the spread of concessions together with concession-related programs and the number of recipients throughout Victoria, there is justified scope for calling for a more expanded form of disclosure of the state's expected concessions program in the budget papers. In the opinion of the Committee, the presentation of the budget papers could be further improved by the inclusion of a dedicated chapter covering social and economic support provided to low income earners, the elderly and other disadvantaged or vulnerable groups of society that discloses a clear differentiation between the state's concession program and outlays in the nature of subsidy payments. Many Victorians, for example, are unaware that the State Government provides certain concessions for rates, or water and electricity. Public awareness of this should be improved.

The Committee supports the dedicated section covering concessions of an explicit nature that is contained in the budget papers. However, in terms of those concessions of an implicit nature, the Committee believes there is scope for a greater level of transparency in the budget papers about taxation exemptions granted (e.g. to non-government schools) and fees that are waived to particular bodies or groups (e.g. where rental costs are not charged by departments to its statutory authorities) and quantification in the budget papers in relation to the extent of revenue foregone in these circumstances. The Committee also maintains that in those cases where regulatory reform designed to cut red tape results in the reduction in revenue, the effect on the budget of the extent of revenue foregone should also be quantified in the budget.

Recommendation16: **In terms of fully disclosing the extent of revenue foregone to the state arising from the granting of concessions, including tax exemptions in the form of tax expenditures, the Department of Treasury and Finance ensure the budget papers contain a greater dissection quantifying the value of taxation exemptions granted, fees waived to particular groups and income not collected due to regulatory reform.**

186 Budget Paper No.3, *2008-09 Service Delivery*, pp.290 and 292

187 Budget Paper No.4, *2008-09 Statement of Finances*, p.213

188 Ms. L Neville MP, Minister for Community Services, 2008-09 Budget Estimates hearing, 22 May 2008, slide presentation no.11

Recommendation 17: **The Department of Treasury and Finance expand the concessions section of the budget papers by disclosing a more comprehensive breakdown of the estimates that reveals:**

(a) the various types of concessions (e.g. electricity and gas usage, municipal rates and water and sewerage charges) associated with each category of concession;

(b) the estimated number of Victorians/households expected to benefit from these concessions and related programs;

(c) the actual number of recipients of concessions for the most recent completed year against estimates for that year;

(d) explanations for major variations between the expected number of recipients for the prior year and the current budget estimate; and

(e) estimated outlays in the form of subsidies presented in a consolidated form across government.

Recommendation 18: **The State Government increase awareness among Victorians of the extensive nature of concessions it provides.**

10.5 Extended concessions awarded in the budget - Water and Sewerage Concessions

In acknowledging the impact that climate change is having on the community, including both increasing the general cost of living and the cost of utilities, the Victorian government announced several key changes to concessions and hardship programs in the budget to assist the most vulnerable members of the community to afford water, energy and other essential services.[189]

The Committee noted that one of these key changes involved the provision of $42 million over four years to make water and sewerage charges more affordable to low-income earners. Under this initiative, the Water and Sewerage Concession cap was increased by 14.8 per cent from $158.50 to $182.0 from 1 July 2008. The Water and Sewerage Concession, which is available to Health Care Cardholders, Pensioner Concession Cardholders and Department of Veterans' Affairs Cardholders, provides a 50 per cent discount on water consumption, sewerage disposal and service charges up to the maximum cap.[190]

189 www.cyf.vic.gov.au/concessions/home/budget-announcement, accessed 23 July 2008, p.1

190 Department of Human Services, 2008-09 State Budget fact sheet, *Improving utility affordability for low income Victorians*, accessed at www.esc.vic.gov.au/

At the budget estimates hearing in May 2008, the Committee was interested in exploring with the Minister for Community Services, why the increase in the cap is less than the expected increase in water charges of 17 per cent. The Minister explained to the Committee that the 14.8 per cent increase in the cap covers the predicted price rises in water and will continue to grow in line with the Consumer Price Index. The Minister also stated that:[191]

> *'At the moment it is 14.8 per cent, which is indexed. We are still waiting on the final outcome of the decision by Essential Services Commission, at which point if any further adjustments need to be made they will be considered as part of future budget considerations.'*

The Committee noted that the increase in the cap will in actual fact be higher than virtually all the price outcomes determined by the Essential Services Commission in June 2008 for water prices which ranged from a real price increase of 4.3 per cent (Lower Murray - urban) to 14.9 per cent (Gippsland Water) among the urban businesses.[192]

10.6 New budget initiative - The Early Bird Fare Initiative

The Early Bird Scheme was implemented across all 15 metropolitan rail lines in April 2008 and provides free travel to passengers completing their travel prior to 7.00 am. The Early Bird Scheme trial, a new initiative for the 2008-09 Budget, is funded for two years at $6.0 million per annum.[193]

According to the budget papers, this initiative aims to help ease congestion during the busy AM peak period and also benefit those commuters unable to travel before 7.00 am.[194]

The Committee believes that the Department of Transport should provide information in its annual report for 2008-09 on the effectiveness of this initiative.

Recommendation 19: **The Department of Transport provide in its annual report for 2008-09 relevant information relating to the effectiveness of the Early Bird Fare Initiative.**

191 Ms. L Neville MP, Minister for Community Services, 2008-09 Budget Estimates hearing, transcript of evidence, 22 May 2008, p.13

192 Essential Services Commission, *Overview of Final Decision on Water Prices*, Water Price Review – Final Decision, Fact Sheet 1, accessed at www.esc.vic.gov.au/

193 Hon. L Kosky MP, Minister for Public Transport, *Response to questions on notice received 7 July 2008*, budget estimates hearing, 14 May 2008, p.2

194 Budget Paper No.3, *2008-09 Service Delivery*, pp.322, 324

CHAPTER 11: ANALYSIS OF THE GOVERNMENT RESPONSE TO RECOMMENDATIONS IN THE PAEC REPORT ON THE 2007-08 BUDGET ESTIMATES

Key findings of the Committee:

11.1 The Parliamentary Committees Act 2003, section 36, requires that the government respond to recommendations contained in a Committee report within six months of the report being tabled.

11.2 In its response to the Committee's *2007-08 Report on the Budget Estimates*, the government accepted 48 (81.4 per cent) of the 59 recommendations made by the Committee. Of these, nine were 'accepted in part'. The Government rejected eight of the recommendations and indicated that a further three were under review.

11.3 The Committee recommends that the Government provide comprehensive and regular reporting of progress under its asset and infrastructure programs, now worth nearly $40 billion since 1999.

11.4 The Committee suggests improvements to the way in which the government responds to the recommendations in this and future reports.

11.1 Background

The *Parliamentary Committees Act 2003*, section 36, requires that the government respond to recommendations contained in a Committee report within six months of the report being tabled:

> *"Section 36 Government responses*
>
> *(1) If a Joint Investigatory Committee's report to the Parliament recommends that the Government take a particular action with respect to a matter, within 6 months of the report being laid before both Houses of the Parliament or being received by the clerks of both Houses of the Parliament, the appropriate responsible Minister must provide the Parliament with a response to the Committee's recommendations."*

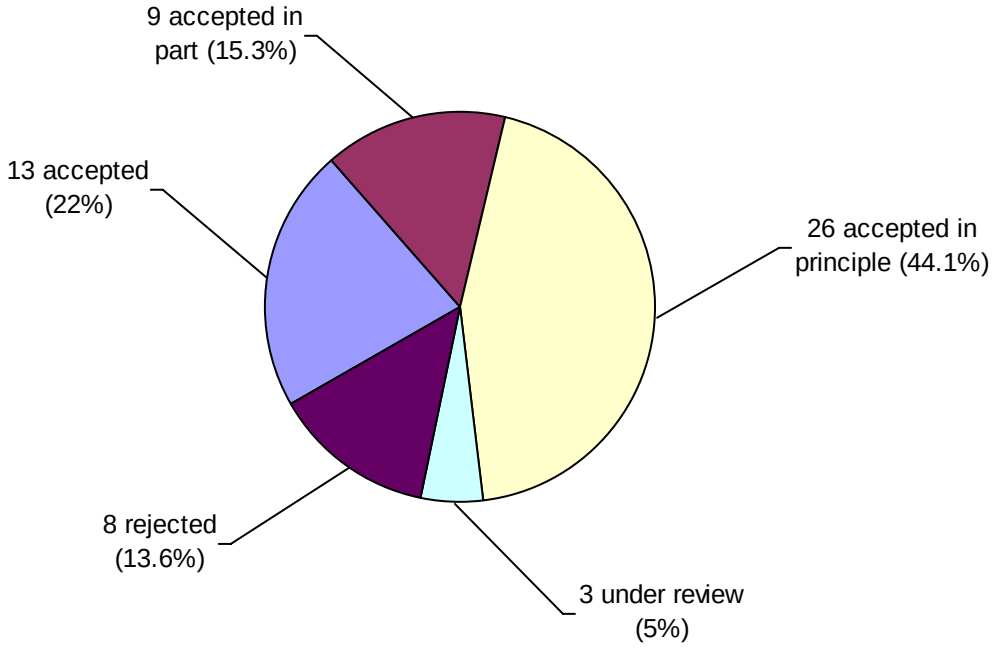
The Victorian Government's response to the recommendations made by the Committee in the *Report on the 2007-08 Budget Estimates Part 3* was tabled on 8 April 2008 and is included in Appendix 3 of this report.

The response listed the government's acceptance or otherwise of the Committee's recommendations, detailed actions taken to date and outlined any further actions planned. In providing its response, the Government used the following categories:

- Accept;
- Accept in Part;
- Accept in Principle;
- Under Review; and
- Reject.

The Committee made 52 recommendations in the *Report on the 2007-08 Budget Estimates* Part 3; however some recommendations included a number of linked recommendations. Therefore, for the purpose of analysis the effective number of recommendations is considered to be 59. Figure 11.1 illustrates the government's response to the 59 recommendations made by the Committee in the *Report on the 2007-08 Budget Estimates* Part 3.

Figure 11.1 Representation of government response to the Committee's Report on the 2007-08 Budget Estimates



Source: Victorian Government, response to the Committee's Report on the 2007-08 Budget Estimates, tabled 8 April 2008

The recommendations made by the Committee in the *2007-08 Report on the Budget Estimates* are categorised around key themes based on government policy areas, such as the National Reform Agenda, departmental outputs, and the *Growing Victoria Together* vision in table 11.2.

Table 11.2 Summary of government response to the Committee's Report on the 2007-08 Budget Estimates

Chapter	Accept			Reject	Under review	Total
	Wholly	In part	In principle			
National reform agenda	1	4	1	–	–	**6**
Impact of portfolio spending including new budget initiatives on improving productivity in Victoria	2	1	4	2	1	**10**
Departmental asset investment	1	1	1	1	–	**4**
Departmental Workforce – comparative analysis	–	–	3	–	–	**3**
Communication, advertising and promotional expenditure	1	–	3	–	–	**4**
Departmental output structures and performance measures	1	1	–	–	1	**3**
Regional Victorian initiatives and related issues	–	–	1	1	1	**3**
Measuring the commitment of ministers and departments servicing the public accounts and estimates committee	–	–	1	–	–	**1**
Overview of linkages between the budget estimates hearings and Growing Victoria Together	–	1	1	–	–	**2**
Thriving economy	3	–	1	–	–	**4**
Quality health and education	–	–	3	–	–	**3**
Healthy environment	3	–	2	–	–	**5**
Caring communities	–	–	–	3	–	**3**
Vibrant Democracy	1	1	–	–	–	**2**
Quality of material provided by ministers and departments in response to questions raised by the committee	–	–	5	1	–	**6**
Total number of recommendations	**13**	**9**	**26**	**8**	**3**	**59**
Percentage of total recommendations (%)	**22.0**	**15.3**	**44.1**	**13.6**	**5.0**	**100.0**

Note: *(a) the total number of recommendations identified in this table (59) is greater than the actual number of recommendations (52) as a result of the government providing a different response to specific aspects of a small number of recommendations. Where the government has done so, the Committee has counted this as a separate response for the purpose of this table only*

Source: *Victorian Government, response to the Committee's Report on the 2007-08 Budget Estimates, tabled 8 April 2008*

11.2 Accepted recommendations

Among the accepted recommendations, recommendation 18 called for better disclosure in annual reports of progress under the government's asset program. While the government in its reply notes that there were a range of reporting mechanisms for the asset program (e.g. Budget Information Paper No. 1), it did not plan any further action in regard to current reporting mechanisms.

The Committee believes with an asset and infrastructure program worth nearly $40 billion since 1999, more extensive reporting is not only desirable but necessary.

Recommendation 20: **The Government review its reporting mechanisms on progress with its infrastructure and asset program with a view to providing Parliament and the Victorian public with a regular and fully transparent account of progress.**

The government *accepted in part* nine of the Committee's recommendations from the *Report on the 2007-08 Budget Estimates.* The Committee believes that the Government has only partially addressed a number of recommendations in this category. These are detailed in table 11.3.

Table 11.3 Summary of government response to the Committee's Report on the 2007-08 Budget Estimates

Recommendation		Government Response	Committee comment
2	The role of the National Reform Secretariat established within the Department of Premier and Cabinet be expanded to monitor the progress achieved by departments in terms of implementing the NRA programs and projects and report directly to the Premier on outcomes achieved on an ongoing basis.	The Department of Premier and Cabinet will: continue to monitor the implementation of NRA commitments; support the Premiere in future COAG negotiations including in relation to data required to support the NRA outcomes framework; and continue to work with the ABS, relevant departments, and the COAG Reform Council to satisfy the data needs to measure the NRA outcomes.	The Committee's intention was for the Government to expand its monitoring of National Reform Agenda (NRA) programs at a Departmental level. The Government's response to this recommendation does not include any form of expanded monitoring.
4	The Department of Premier and Cabinet, as part of its coordinating role in the development of the National Reform Agenda (NRA) in Victoria, ensure that:		
(a)	Timelines including key milestones are established for the various NRA programs and projects implemented by government departments	The Department of Premier and Cabinet will continue to periodically monitor the implementation and reporting of NRA commitments.	The Government's response to this recommendation does not fully address the recommendation.
(b)	Information regarding progress made in implementing key NRA programs and projects against milestones be reported in budget documents issued by the Treasurer	See part (a) response.	
(c)	Evaluations, including assessments of measurable costs and benefits against estimates, take place with regard to the delivery of key NRA programs and projects.	The Department of Premier and Cabinet will consider further information around evaluation as the NRA develops.	

Table 11.3Summary of government response to the Committee's Report on the 2007-08 Budget Estimates *(continued)*

Recommendation		Government Response	Committee comment
13	Using the demonstrated benefits experienced in the agriculture portfolio as a benchmark, departments follow the lead in the budget, which calls for an emphasis to be placed on research and development to improve the national and international competitiveness of Victorian businesses and help foster economic growth.	Research and development activity within government departments is expected to continue to play an important role in fostering growth.	The government response contains no practical actions. While research and development is not the sole measure of a successful benchmark, the budget stipulation that research and development be used needs to be reflected in how department's account for budget expenditure in support of national and international competitiveness.
26	The Department of Treasury and Finance incorporate within future budget papers a tabular presentation of annual global movements in new and discontinued output measures, categorised according to quantity, quality and timeliness measures.	The Department of Treasury and Finance will constantly monitor the information provided by departments to ensure that Appendix C and footnotes are relevant and robust.	In this instance, the Committee wished to see the information presented in a more accessible and easy to follow format.
33	The Department of Treasury and Finance clearly disclose in the budget papers the amount of funding allocated to each output on a departmental basis, according to each policy priority and goal articulated in Growing Victoria Together.	The Department of Treasury and Finance is committed to continuing to work together with the Department of Premier and Cabinet and departments to improve the accountability and transparency of output information in the budget papers.	The Government's response to this recommendation does not include specific actions to directly address the recommendation.

Source: Report on the 2007-08 Budget Estimates Part Three; Victorian Government, response to the Committee's Report on the 2007-08 Budget Estimates, tabled 8 April 2008

The Committee believes that where recommendations are *Accepted in Part*, the Government should provide a detailed explanation as to which parts of the recommendation they agree and with which they do not, including information about why they do not agree with particular parts.

Recommendation 21: **Where a Committee recommendation is *accepted in part* the Government response should make clear which part they accept and which they do not, including information about why they do not accept particular parts.**

The largest response category was those which the government *accepted in principle*. Forty-four per cent of all recommendations from the *Report on the 2007-08 Budget Estimates* fall into this category.

The government indicated in 11 responses that they would continue their present approach despite the Committee's expressed concerns and recommended action.

Similarly, in seven responses, while the government committed to considering an action, it did not outline how or when a decision to act would be made. In only one response, to recommendation 29, was a review included as part of a commitment to consider a course of action and that review was already underway.

The Committee believes that the *accept in principle* response should result in some action being taken or proposed and not imply that there would be little or no action taken as a result of a recommendation. The Committee would like to see a more definitive and pro-active government response to such recommendations in future reports.

11.3 Recommendations that were rejected

While the Committee appreciates the government's clear response in this matter, it does not agree with the government's decision to reject recommendations made in the *Report on the 2007-08 Budget Estimates*. The Committee's review of recommendations that were rejected by the government found that the following issues still remain outstanding:

- the Committee considers that departments need to publish productivity targets and consistent reporting of efficiency gains in annual reports and to the Committee's inquiries. This would ensure open accountability to the community and the parliament and help inform the allocation of funds in subsequent budgets;
- that the determination of Total Estimated Investment (TEI) in budgets and its reconciliation with actual government cash resources be explained more clearly;
- the breadth of budget allocations to regional Victoria and the scope of government investment would be clearer and more accountable if it was presented from one source within the budget papers (see Chapter 8); and
- the Committee considers that the subject of the recommendations (suicidal intent in road deaths, increases in public housing and housing affordability) under Caring Communities are important social issues and support the government's policy objectives within the Caring Communities vision.

SECTION C: GROWING VICTORIA TOGETHER

CHAPTER 12: THE BUDGET ESTIMATES HEARINGS AND *GROWING VICTORIA TOGETHER*

Key findings of the Committee:

12.1 **In total, 507 questions were raised during the 2008-09 estimates hearings. The Public Transport, Treasury and Health portfolios were questioned most extensively.**

12.2 **72% of all questions asked fell within 3 of the 5 *Growing Victoria Together* visions: these being Thriving Economy, Caring Communities and Vibrant Democracy. The remaining 28% of questions related to the Quality Health and Education and Healthy Environment *Growing Victoria Together* visions. This is consistent with the line of questioning taken during the 2007-08 estimates hearings.**

12.3 **The predominance of Thriving Economy questions focused on initiatives to increase train and tram services, and enhancing transport infrastructure (Public Transport Portfolio), while community safety and crime reduction were the main focus under the Caring Communities vision (Police and Emergency Services portfolio). Questions and discussion relating to the Vibrant Democracy vision focused on the clarification of specific financial data (Treasury portfolio).**

12.4 **While many questions raised during this year's hearings process were similar to those raised last year, the greatest number of questions were targeted at the portfolios receiving the greater share of funding in this year's budget.**

12.1 Background

The Committee disclosed in its *Report on the 2008-09 Budget Estimates – Part One* and its *Report on the 2008-09 Budget Estimates – Part Two,* key matters raised at the estimates hearings and further information requested under each Ministerial portfolio. The Committee believes that it is useful to provide a link between the lines of inquiry adopted as part of the estimates hearings and the *Growing Victoria Together* visions and goals which balance social, economic, environmental, safety and accountability considerations and form the basis for budget and policy decisions.

12.2 Linkage of questions raised through the budget estimates hearings process with the government's policy vision and goals

Table 12.1 sets out on a portfolio basis a summary of the number of policy questions raised at the budget estimates hearings according to the policy vision and goals of the government.

Table 12.1: Alignment of questions raised at budget estimates hearings with the government's policy, vision and goals

Portfolio	*Growing Victoria Together* policy: A vision for Victoria to 2010 and beyond										Total
	Vision 1: Thriving economy **Goal A: More quality jobs and thriving, innovative industries across Victoria** **Goal B: Growing and linking all of Victoria**		**Vision 2: Quality health and education** **Goal A: High quality, accessible health and community services** **Goal B: High quality education and training for lifelong learning**		**Vision 3: Healthy environment** **Goal A: Protecting the environment for future generations** **Goal B: Efficient use of natural resources**		**Vision 4: Caring communities** **Goal A: Building friendly, confident and safe communities** **Goal B: A fairer society that reduces disadvantage and respects diversity**		**Vision 5: Vibrant democracy** **Goal A: Greater public participation and more accountable government** **Goal B: Sound financial management**		
	Goal A	**Goal B**	**Goal A**	**Goal B**	**Goal A**	**Goal B**	**Goal A**	**Goal B**	**Goal A**	**Goal B**	
Aboriginal Affairs			1					5	1		7
Agriculture					9		2		4	1	16
Arts	6								1		7
Attorney-General							7		2		9
Children and Early Childhood Development			2	7				6	2		17
Community Development	1	1					5	1	4		12
Community Services			7				1		5		13
Consumer Affairs							8		1		9
Corrections							5	5			10
Education	1		1	15				1	7	1	26
Energy and Resources	1				7	3					11

Table 12.1: Alignment of questions raised at budget estimates hearings with the government's policy, vision and goals *(continued)*

Portfolio	*Growing Victoria Together* policy: A vision for Victoria to 2010 and beyond										Total
	Vision 1: Thriving economy Goal A: More quality jobs and thriving, innovative industries across Victoria Goal B: Growing and linking all of Victoria		Vision 2: Quality health and education Goal A: High quality, accessible health and community services Goal B: High quality education and training for lifelong learning		Vision 3: Healthy environment Goal A: Protecting the environment for future generations Goal B: Efficient use of natural resources		Vision 4: Caring communities Goal A: Building friendly, confident and safe communities Goal B: A fairer society that reduces disadvantage and respects diversity		Vision 5: Vibrant democracy Goal A: Greater public participation and more accountable government Goal B: Sound financial management		
	Goal A	**Goal B**	**Goal A**	**Goal B**	**Goal A**	**Goal B**	**Goal A**	**Goal B**	**Goal A**	**Goal B**	
Environment and Climate Change					5	5			2		12
Finance, WorkCover and Transport Accident Commission			4				2	1	7		14
Gaming	1						5		1		7
Health			29						1		30
Housing						1	1	7	4		13
Industrial Relations	4						1	3			8
Industry and Trade	9								1		10
Information and Communication Technology	5								2		7
Innovation	2								3		5
Local Government	3						1		2		6
Major Projects	4						1		3		8

Table 12.1: Alignment of questions raised at budget estimates hearings with the government's policy, vision and goals *(continued)*

Portfolio	*Growing Victoria Together* policy: A vision for Victoria to 2010 and beyond										Total
	Vision 1: Thriving economy Goal A: More quality jobs and thriving, innovative industries across Victoria Goal B: Growing and linking all of Victoria		Vision 2: Quality health and education Goal A: High quality, accessible health and community services Goal B: High quality education and training for lifelong learning		Vision 3: Healthy environment Goal A: Protecting the environment for future generations Goal B: Efficient use of natural resources		Vision 4: Caring communities Goal A: Building friendly, confident and safe communities Goal B: A fairer society that reduces disadvantage and respects diversity		Vision 5: Vibrant democracy Goal A: Greater public participation and more accountable government Goal B: Sound financial management		
	Goal A	Goal B	Goal A	Goal B	Goal A	Goal B	Goal A	Goal B	Goal A	Goal B	
Mental Health			3				4		2		9
Multicultural Affairs	1						1	3			5
Parliamentary departments	1	1			1	1	1	1	9		15
Planning	3	8			3		3		1		18
Police and Emergency Services			2				17	2	1		22
Premier	3	1	1	3	4		1		11	2	26
Public Transport		25					4	1	4		34
Racing							3		1	1	5
Regional and Rural Development	5					1			2		8
Roads and Ports	1	11					2		2		16
Senior Victorians			1				3				4
Skills and Workforce Participation	2			5					1		8

Table 12.1: Alignment of questions raised at budget estimates hearings with the government's policy, vision and goals *(continued)*

Portfolio	*Growing Victoria Together* policy: A vision for Victoria to 2010 and beyond										Total
	Vision 1: Thriving economy Goal A: More quality jobs and thriving, innovative industries across Victoria Goal B: Growing and linking all of Victoria		Vision 2: Quality health and education Goal A: High quality, accessible health and community services Goal B: High quality education and training for lifelong learning		Vision 3: Healthy environment Goal A: Protecting the environment for future generations Goal B: Efficient use of natural resources		Vision 4: Caring communities Goal A: Building friendly, confident and safe communities Goal B: A fairer society that reduces disadvantage and respects diversity		Vision 5: Vibrant democracy Goal A: Greater public participation and more accountable government Goal B: Sound financial management		
	Goal A	**Goal B**	**Goal A**	**Goal B**	**Goal A**	**Goal B**	**Goal A**	**Goal B**	**Goal A**	**Goal B**	
Small Business	6										6
Sport, Recreation and Youth Affairs	4						5	1	2		12
Tourism and Major Events	8										8
Treasury	2	1	1	3	2	1	2	2	14	4	32
Veterans' Affairs			3				1				4
Water					8	3					11
Women's Affairs							7				7
Total	**73**	**48**	**55**	**33**	**39**	**15**	**93**	**39**	**103**	**9**	**507**
Percentage of total	**14.4**	**9.5**	**10.8**	**6.5**	**7.7**	**3.0**	**18.3**	**7.7**	**20.3**	**1.8**	**100.0**

Source: Information compiled by Committee based on questions raised at the budget estimates hearings

12.2.1 Committee comment

In total, 507 questions were raised at the hearings this year. Table 12.2 identifies the portfolio's that received the highest number of questions from the Committee:

Table 12.2: Questions raised during Budget Estimates Hearings (by portfolio)

Portfolio	Number of questions raised at the 2008-09 Budget Estimates Hearings
Public Transport	34
Treasury	32
Health	30
Education	26
Premier	26
Police and Emergency Services	22
Planning	18
Children and Early Childhood Development	17
Roads and Ports	16
Agriculture	16
Parliamentary Departments	15
TOTAL	**252**
Percent of Overall Total	**49.7%**

While the lines of inquiry were broadly in line with the 2007-08 estimates hearings and the hearing duration for certain portfolios extended, the number of questions/issued raised at this year's estimates hearings overall was significantly lower than 2007-08 (507 questions in 2008-09 as compared to 689 questions raised in 2007-08). This is in part due to the Ministers providing more extensive and detailed responses to questions raised during this year's estimates hearings, and also due to an increased degree of complexity in questions asked by the Committee. The general policy of the Committee is to seek conciseness in the questions asked as well as in replies in order to ensure the best possible coverage of issues in estimates hearings.

12.2.2 GVT Visions

Of the 507 questions raised at this year's estimates hearings, the majority of questions fell within three of the five Growing Victoria Together visions:

- *Thriving Economy* (23.9% of all questions raised);
- *Caring Communities* (26.0% of all questions raised); and
- *Vibrant Democracy* (22.1% of all questions raised).

This is consistent with the line of questioning taken during last year's estimates hearings, and identifies the areas of the Growing Victoria Together strategy that are of particular importance to the community.

Within these GVT visions, the majority of questions were directed to the following portfolios:

- Public Transport – 34 questions were asked and 25 fell within the Thriving Economy vision. Questioning was centred around the acquisition of additional trains and trams to boost services, and enhancing transport infrastructure and asset maintenance;
- Treasury – 32 questions were asked and 18 fell within the Vibrant Democracy vision. Questioning was centred around the clarification of specific financial data in the budget, and the management of state debt; and
- Police and Emergency Services – 22 questions were asked and 19 fell within the Caring Communities vision. Questioning was centred around community safety and crime reduction.

During 2008-09 the majority of questions were directed to the Thriving Economy, Vibrant Democracy and Caring Communities GVT visions. Similar to last year, questions directed to the Thriving Economy and Caring Communities visions focused on enhancing transport infrastructure, initiatives to increase train and tram services, community safety, crime reduction and issues relating to Victoria Police. Questions on the Vibrant Democracy vision had more of a focus on the clarification of major infrastructure projects, and budget approaches to addressing social, economic and environmental challenges. The continued focus on train and tram services, and community safety and crime reduction illustrates that these issues are of continuing concern to the public and that the government is addressing these concerns via significant funding being provided to these portfolios in this year's budget.

Detailed comments pertaining to each of the five *Growing Victoria Together* areas and related goals are provided in chapters 13 to 17 of this report.

CHAPTER 13: THRIVING ECONOMY

Key findings of the Committee:

13.1 **In comparison to the government target for the proportion of freight transported by rail to and from ports to increase to 30 per cent by 2010, the Committee noted that the rail share of freight declined to 15 per cent in 2006-07 (5.2 million tonnes of freight transported by rail out of a total of 33.9 million tonnes). The government will need to assess whether this target continues to be relevant or needs to be reduced in future. Climatic conditions and forecasts as well as any trends in growth of the metropolitan freight task and use of road, including the comparison of costs and development of networks, in preference to rail will need to be kept under review as part of such an assessment.**

13.2 **The drought has had a significant impact on the progress made by Victoria in terms of advancing towards its 2010 rail freight target because a large proportion of the freight movements on the train system relates to export grain (around 37 per cent) which has experienced a more reduced harvest than anticipated. For example, between 2005-06 and 2006-07, Victoria experienced a dramatic decline in production relating to the following major winter grains:**

- **wheat (2,909 kilotonnes to 879 kt);**
- **barley (2,003 kt to 605 kt); and**
- **canola (272 kt to 42 kt).**

13.3 **Following the completion of a $133.8 million buyback of Victoria's regional rail freight network from Pacific National, the government commissioned a review of the network in June 2007. The report titled *Switchpoint: The template for rail freight to revive and thrive!*, which was released in December 2007, contained 29 recommendations. These included:**

- **outlining proposed priorities and levels of investment to upgrade the network totalling $140.7 million, comprising a capital component ($83.5 million) and an ongoing maintenance component ($57.2 million over three years);**
- **establishing an ongoing asset management regime to maintain the network at designated speeds post capital rehabilitation; and**
- **giving higher priority for freight trains on the Melbourne metropolitan rail network through improved metropolitan rail system planning.**

13.4 **The Committee looks forward to the Department of Transport addressing the recommendations of the review into Victoria's regional rail freight network including:**

- **announcing a timeline for addressing each recommendation within the report; and**
- **providing a schedule of programmed works identified for upgrade and maintenance.**

13.5 **The 2008-09 Budget provides $239.8 million that is directed at Victoria's freight network. This funding includes $150 million for the channel deepening of Port Phillip Bay that was announced in 2007-08 as well as $23.7 million for the gold lines upgrade (refer tables 13.5 and 13.6) that were identified as a priority in the rail freight review.**

13.6 **The government has set a cumulative target for 90 per cent of planned infrastructure asset renewal activities associated with the country rail freight network to be delivered within project timelines as stated in the budget papers relating to the Department of Infrastructure's *Freight, Logistics, Ports and Marine Development* output.**

13.7 **The Committee acknowledges that apart from the impact of the drought, the government's buy-back of the State's regional rail network from Pacific National in May 2007 has affected the ability of the government to attract a larger proportion of freight to be transported to and from ports by rail rather than by road. Since the handover of the network to V/Line, the government has embarked on a staged process involving the conduct of a full operational review and safety assessment of the network, determining which areas require the most attention and then developing a schedule for maintenance and upgrades. According to the Minister for Public Transport, major improvements to Victoria's rail infrastructure will be made over the coming years.**

13.8 **The Committee noted that Melbourne is experiencing strong economic and population growth. The Department of Treasury and Finance predicts that the Victorian economy is expected to grow by 3.25 per cent in 2007-08 compared to real gross state product of 2.7 per cent in 2006-07. Melbourne is currently growing at about 1,200 people per week; faster than any other Australian city and more than previously projected. There has also been a resurgence in employment in the Central Business District, an intensification of economic and residential activity in inner Melbourne and rapid growth in a number of outer metropolitan areas.**

13.9 **According to estimates prepared by the Bureau of Transport and Regional Economics of the Australian Government's Department of Transport and Regional Services, the social costs of congestion for Melbourne will rise from $3.0 billion in 2005 to $6.1 billion in 2020.**

13.10 **Under the *Growing Victoria Together* initiative, the government set a goal for public transport use in Melbourne as a proportion of trips taken by motorised means to increase from 11 per cent in 2002 to 20 per cent by 2020. In comparison, public transport's share of motorised personal trips in Melbourne in 2006-07 stood at approximately 8.6 per cent, a decrease of 0.2 percentage points from the previous year.**

13.11 **Public transport patronage had grown by approximately 84,000 trips per day (from 1.06 million trips in 2005-06 to 1.15 million trips in 2006-07. However, there was a proportionately greater increase in non-public transport motorised trips of over one million trips per day (from approximately 11.05 million trips in 2005-06 to 12.22 million trips in 2006-07 or 10.6 per cent).**

13.12 The $1.8 billion transport investment package contained in the 2008-09 Budget includes a Roads and Congestion Package of $769.7 million for building better roads to improve the safety of the road network and reduce congestion, with a view to driving the economy, jobs and liveability in communities across the State. The Package of $769.7 million includes $363.0 million for the Monash-City Link-West Gate Upgrade and $224.0 million to upgrade regional and rural roads.

13.13 In late April 2008, the government introduced a new congestion plan to ease peak pressure in the short-term until the outcomes of medium and long-term infrastructure planning and initiatives take effect. Keeping Melbourne Moving represents an investment of $112.7 million over four years in improving the flow of traffic and public transport on arterial roads within 10 kilometres of Melbourne's Central Business District.

13.14 Some initiatives have been introduced to encourage greater vehicle occupancies during peak periods such as the use of transit lanes (i.e. high occupancy vehicle lanes). However, given that between 2002 and 2007, there were an additional 260,000 licensed drivers across the state and there has been a significant increase of 10.6 per cent in non-public transport motorised trips between 2005-06 and 2006-07, the Committee was of the view that the Department of Transport should evaluate whether the concept of car pooling has been fully analysed in the development of policy offerings designed to reduce road congestion. The Committee cited a number of sources, both overseas and within Australia, that advocated the use of smarter car use through car pooling to alleviate congestion.

13.1 Introduction

In considering the budget estimates the Committee asked a total of 121 questions pertaining to the Thriving Economy vision of the *Growing Victoria Together* (GVT) initiative. This represented 23.9 per cent of all questions asked in the budget estimates hearings.

The answers provided at the estimates hearings were recorded in Hansard and the transcripts of evidence were contained in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part One* and in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part Two*.

This chapter sets out an analysis of several key issues canvassed by the Committee at the budget estimates hearings relating to the Thriving Economy vision of *Growing Victoria Together*.

13.2 Movement of port related freight by rail

13.2.1 Significance of port related freight by rail in Victoria

The government's vision for Victoria to 2010 and beyond, as espoused in its *Growing Victoria Together* policy document, foreshadowed that the efficiency of Victoria's transport system for moving freight by rail between Melbourne and regional Victoria is critical for regional development.[195] The government set a target for the proportion of freight transported to and from ports by rail to increase from 10 per cent to 30 per cent by 2010.[196]

The Committee noted that a number of the actions outlined in the government's policy statement for regional Victoria titled *Victoria: Leading the Way,* April 2004, specifically supported rail freight. These actions are set out in table 13.1.

Table 13.1: *Victoria: Leading the Way* Actions supporting rail freight

Action	No.	Linkage to rail freight
Improving access to the port	2	Efficient intermodal transport of freight is rapidly becoming more critical to meeting the demands of global supply chains. Increasing rail market share at the Port of Melbourne is vital to accommodating future growth, reducing road congestion and improving the overall efficiency of the Victorian freight and logistics sector.
Building better supply chain links	4	Competitive transport, distribution and logistics are crucial to the future growth and success of Victorian businesses and the economy in general. Well planned infrastructure will provide Victorian companies with opportunities for cost savings and allow better and faster access to markets for Victorian goods.
Make it happen in provincial Victoria	7	Vibrant, healthy regional areas are crucial to Victoria's continued economic success. The government will maximise the capacity of local communities to take up economic and investment opportunities.
Exporting for growth	9	One in five jobs in the state is export related and in regional Victoria

Source: Victorian Government, Victoria: Leading the Way, Economic Statement April 2004

The Committee notes the following view expressed by the Hon. Tim Fischer, Chair of the Committee that undertook the review into Victoria's Rail Freight Network in 2007:[197]

> *'Rail is needed more than ever before, due to energy efficiency, greenhouse reasons and gridlock congestion on critical roads near ports'.*

195 Victorian Government, Growing Victoria Together, A vision for Victoria to 2010 and Beyond, p.6

196 ibid.

197 Hon. L Kosky MP, Minister for Public Transport, media release, *Rail freight network review released,* 21 December 2007

13.2.2 The Committee's coverage of port related freight by rail

In its previous report on the budget estimates for 2007-08 (part three), the Committee was interested in exploring how the government planned to increase the proportion of freight transported to and from ports by rail from 10 per cent to 30 per cent by 2010, given the downward trend in Victoria's performance, and whether the GVT target remained relevant or needed to be revised.[198]

In its response to the Committee's recommendations for the need to monitor the adequacy of the investment in the rail freight network and the Department of Infrastructure to develop and publish pricing and timeliness indicators, the government indicated that:[199]

- the State bought back the rail lease of Victoria's regional intrastate rail network from Pacific National in mid-2007 and has subsequently allocated $25 million to the Department of Infrastructure to assist with urgent only maintenance;
- a review of the Rail Freight Network has resulted in the tabling of a comprehensive report into the condition of the Network, including recommendations regarding further investment and prioritisation of maintenance requirements, with the Minister for Public Transport;
- the Department of Infrastructure obtains statistics from the Ports on a bi-annual basis to monitor performance against the government's policy of increasing the proportion of freight on rail to 30 per cent by 2010;
- the rail share for 2006–07 was 16 per cent which was directly related to the severe downturn in transport of bulk grain resulting from the current drought situation;
- the department would continue to receive statistical data from the Ports bi-annually to monitor ongoing performance against targets;
- the Freight, Logistics and Marine Division of the department was consulting with port terminal and rail operators to determine the availability of relevant data to support the development of appropriate indicators for pricing and timeliness for port related rail freight; and
- the department would complete the design and documentation of indicators and incorporate them into appropriate rail freight output reporting.

13.2.3 Proportion of freight transported to and from ports by rail

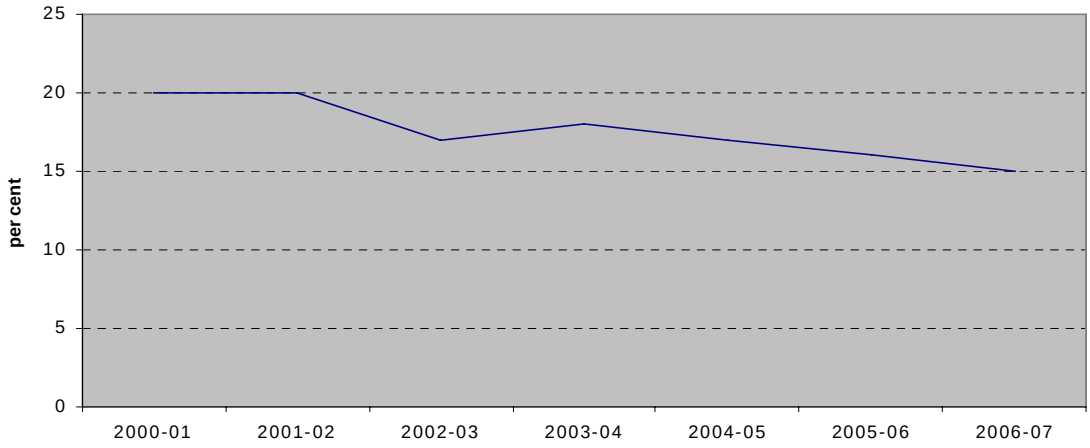
The government disclosed in the budget papers that rail's share of freight transported to and from Victoria's commercial ports declined from 16 per cent to 15 per cent in 2006-07. In quantitative terms, this represents 5.2 million tonnes of freight transported by rail out of a total of 33.9 million tonnes.[200] Figure 13.2 shows that from 2003-04 to 2006-07 there has been a steady decline in the proportion of freight transported by rail to and from Victoria's commercial ports situated in Melbourne, Geelong and Portland.

198 Public Accounts and Estimates Committee, Report on the 2007-08 Budget Estimates Part Three, pp.145-147

199 Government Responses to the Recommendations of Public Accounts and Estimates Committee's 73rd Report on the 2007-08 Budget Estimates, p.28

200 Budget Paper No.3, *2008-09 Service Delivery*, p.377

Figure 13.2: Proportion of freight transported o and from ports by rail 2000-01 to 2006-07



Source: Budget Paper No.3, 2008-09 Service Delivery, p.378

At the budget estimates hearing, the Minister for Public Transport confirmed that the drought has had a very significant impact on the target because a large proportion of the freight movements on the train system relate to grain which has experienced a more reduced harvest than anticipated.[201]

Table 13.3 discloses the composition of Victorian Intrastate Rail Freight according to product volumes. Export grain is the largest commodity within the rail freight task.

Table 13.3: Summary of Victorian Rail Freight Tonnages

Product Businesses	Tonnage	Percentage
Export grain	2,000,000[(a)]	37
Containers	1,800,000	33
Crushed rock	700,000	13
Domestic grain	300,000	5
Paper	270,000	5
Cement	230,000	4
Logs	160,000	3

Note: (a) Average

Source: Victorian Rail Freight Network Review Switchpoint: The Template for rail freight to revive and thrive!, December 2007, p.28

[201] Hon. Kosky MP, Minister for Public Transport, 2008-09 Budget Estimates hearing, transcript of evidence, 14 May 2008, p.8

The Committee noted that in terms of the Australian crop production, the gross value of production of the three major winter grains (wheat, barley and canola) was forecast to be around $3.7 billion in 2006-07, compared with an estimated $8.1 billion in 2005-06.[202] The dramatic decline in the production of the three major winter grains across Australia and Victoria from 2005-06 to 2006-07 is shown in table 13.4.

Table 13.4: Wheat, barley and canola production Australia and Victoria 2005-06 compared to 2006-07

Wheat, Barley & Canola	Australian Production		Victorian Production	
	2005-06 kt	2006-07 kt	2005-06 kt	2006-07 kt
Wheat	25,150	10,822	2,909	879
Barley	9,482	4,257	2,003	605
Canola	1,419	573	272	42

Note: *kt = kilotonne*

Source: *abare.gov.au ABARE statistical data: commodity production Australia and Australian Crop Report, Victoria – Vic grains and oilseeds accessed 28 August 2008*

The Committee acknowledges that apart from the impact of the drought, the government's buy-back of the State's regional rail network from Pacific National in May 2007 has affected the ability of the government to attract a larger proportion of freight to be transported to and from ports by rail rather than by road. Since the handover of the network to V/Line, the government has embarked on a staged process involving the conduct of a full operational review and safety assessment of the network, determining which areas require the most attention and then developing a schedule for maintenance and upgrades. According to the Minister for Public Transport, major improvements to Victoria's rail infrastructure will be made over the coming years.[203]

At the budget estimates hearing, the Minister for Roads and Ports informed the Committee that while in the long-term the rail share of the freight network is expected to increase, an expected significant increase in the metropolitan freight task will impact adversely on the ability of the 30 per cent rail freight target for the transportation of freight to and from ports to be achieved by 2010. The Minister stated at the hearing that:[204]

> *"In the long term, rail share of the freight network is expected to increase as truck costs increase as result of higher fuel costs, increased registration charges and driver shortages. The introduction of carbon trading also has the potential to shift some freight to rail. To date, rail has been uncompetitive for metropolitan freight to and from the port of Melbourne. As the metropolitan freight task is predicted to grow significantly, the 30 per cent target will be difficult to achieve, although work is being undertaken to determine the long-term viability of short-haul rail shuttles to Melbourne."*

202 Australian Bureau of Agricultural and Resource Economics, *drought update, Australian crop and livestock report*, 27 October 2006, p.4

203 Hon. L Kosky MP, Minister for Public Transport, media release, *Rail Buy Back Deal Complete*, 7 May 2007

204 Mr T Pallas MP, Minister for Roads and Ports, 2008-09 Budget Estimates hearing, transcript of evidence, 16 May 2008, p.23

The Committee maintains that the government will need to assess whether its 30 per cent target for the movement of port-related freight by rail by 2010 is still relevant or in need of being revised downwards in future, especially given that the proportion of rail freight in 2006-07 of 15 per cent will need to double over the next three years from 2007-08 to 2009-10 if the current target is to be achieved. As part of assessing the appropriateness of the rail freight target, the Department of Transport will need to keep under review climatic conditions and associated forecasts as well as the occurrence of any major trends in growth in relation to:

- the metropolitan freight task; and
- the use of road in preference to rail for the transportation of freight to and from ports.

Recommendation 22: **The Department of Transport assess whether its target for the proportion of freight transported to and from ports by rail to increase to 30 per cent by 2010 is still relevant or needs to be revised. As part of such an assessment, a review needs to be undertaken of climatic conditions and associated forecasts as well as any significant trends in growth in the metropolitan freight task and modal shifts to road in preference to rail for the transportation of freight.**

13.2.4 Maintaining Victoria's Rail Infrastructure Assets – Audit undertaken by the Victorian Auditor-General's Office

In May 2007, the Auditor-General found that since 2004, the combined actions of the Department of Infrastructure and the infrastructure manager, together with the finalisation of new access arrangements for the regional freight network, had improved the maintenance and renewal regime. For example, the new access arrangements better defined service levels on the freight network.[205]

The Auditor-General reported, however, that there remained a need to further improve the planning and monitoring of maintenance and renewal so that they conform to the government's better practice asset management principles.[206] The auditor also recommended, among other things, that the department document a long-term asset management strategy detailing its rationale for the maintenance and renewal of rail assets and ensure that future plans document the infrastructure manager's methodology for prioritising maintenance and renewals.[207]

205 Victorian Auditor-General, *Maintaining Victoria's Rail Infrastructure Assets*, May 2007, pp.3, 49
206 ibid.
207 ibid., p.4

13.2.5 Rail Freight Network review – December 2007

The government commissioned a review of Victoria's regional rail freight network in June 2007, following the completion of a $133.8 million buyback of the network from Pacific National.[208] Released by the Minister for Public Transport in December 2007, the report contained 29 recommendations.[209] According to the government, key recommendations included:[210]

- proposed priorities and levels of investment to upgrade Victoria's rail freight network;
- the establishment of a *Grain Logistics Taskforce* to co-ordinate the grain supply chain and facilitate collaboration on grain handling and marketing;
- commissioning a government entity to champion and develop rail freight business and facilitate collaboration between stakeholders and aggregation of smaller freight tasks to create viable freight tasks;
- establishment of a *Rail Freight Development Fund* (RFDF) to facilitate rail freight opportunities via (seed) capital contributions to rail freight facilities;
- establishment of an ongoing asset management regime to maintain the network at designated speeds after capital rehabilitation, including routine and major periodic maintenance on track and bridges; and
- higher priority for freight trains on the Melbourne metropolitan rail network through improved metropolitan rail system planning.

The Committee notes that the review recommends a total investment package totalling $140.7 million that comprises a capital component amounting to $83.5 million and three years ongoing maintenance cost of $57.2 million.[211] A breakdown of this recommended investment by government is set out in table 13.5.

208 Hon. L Kosky MP, Minister for Public Transport, media release, *Rail freight network review released*, 21 December 2007

209 Victorian Rail Freight Network Review *Switchpoint: The template for rail freight to revive and thrive!*, December 2007, pp.8-11

210 Hon. L Kosky MP, Minister for Public Transport, media release, *Rail freight network review released*, 21 December 2007

211 Victorian Rail Freight Network Review *Switchpoint: The template for rail freight to revive and thrive!*, December 2007, p.6

Table 13.5: Review into Victoria's regional rail freight network Rail freight network upgrade and maintenance program Recommended funding requirements

Category of track	Description	Recommended funding $ million	Recommended funding $ million
Capital			
Gold	First priority for rehabilitation and restoring to original track classification (generally Class 4 or 5) outside the Platinum base network. This forms a core grain network which maximises use of the base network and is the minimum network which can support a sustainable above rail freight operation.	36.4[(a)]	
Silver	High priority lines to be rehabilitated to original track classification (Class 4 or 5), conditional on grain industry collaboration and commitment to improve overall supply chain efficiency to support rail. This should be done by establishment of a sustainable fleet of rolling stock; further centralisation and upgrading of silos and port facilities with longer sidings, fast train loading, fast truck turnaround and extended operating hours.	47.1	
Sub-total			**83.5**
Maintenance			
Gold and Silver	Ongoing routine maintenance estimated at $18.4 million per annum (see table 13.6) during the rehabilitation period of three years.	55.2	
Bronze	Minimum maintenance line sections. These rail corridors should be maintained clear of vegetation to maximise the opportunity for restoration, should the case be made to do so in future.	2.0	
Sub-total			**57.2**
Total			**140.7**[(b)]

Note: (a) *The Victorian Rail Freight Network Review recommended rehabilitation works on six Gold Lines in 2008-09 at an estimated cost of $23.7 million (see table 13.6) and one line (the Gold Line between Maroona and Portland) for rehabilitation in 2010-11 at an estimated cost of $12.7 million*

(b) *The Committee understands that in relation to the base network (the platinum category), the track will continue to be maintained by virtue of being part of the V/Line passenger network, the Australian Rail Track Corporation's (ARTC) interstate network or the declared AusLink network (which includes the Mildura line). No additional rehabilitation funds are required for these sections of line, and the Mildura line will only require ongoing maintenance and sleeper renewal every five years, given the $73 million already committed by the Federal and State Governments to its upgrade. Additional works on these lines, such as longer or new passing loops or upgrades to signalling, axle loads or speeds could be considered in future where this is justified by new or increased freight tasks.*

Source: *Victorian Rail Freight Network Review Switchpoint: The Template for rail freight to revive and thrive!, December 2007, pp.5-6*

The Committee notes that the review into the Victorian Rail Freight Network was completed in a short timeframe of around seven months. In considering the proposals contained in the report, which was released by the Minister for Public Transport on 21 December 2007, the Committee looks forward to the Department of Transport addressing the recommendations of the review into Victoria's regional rail freight network. The Committee acknowledges the capital initiatives (relating to the gold lines) and the maintenance initiatives (relating to gold and silver lines) contained in the 2008-09 Budget in response to the report findings.

Recommendation 23: **In addressing the proposals contained in the review of Victoria's Regional Rail Freight Network, which were released in December 2007, the Department of Transport develop a plan that includes:**

(a) a timeline for addressing each of the report's recommendations; and

(b) a schedule of programmed works identified for upgrade and maintenance.

13.2.6 Victoria's freight network – funding initiatives contained in the 2008-09 Budget

The government revealed in the budget papers that it was undertaking a number of projects in rail freight, including further investment in response to the Rail Freight Network Review, and further work was underway to develop a new strategy for future rail freight.[212] The Committee looks forward to the release of this strategy.

Budget initiatives targeted towards the provision of better freight connections and improvements to rail freight infrastructure include projects outlined in table 13.6. Funding provided by the government for these projects totals $239.8 million.

[212] Budget Paper No.3, 2008-09 Service Delivery, p.377

Table 13.6: Funding directed at Victoria's freight network 008–09 budget

	Km	($ million)	($ million)
Gold Lines upgrades (a)			
Korong Vale - Quambatook	64	4.6	
Korong Vale - Charlton	36	2.7	
Shepparton - Tocumwal	69	7.8	
Mildura - Yelta	20	1.6	
Swan Hill - Piangil	44	3.4	
Murtoa - Warracknabeal	51	3.6	
Sub-total			23.7
Country Rail Freight Network Renewal and Maintenance (b)			19.0
Country Rail Freight Network Maintenance (c)			13.3
Rail Freight Support (d)			21.4
Geelong Rail Access Improvement Project (e)			12.4
Channel Deepening Project (f)			150.0
Total	**284**	**23.7**	**239.8**

Notes:

(a) First stage of the Gold Lines upgrades in priority order as recommended by the Victorian Rail Freight Network Review (announced as part of the Future Farming Strategy). The review considers there is a pressing need to rehabilitate the track on nominated sections of the network to restore sustainable operating speeds. Amounts represent the estimated cost in 2008-09.

(b) Funding provided as part of the Future Farming Strategy (Budget Paper No.3, 2008-09 Service Delivery, p.292)

(c) Funding announced in 2007-08 (Budget Paper No.3, 2008-09 Service Delivery, p.322).

(d) This funding is to support competitiveness of container, and export and domestic grain freight by rail. The Rail Freight Support package is aimed at ensuring the agricultural industry can continue to access rail freight options. Subsidies are made up of the following:

- a $1.4 million rebate on access fees for domestic grain on rail (January to December 2008)

- a $10 million rebate on access fees for export grain on rail (July 2008 to June 2010)

- a $10 million support package for intermodal (container) rail services (April 2008 to April 2010)

(e) Standard-gauge rail connection into the northern part of the Port of Geelong

(f) Funding of $150 million towards better freight connections through the channel deepening of Port Phillip Bay was announced in 2007-08

Source: *Department of Infrastructure, Victorian Rail Freight Network Review, released 21 December 2007, p.50,*
Budget Paper No.3, 2007-08 Service Delivery, p.301,
Budget Paper No.3, 2008-09 Service Delivery, p.292, 322, 326 and 328-29, Hon. L Kosky, MLA, Minister for Public Transport, response received in relation to the Committee's request for further information, received 7 July 2008, p.3

The Committee notes the new performance measure outlined in the budget papers in relation to the Department of Infrastructure's *Freight, Logistics, Ports and Marine Development* output titled "*Planned infrastructure asset renewal activities are delivered within project timelines: country freight rail network*". A timeliness target for 90 per cent (cumulative) delivery has been set for 2008-09.[213] The Committee will be interested in monitoring the performance of the government against this measure in future.

13.3 Measures to reduce road traffic congestion

13.3.1 Introduction

The Committee, in its May 2008 Report on the 2006-07 financial and performance outcomes, confirmed that it was aware that urban transport congestion was a significant issue facing the Victorian public. Drawing on the findings and recommendations of the Victorian Competition and Efficiency Commission that emanated from its inquiry into Urban Transport Congestion, the Committee recommended that the then Department of Infrastructure needed to report on a progressive basis the outcomes delivered from the options implemented to address transport congestion in urban areas.[214]

While this aspect of the 2008-09 estimates inquiry was confined to issues dealing specifically with road traffic congestion (cars, buses and trams), the Committee is of the view that matters relating to congestion on Victoria's railway system can have an adverse impact on road congestion if commuters elect to change modes of transport from trains to cars, buses or trams.

On the subject of road congestion, the Committee was interested to hear through the estimates hearing process that:

- about 88 per cent of all public transport services occur on road-based public transport;[215] and
- Melbourne has one of the largest tram systems in the world, which is a huge asset in terms of addressing road congestion.[216]

The 2008-09 Budget papers reveal that one of the significant challenges facing the Department of Infrastructure in the medium term involves developing improvements to infrastructure and services to manage the impacts of congestion, with a focus on key bottlenecks in public transport and road travel.[217] Outputs relating to Victoria's road network have been restructured to provide a focus on managing congestion, long-term planning and asset management.[218]

In terms of the *Infrastructure Planning, Delivery and Management* output group, the government indicated through the budget papers that outputs deliver a combination of strategic road and rail infrastructure improvements to manage congestion and improve the movement of people and goods throughout Victoria. They also encompass infrastructure projects that will, among other things, improve strategic arterial road links and establish a major roadway linking the city's south eastern suburbs.[219]

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213 Budget Paper No.3, 2008-09 Service Delivery, p.141

214 Public Accounts and Estimates Committee, *Report on the 2006-07 Financial and Performance Outcomes*, May 2008, p.503

215 Mr T Pallas MP, Minister for Roads and Ports, 2008-09 Budget Estimates hearing, transcript of evidence, 16 May 2008, p.7

216 Mr J Betts, Secretary, Department of Infrastructure, 2008-09 Budget Estimates hearing, Minister for Roads and Ports, transcript of evidence,16 May 2008, p.15

217 Budget Paper No.3, *2008-09 Service Delivery*, p.119

218 ibid. p.121

219 ibid. p.135

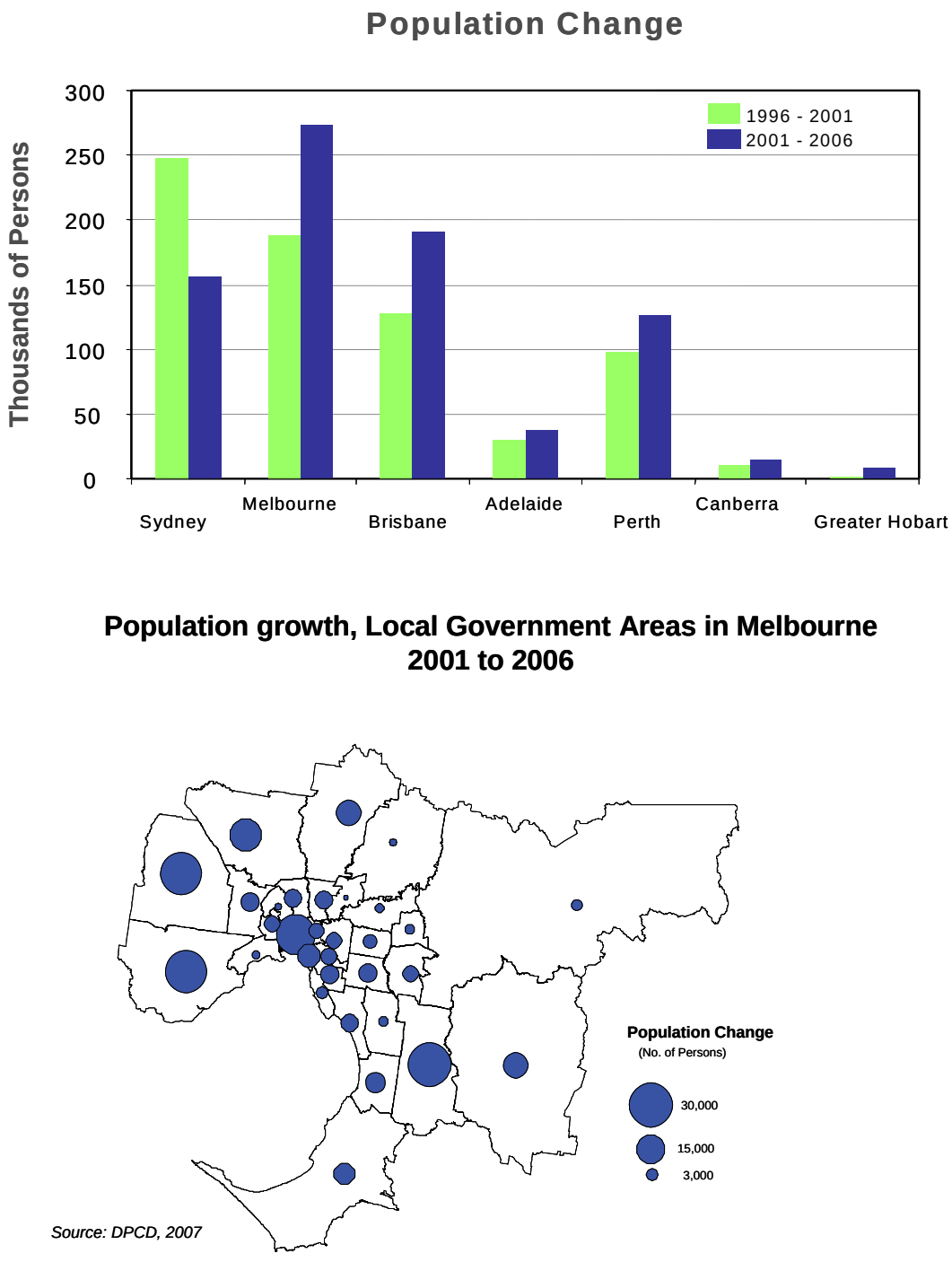
The *Road Network Improvements* output, with a 2008-09 target output cost of $675.5 million, is one of the key outputs designed to deliver cost effective projects to reduce congestion.[220] This output represents a restructuring of two former outputs primarily to focus on the congestion and network improvements programs that contribute to economic and regional development by, in part, improving accessibility.[221] A new performance measure for 2008-09 titled *Congestion projects completed* has been included for this output. The target is for 18 projects to be completed in 2008-09.[222]

In exploring factors that impact on road traffic congestion on metropolitan roads, the Committee noted that Melbourne is experiencing strong economic and population growth. The Department of Treasury and Finance predicts that the Victorian economy is expected to grow by 3.25 per cent in 2007-08 (real gross state product, 2.7 per cent in 2006-07).[223] Melbourne is currently growing at about 1,200 people per week; faster than any other Australian city and more than previously projected.[224] There has also been a resurgence in employment in the Central Business District, an intensification of economic and residential activity in inner Melbourne and rapid growth in a number of outer metropolitan areas.[225]

220 Budget Paper No.3, *2008-09 Service Delivery*, pp.138-139
221 ibid., pp.138-139 and 141
222 ibid., pp.138
223 Budget Paper No.2, *2008-09 Strategy and Outlook*, pp.22-23
224 VicRoads, Keeping Melbourne Moving, Frequently asked questions, p.1
225 ibid.

At the budget estimates hearing, the Minister for Roads and Ports presented several slides to demonstrate the extent to which Melbourne is growing as well as traffic congestion. These slides are reproduced in Figure 13.7 and Figure 13.8.

Figure 13.7: Melbourne's population growth



Source: Mr T. Pallas, Minister for Roads and Ports, MP, 2008-09 Budget Estimates hearing, 16 May 2008, slide presentation no.1

Figure 13.8: Traffic growth on Melbourne's freeways
Monash Freeway

Source: Mr T. Pallas, Minister for Roads and Ports, MP, 2008-09 Budget Estimates hearing, 16 May 2008, slides presentation nos.7 and 8

Quantification of the impacts of congestion can be found from estimates reported by the Victorian Competition and Efficiency Commission in September 2006. According to Commission estimates, the economic costs of congestion in Melbourne currently range from $1.3 - $2.6 billion per year, or 0.6 to 1.2 per cent of Victoria's gross state product. As these results are extremely sensitive to assumptions, the Commission maintained that data supports an estimate of congestion costs towards the lower end of the reported range. These costs, according to the Commission, could double in 15 years if further measures are not taken to address congestion.[226] Costs include wasted time, increased stress and fatigue, excessive fuel and maintenance costs, lower worker productivity, increased transport capital requirements, reduced business competitiveness and loss of an otherwise aesthetically pleasing and healthy environment.[227]

In a more recent study, the Bureau of Transport and Regional Economics of the Australian Government's Department of Transport and Regional Services estimated in its April 2007 report that the social costs of congestion for Melbourne will rise from $3.0 billion in 2005 to $6.1 billion in 2020. This estimate comprises costs associated with private time, business time and extra vehicle operating and air pollution costs.[228]

The Committee was interested to learn from the Minister for Roads and Ports that congestion is a complex issue that cannot be addressed either at a specific location or in isolation from a myriad of other factors. The government's four key strategies to manage congestion involve:[229]

- improving the reliability and flow of road-based public transport;
- making existing roads operate better;
- improving service coordination, integration and customer interface; and
- promoting sustainable travel through better demand management.

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226 Victorian Competition and Efficiency Commission, *Making the right choices: Options for managing transport congestion*, Final Report September 2006, pp.xxix, xxxv

227 ibid., p.59

228 Australian Government, Department of Transport and Regional Services, Bureau of Transport and Regional Economics, *Estimating urban traffic and congestion cost trends for Australian cities*, Working Paper No.71, April 2007, pp.xv, 13-14, 108-109

229 Mr T Pallas MP, Minister for Roads and Ports, 2008-09 Budget Estimates hearing, transcript of evidence, 16 May 2008, p.3

13.3.2 Avenues to reduce road traffic congestion in Victoria

(a) Policy context

The government's policy platform for reducing road traffic congestion comprises a range of initiatives that include:

- ongoing development at the Commonwealth level through reform agenda initiatives introduced by the Council of Australian Governments, including formulation of the *2007 Melbourne Urban Corridor Strategy* (in collaboration with the Commonwealth);
- introduction of institutional change – creation of the Department of Transport;
- policy development e.g. the G*rowing Victoria Together* initiative, *Linking Melbourne: Metropolitan Transport Plan*, *Meeting our Transport Challenges* (a 10 year plan) and the *Keeping Melbourne Moving* strategy (designed to deliver short-term benefits); and
- strategy formulation and associated funding connected with:
  - improving and expanding the existing road network;
  - encouraging greater use of alternative modes of public transport in preference to cars (e.g. rail and buses) by implementing a range of measures e.g. development of the *Early Bird* initiative and the creation of new parking places at train stations (698 new parking spots to be established at the Laverton and surrounding stations);[230]
  - purchasing new trains and trams as part of medium to long-term infrastructure planning;
  - improving tram and bus speeds;
  - developing *Green Travel Plans* which set targets and actions for a specific worksite to promote sustainable travel such as walking, cycling, public transport, **car pooling** (refer 13.2.2(f) of this section) and tele-working for staff travel to, from and for work;[231] and
  - reducing casualty crashes on the road system.

230 Hon. L Kosky MP, Minister for Transport, 2008-09 Budget Estimates hearing, transcript of evidence, 14 May 2008, p.10

231 Victorian Government response to Victorian Competition and Efficiency Commission's Final Report, Making the Right Choices: Options for Managing Transport Congestion, p.15

(b) Growing Victoria Together initiative – increasing the use of public transport compared to motorised means

The Committee noted that under the Growing Victoria Together initiative, the government set a goal for public transport use in Melbourne as a proportion of trips taken by motorised means to increase from 11 per cent in 2002 to 20 per cent by 2020. In comparison, public transport's share of motorised personal trips in Melbourne in 2006-07 stood at approximately 8.6 per cent, a decrease of 0.2 percentage points from the previous year. The Committee noted that public transport patronage had grown by approximately 84,000 trips per day (from 1.06 million trips in 2005-06 to 1.15 million trips in 2006-07, an increase of 8.5 per cent). The Committee notes the Department of Transport's correction that this increase was 7.9 per cent, not 8.5 per cent over the two-year period, due to rounding error. However, there was a proportionately greater increase in non-public transport motorised trips of over one million trips per day (from approximately 11.05 million trips in 2005-06 to 12.22 million trips in 2006-07, an increase of 10.6 per cent).

The Committee noted that a review by the Department of Transport of the methodology developed by the Bureau of Infrastructure, Transport and Regional Economics (BITRE) of the 2005-06 and 2006-07 estimates of public transport's mode share of all motorised trips has concluded that a low level of confidence can be placed in the figures for mode share. For 2007-08, the mode share figure will be calculated using the Victorian Integrated Survey of Travel and Activity (VISTA) data. It is expected that VISTA will produce a more accurate mode share calculation.

(c) 2008-09 Budget

The 2008-09 Budget provides a $1.8 billion transport investment package which comprises:[232]

- a roads and congestion package of $769.7 million (refer to table 13.9) for building better roads to improve the safety of the road network and reduce congestion, with a view to driving the economy, jobs and liveability in communities across the State (this funding is in addition to the $2.8 billion worth of major road projects that are underway, including the Deer Park Bypass, the Calder Freeway and the Geelong Ring Road);
- $239.8 million for freight and port access projects (refer to table 13.6 of this chapter for further detail); and
- $794.1 million into the public transport network and rail freight and port projects.

The roads and congestion package comprised various projects that are set out in table 13.9.

232 Mr T Pallas MP, Minister for Roads and Ports, media release, 2008-09 State Budget, *$1.8 billion record transport investment to help meet the needs of a booming population*, 6 May 2008 and *$769.7 million to improve roads and tackle congestion*, 6 May 2008

Table 13.9: Roads and Congestion Package 2008-09 State Budget

Road Projects	**2008-09 State Budget funding $million**
Monash-CityLink-West Gate Upgrade (refer table 13.10)	363.0
Upgrade rural and regional roads (a)	224.0
Outer metropolitan road improvements (b)	85.3
Road-based congestion measures (c)	46.6
Additional road maintenance funding	27.3
Improve response times and service performance at VicRoads customer service centres	16.0
Funding for the tender process to build a new licensing and registration system for VicRoads	7.5
Total	**769.7**

Notes: *(a) Including:*

- *$110 million towards the duplication of the Princes Highway West from Waurn Ponds to Winchelsea to cater for increased car and truck travel, and improve travel time and reliability*
- *$40 million to build a new duplicated section of the Western Highway from Melton to Bacchus Marsh to improve safety and travel times*
- *$9 million towards the Yarra Glen Truck Bypass – a $15 million project with a $5.5 million contribution from the Federal Government and $500,000 from the Yarra Ranges Shire Council*

(b) $36.8 million to upgrade the intersection of Pound Rd., South Gippsland Highway and South Gippsland Freeway, Dandenong, to improve safety and cater for population and freight growth

$48.5 million to duplicate Kororoit Creek Road from Grieve Parade to Millers Road at Hobson Bay, including a grade separation of the railway crossing and an on-road bicycle lane

(c) Road-based congestion initiatives that form part of the government's $112.7 million Keeping Melbourne Moving strategy - refer 13.2.2 (d) for further comment

Source: *Mr. T Pallas, MLA, Minister for Roads and Ports, media release, 2008-09 State Budget, $769.7 million to improve roads and tackle congestion, 6 May 2008*

(d) Keeping Melbourne Moving strategy

In late April 2008, the Premier announced a new congestion plan to ease peak pressure in the short-term until the outcomes of medium and long-term infrastructure planning and initiatives take effect. *Keeping Melbourne Moving* represents an investment of $112.7 million over four years in improving the flow of traffic and public transport on arterial roads within 10 kilometres of Melbourne's Central Business District.[233] [234]

Keeping Melbourne Moving comprises a combination of initiatives rather than a separate document or plan. The following initiatives are to be delivered under *Keeping Melbourne Moving*:[235]

- stronger enforcement of clearways on arterial roads, including standardised and extended clearway times and expanded use of tow-away zones (150 clearways)[236];
- improved tram travel times and reliability on two key tram routes, particularly in peak periods;
- improved priority for tram and bus services;
- improved facilities for cyclists and pedestrians;
- a new rapid incident response service introduced on the arterial road network to clear broken-down vehicles;
- improved management of road works; and
- improved communications with commuters.

The funding of $112.7 million over the next four years for congestion improvements, included the following components:[237]

- $12.6 million to standardise clearways;
- $28.2 million for walking and cycling initiatives;
- $37.8 million for targeted tram and bus priority measures; and
- $11.7 million to expand VicRoads' rapid response services.

(e) Road projects to address capacity pressures

The 2007 Melbourne Urban Corridor Strategy indicated that the ability of the metropolitan road network to meet growing demand for cross-town movement of freight, commercial and commuter traffic is critical to Melbourne's long-term development. The strategy identified various major road links in Melbourne that were most vulnerable to capacity pressures. These are set out in table 13.10.

233 Hon. J Brumby MP, Premier, media release, *New congestion plan to ease peak pressure*, 29 April 2008
234 VicRoads, *Keeping Melbourne Moving*: Short-Term Congestion Plan, Frequently Asked Questions, p.1
235 ibid., p.2
236 Mr T Pallas MP, Minister for Roads and Ports, 2008-09 Budget Estimates hearing, 16 May 2008, p.12
237 ibid. p.3

Table 13.10: Major road links - vulnerability to capacity pressures

Major road links	Description
West Gate Bridge	At its busiest section, the bridge carries around 180,000 vehicles per day. Traffic is expected to grow significantly, particularly given the imbalance between population growth and employment opportunities in the city's western suburbs. The bridge is generally in good condition, but will need strengthening to perform well in the future.
Monash – West Gate Corridor, including Dandenong rail	The peak period for east and west bound traffic on the corridor is growing each year. The Monash-West Gate link is rapidly approaching capacity and is vulnerable to short-term interruptions. Each of the peak periods on the Monash-West Gate route typically lasts for up to three and a half hours and for two hours of this period there is a flow breakdown with corresponding reductions in traffic throughput and travel speeds. To address this deficiency, Victoria has commenced a package of improvement works as identified in Meeting Our Transport Challenges. Incidents often cause lengthy delays and have a flow-on effect to the surrounding network. The corridor is currently at or near capacity for a substantial part of each day. An additional 400,000 people are expected to settle at each end of the corridor in the next 25 years which, together with industrial growth at each end, will place significant additional pressure on the link. In relation to the Dandenong rail corridor, the rail services have recently experienced load breaches as a result of population growth and driver discouragement arising from congestion on the Monash-West Gate Freeway and higher fuel prices. The State Government has announced that it will construct a third rail track and make other improvements on the Dandenong rail corridor.
Western Ring Road between Deer Park Bypass and the Hume Freeway	General operational problems have resulted in reduced capacity and an increased crash risk. The Western Ring road serves a major role in facilitating freight movements between western Victoria and western Melbourne to northern Melbourne and beyond and is experiencing traffic pressures. Improvements in alternative network connections between the Metropolitan Ring road and the industrial areas of south-eastern Melbourne will be subject to ongoing monitoring and assessment.
Eastern Corridor	The corridor is used by substantial numbers of car and bus commuters to access the CBD in the morning peak period. There is considerable traffic flowing from east to west (and vice versa). The inner north-south routes also carry substantial traffic that crosses the corridor. Similar pressures arise in the evening peak.
Tullamarine Freeway between Calder Freeway and Bell Street to be relieved by the current Calder/Tullamarine Interchange project	Upgrade is designed to reduce congestion and improve safety at one of Melbourne's worst traffic bottlenecks and accident blackspots.
Various arterial roads that have significant congestion points that impede freight flows	e.g. The Dynon-Port Rail Link involves grade separating Footscray Road as an overpass above re-aligned and duplicated dual gauge rail access tracks into the Port of Melbourne. The link will facilitate increased train movements and alleviate the traffic congestion on Footscray Road.

Source: Australian Government Department of Transport and Regional Services, Victorian Department of Infrastructure and VicRoads, 2007 Melbourne Urban Corridor Strategy, pp.12-13, 16 and 19

At the budget estimates hearing, the Minister for Roads and Ports informed the Committee that the government's investment in roads is targeted at improving and expanding the existing road network. It is also aimed at making the network safer, reducing congestion, improving travel time and reliability, and delivering economic benefits through improvements to freight access.[238]

The Minister also advised that keeping pace with demand will be possible only because of the planning and delivery of significant road projects throughout the whole state.[239] The Committee was told that over the next few years, a number of major investments will be completed. These include:[240]

- EastLink, which will open on 29 June 2008;
- major upgrades to the Goulburn Valley and Midlands highways, due to be completed this year;
- the Calder Freeway in 2009;
- the Geelong ring-road;
- the Donnybrook Road interchange on the Hume Highway at Kalkallo;
- the Deer Park bypass from Sunshine West to the Western Highway at Caroline Springs;
- upgrading key routes in Melbourne's outer suburbs to improve access and traffic flow across metropolitan areas. Projects to be funded include:
    - upgrading the intersection at Pound Road, South Gippsland Highway and South Gippsland Freeway in Dandenong; and
    - duplicating Kororoit Creek Road from Grieve Parade to Millers Road at Hobsons Bay, including a grade separation of the railway crossing and an on-road bicycle lane.
- the M1 project includes major upgrades to CityLink's Southern Link, the Monash and West Gate Freeways; and
- in 2008–09 around $75 million will be spent on safer roads infrastructure projects across the state, the majority in regional Victoria. The Commonwealth Government has committed to fund 22 transport projects in Victoria under AusLink 2, with 19 of these projects being ones that Victoria had nominated in the state's AusLink 2 policy document, National Transport Links — Growing Victoria's Economy. The projects have a total value of Commonwealth expenditure of $2.7 billion, which equates to 18.4 per cent of the national transport funding commitments. Victoria has proposed to contribute approximately 25 per cent of the total cost of the AusLink 2 package. This budget locks in spending to start to meet this challenge, including:
    - $110 million for the Princes Highway west duplication;
    - $65 million for stage 4B of the Geelong ring-road; and
    - $40 million for the Western Highway Anthony's Cutting.

238 Mr T Pallas MP, Minister for Roads and Ports, 2008-09 Budget Estimates hearing, transcript of evidence, 16 May 2008, p.2

239 ibid.

240 ibid. pp.2-4

(f) Car pooling

In November 2004, the Victorian Government released *Liking Melbourne: Metropolitan Transport Plan*. Under the plan, demand management initiatives to promote sustainable travel referred to the government's *TravelSmart* program which aims to achieve a sustainable change in personal travel behaviour from single-car occupant to sustainable modes of travel (public transport, walking and cycling), smarter car use (car pooling) and in some cases, travel substitution (teleworking).[241] The concept of travel demand management (non-price) and the use of ride-sharing/car pooling schemes in the context of congestion management measures/interventions were also discussed in a December 2006 report to the Council of Australian Governments titled *Review of Urban Congestion Trends, Impacts and Solutions.*[242]

Given that between 2002 and 2007, there were an additional 260,000 licensed drivers across this state[243], the Committee was interested in the concept of car pooling and whether maximum use was being made to encourage this avenue for alleviating road traffic congestion. Overseas research cited by the Committee on the concept of car pooling revealed that:[244]

- although distinction is made between regular car pools (recurring, scheduled car pools) and occasional car pools (situational car pools only), the basics of car pooling have remained the same for 60 years – a minimum of two people with common commute patters share one vehicle for their trip;
- formal rideshare programs may be administered by employers, transit organisations or rideshare agencies;
- commuters may provide information to a rideshare agency that assists in matching riders together, such as work hours, vehicle availability, location of residence and location of employment if in the case of a non-employer rideshare program;
- there are three main reasons commuters switch from driving alone to ridesharing:
  - travel time – high occupancy vehicle lanes have been shown to reduce travel time;
  - convenience – car pooling incentives make car pooling more suitable, such as conveniently located parking spaces reserved for car poolers; and
  - cost savings can be realised through the sharing of costs, although additional financial incentives and subsidies may be offered by governmental and/or employer entities.
- user benefits of car pooling include personal cost savings (e.g. parking fees, tolls and fuel) and perceived quality-of-life enhancements; and
- societal benefits are most typically associated with reduction in vehicle use and a resultant improvement in air quality.

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241 Victorian Government, *Linking Melbourne: Metropolitan Transport Plan*, p.33

242 Report prepared for the Council of Australian Governments by the Competition and Regulation Working Group, *Review of Urban Congestion Trends, Impacts and Solutions, December 2006*, pp.47, 53

243 Mr T Pallas MP, Minister for Roads and Ports, 2008-09 Budget Estimates hearing, transcript of evidence, 16 May 2008, p.3

244 David Ungemah, Ginger Goodin, Casey Dusza, Texas Transportation Institute Mark Burris, Texas A & M University, Journal of Public Transportation, Vol.10, No.4,2007, *Examining Incentives and Preferential Treatment of Carpools on Managed Lane Facilities, pp.151-169*

The Committee noted that participants to the Victorian Competition and Efficiency Commission's (VCEC) inquiry into transport congestion considered that ride-sharing policies, and in particular car pooling, had the potential to reduce congestion by increasing the vehicle occupancy rate, thereby removing some vehicles from the road.[245] The Department of Infrastructure commented that:[246]

> *The average vehicle occupancy rate in Australia is low, and increasing the occupancy rate through measures such as car pooling would make a marked contribution to easing congestion in peak times.*

The Committee also noted that as part of the VCEC's inquiry, the Port of Melbourne Corporation emphasised that the greatest opportunity to reduce congestion is to reduce light vehicle numbers and that passenger movements rather than freight movements have many more options which can reduce congestion such as car pooling.[247]

In terms of the optimum occupancy rate of cars for reducing traffic congestion, the Committee noted that according to the Los Angeles Metropolitan Transportation Authority, 1.3 riders per car would eliminate traffic congestion on California's freeways.[248] In a recent article in the Victorian media, the Committee observed that VicRoads' analysis of census data shows the average car has 1.1 occupants. If this was increased to 1.2 occupants, there would be 90,000 fewer cars on the road each day, which would bring traffic back to school holiday levels.[249]

The Committee acknowledges that some initiatives have been introduced to encourage drivers to car pool or ride share such as the use of transit lanes, thereby reducing the number of vehicles using a road during peak times (i.e. high occupancy vehicle lanes on freeways including the Tullamarine Freeway and the Eastern Freeway). However, given that between 2002 and 2007, there were an additional 260,000 licensed drivers across the state and there has been a significant increase of 10.6 per cent in non-public transport motorised trips between 2005-06 and 2006-07, the Department of Transport should evaluate whether the concept of car pooling has been fully analysed in the development of policy offerings designed to reduce road congestion. The Committee believes there could be merit in research being conducted in Melbourne to determine the optimum level of riders per car that would alleviate road congestion and the development of strategies to achieve this target.

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245 Victorian Competition and Efficiency Commission, *Making the Right Choices: Options for Managing Transport Congestion, March 2007*, p.190

246 ibid.

247 ibid., p.329

248 http://trafficbulldog.org/History of Rideshare and Carpooling in California, 12 March 2007

249 Ashley Gardiner and John Ferguson, Herald Sun, *Our most hated roads – Car pooling drive is on*, 16 September 2008, p.11

Recommendation 24: **The Department of Transport, led by VicRoads:**

(a) **collect and publicly report statistics on an ongoing basis of the extent of ridesharing among Melbourne's motorists during peak hour traffic;**

(b) **assess how many riders per car would be necessary to have a significant impact on reducing road traffic congestion;**

(c) **monitor whether car pooling strategies, such as the use of dedicated transit lanes, are effective in reducing the number of cars on Melbourne's roads during peak periods and improving traffic flow; and**

(d) **determine whether there is a need to extend incentives to encourage a greater level of car pooling, thereby reducing the number of cars and congestion on Victoria's roads during peak periods.**

CHAPTER 14: QUALITY HEALTH AND EDUCATION

Key findings of the Committee:

14.1 **The Victorian Schools Plan represents a substantial asset investment in Victoria's schools system and is focused on delivering improved educational outcomes for students. Expenditure allocated to date of $1.2 billion out of a total of $1.9 billion, is well ahead of schedule.**

14.2 **The government accepted Recommendation 40 from the Committee's Report on the 2007-08 Budget Estimates that it increase the level of reporting on the implementation and effectiveness of the Victorian Schools Plan to the Parliament. The Committee anticipates this occurring in the departmental annual report.**

14.3 **In 2007, Victorian students performed above the national average in reading, writing and numeracy, thereby clearly meeting the GVT goal of achieving an average or better performance by Victorian primary students against national benchmarks.**

14.4 **In 2006, Victoria's year 3 and 5 students performed better than their 2007 counterparts in writing and numeracy. Students improved their performance in reading from 2006 to 2007. These changes were within normal statistical variations.**

14.5 **The success of the Literacy Improvement Teams Initiative is evident in the increased achievements in reading by years 3 and 5 students.**

14.6 **A comparison of student results over the last three years reveals significant variations to recording of reading, writing and numeracy performance for indigenous students. The Committee recommends that the reasons for such variations be researched.**

14.7 **A 2008 Auditor-General's report was critical of the government's implementation of *HealthSMART*. However, the extended deadline to 2009 is set to be achieved due to the rebaselining of clinical systems from the core implementation. DHS needs to provide clarification on the timeline and budget for the rebaselined clinical systems.**

14.1 Introduction

In considering the budget estimates the Committee asked a total of 88 questions pertaining to the Quality Health and Education vision of the *Growing Victoria Together* (GVT) initiative. This represented 17.4 per cent of all questions asked in the budget estimates hearings.

The answers provided at the estimates hearings were recorded in Hansard and the transcripts of evidence were contained in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part One* and in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part Two*.

This chapter sets out an analysis of several key issues canvassed by the Committee at the budget estimates hearings relating to the Quality Health and Education vision of *Growing Victoria Together*.

14.2 The Victorian Schools Plan

The *Victorian Schools Plan* was announced by the government in November 2006 prior to the 2006 State election. The *Victorian Schools Plan* falls within the Building Futures program which oversees all government investment in education.

The plan commits the government to rebuilding or modernising every Victorian Government school by 2016 and includes:[250]

- the replacement of relocatable buildings in rural schools with permanent buildings;
- the purchase of new land for schools; and
- the building of 20 new schools in Melbourne's growth corridors.

In addition to these new schools a small number of specialist new schools including two selective entry academic schools, a science school, a sports school and three specialist science and maths centres will be built.[251]

The focus of the plan is to achieve improved education outcomes through improvements to school buildings and facilities. The process of selecting schools for modernisation therefore includes an education feasibility study linking material improvements to demonstrable education outcomes.[252]

The 2007-08 Budget confirmed the government's $1.9 billion commitment to the *Victorian Schools Plan* over ten years, with the provision of $555 million for new and renewed schools over the four years from 2007-08 to 2010-11. The 2008-09 Budget allocation for the *Victorian Schools Plan* is a total estimated investment (TEI) of $592 million over the next three years.[253] The Victorian Government has allocated a total of $1.15 billion for the *Victorian Schools Plan* up to 2011.

The Committee noted that on a pro rata basis, expenditure to date is commendably well ahead of schedule.

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250 Department of Treasury and Finance, Budget Paper No.3, 2008-09 Service Delivery, pp.284, 306, 308

251 ibid., pp.284, 306, 308; and
The Victorian Schools Plan, 2006 Election Policy Announcement, p.1

252 Public Accounts and Estimates Committee, Report on the 2008-09 Budget Estimates, Part One, Appendix 3.2

253 Budget Paper No.3, *2008-09 Service Delivery*, p.25

14.2.1 Government action

The Government has placed a large emphasis on the *Victorian Schools Plan* contributing to improved educational outcomes for students as a corollary to improvements to school building infrastructure.

The Department of Education and Early Childhood Development reiterated in its response to the Committee's 2008-09 Budget Estimates questionnaire that *Victorian Schools Plan* funding is dependent on material improvements having a link to improved education outcomes for students.[254]

During the budget estimates hearings the Minister for Education stated that in determining which schools receive funding there is a:[255]

> *"very comprehensive evaluation of schools to identify their eligibility for the Building Futures program. We have a published framework that schools know about, which they need to work within as part of the Building Futures process.*
>
> *We offer a lot of support for schools as they go through this Building Futures program. We brief principals, we give them written feedback".*

It is evident to the Committee that within the implementation process of the *Victorian Schools Plan*, there are guidelines and measures for evaluating the link between material improvements and educational outcomes for students.

In its report on the 2007-08 Budget Estimates, Part 3 the Committee recommended that a reporting regime for informing the Parliament could be readily generated from within the existing process. The Government response accepted the Committee's recommendation in principle and the Committee considers that the plan to review the level of reporting is a constructive initial response.

The department advised the Committee, regarding external reporting on the implementation of the plan, that it has identified two pre-existing reporting mechanisms. These are:[256]

- Chapter 4 – Election Commitments Implementation Report Card which provides a breakdown of the funding allocation within the Victorian Schools Plan; and
- the Public Sector Asset Investment Program – Budget Information Paper No.1.

However, the Committee considers that this pre-existing information regarding approved funding and expenditure does not address the Committee's focus on the effectiveness of the *Victorian Schools Plan* to deliver intended educational outcomes.

The Committee believes that there is scope for the department to improve reporting on the correlation between funding provided through the plan and the resultant educational outcomes in its annual report to Parliament.

Recommendation 25: **The Department of Education and Early Childhood Development include in its annual report a comparative assessment of educational outcomes prior to and following the implementation of initiatives within the Victorian Schools Plan.**

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254 Report on the 2008-09 Budget Estimates Part One, Appendix 3.2, p.17

255 Ms B Pike MP, Minister for Education, 2008-09 Budget Estimates hearing, transcript of evidence, 14 May 2008, p.19

256 Budget Paper No.3, *2008-09 Service Delivery*, p.284

14.2.2 Continuing implementation of the Victorian School Plan

The 2008-09 Budget allocation for the *Victorian Schools Plan* is a total estimated investment (TEI) of $592 million over the next three years. Of this allocation, $236 million will be spent on asset initiatives in 2008-09. These asset initiatives include:[257]

- $64.1 million for school modernisation;
- a further $35 million funding through the *Better Schools Today Program* for the modernisation of up to 70 schools;
- $33.6 million for new schools through the *Partnerships Victoria* program;
- $10 million to begin the building of two select entry co-educational schools in the South-East and Northern growth areas;
- $30 million to purchase land for new schools; and
- $11.5 million for new schools in growth areas.

The current *Victorian Schools Plan* is now in its second year. With each successive year of the plan, the available data on outcomes in educational standards will increase. The Committee considers that an evaluation of this information will provide insightful direction for the future implementation of the program.

The Committee recommends that:

Recommendation 26: **The Department of Education and Early Childhood Development inform the Parliament of its evaluation of education outcomes resulting from the Victorian Schools Plan implementation.**

14.3 Improving the reading, writing and numeracy skills of Victorian students

The government has recognised the importance of education, both to an individual's development and the broader economic and social progress of Victoria.[258] Fundamental to educational outcomes are reading, writing and numeracy skills. The government has identified that the *early years* of schooling is the stage where these essential skills are developed and the foundation is laid for ongoing progress in education.[259]

14.3.1 Aiming for above average outcomes for Victorian students

The *Growing Victoria Together* vision has made the achievement of an average or better performance by Victorian primary students against the national benchmark in reading, writing and numeracy a key measure of the government's education policy.[260] Specific measures in years three and five are in addition to the broad outcomes relating to education programs and curriculum.

In 2007, Victorian students performed above the national average at all levels and in all three categories: reading, writing and numeracy. The 2008-09 Budget has outlined the targets for reading and numeracy to measure the success of the government's vision for quality education.

257 Budget Paper No.3, *2008-09 Service Delivery*, p.306
258 Victorian Budget Overview: Taking Action for our suburbs and our regions (2008-09), p.18
259 Budget Paper No.3, *2008-09 Service Delivery*, p.68
260 ibid., p.65

The targets outlined by the government in the 2008-09 Budget were released prior to the 2007 reading, writing and numeracy results being published.

The government has formulated Literacy Improvement Teams to provide *expert advice and assistance on classroom programs*, individual mentoring for teachers and to develop intervention support materials. The Literacy Improvement Teams target schools where standards in reading and writing are falling below the government's benchmark objectives.[261]

The total allocated funding for *early years* schooling in 2008-09 is $2.35 billion. The government has made a specific allocation of $22.1 million funding over three years to continue the Literacy Improvement Teams Initiative.

The department identified the budget break down over the next three years as $3.7 million for the first six months in 2009, followed by $7.4 million for each of the subsequent fiscal years and another $3.7 million in the last six months of 2011.[262]

The department is also funding a two year evaluation of the Literacy Improvement Teams Initiative that concludes at the end of 2008. The evaluation is being undertaken by the Australian Council for Education Research (ACER).

Table 14.1 Selected key performance measures pertaining to the average Victorian performance in reading and numeracy.

Performance measures	2008-09 Target[(a)]	National Average 2007	Victoria average		
			2007	2006	2005
	(%)	(%)	(%)	(%)	(%)
Percentage of Year 3 students reaching national benchmarks in reading	92	93.4	93.6	91.5	91.7
Percentage of Year 3 students reaching national benchmarks in numeracy	95	93.2	95.0	95.9	95.5
Percentage of Year 3 students reaching national benchmarks in writing	na	93.0	94.1	96.6	97.5
Percentage of Year 5 students reaching national benchmarks in reading	92	89.2	91.4	89.9	88.7
Percentage of Year 5 students reaching national benchmarks in numeracy	95	89.0	91.5	94.9	95.4
Percentage of Year 5 students reaching national benchmarks in writing	na	94.1	96.0	97.6	97.4

Note: *(a) actual time frame is the 2008 calendar year*

Source: *Budget Paper No.3, 2008-09 Service Delivery, p.68-70;*

National Report on Schooling in Australia 2007: Preliminary Paper, p.5-7, 17-19

National Report on Schooling in Australia 2006: Preliminary Paper, p.5-7, 16-18

National Report on Schooling in Australia 2005: Preliminary Paper, p.5-7, 14-16

261 Department of Education and Early Childhood Development, Fact Sheet, viewed 22 September 2008, http://www.education.vic.gov.au/about/publications/budget/06literacy.htm

262 Budget Paper No.3, *2008-09 Service Delivery*, p.302

While Victoria's year 3 and 5 students exceeded the national benchmark in 2007 in all categories, in some categories results were lower than the preceding year. In 2006, Victoria's year 3 and year 5 students performed better than their 2007 counterparts in four out of six categories. Only in reading did students improve their performance from 2006 to 2007. These variations are, however, not statistically significant for the general population.

Consideration of the recently released 2007 data, points to a need for the government to revise some of its targets for the 2009 school year.

The three year perspective taken in Table 14.1 indicates variable performance in reading, writing and numeracy skills. There has only been three years of consecutive improvement against the national benchmark in one area, the reading level of year 5 students. While the changes in performance in the general population are within normal statistical variations, the Committee suggests that the Department keep these performance results under close review to determine long-term trends

Improvements in the percentage of years 3 and year 5 students points to the success of the Literacy Improvement Teams Initiative. The completion of the ACER study of the initiative will provide an evaluation of the Literacy Improvement Teams. Analysis of this report will provide direction for improving the teams and potential further increases in the numbers of students reading at the national benchmark.

14.3.2 Indigenous students

The reading, writing and numeracy targets for indigenous students are lower than the targets for all Victorian students. While this disparity reflects the average lower educational outcomes being achieved by Indigenous students, it also highlights the need for further educational support for Victorian indigenous students. Table 14.2 identifies the targets for 2008-09 and related performance for the past three years.

Table 14.2 Selected key performance measures pertaining to the average performance of Indigenous Victorians in reading, and writing numeracy.

Performance measures	2008-09 Target[(a)]	National Average 2007	Victoria average		
			2007	2006	2005
	(%)	(%)	(%)	(%)	(%)
Percentage of Year 3 Indigenous students reaching national benchmarks in reading	74	80.7	86.1	81.5	83.6
Percentage of Year 3 Indigenous students reaching national benchmarks in numeracy	82	78.8	88.5	90.7	91.8
Percentage of Year 3 Indigenous students reaching national benchmarks in writing	na	76.6	86.1	91.8	98.6
Percentage of Year 5 Indigenous students reaching national benchmarks in reading	75	67.6	79.9	69.7	73.7
Percentage of Year 5 Indigenous students reaching national benchmarks in numeracy	85	65.5	75.4	84.4	89.5
Percentage of Year 5 Indigenous students reaching national benchmarks in writing	na	79.5	89.6	93.5	95.8

Note: (a) actual time frame is the 2008 calendar year

Source: Budget Paper No.3, 2008-09 Service Delivery, p.68-70;

National Report on Schooling in Australia 2007: Preliminary Paper, p.5-7, 17-19

National Report on Schooling in Australia 2006: Preliminary Paper, p.5-7, 16-18

National Report on Schooling in Australia 2005: Preliminary Paper, p.5-7, 14-16

There has been minor decline in the three years from 2005 to 2007 in four out of the six performance measures that relate to indigenous students. However, performance is higher than the national average in every indicator.

Table 14.2 also reveals wide variations in the performance of Indigenous students from year to year and between indicators. For example:

- the percentage of students reaching year 5 benchmarks in reading fell from 73.7 per cent in 2005 to 69.7 per cent in 2006, before jumping up to 79.9 per cent in 2007; and
- in 2007, only 75.4 per cent of students achieved the year five benchmark in numeracy, while 89.6 per cent achieved the year five benchmark in writing.

The Committee would like the Government to undertake further research to determine the causes of such variations, which can be used to further tailor programs to help Indigenous students achieve their maximum capabilities.

Recommendation 27: **The Department of Education and Early Childhood Development examine the reasons behind the significant variations in the performance of Indigenous students across the three benchmarks: reading, writing and numeracy.**

The disparity between indigenous students and the Victorian average is evident from tables 14.1 and 14.2. However, it should be noted that Victoria is outperforming the national average for both Indigenous and non-Indigenous students.

The government acknowledges that equivalent outcomes for Indigenous and non-Indigenous students have not flowed from its reform agenda, *Blueprint for Government Schools*. In response the government developed the *Wannik: Learning Together – Journey to Our Future*, Indigenous education strategy. The strategy, which is in being undertaken in collaboration with the Victorian Aboriginal Education Association Incorporated, identifies that: [263]

> *"… the needs of Koorie young people in many instances have not been adequately addressed within our school system. A consequence of this is that the full strength of the Government's reform program has not had a significant impact on outcomes for these young people."*

While not all of the government's stated targets in the 2008-09 Budget reflect the actual differences evident in national benchmark testing, the Committee believes that the differences highlight the need for the government to work towards reducing the gap in education outcomes for Indigenous students.

The 2008 Wannik strategy identifies the following areas for supporting Indigenous students improve their reading, writing and numeracy skills: [264]

- providing accelerated literacy and numeracy support based on best-practice models to Koorie students who are behind expected levels of achievement;
- employing additional literacy specialists to work in schools with high numbers of Koorie students, building on the already successful *Literacy Improvement Teams Initiative*;
- providing seeding grants to all regions to innovate and share effective practice in literacy and numeracy; and
- developing literacy programs that recognise the importance of *code switching* between Koorie English and Standard Australian English.

The performance identified by government indicates that greater help is needed in writing and numeracy, both to reverse the declining results achieved by Indigenous students and to close the gap to the Victorian average.

The government has allocated resources to support the learning outcomes for indigenous students within the education system. The 2008-09 Budget allocates $25 million over the next five years to enhance programs to deliver improved educational outcomes for indigenous students through employment of literacy specialists.

The Committee recognises the importance of developing educational strategies to assist Indigenous students to improve their reading, writing and numeracy skills. A concurrent medium to long-term goal for the government should be closing the gap between the number of Indigenous students reaching both the national benchmark and the Victorian average. The *Growing Victoria Together* vision requires that this goal be realised.

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263 *Wannik: Learning Together – Journey to Our Future*, Victorian Education Strategy for Koorie Students, 2008, p.7

264 *ibid.*, p.16

Recommendation 28: **The Department of Education and Early Childhood Development report on the effectiveness of the Wannik: Learning Together – Journey to Our Future strategy in improving writing, reading and numeracy skills for Indigenous students and use this information to refine the strategy.**

14.4 Implementation of *HealthSMART*

HealthSMART is the Victorian Government's new information and communication technology (ICT) system which will interlink Victoria's public health care providers. *HealthSMART* is coordinated by the Office of Health Information Systems (OHIS) within the Department of Human Services (DHS).[265]

HealthSMART involves central health services, rural ICT alliances and community-based health providers across the state. The aim of the program is to improve patient care, reduce the administrative burden for health care professionals and lower the costs associated with updating technical infrastructure within the public health care system by adopting a more standardised approach.[266]

The Committee noted that the delay in implementing *HealthSMART* has meant that in some instances there is already a need to replace equipment, before the completed implementation of the *HealthSMART* system. At the budget estimates hearings, the Committee was advised that information technology (IT) equipment has a three to four year life. *HealthSMART* is expected to have a life of 10 years or more and therefore updating IT equipment *"will be an ongoing issue for health services over the life of the program"*.[267]

The Committee has been informed by the department that the delivery timeline for *HealthSMART* has been extended from 2007 to June 2009. This extended delivery date, however, excludes delivery of the clinical systems element of the program. The schedule for implementing the clinical systems has not yet been rescheduled.[268]

The complexity of the project and the amount of preparatory work needed has been cited by the Department as a primary reason for the need to extend the implementation timeline from four to six years, out to an expected completion date of 2009. Another reason cited by the department is operational and financial limitations on the readiness of health services to participate.[269]

14.4.1 HealthSMART Funding

HealthSMART was originally a $323.4 million, four year program to be completed in 2007. This funding was sourced from a re-allocation of previously approved DHS funds ($112 million), new funds ($138.5 million), and agency contributions (equivalent to $72.9 million).[270]

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265 *HealthSMART Implementation Driver's Guide*, Version 5, July 2007, p.4

266 *About the HealthSMART program*, viewed 28 August 2008, http://www.health.vic.gov.au/healthsmart/strat.htm

267 Mr L Wallace, Executive Director, Metropolitan Health and Aged-care Services, 2008-09 Budget Estimates hearing, transcript of evidence, 13 May 2008, p.25

268 Department of Human Services: Response to the 2008-09 Budget Estimates Questionnaire – additional information sought by the Committee, Appendix 3

269 ibid.

270 *Delivering HealthSMART – Victoria's whole-of-health ICT strategy*, Auditor-Generals report, April 2008, p.18

In 2006, this budget was reduced to $310.7 million, on the recommendation of the OHIS board.[271] This adjustment included an increased DHS contribution of $34.8 million which offset a $47.5 million decrease in agency contributions. This adjustment was made to address the inability of agencies to meet the contributions expected by DHS.[272]

The department advised the Committee that as at June 2008, $219.8 million has been spent on the *HealthSMART Program*. At the end of 2007, $184 million had been spent with only 24 per cent of the expected program deliverables having been implemented. This equated to 19 operational components from a planned total of 78. The Finance and Materials Management Systems (FMIS) component was closest to completion, with only three of 11 recipient agencies still in the implementation phase.[273]

While there has been some need identified to reallocate the funding for *HealthSMART* it is predicted that the program will be delivered under budget. This forecast, however, now omits the unbudgeted implementation of the clinical systems component of the *HealthSMART* system.

The cost of infrastructure maintenance was originally to be borne by agencies but this was reallocated to DHS in 2006. However, the budget adjustment that reduced the contribution of agencies was, in part, achieved by shifting responsibility for the maintenance of information technology infrastructure from agencies to DHS.[274]

The $103.9 million allocated to *HealthSMART* for the next four years in the 2008-09 Budget is for operational expenses and will not contribute towards the development costs associated with the system.

The Committee was advised at the budget estimates hearings that the $103.9 million for HealthSMART in the 2008-09 Budget was divided into $77 million over four years for operating the HealthSMART system and $26.8 million over four years for updating system infrastructure.[275]

Recommendation 29: **The Department of Human Services provide Parliament with a cost forecast for the maintenance and replacement of the IT infrastructure over the life of the HealthSMART system.**

271 ibid., p.27
272 ibid., p.30
273 ibid., pp.5, 30, 23.
274 ibid., p.17
275 Mr L Wallace, Executive Director, Metropolitan Health and Aged-care Services, 2008-09 Budget Estimates hearing, transcript of evidence, 13 May 2008, p.25

14.4.2 Delivering HealthSMART – Auditor-General's report

In April 2008 the Victorian Auditor-General's Office released the report, *Delivering HealthSMART – Victoria's whole-of-health ICT strategy*. The report identified that the implementation of HealthSMART was not meeting anticipated timelines or budget estimates. The report found:

- the original timeline was to ambitious;
- HealthSMART will not be delivered by the extended implementation date in 2009;
- clinical systems with the most to benefit from HealthSMART are most at risk; and
- there is no reliable method for estimating or monitoring agency expenses.

The Auditor-General's report made recommendations regarding processes for timing, funding and assistance to agencies including:[276]

- work with agencies to define a standard method to record agency costs related to HealthSMART;
- monitor, in collaboration with health agencies, agency costs for HealthSMART and report them to the Board of Health Information Systems;
- The Department of Treasury and Finance (DTF) and DHS should work with the Victorian Public Health System (VPHS) implementing agencies to develop an evidence-based business case, in line with current better practice guidance, to better assure the effective delivery of the incomplete components of HealthSMART; and
- DHS should adopt a whole-of-life asset management approach to ICT investment in the VPHS, so that agencies are able to both address obsolescence and to develop, as appropriate, their ICT capabilities and infrastructure with more certainty than the current funding models allow.

The transparency of the funding contribution from agencies was raised as a significant unknown by the Auditor-General. The result being that:[277]

> *"… extra, unforeseen components of the system roll-out are leading to higher than expected capital and recurrent costs for agencies, which is causing funding pressures, and hence approval delay."*

DHS stated in the Victorian Auditor-General's Office report that it is addressing the issue of agency funding, adopting a standardised model to estimate and manage implementation funding and supports the Auditor-General's assessment that this process be completed as a matter of urgency.[278]

The Committee understands that HealthSMART will now be delivered by the revised time line of 2009; however, it is concerned that this has been achieved through the exclusion of the clinical systems from the timed deliverables.[279]

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276 *Delivering HealthSMART – Victoria's whole-of-health ICT strategy*, Auditor-Generals report, April 2008, pp.3-4, 6, 7, 9

277 ibid. p.29

278 *Delivering HealthSMART – Victoria's whole-of-health ICT strategy*, Auditor-Generals report, April 2008, p.29

279 Department of Human Services: Response to the 2008-09 Budget Estimates Questionnaire – additional information sought by the Committee, Appendix 3

14.4.3 Clinical Systems

Clinical systems, which include patient tests, delivery of results, medical prescriptions and associated administration, form 30 per cent of HealthSMART.

The expected outcomes of the HealthSMART clinical systems include:[280]

- reduced medication errors;
- reduced pathology and radiology tests;
- reduced clinician administrative tasks, resulting in more time spent with patients;
- improvements in turnaround times for medication orders;
- increased use of less expensive drugs and tests;
- reduced delays in patient discharge from speedy availability of test results; and
- a reduction in additional bed-days associated with adverse events.

It is expected that these will deliver both improved patient care and reductions in health system costs.

The department has acknowledged that the implementation of clinical systems has been delayed[281] and the Auditor-General's report has identified that the lack of business case for state-wide clinical systems had been a key planning flaw.[282] The present on-time delivery of HealthSMART implementation during 2009 no longer includes the clinical systems which have been 'rebaselined' for completion beyond June 2009. The Committee has been told by the department that *"implementation work will now commence at three of the lead health services"*.[283]

The OHIS has not released details of the post 2009 delivery of clinical systems. It is unclear whether the remaining $63 million within the OHIS budget will be sufficient to fund the delivery of clinical systems beyond June 2009.[284]

The Committee is concerned over the lack of information on the *rebaselined* clinical system in terms of budget and timelines. It is not clear to the Committee if the system has now been separated out from HealthSMART into a separate program that is being redeveloped, or whether the original program is being maintained as part of HealthSMART, but being revamped. Urgent clarification as to the status, scope, budget and implementation timeline for the clinical systems needs to be provided by DHS.

Recommendation 30: **The Department of Human Services provide a detailed timeline and budget for the implementation of the rebaselined clinical systems.**

280 *Delivering HealthSMART – Victoria's whole-of-health ICT strategy*, Auditor-Generals report, April 2008, p.39
281 ibid.
282 ibid. p.5
283 Department of Human Services: Response to the 2008-09 Budget Estimates Questionnaire – additional information sought by the Committee, p.6
284 *Delivering HealthSMART – Victoria's whole-of-health ICT strategy*, Auditor-Generals report, April 2008, p.28

CHAPTER 15: HEALTHY ENVIRONMENT

Key findings of the Committee:

15.1 **Climate change is likely to have a direct long-term effect on agricultural production and the productivity of livestock industries, nature-resource based tourism and water supply infrastructure requirements.**

15.2 **The 2008-09 Budget identified $202.8 million to be spent over six years to develop and demonstrate specific energy technologies that aim to reduce Victoria's carbon footprint. The Committee noted that 75.3 per cent of this investment is scheduled to fall outside the four year forward estimates period and it has recommended that where this happens, a more detailed explanation should be provided.**

15.3 **Subsequent to the 2007-08 Budget, the government announced a $4.9 billion investment to secure water supplies for the State. While a significant proportion of this investment will be met by customer charges, the 2007-08 Budget update and the 2008-09 Budget provide $864 million in government funding for these programs.**

15.4 **The Committee has made recommendations to enhance accountability via improved budget paper reporting of significant water projects.**

15.5 **The 2008-09 Budget also provides:**

- **$51.8 million to assist regional and rural communities and low income families and households to deal with the impacts of climate change;**
- **$20.5 million investment in climate change planning and research; and**
- **$121 million to preserve the State's natural resources.**

15.6 **As at June 2008, the present value cost of the Channel Deepening Project is anticipated to be $754.1 million, excluding sunk costs. The base-line benefit-cost ratio is estimated at 2.7.**

15.7 **The two revisions in February 2007 and June 2008 were necessitated to update changed assumptions to the 2004 study.**

15.8 **The State Government has committed $150.0 million in the 2008-09 Budget (funds were allocated in 2007-08) to enable port users to harness the full effects and benefits of the channel deepening project.**

15.9 **Aside from the $150 million State Government contribution, the Port of Melbourne Corporation will meet the net costs associated with the project. These costs will be recovered over time under a user pays system that will be applied to all vessels that enter Port Phillip Heads with a draught exceeding the port's existing 12.1 metres.**

15.10 The Port of Melbourne Corporation, the Victorian Government and the Federal Government successfully defended two court actions relating to the Channel Deepening Project in January and February 2008. The costs of the legal services incurred by the Port of Melbourne Corporation and the Victorian Government will be met by those organisations under a cost sharing agreement. The Committee has recommended that these costs be reported to Parliament in full.

15.11 Since 2003-04, the Government has invested a total of $77.9 million to preserve Victoria's native flora and fauna and reduce the damage caused by weeds and pests to farms and the natural environment.

15.12 The 2008-09 Budget identified $205 million in funding to support the delivery of the Future Farming Strategy, with $20 million allocated over four years to tackle invasive weeds and pests in the state.

15.13 While the main responsibility for weed and pest control in Victoria is divided between the Department of Primary Industries and the Department of Sustainability and Environment, there are a number of other agencies, such as local government and catchment management authorities, that play important roles. The Committee believes that the responsible department should clearly identify the roles and responsibilities of all agencies and departments.

15.1 Introduction

In considering the budget estimates, the Committee asked a total of 54 questions pertaining to the *Healthy Environment* vision of the *Growing Victoria Together* initiative. This represented 10.7 per cent of all questions asked in the budget estimates hearings.

The answers provided at the estimates hearings were recorded in Hansard and the transcripts of evidence were contained in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part One* and in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part Two*.

This chapter sets out an analysis of several key issues canvassed by the Committee at the budget estimates hearings relating to the *Healthy Environment* vision of *Growing Victoria Together*.

15.2 The impact of Climate Change on the formulation of the budget

A CSIRO report released in early 2008 indicated that Australia is one of the many global regions experiencing significant climate change as a result of global emissions of greenhouse gases from human activities. The report indicated that where the average surface air temperature of Australia increased by 0.7 °C over the past century, even if all greenhouse gas emissions ceased today, the Earth would still be committed to an additional warming of 0.2 – 1.0 °C by the end of the century.[285]

[285] Australian Climate Change Science Programme, Climate Change in Australia – Observed Changes and Projections, October 2007.

The Garnaut Climate Change Review, commissioned by Australia's Commonwealth, state and territory governments to examine the impacts, challenges and opportunities of climate change for Australia released a Draft Report on 4 July 2008. This report indicated that climate change is likely to have a direct long-term effect on agricultural production and the productivity of livestock industries, nature-resource based tourism and water supply infrastructure requirements.[286]

The 2008-09 Budget identified that climate change is of critical importance to the future of Victoria as a liveable, productive and sustainable place. It outlined targets set by the government to reduce greenhouse gas emissions, both within the public sector and across the state as a whole, and established five key areas of action to tackle climate change, specifically:[287]

- positioning Victoria as a leader in new energy technologies;
- reducing greenhouse gas emissions from households;
- adapting to climate change;
- securing our water supplies; and
- preserving our natural resources.

The following sections will look at each of these actions, while the impact of climate change on regional Victoria is discussed in more detail in chapter eight.

15.2.1 Positioning Victoria as a leader in new energy technologies

More than ten per cent of Australia's greenhouse gas emissions arise from the use of brown coal for electricity generation in Victoria. It is estimated that in Victoria, greenhouse gases arising from the use of brown coal are equivalent to the greenhouse gases produced by all other sources in the state combined. Brown coal is used to produce around 85.0 per cent of the electricity used by Victoria each year and the low-cost electricity produced using brown coal is a major component of Victoria's competitive advantage.[288]

The Government's *Energy Technology Innovation Strategy* was established in 2005 to develop over time a sustainable energy sector, and to drive improvements in energy efficiency and facilitate investment in sustainable energy supply sources to support the continuing competitiveness of Victoria's industrial base.

In light of the government's target to reduce greenhouse gas emissions in Victoria by 60.0 per cent of the levels in the year 2000 by 2050, the 2008-09 Budget identified $202.8 million to develop and demonstrate specific energy technologies that aim to reduce Victoria's carbon footprint. The bulk of this funding ($182.0 million) was allocated to the *Energy Technology Innovation Strategy*.

286 Commonwealth of Australia, Garnaut Climate Change Review Draft Report, June 2008, Chapter 7

287 Department of Treasury and Finance, Victorian Budget Overview – Taking action for our suburbs and regions, pp.30-31.

288 Department of Primary Industries, sighted at www.dpi.vic.gov.au on 25 August 2008.

This new six year funding will contribute towards the development of a large scale, pre-commercial carbon capture and storage demonstration project ($110.0 million towards a $127.4 million project) and the development of large scale sustainable energy demonstration projects that aim to position Victoria as a world leader in the fight against climate change ($72.0 million).[289]

The Committee notes that $137.0 million (75.3 per cent) of the $182.0 million funding committed to these two major projects, is scheduled to occur in 2012-13 and 2013-14. The Committee would appreciate a more detailed explanation of the phasing of expenditure under these projects.[290]

Recommendation 31: **A more detailed explanation of the phasing of expenditure for new energy technology projects should be provided to parliament.**

15.2.2 Reducing greenhouse gas emissions from households

Since June 2002, the government has released a series of action plan and strategy documents to tackle greenhouse gas emission in the state namely: *the Victorian Greenhouse Strategy* announced in 2002, the *Victorian Greenhouse Strategy Action Plan Update* (2005), and *Our Environment, Our Future: Sustainability Action Statement 2006.*

Helping Victorians to reduce their everyday greenhouse gas emissions has been a key feature of these plans including:[291]

- 5-Star building standard for new homes;
- solar hot water rebates;
- consumer standards and labelling on energy efficient appliances;
- water efficient shower roses;
- advanced electricity metering;
- high efficiency gas heater rebates; and
- high efficiency gas hot water rebates.

289 Department of Treasury and Finance, Victorian Budget Overview – Taking action for our suburbs and regions, p.31.

290 Department of Treasury and Finance, Budget Paper No.3 Service Delivery, p.290.

291 Department of Sustainability and Environment, Sighted at www.climatechange.vic.gov.au on 25 August 2008.

The 2008-09 Budget commits the government to a further $58.1 million which focuses on providing assistance to regional and rural communities ($33 million) and to low income families and households ($20.1 million). Projects include:[292]

- $33 million over four years, commencing in 2007-08, for solar hot water rebates for residents in regional and rural areas of up to $2,500 for the installation of a solar hot water unit. Funding is also provided for training and on-going professional development for 1,400 plumbers and an e-Learning program to provide on-going professional development to assist with installations;
- $12 million over five years for the Home Wise Program (formerly the Capital Grant Scheme), which assists households in hardship to repair or replace an essential appliance, fixture or fitting. The additional funding will permit applicants to seek assistance twice within a 10 year period and enable large families with a concession card to offset the cost of installing ceiling insulation; and
- $4.1 million over two years for an extension of the low income home retrofit program for low income households and social homes.

The budget also provides a further $5 million to continue the Black Balloons campaign to raise public awareness of climate change issues. These investments relate to: [293]

- the Department of Sustainability and Environment's Environmental Policy and Climate Change output; and
- the Department of Human Services' Energy, Water and Municipal Rates Concessions output.

The Committee is encouraged to note the ongoing recognition in recent budgets of the hardships placed on communities by climate change and drought-related concerns. It would encourage the government to continue to examine the impacts of achieving carbon emission targets on communities and to act on their findings to provide ongoing support to these groups (see also chapter 10 on concessions).

15.2.3 Adapting to Climate Change

At the same time as taking actions to minimise the future impact of climate change, the government has acknowledged that we must prepare to live in a changed climate. This may involve adjusting behaviour, infrastructure and the design and delivery of social services to best manage and prepare our natural assets to lessen the impacts of climate change.[294]

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292 Department of Treasury and Finance, Budget Paper No.3 Service Delivery, p.29

293 ibid., p.297.

294 Department of Sustainability and Environment, Sighted at www.climatechange.vic.gov.au on 25 August 2008.

Since the release of the 2007-08 Budget, the Victorian government has taken a number of steps to ensure that it has the required knowledge and understanding of the specific risks posed by climate change to the state, to enable it to take effective and timely action to address these risks, specifically:[295]

- *Future Coasts*, August 2007 - A project to assess the vulnerability of Victoria's coastal zones to climate change;
- Memorandum of Understanding with the Clinton Foundation, April 2008 - The Victorian Government and the US-based William J. Clinton Foundation signed a landmark agreement to investigate further opportunities for large-scale clean energy projects and new vehicle technologies including hybrid buses and energy efficient street lighting; and
- Climate Change Summit, April 2008 - Victoria's climate change summit called together 100 delegates from a broad cross section of the Victorian community to share their views on climate change. After the summit, a discussion paper was released for community consultation that will feed into the *Land and Biodiversity at a Time of Climate Change Green Paper*, to be released later this year.

The 2008-09 Budget identified a further $20.5 million investment in climate change planning and research, including $9.9 million to enhance effect modelling in *Future Coasts*, $5 million to establish a Climate Change Adaptation Centre, $2.0 million to develop a sustainable transport policy and $3.6 million to develop the *White Paper on Land and Biodiversity at a Time of Climate Change*.

The Committee notes that the timeframe for delivery of the *White Paper on Land and Biodiversity at a Time of Climate Change* has stretched out from the original estimate of 2008[296] to mid 2009 and encourages the Government to take all necessary steps to ensure that this project is delivered within the revised timeframe[297].

15.2.4 Securing our Water Supplies

Following the lowest recorded inflows to our water storages in 2006, the Government launched its $4.9 billion water plan in June 2007. *Our Water Our Future—The Next Stage of the Government's Water Plan* identified the major actions set out in table 15.1.[298]

295 Department of Sustainability and Environment, Sighted at www.climatechange.vic.gov.au on 25 August 2008.
296 Department of Sustainability and Environment, Our Environment Our Future – Sustainability Action Statement, July 2006, p.37
297 Department of Sustainability and Environment, Sighted at www.climatechange.vic.gov.au on 25 August 2008.
298 Department of Sustainability and Environment, Our Water Our Future—The Next Stage of the Government's Water Plan, June 2007, p.3

Table 15.1: Major Government Actions to Secure Victoria's Water Supplies

Major Action	Project Details	Estimated delivery date	Estimated cost
Desalination Plant	Major plant in the Wonthaggi region to produce 150 GL a year, via an 85 km pipeline connected to Melbourne's supply system. Public Private Partnership delivery.	Late 2011	$3.1 billion, costs included in doubling of Melbourne water charges by 2012 to cover city augmentation projects
Food Bowl Irrigation Modernisation, Stage 1	Modernising Goulburn Murray Irrigation District infrastructure to capture 225 GL in lost water, for redistribution to farms, rivers and Melbourne.	2012	$1 billion, comprising: • $600 million State Government; • $300 million Melbourne Water; and • $100 million Goulburn Murray Water.
Expanding the Water Grid	Sugarloaf Pipeline, (70km) to transfer Melbourne's 75 GL share of savings from the Food Bowl modernisation.	Mid 2010	$750 million, Melbourne Water, costs included in doubling of water charges by 2012 to cover city augmentation projects
	Melbourne-Geelong Pipeline (55 km connecting Geelong to Melbourne's storages and augmentations).	2011	$120 million estimated cost, including $20 million from State Government.
	Hamilton-Grampians Pipeline, (53 km to deliver 2 GL in savings from Wimmera Mallee Pipeline project).	2010	$30 million, including $10 million from State Government.
	Wimmera Mallee Pipeline (8,800 km of pipes replacing nearly 17,000 km of earth channels supplying farms and towns across 10% of the State). Will save 103 GL.	2010	$688 million, comprising: • $266 million State Government; • up to $291 million from Commonwealth; and • $131 million Grampians Wimmera Mallee Water.
Tarago Reservoir	Reconnecting Tarago to supply additional 15 GL to Melbourne.	Mid 2009	Melbourne Water project, costs included in water charges doubling by 2012 to cover city augmentation projects.
Gippsland Water Factory	3 GL of recycled water to substitute industrial use of potable water.	Late 2008	$174 million, including $50 million from State Government.
Eastern Treatment Plan Upgrade	100 GL in tertiary-treated water suitable for industrial, environmental and other purposes.	2012	$300 million, Melbourne Water project.
Water Conservation	New and existing water savings and conservation programs for homes and industry.	Ongoing	Unspecified.

Source: Data provided to the Committee by the Department of Sustainability and Environment, and Melbourne Water.

It should be noted that a significant portion of the $4.9 billion investment is being delivered outside the budget. As such, only the direct state investment portions appear in the budget papers.

The Committee is concerned that the nature of the funding arrangements (i.e. where the money for each project comes from) for major projects be clearly identified. Partial recording of project costs has the potential to lead to confusion in relation to total costs and agency responsibilities. The Committee appreciates that the Government does provide an update of these projects separately.[299] This information should also be conveyed in the budget papers to further aid clarity and understanding.

Recommendation 32: **The Department of Treasury and Finance ensure that major projects such as Our Water Our Future, The Next Stage of the Government's Water Plan, the Victorian Schools Plan and Meeting Our Transport Challenges are represented within the budget papers in a clear and consistent manner. Information about the investment in, and progress of, such projects should be easy to identify and understand.**

The 2007-08 Budget update confirmed the government's investment in Modernising Victoria's Food Bowl, the Geelong-Melbourne Pipeline and the Hamilton Pipeline as detailed in table 15.1, while also providing a further $99 million to enable the Wimmera-Mallee Pipeline project to be fast-tracked to be completed in 2009-10.[300]

15.2.5 Preserving our natural resources

The 2008-09 Budget provides $110 million over five years to the Natural Resources Investment Program (NRIP) and $11 million to enhance Victoria's parks and reserves.

The NRIP will fund projects that address key environmental issues including:

- species and habitat loss;
- salinity and water quality;
- productive and sustainable landscapes; and
- climate change.

These natural resource management projects will be undertaken in conjunction with catchment management authorities and regional communities.[301] This funding is provided to replace and integrate the previous National Action Plan and Natural Heritage Trust Phase 2 programs.

The Minister for Environment and Climate Change indicated to the Committee during the estimates hearings, that the funding is to match Commonwealth funding to provide certainty for the program going forward in a contested environment for access to Commonwealth funds.

The Committee notes that the budget papers simply advise that these funds will be distributed evenly over the five years and it looks forward to receiving future information on project specific funding allocations, milestones and performance targets.[302]

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299 Department of Sustainability and Environment, Our Water Our Future The Next Stage of the Government's Water Plan, Progress Report, June 2008. See also, www.ourwater.vic.gov.au

300 Department of Treasury and Finance, 2007-08 Budget Update, p.129

301 Department of Treasury and Finance, Budget Paper No.3 Service Delivery, p.27

302 Department of Treasury and Finance, 2008-09 Budget Paper No.3 Service Delivery, p.352

15.3 Review of anticipated expenditure on the channel deepening project, including legal costs borne by the state in relation to the project

15.3.1 Background

The Port of Melbourne is the most important port in Victoria and one of the largest in Australia. The Port of Melbourne handled around $53 billion of trade in 2004-05 ($35 billion of imports and around $18 billion of exports). It is also the nation's largest container port, accounting for 38 per cent of Australia's container trade. Activity at the Port of Melbourne generated a total economic impact of $2.5 billion in 2004-05. It is said that the value added to Australia by the Port of Melbourne equalled $1.1 billion and port activities supported 13,748 full time equivalent jobs.[303]

On 18 December 2001, the then Minister for Ports announced that the Government would proceed with detailed investigations into deepening the approach channels to the Port of Melbourne. This followed the Government's decision to give in-principle support to deepening the channels following positive results from a series of preliminary studies undertaken by the Victorian Channels Authority. The Government indicated that these preliminary studies identified no technical impediments to deepening the channels, and that significant economic benefits would flow from the proposal.[304] An Economic Impact Study undertaken in 2007 indicated that for the period 2005-2035, the total economic benefit for Victoria and Australia equals $2.2 billion.[305]

Channel deepening was deemed necessary because while the proportion of deeper draught ships in the world shipping fleet is increasing, and consequently being deployed to Australia, ships entering the Port of Melbourne are constrained by the depth of the shipping channels in the bay. The maximum draught for ships using the main commercial shipping channels in the bay prior to the works starting was 11.6 metres at low tide and 12.1 metres at high tide. During 2002-03, the Port of Melbourne handled approximately 1.6 million containers, yet at this time approximately 30 per cent of ships using the commercial shipping channels to access the Port of Melbourne had a maximum draught of 11.6 metres or over.[306] By comparison, in the March quarter of 2008, 44.3 per cent of container ships faced potential draught limitations.

The channel deepening project is designed to allow access at all tide levels to ships of up to 14 metres draught and should result in improved costs and more competitive exports through economies of scale resulting from the works. It is a condition of the Environmental Management Plan (EMP) that all works are completed by December 2009. The EMP was approved by the Victorian Minister for Environment and Climate Change on 14 December 2007 and by the Federal Minister for Environment, Heritage and the Arts on 5 February 2008.

303 Department of Treasury and Finance, Port of Melbourne Economic Contribution Study, March 2007, pp.3-4
304 Minister For Ports, Media Release, *Channel Deepening Investigations to Proceed*, Tuesday, December 18, 2001
305 Department of Treasury and Finance, Port of Melbourne Economic Contribution Study, March 2007, p.56
306 Port of Melbourne Corporation, Key Features Report for the Environment Effects Statement, November 2003.

To achieve the project's aim to modify the shipping channels to enable access for 14 metre draught vessels to the Port of Melbourne in all tidal conditions, the project has the following elements:

- dredging of existing shipping channels including the Yarra River Channel, Williamstown Channel, Port Melbourne Channel, South Channel and the Great Ship Channel at the Entrance;
- dredging of berth pockets at Appleton Dock, Swanson Dock, Holden Dock and Gellibrand Pier;
- placement of dredged material into two dredged material grounds (DMG); one in the north of the bay and one in the south of the bay; and
- modifications to existing infrastructure including berth works, river works, protection of services, upgrades to existing navigation aids and installation of new navigation aids.

15.3.2 Channel Deepening Costs

There are two sources of costs associated with the Channel Deepening Project (CDP). The first is the direct expenditure incurred by the Port of Melbourne Corporation in delivering the project. The second is the indirect non-market economic costs potentially borne by participants other than the Port of Melbourne Corporation as a result of the CDP proceeding, be they permanent, limited to the period of construction, or for a period thereafter. Examples of these costs include:[307]

- the physical presence of the dredge interrupting the normal operation of shipping, leading to an increased probability of delay for vessels and hence increased resource usage; and
- the effect of turbidity and other dredging operations affecting commercial fishers through the potential loss of part of the fishing catch that is normally achieved.

The 2004 *Environmental Effects Statement – Economic Impact Study* estimated the present value costs of the project to be $377 million. The *Supplementary Environmental Effects Statement* (SEES) in February 2007 estimated the present value costs of the project to be $590.4 million.

In June 2008, the Port of Melbourne Corporation received an updated benefit-cost analysis which indicated that the present value costs were $754.1 million. The baseline benefit-cost ratio is estimated at 2.7.[308] The latest revised present value costs (June 2008) included:[309]

- all of the direct costs;
- environmental safeguards;
- bay-wide environmental monitoring programs;
- the $100 million environmental bond;
- recent fuel and currency movements; and
- a contingency.

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307 Port of Melbourne Corporation, Supplementary Environment Effects Statement, March 2007, Chapter 16 pp.23-24

308 Standing Committee on Finance and Public Administration, Inquiry into: Port Phillip Bay: Channel Deepening, September 2008, p.17

309 Port of Melbourne Corporation, Channel Deepening Project overview fact sheet, p.4, viewed at <www.channelproject.com.au/global/docs/fs_080124_channel_deepening_project_overview.pdf> on 05/09/2008

The Committee endorses the conclusion of the Committee on Finance and Public Administration in regard to the SEES cost-benefit analysis:[310]

> *"In examining the SEES benefit-cost analysis, the Committee has formed the view that the assumptions it relies upon are reasonable. However, the Committee also notes that many of the alternative assumptions suggested by witnesses with respect to discount rates and exchange rates could also have been used and their use would lower the NPV and BCR results compared to the published estimates. The Committee also acknowledges that the discount rate used was consistent with those used in the whole-of-Government analysis in similar projects.*
>
> *Given the erosion of the SEES benefit-cost analysis NPV and BCR as cost estimates have increased, the Committee notes that the discount rate and the exchange rate assumptions are a significant component for the calculations on NPV and BCR. The Committee acknowledges that this is a risk that has to be taken in assuming a value for any project and there are various economic theories that can be applied.*
>
> *Additionally, any further increase in project costs beyond the December 2007 update has a potential to reduce the NPV and BCR."*

Recommendation 33: **The Port of Melbourne Corporation disclose fully, the additional Channel Deepening Project budgeted costs identified after the publication of the Supplementary Environmental Effects Statement.**

As noted earlier, the project is subject to the Port of Melbourne Corporation providing a $100 million environmental performance bond. Where works contravene the requirements of the EMP, the Minister for Environment and Climate Change, in agreement with the Minister for Roads and Ports, may use the bond as a dedicated funding stream to undertake any remedial action or post dredging recovery that may be required. This is listed in the 2008-09 Budget papers as a non-quantifiable contingent asset.[311]

The project net cost will be recovered over time under a two tier user pays system. A charge of $31.40 plus GST is being levied on all full international containers shipped through the port. An additional charge of five cents per gross tonne (one cent to Geelong) will be charged on all vessels with a draught exceeding 12.1metres (the current channel limit) entering the Port Philip Heads. Using this method, the additional costs associated with the CDP are recovered over time from the users who will actually benefit directly from the improvements.[312]

The 2008-09 Budget includes the $150 million state government contribution to the CDP[313]. During the 2008-09 Budget Estimates hearings, the Minister for Roads and Ports advised the Committee that this investment will include approximately $100 million to maintain the TEU viability rate and $50 million for critical port infrastructure work to enable port users to harness the full effects and benefits of the channel deepening project.[314]

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310 Standing Committee on Finance and Public Administration, Inquiry into: Port Phillip Bay: Channel Deepening, September 2008, pp.47-48

311 Department of Treasury and Finance, 2008-09 Budget Paper No. 4 Statement of Finances, p.232

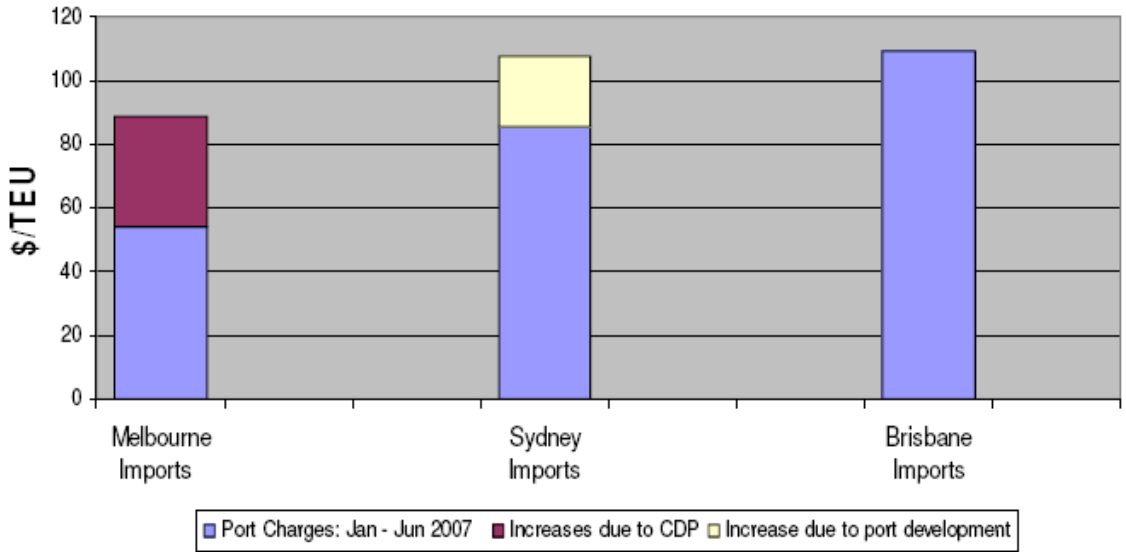
312 Port of Melbourne Corporation, Channel Deepening Project overview fact sheet, p.4, viewed at <www.channelproject.com.au/global/docs/fs_080124_channel_deepening_project_overview.pdf> on 05/09/2008

313 Budget Paper No.3, *Service Delivery*, p.15

314 Mr T Pallas MP, Minister for Roads and Ports, 2008-09 Budget Estimates hearings, transcript of evidence, 16 May 2008, p.19

The Minister also provided assurance to the Committee that the TEU handling rates in Melbourne are currently lower than other eastern seaboard ports and are predicted to remain competitive into the future. Figure 15.2 shows how Port of Melbourne TEU handling rates compare with Sydney and Brisbane ports.

Figure 15.2: Port and Related Charges for Ships Comparison between eastern seaboard ports (35,000 – 40,000 Grosse Tonne range)



Source: Minister for Roads and Ports Presentation to the PAEC during the 2008-09 Budget Estimates Hearings.

15.3.3 Legal Costs associated with the Channel Deepening Project

In January and February 2008, the Blue Wedges Incorporation twice challenged the decision of the Federal Minister for the Environment, Heritage and the Arts to approve the CDP on 20 December 2007, in the Federal Court of Australia. In both cases, the court dismissed the application.[315]

During the 2008-09 Budget Estimates Hearings, the Minister for Roads and Ports was questioned about the legal costs associated with the project, specifically, how much had been spent by the Port of Melbourne and the State Government and whether contingency funds had been put aside for the legal costs in the forward estimates. The question was taken on notice.[316]

315 Blue Wedges Inc v Minister for the Environment, Heritage & the Arts [2008] FCA 8 (15 January 2008), viewed at <<www.austlii.edu.au/cgi-bin/disp.pl/au/cases/cth/FCA/2008/8.html?query=channel%20deepening>> on 8 September 2008 and Blue Wedges Inc v Minister for the Environment, Heritage and the Arts [2008] FCA 399 (28 March 2008), viewed at << http://www.austlii.edu.au/cgi-bin/disp.pl/au/cases/cth/FCA/2008/399.html?query=channel%20deepening>> on 8 September 2008.

316 Mr T Pallas MP, Minister for Roads and Ports, 2008-09 Budget Estimates hearings, transcript of evidence, 16 May 2008, p.21

The Minister later advised the Committee that the proceedings in this matter were not yet concluded, but that:[317]

> *"There is a cost sharing arrangement with the Port of Melbourne Corporation whereby approximately one third of the fees incurred by the State will be reimbursed by the Port of Melbourne Corporation because the State's legal advisors and Counsel also represented the Port of Melbourne Corporation on the basis that the interests of these parties were aligned. The Port of Melbourne Corporation also separately engaged its own legal advisors and the Port of Melbourne Corporation will pay those fees."*

The Committee looks forward to the full details of the costs borne by the state and by the Port of Melbourne Corporation associated with these proceedings being made available to Parliament.

Recommendation 34: **The Department of Transport and the Port of Melbourne Corporation disclose fully, the costs incurred by each party in defending the legal challenge to the Channel Deepening Project.**

15.4 Funding for the management of weed and pest control on public land

15.4.1 Future Farming Strategy

On 23 April 2008 the Victorian Government launched the *Future Farming* strategy to improve the productivity, competitiveness and sustainability of farm businesses. The *Future Farming* strategy takes action across seven broad Action Areas to enable farm businesses in Victoria to become more productive, competitive and sustainable as they enter an era of unprecedented change. The strategy will invest $205 million over four years across the areas outlined in table 15.3.

317 Minister for Roads and Ports, response to further information requests made during the 2008-09 Budget Estimates hearings (Appendix 3)

Table 15.3: Future Farming Strategy Projected Investment

Key Action Area	Project Summary	Total Estimated Investment ($ million)
Boosting productivity through new technology and changes in farming practices	Expand agricultural research, development and practice change services in Victoria, including the development of new generations of drought, cold and salt resistant crops, improved plant and animal disease control, and new technologies to lift productivity.	103.5
Building skills and attracting young people to farming	A number of strategies are being implemented to build skills for the farm sector and attract young people to farming. These measures will boost regional education and training opportunities related to farming and its support industries, including new trade wings at secondary colleges for trades that are in short supply in primary industries. Decisions on State and Federal funding for these projects will be made in the 2008-09 Budget and later in the year.	0.3
Understanding and managing climate change	Help farm businesses to plan for climate change and to provide farmers in key industries with new technologies and strategies to adapt their farming systems to future climate conditions.	11.4
Strengthening land and water management	Managing weeds and pests, as well as new actions to assist farm businesses to strengthen land and water management.	23.8
Helping farm families to secure their futures	Services to support farmers and rural communities in securing their future and adjusting to change, including a new National Centre for Farmer Health to improve the health and wellbeing of farmers, farm workers and their families.	11.8
Developing new products and securing new markets	Package of initiatives to help farm businesses capture new domestic and international market opportunities. This includes enhancing Victoria's bio-security preparedness and identifying new investment opportunities and alliances.	11.1
Transporting products to market	Investment in country rail freight lines serving the grains industry to ensure the rail system can continue to deliver future crops to market. Other major investments are the deepening of the Port Phillip Bay channel and the development of a new wholesale market at Epping.	42.7
Total		**204.6**

Source: Department of Primary Industries, Future Farming Strategy, April 2008, p.3

Minister for Agriculture, response to questions taken on notice, May 2008.

A major component of this new strategy is Strengthening Land and Water Management ($23.8 million TEI) of which the Government has identified a $20 million, four year investment to tackle weeds and pests. The remaining funding of $3.8 million over four years will be provided to establish a new *Regional Strategic Planning Expert Group* to identify and plan for future scenarios for farming and farming communities.[318]

[318] Department of Primary Industries, Future Farming Strategy, April 2008, p.31

15.4.2 Weed and Pest Control Issues

Historically, inappropriate Government policies and farming practices and land management have resulted in soil erosion, loss of nutrients and native vegetation, and increased salinity and soil acidification in some areas of Victoria. However, improved knowledge about solutions, financial resources and collaborative action is helping to improve natural resources management.

Victoria's farm businesses invest around $500 million on natural resources management each year, including improved cultivation, replanting of native vegetation, and pest and weed management. Good farm management practices have delivered significant private and public benefits, including improved productivity and amenity, reduced soil erosion and weeds, and enhanced biodiversity.

Despite recent successes there are a number of new and growing threats facing Victoria. For example, there are more than 2,500 exotic plant species already in Australia that could become weeds, many of which are not covered by existing approaches.[319]

15.4.3 Government Investment in Weed and Pest Control

The 2003-04 Budget provided $24 million over four years to preserve Victoria's native flora and fauna and reduce the damage caused by weeds and pests to farms and the natural environment. This funding was split, with $14 million over 4 years allocated to weed and pest control programs on public land (*Weeds and Pests on Public Land Initiative 2003–07*) and $10 million towards tackling weeds on private farmland. The Committee notes that in February 2008, the Government published *Making a difference - Weeds and Pests on Public Land Initiative 2003–07* which summarised the achievements of this program.[320]

The 2007-08 Budget provided $30.1 million over four years to implement a new bio-security framework that will promote integrated weed and pest management across public and private land. This included $4 million for new programs to prevent weeds and $26 million to extend existing programs, including the protection of high-value assets on public land.[321]

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319 Department of Primary Industries, Future Farming Strategy, April 2008, p.30

320 Department of Sustainability and Environment, February 2008, Making a difference - Weeds and Pests on Public Land Initiative 2003–07

321 Department of Treasury and Finance, 2007-08 Budget Paper No. 3 Service Delivery, p.322 and p.325 and Department of Sustainability and Environment, February 2008, Making a difference - Weeds and Pests on Public Land Initiative 2003–07, p.1

The 2008-09 Budget provided a further $23.8 million over four years as part of the Strengthening Land Management action from the *Future Farming Strategy*. Strengthening Land Management allocates $3.8 million to establish a rural planning expert panel to advise the government on opportunities for improved land use planning to facilitate rural structural adjustment assessment and long-term support for agriculture and $20 million to the New Action on Weeds and Pests initiative (NAWP).[322] NAWP outlines the Government's most recent approach to dealing with invasive plants and animals, with a focus on dealing with species that pose the greatest risks to the state. It includes the following initiatives to tackle weeds and pests:[323]

- supporting local government in their management of weeds and pests on roadsides;
- developing incursion and treatment plans for regionally prohibited weeds;
- improving early response capability for new and emerging pests in a changing climate;
- increasing voluntary compliance for regionally controlled weeds;
- more effectively controlling weeds and pests on public land by expanding the Government's Good Neighbour Program;
- improving the use of bio-controls for management of widespread weeds;
- reviewing wild dog management options; and
- increasing community involvement in more targeted programs for integrated fox management.

15.4.4 The Government's Approach to Weed and Pest Control

In 2002, the Department of Natural Resources and Environment (NRE) released *Victorian Pest Management – A Framework for Action* (VPMF). This policy document established a planning framework for pest management which is still in use today. The VPMF was established to provide a mechanism for considering terrestrial and aquatic weed and vertebrate and invertebrate management in Victoria.

Responsibility for weed and pest control is split between the Department of Primary Industries (DPI) and the Department of Sustainability and Environment (DSE). Together they administer nine main Acts covering bio-security for plants, animals, forestry or the environment.[324] Given that a number of other agencies, including catchment management authorities and local government, are involved in the management of pests and weeds, the Committee believes that the responsible department should clearly identify the roles and responsibilities of all agencies and departments.

DPI advised the Committee that they use a range of techniques to achieve weed and pest compliance including education, partnership development and capacity building approaches, voluntary compliance, and regulatory compliance utilising the Catchment and Land Protection Act. Their annual recurrent investment in weed and pest management programs for private land is $10.2 million which is invested in activities on private land. DPI employs 90 staff authorised under the Catchment and Land Protection Act to undertake pest plant and animal compliance activities. [325]

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322 Department of Treasury and Finance, 2008-09 Budget Paper No.3 Service Delivery, pp.221, 299

323 Department of Primary Industries, Future Farming Strategy, April 2008, p.31

324 Victorian Auditor-General's Office, April 2004, Beating the bugs: Protecting Victoria's economically significant crops from pests and diseases, p.31

325 Department of Primary Industries, response to questions taken on notice, May 2008

DPI also indicated that they have achieved a greater than 90 per cent compliance ratio through voluntary means, with less than five per cent involving court action (35-60 cases over the past 4 years). In 2007-08 DPI issued 115 Penalty Infringement Notices with eight proceeding to court. The 2008-09 Budget will allow DPI to create an additional 11 new enforcement related positions.

Table 15.4 indicates the major output measures adopted that relate to weed and pest control:

Table 15.4: Major Output Measures relating to Weed and Pest Control

Major Output/Deliverable	Unit of Measure	2008-09 Target	2007-08 Expected Outcome	2007-08 Target	2006-07 Actual
Animal pest, disease and residue control programs maintained to assist industry to access markets	Number	5	5	5	5
Landholders complying with pest plant and animal control requirements under the Catchment and Land Protection Act 1994 within agreed timeframes and in targeted areas	Per cent	85	83	83	nm
Number of state prohibited weed infestations treated	Number	130	130	130	nm
Plant pest, disease and residue control programs maintained to assist industry to access markets	Number	6	6	6	6
Signed land manager (public and private) agreements to undertake agreed improved land management practices	Number	9	nm	nm	nm
Response time to animal pest, disease, residue and disaster incidents	Hours	<24	<24	<24	<24
Response time to plant pest, disease, residue and disaster incidents	Hours	<24	<24	<24	<24
Agreements with local government to control pests on roadsides	Number	30	nm	nm	nm

Source: Department of Treasury and Finance, Budget Paper No.3 Service Delivery, May 2008, pp.221-224

Two of these measures, signed land manager agreements and agreements with local governments, are new measures which relate to the funding provided for the New Action on Weeds and Pests initiative.

CHAPTER 16: CARING COMMUNITIES

Key findings of the Committee:

16.1 **The Victorian government released *Restoring the balance – Victoria's Alcohol Action Plan 2008-2013* in May 2008. Under the plan, the government will provide $37.2 million in funding to build on existing programs and initiatives to encourage the appropriate use of alcohol and support those members of the community affected by the inappropriate use of alcohol.**

16.2 **Output funding of $37.2 million is being provided in the 2008-09 Budget for a package of initiatives developed under the Plan which are to be rolled out over four years.**

16.3 **The Department of Justice should provide to Parliament additional information on how the Action Plan initiatives relate to output funding and on estimated implementation timelines.**

16.4 **The Department of Justice should also analyse the performance outcomes from the implementation of all initiatives under Victoria's Alcohol Action Plan 2008-2013 in its Annual Report.**

16.5 **A major feature of this plan is the establishment of a $17.6 million Liquor Licensing Compliance Directorate, with the aim to significantly strengthen the government's enforcement of liquor licensing laws across Victoria, and to enable their liquor licensing squad to focus on licensing issues that are directly causing violence in and around venues.**

16.6 **It would be of benefit to Parliament and the community if more information was made available on the expected outcomes, goals and targets associated with the establishment of the Liquor Licensing Compliance Directorate.**

16.7 **In October 2006, the Victorian Government published a new policy framework for Indigenous Affairs, *Improving the Lives of Indigenous Victorians – Victorian Indigenous Affairs Framework* (VIAF). Linked to the seven nationally agreed strategic areas for action, the VIAF defined six short to medium term areas for action in Victoria.**

16.8 **The VIAF provides the broad policy framework for managing Indigenous affairs in the state. However, the Committee found it difficult to determine the full range of programs that impact on Indigenous Victorians and it would like to see more centralised monitoring and reporting of such programs.**

16.9 **The 2007-08 and 2008-09 Budgets provided an accumulative $55.7 million in additional funding to improve the lives of Indigenous Victorians. These funds were split across ten initiatives and have a combined impact on 12 major budget outputs across five Departments.**

16.10 While the committee recognises the inherent difficulties in presenting government wide output initiatives in a budget paper where outputs are listed according to department, it would like to see more done to ensure that new output initiatives are not simply lost among the existing budget paper outputs and performance measures.

16.11 The 2008-09 Budget provided $3.6 billion in funding to deliver the Department of Justice Outputs in 2008-09.

16.12 Following the 2006-07 Budget, the Department of Justice revised its output measures, consolidating 13 measures of court timeliness into one condensed measure. The Committee identified that performance between 2006-07 and 2007-08 fell across six of the 13 measures of while performance rose in only two measures. As such the Committee has recommended that the Department reinsert these measures into future budget papers.

16.13 According to the Australian Institute of Health and Welfare, between 2001-02 and 2005-06, Victoria had the highest number of level crossing-related hospitalisations with 129, or 51.8 percent, of the 249 Australians seriously injured in crossing accidents.

16.14 Funding for upgrading level crossings includes the allocation of $10.8 million over four years in the 2005-06 Budget for the Level Crossing Upgrade Program and $33.2 million over four years from 2007-08 to 2010-11 as part of the Level Crossing Safety Package contained in the 2007-08 Budget update.

16.15 The Level Crossing Safety Package includes $11.1 million for the installation of 53 automated advance warning signs and $11.7 million for the installation of rumble strips at 200 crossings. While these components comprise almost 70 per cent of the funding package, the Committee noted that $3.6 million or 10.8 per cent of the package is allocated towards program management.

16.16 The government upgraded 153 level crossings during 2005-06 and 2006-07 and expects that a further 46 would be improved in 2007-08 (a target has been set for 45 public railway crossings to be upgraded in 2008-09).

16.17 A number of initiatives have taken place at a national level to ensure that a system-wide approach to level crossing safety is adopted such as the decision by the Australian Transport Council for a package of railway crossing safety initiatives to be developed.

16.18 On 14 May 2008, the Minister for Public Transport released the results of a two year audit of every road level crossing in Victoria. The Australian Level Crossings Assessment Model (ALCAM) results were available to road and rail safety experts as well as local councils, VicRoads and other stakeholders to use as the basis for level crossing improvements.

16.19 The Committee was advised by the Minister for Public Transport that the outcome of using the ALCAM method of risk assessment was not to provide an assessment of the danger at crossings, but rather to provide a priority listing of the sorts of works that might be done to actually affect driver behaviour.

16.20 The Committee considers that more information should be released by the government to explain the ALCAM model and the particular deficiencies that have been highlighted at high risk level crossings throughout Victoria. There is also scope for expanding disclosure in the Department of Transport's annual report to include information surrounding timelines for safety improvement works to be completed, crossings assessed as having the highest safety risks together with the particular risks encountered and the safety improvement works completed in the past year and those planned for the ensuing year.

16.1 Introduction

In considering the budget estimates the Committee asked a total of 132 questions pertaining to the Caring Communities vision of the *Growing Victoria Together* (GVT) initiative. This represented 26.0 per cent of all questions asked in the budget estimates hearings.

The answers provided at the estimates hearings were recorded in Hansard and the transcripts of evidence were contained in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part One* and in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part Two*.

This chapter sets out an analysis of several key issues canvassed by the Committee at the budget estimates hearings relating to the Caring Communities vision of *Growing Victoria Together*.

16.2 Tackling Alcohol Abuse in Victoria

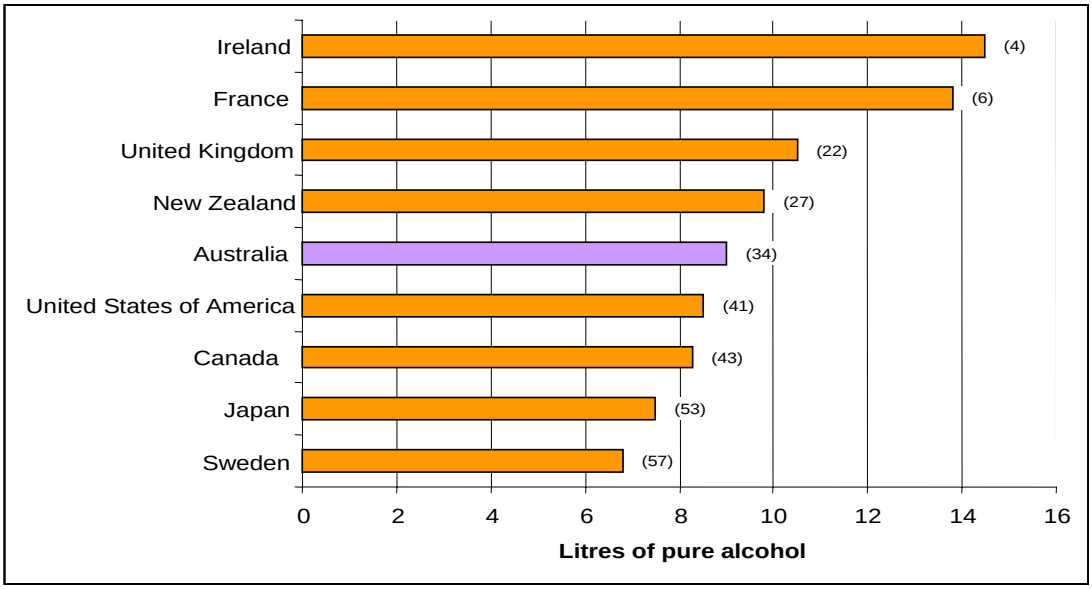
Alcohol has a significant role in our society – it contributes to our way of life, generates employment in the industry and supports the tourism industry. According to the *National Drug Strategy Household Survey*, conducted by the Australian Institute of Health and Welfare, alcohol remains the most widely used drug in Australia.[326] A study conducted by the World Health Organisation in 2005 on alcohol consumption patterns in 185 countries across the world also showed that although the per capita consumption of alcohol in Australia has declined since the 1980's it still remains high by world standards.[327]

Figure 16.1 shows the ranking of Australia against other countries in per capita alcohol consumption according to the World Health Organisation (countries selected with similar cultural, economic and social profiles) – this shows that Australia ranks at 34 out of the 185 surveyed in terms of alcohol consumption.

326 Australian Institute of Health and Welfare, *2007 National drug strategy household survey*: *First results*, April 2008, Canberra, Australia, p.18 (accessed at www.aihw.gov.au/publications/index.cfm/title/10579#full_publication)

327 Ministerial Council on Drug Safety, *National Alcohol Strategy 2006-2009*, May 2006, p.2

Figure 16.1 Total Adult per capita alcohol consumption, selected countries (by rank out of 185 countries)



Source: National Alcohol Strategy 2006-2009, released May 2006, p. 9

The excessive consumption and abuse of alcohol can be extremely detrimental to individuals, families and the community, and as such has become an area of concern for the government. Excessive alcohol consumption is second only to tobacco as a 'preventable cause of death and hospitalisation in Australia'.[328]

In a survey conducted by the Australian Institute of Health and Welfare in 2007, it was found that 82.9 per cent of Australians aged 14 years or older consumed alcohol in quantities that was considered risky to their health in the long term (ranging from low to high risk).[329]

The survey also found that approximately one third of persons aged 14 years or older in Australia put themselves at risk of alcohol-related harm in the short term on at least one occasion during the previous 12 months. [330]

The situation in Victoria is no different to that which is occurring nationally, with alcohol estimated to directly account for 4.9 per cent of the total burden of disease in Victoria. This compares with a figure of 4.0 per cent nationally. Furthermore, thirty-three per cent of all Victorian adults (aged 18 or over) drink at levels which could cause short-term harm at least once a year, and 9.1 per cent drank at levels which were at high risk of harm in the long term.[331]

As a result of the outcomes of the *2004 National Drug Strategy Household Survey* conducted into the negative effects of alcohol (developed by the Australian Institute of Health and Welfare), the Victorian Government established the Ministerial Taskforce on Alcohol and Public Safety in November 2007. The goal of this taskforce was to lead the development of an action plan and respond to public safety issues. The taskforce comprised the Minister for Mental Health (Chair), Attorney-General, Minister for Consumer Affairs, Minister for Police and Emergency Services and the Minister for Health.

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328 Drugs and Crime Prevention Committee, *Inquiry into Strategies to Reduce Harmful Alcohol Consumption*, March 2006, p.ix

329 Australian Institute of Health and Welfare, *2007 National drug strategy household survey: First results*, April 2008, Canberra, Australia, p.18 (accessed at www.aihw.gov.au/publications/index.cfm/title/10579#full_publication)

330 ibid. pp.22-24

331 *Victoria's Alcohol Action Plan 2008-2013*, released May 2008, p.9

16.2.1 Victoria's Alcohol Action Plan 2008-2013

Subsequent to this Taskforce being established, an action plan entitled *Restoring the balance-Victoria's alcohol action plan 2008-2013* was released in May 2008. Through this plan, the government sought to encourage the appropriate use of alcohol while acknowledging the needs and support required for those members of the community affected by the inappropriate use of alcohol. Table 16.2 outlines the amount of funding to be provided each year under the Plan over the next four years, as per Budget Paper No.3:

Table 16.2: Funding for the Victorian Alcohol Action Plan

Output Initiative	2008-09 ($ million)	2009-10 ($ million)	2010-11 ($ million)	2011-12 ($ million)
2008-09 Budget Initiatives				
Victorian Alcohol Action Plan	6.4	8.6	11.5	10.8

Source: 2008-09 Budget Paper No.3, p.290

The government has committed $37.3 million in funding to build on existing programs and initiatives, and seeks to achieve the following objectives through the plan:[332]

- reduce risky drinking and its impact on families and young people;
- reduce the consequences of risky drinking on health, productivity and public safety; and
- reduce the impact of alcohol-fuelled violence and anti-social behaviour on public safety.

Funding is being provided in the 2008-09 Budget for a package of initiatives, including:[333]

- $4.3 million over three years to promote safe and sensible alcohol use, with a community awareness campaign aimed at changing community acceptance of intoxication and drunkenness and to reduce the incidence of risky drinking;
- $4.7 million over four years to improve the way risky and high risk drinkers are identified and supported to reduce their drinking with the introduction of an early alcohol intervention program. This will include a range of community based alcohol education strategies as well as online and telephone screening to enable people to confidentially assess their personal risk in relation to alcohol;
- $9.4 million over four years to improve treatment responses to alcohol misuse. Funding will be targeted to enhance GP capacity and strengthen family therapeutic interventions, to improve engagement in treatment, family functioning and long term health and wellbeing outcomes for young people who are misusing alcohol;
- $18 million over four years to establish a compliance directorate and an assault reduction strategy to better focus enforcement activity on high-risk licensed venues and to assist in reducing the number of assaults and other offences in and around these venues; and
- $1.2 million over two years to fund a Victoria Police safe streets public safety research and evaluation.

Overall the plan includes 35 actions linked to six broad initiatives as identified in Figure 16.3:

332 *Victoria's Alcohol Action Plan 2008-2013*, released May 2008, p.15
333 2008-09 Budget Paper No.3, *Service Delivery*, pp.22-23

Figure 16.3 **Summary of actions within *Restoring the balance – Victoria's Alcohol Action Plan 2008-2013***

	Initiative	**Actions**
1) Restoring the balance for families	More support in mainstream health services to help people reduce their drinking early. Providing the best quality care for more serious alcohol use problems.	1.1 Establish an early alcohol intervention program 1.2 Produce information for culturally and linguistically diverse (CALD) communities 1.3 Develop a Koori alcohol plan 1.4 Implement the Blueprint for alcohol and other drug treatment services 1.5 Response more effectively to clients with co-occurring mental illness 1.6 Extend shared-care models and promote primary care settings 1.7 Introduce extended-stay withdrawal programs 1.8 Introduce family therapeutic interventions 1.9 Develop a community corrections alcohol program 1.10 Introduce new legislation to provide for involuntary detention
2) Restoring the balance within our culture	Sustained community awareness to change community attitudes and encourage a safe and sensible approach to alcohol use.	2.1 Develop a community awareness campaign 2.2 Support the distribution and uptake of the revised *Australian alcohol guidelines for low-risk drinking* 2.3 Introduce more effective alcohol and other drug education in Victorian schools 2.4 Support the Good Sports Program 2.5 Introduce warnings on alcoholic energy drinks

Figure 16.3 **Summary of actions within *Restoring the balance – Victoria's Alcohol Action Plan 2008-2013* (continued)**

	Initiative	Actions
3) Restoring the balance for our community	Properly enforced controls on the sale and marketing of alcohol. Preventing and reducing the consequences of excessive alcohol use such as alcohol-fuelled violence.	3.1 Enhance enforcement of the *Liquor Control Reform Act 1998* 3.2 Review liquor licensing fees 3.3 Review obligations of managers and employees of licensed premises 3.4 Consider introducing underage operatives 3.5 Review compliance with the Voluntary water guidelines 3.6 Develop an assault reduction strategy 3.7 Introduce late-hour entry restrictions 3.8 Freeze issuing of late-night liquor licences 3.9 Implement new security camera regulations 3.10 Review patron numbers in high-risk venues 3.11 Amend the Victoria planning provisions 3.12 Consider a new rehabilitation system for high-risk drink-driving offenders 3.13 Extend the zero blood alcohol concentration (BAC) limit for young drivers 3.14 Conduct the Safe Streets public safety research and pilot evaluation

Figure 16.3 **Summary of actions within *Restoring the balance – Victoria's Alcohol Action Plan 2008-2013* (continued)**

	Initiative	**Actions**
4) Restoring the balance in partnership	Working with the Commonwealth and other state and territory governments to address alcohol-related issues on a national level.	4.1 Conduct research into alcohol product packaging and labelling 4.2 Reduce your people's exposure to alcohol advertising 4.3 Explore actions to address secondary supply 4.4 Review the alcohol content in ready-to-drink-products 4.5 Support including alcohol in the National Illicit Drug Strategy Drug Diversion Initiative 4.6 Enhance alcohol diversion programs for your people

Source: *Victoria's Alcohol Action Plan 2008-2013, p. 7*

The initiatives outlined in the plan tie in with the output funding which has been outlined in Budget Paper No.3. The actions and allocated funding are aimed at achieving long-term change in community attitudes and to encourage a safe and sensible approach to alcohol use. The Plan identifies that that this change in attitudes should lead to a reduction in the level of alcohol related crime in the community, and subsequently lead to a reduction in the level of alcohol-related fatalities.

One of the key initiatives targeted at achieving this change in attitude is the establishment of a Community Awareness Program, which includes an Early Alcohol Intervention component. The Government has allocated $4.3 million to this program, which will involve the provision of online and telephone support services for people who are at risk of developing alcohol problems.[334]

The Plan also includes a 'freeze' on the issuing of late-night liquor licenses for a period of 12 months, in conjunction with the introduction of a 3 months trial of late hour entry restrictions into licensed venues (2 am lockout). The restriction period of 3 months ran from 3 June 2008 to 2 September 2008 and a review of its effectiveness is currently underway.

The Government also aims to provide more support through the plan for mainstream health services to help people reduce their drinking early, and improve the quality of care available to people with more serious alcohol use problems. Initiatives for achieving this include:[335]

- research into alcohol advertising and product packaging/labelling to assist consumers in making sensible choices on the purchase of alcoholic products;
- doubling of penalties for serving alcohol to intoxicated patrons or allowing them to remain on licensed premises; and
- implementation of the Blueprint for alcohol and other drug treatment services.

Whilst these initiatives have been outlined in the plan, it is difficult to tie these in with the output funding breakdown included in Budget Paper No.3.

Overall, the Committee supports the initiatives in the Alcohol Action Plan aimed at tackling alcohol abuse and encouraging Victorians to think twice about how much they are drinking. The Committee notes that there are a number of initiatives outlined in the plan which cannot be clearly linked with the output funding disclosed in Budget Paper 3. Furthermore, there does not appear to be adequate disclosure on the timeframes for delivery of each action outlined in the Plan. The Committee believes that the Plan would be more informative to Parliament if the initiatives outlined were directly linked with the output funding provided in the Budget Papers where appropriate. Furthermore, timelines should be disclosed publicly on the estimated completion/implementation dates for each initiative so as to demonstrate more accountability to the public. The Department should also in its annual report provide analysis of performance outcomes under The Plan.

Recommendation 35: **The Department of Justice provide information to Parliament on how the initiatives in the Alcohol Action Plan relate to output funding and a proposed timeline for implementation of each initiative.**

Recommendation 36: **The Department of Justice should provide analysis of performance outcomes under each initiative of the Alcohol Action Plan in its Annual Report.**

334 Victoria's Alcohol Action Plan 2008-2013, released May 2008, pp.21-25

335 ibid. pp.19, 24, 37

16.2.2 Liquor Licensing Compliance Directorate

Another major feature of this plan is the establishment of a $17.6 million Liquor Licensing Compliance Directorate, with the aim to significantly strengthen the government's enforcement of liquor licensing laws across Victoria. The initiative was developed as a result of the increasing number of liquor licenses being issued, and a concurrent increase in the amount of monitoring activity being conducted by Victoria Police, who are responsible for the monitoring and inspection of all liquor license holders under the *Liquor Controls Reform Act 1998.*

The number of liquor licenses has increased almost three fold since 1986, climbing from around 4,000 to more than 12,000 in 2004.[336] This increase occurred alongside an increase in the monitoring and inspection activity being conducted by Victoria Police. In 2004-05 alone, Victoria Police issued 2,914 on-the-spot infringement notices for breaches of the Act, and initiated 19 licensee disciplinary proceedings.[337]

The remit of the directorate will include looking at innovative means of enforcement such as using underage operatives as has been done to prevent tobacco sales to minors. The government hopes that the additional resources provided by the Liquor Licensing Compliance Directorate will free-up police from doing routine licence checks and enable their liquor licensing squad to focus on licensing issues that are directly causing violence in and around venues.[338]

With the anticipated establishment of this new directorate (within Consumer Affairs Victoria) in 2008-09, the Committee was concerned that, in spite of the significant funding being provided to establish the Directorate, there appeared to be no increase in the amount of inspections due to be carried out in 2008-09.[339] The Department of Justice responded to these concerns by advising that whilst the establishment of the Compliance Directorate will occur during 2008-09, a transfer of the routine inspection activity will be made to the Directorate staff during 2008-09, and from 2009-10 there will be approximately 25,000 inspections per year being conducted. The Committee was unable to establish the exact level of inspection activity which had occurred in 2007-08, or the levels of activity for the 2008-09 year. Police will remain focussed on higher-level licensing issues that directly create social harm in and around venues, whilst Directorate staff will handle the routine inspections.

Whilst the Committee understands that the establishment of the Directorate will provide Victoria Police with much needed assistance in the enforcement of the *Liquor Control Reform Act 1998*, it still believes that there is a lack of publicly available information on the objectives and benefits of the establishment of the Directorate. The Committee is of the view that Consumer Affairs Victoria (for whom responsibility of the Directorate will fall under) should provide detailed information on the objectives and expected activity levels of the Directorate.

Recommendation 37: **Consumer Affairs Victoria should improve transparency regarding the role, goals, objectives and estimated performance outputs of the Liquor Licensing Compliance Directorate by making such information available to Parliament in a timely manner.**

336 Ministerial Council on Drug Safety, *National Alcohol Strategy 2006-2009*, May 2006, p.29
337 Consumer Affairs Victoria, *2005-06 Annual Report*, p.113
338 Consumer Affairs Victoria website media release (www.premier.vic.gov.au/newsroom/victorias-alcohol-action-plan-to-restore-the-balance.html), 2 May 2008
339 Mr A. Robinson, Minister for Consumer Affairs, *2008-09 Budget Estimates hearing, transcript of evidence*, 21 May 2008, p.4

16.3 Indigenous Community and Cultural Development – Reconciliation of Outcomes and Outputs

16.3.1 National and State Frameworks for Indigenous Affairs

On 5 April 2002, the Council of Australian Governments (COAG) agreed to commission the Steering Committee for the Review of Commonwealth/State Service Provision to produce a regular report against key indicators of indigenous disadvantage. A core function of this report was to identify indicators that are of relevance to all governments and indigenous stakeholders and that can demonstrate the impact of programme and policy interventions.[340]

In May 2007, the Steering Committee for the Review of Commonwealth/State Service Provision produced the third report on *Overcoming Indigenous Disadvantage*.[341] The Report focused on the disadvantage experienced by many Indigenous people, arising from historical, social and economic causes and detailed the framework upon which Australian Governments have agreed to focus their policy attention. The framework established the following seven strategic areas for action which have been carried through into the Victorian Government's policy framework for Indigenous Affairs:

- early childhood development and growth (prenatal to 3 years);
- early school engagement and performance (preschool to year 3);
- positive childhood and transition to adulthood;
- substance abuse and misuse;
- functional and resilient families and communities;
- effective environmental health systems; and
- economic participation and development.

In October 2006, the Victorian Government published a new policy framework for Indigenous Affairs. *Improving the Lives of Indigenous Victorians – Victorian Indigenous Affairs Framework* (VIAF) established the principles for reform and the performance, partnership and strategic policy frameworks for the state. The overall objective of the VIAF is to improve the life expectancy and quality of life for Indigenous Victorians.

Linked to the seven nationally agreed strategic areas for action, the VIAF defined six short to medium term areas for action:

- improve maternal health and early childhood health and development;
- improve literacy and numeracy;
- improve year 12 completion or equivalent qualification and develop pathways to employment;
- prevent family violence and improve justice outcomes;
- improve economic development settle native title claims and address land access issues; and
- build Indigenous capacity.

340 Council of Australian Governments' Communiqué, 5 April 2002

341 Steering Committee for the Review of Government Service Provision 2007, Overcoming Indigenous Disadvantage: Key Indicators 2007, Productivity Commission, Canberra.

The VIAF performance framework includes 22 strategic change indicators which relate to the six strategic action areas above. In December 2007, the Government released the *Victorian Government Indigenous Affairs Report 2006-07*. The report was the first of an annual reporting regime introduced with the VIAF to report on the Government's progress against its strategic change indicators. While the Committee commends the Government's intentions in producing this report, it found a lack of clear performance targets and timelines for delivery of objectives in both the VIAF and the Indigenous Affairs Report 2006-07.

While the VIAF provides the broad policy framework for managing Indigenous affairs in the state, the *Victorian Government Indigenous Affairs Report 2006-07* acknowledges that there are a number of other government programs that operate outside the VIAF which contribute to the quality of life of Indigenous Victorians. However, the Committee found it difficult to determine, from publicly available information, the full range of programs that impact on Indigenous Victorians and it would like to see more centralised monitoring and reporting of such programs.

Recommendation 38: **Aboriginal Affairs Victoria provide an overview of all government programs and initiatives that impact on Indigenous Victorians and monitor and report performance of these in a one centralised area.**

To assist in the delivery of the VIAF, a Ministerial Taskforce for Indigenous Affairs has been established by the Premier, while a Secretaries Group for Aboriginal Affairs has also been established to oversee the whole of government coordination of Indigenous affairs and to ensure the delivery of the VIAF. The Government has also established an Aboriginal Advisory Council to manage and oversee the engagement of local indigenous communities.

16.3.2 Investment in Indigenous Affairs

The 2007-08 and 2008-09 Budgets provided an accumulative $55.7 million in additional funding to improve the lives of Indigenous Victorians. The funds are split across the ten programs as detailed in table 16.4.

Table 16.4: Budget Investment in Improving the Lives of Indigenous Victorians

Output Initiative	**TEI ($ million)**
2007-08 Budget Initiatives	
Building capacity of Indigenous Victorians	5.1
Improved Koori Maternity Services	1.2
Improving the lives of young Indigenous Victorians	11.5
Koori Business Network	1.8
2007-08 Budget Total Estimated Investment	**19.6**
2008-09 Budget Initiatives	
Enhanced and expanded residential care	4.1
Strengthening aboriginal organisations	3.8
Improving outcomes for indigenous children in early childhood and at school	25.3
Youth employment program	2.0
Koori County Court	0.6
Indigenous leadership strategy initiatives	0.4
2007-08 Budget Total Estimated Investment	**36.2**

Source: 2007-08 Budget Paper No. 3 Service Delivery, p. 274

2008-09 Budget Paper No. 3 Service Delivery, p. 292

The new budget allocations since the release of the VIAF in October 2006, as detailed in table 16.4, bear close relation to VIAF Strategic Actions. These new funding allocations are recorded in the budget papers as Government-wide output initiatives and have a combined impact on the 12 major budget outputs across five Departments.

16.3.3 Major Outputs and Performance Measures

The 2008-09 Budget papers contains only one major output which relates directly to Indigenous affairs, *Indigenous Community and Cultural Development*. However, analysis of the Departmental Output Statements in Budget Paper No. 3 identified a total of five major outputs which have associated performance measures that relate to Indigenous Affairs. In total, the 2008-09 Budget papers include 21 performance measures that relate directly to Indigenous Affairs. These are detailed in Table 16.5:

Table 16.5: Major Outputs/Deliverables and performance measures that relate to indigenous communities

Department	Major Outputs/Deliverables and Performance Measures
Department of Human Services	Long Term Housing Assistance
	Number of households assisted (public, aboriginal and community long-term tenancies at end of year)
Department of Planning and Community Development	Indigenous Community and Cultural Development
	Formal consultations with Aboriginal communities concerning community building and cultural heritage management activities and government issues
	Governance training programs supported
	Heritage projects jointly developed and carried out with Aboriginal communities
	Heritage training activities addressing community identified priority issues
	Local Indigenous representation groups established
	Meetings of Aboriginal Heritage Council supported
	Verified records added to heritage data base
	Increase in board members undertaking governance training
	Local Indigenous groups developing local plans
	Proportion of Indigenous community organisations receiving funding from multiple departments on a single funding agreement
	High priority cyclical building maintenance works completed within stipulated time frames
	Lake Tyers projects: completed within set timeframes
	Proportion of Community Infrastructure feasibility studies completed within agreed time
Department of Education and Early Childhood Development	Early Years (schools)
	Percentage of Year 3 Indigenous students reaching national benchmarks in reading
	Percentage of Year 3 Indigenous students reaching national benchmarks in numeracy
	Koorie home school liaison officers employed
	Koorie educators employed
	Middle Years (schools)
	Percentage of Year 5 Indigenous students reaching national benchmarks in reading
	Percentage of Year 5 Indigenous students reaching national benchmarks in numeracy
Department of Justice	Community Safety and Crime Prevention
	Crime prevention initiatives established to support the Koori community

Source: 2008-09 Budget Paper No.3 Service Delivery, pp.68-70, 116, 174, 185-203

A wide range of Government programs impact on the lives and wellbeing of Indigenous Victorians, as evidenced by the spread of initiatives and outputs identified in tables 16.4 and 16.5. However the Committee is concerned that the outcomes associated with these programs are not clearly established in the Departmental Output Statements in the budget papers. This makes it difficult to determine the effectiveness of the Government in delivering these programs.

This was further evidenced in the Estimates Hearing with the Minister for Aboriginal Affairs, where the Minister advised the Committee that only one of the new output initiatives listed in the 2008-09 Budget related to his portfolio.

While the committee recognises the difficulty in presenting government-wide output initiatives in a budget paper where outputs are listed according to department, it would like to see more done to ensure that new output initiatives are not simply lost among the existing budget paper outputs and performance measures.

Specifically, in the case of Indigenous affairs, the outputs and performance measures included in the 2008-09 Budget bear little reference to either the VIAF strategic actions or the new output initiatives of the 2007-08 and 2008-09 Budgets. The Committee Recommends that:

Recommendation 39: **That the Government review the Departmental Output Statements in Budget Paper No. 3 with a view to ensuring that the strategic actions identified in the Victorian Indigenous Affairs Framework are adequately reflected.**

16.4 Strengthening the Justice System and Ensuring the Corrections System can meet Increasing Demand

16.4.1 Introduction

The main purpose of the Department of Justice is to assist the government to achieve its vision of a 'safe and just Victoria'. While the Department is responsible for six portfolios, this chapter will focus on specific aspect of the portfolios of the Attorney General and the Minister for Corrections.

The 2008-09 Budget contains 15 major Department of Justice outputs, relating to eight key areas. Total expenditure in 2008-09 across these eight areas is estimated to be $3.6 billion, an increase of 13.5 per cent over the previous year. Two of these areas, Dispensing Justice ($415 million in 2008-09) and Enforcing Correctional Orders ($570 million in 2008-09) are the focus of this chapter.

(a) The Justice System

The justice system in Victoria has two main separate systems:[342]

- the Criminal Justice System. Brings together a number of agencies to prevent, detect and prosecute crimes, support victims of crime, dispense justice and manage offenders in correctional settings; and
- the Civil Justice System. A network of courts and legal processes that provides a just and accessible means of resolving civil disputes at the lowest appropriate level and enforces, restores and protects private and personal rights.

In May 2004, the Attorney-General released the Justice Statement. It outlined the Government's vision for the justice system in Victoria in light of challenges facing the system including the over-representation of disadvantaged groups in the criminal justice system and finding new approaches to address the high cost of litigation and to make dispute resolution more accessible. The Justice Statement identified 25 major initiatives to be completed by 2014 within the following categories:

- reforming criminal law and procedure;
- modernising the courts;
- modernising the legal profession;
- resolving civil disputes earlier;
- promoting human rights and reducing systemic discrimination;
- improving responses to victims of crime;
- developing problem solving courts to address the causes of crime; and
- improving access to legal advice, information and assistance.

Dispensing Justice has two major outputs, *Court Matters and Dispute Resolution*, and *Public Prosecutions*. The 2008-09 Budget provided $415.2 million in 2008-09 to address these outputs with $198.2 million in new funding to be applied over four years to strengthen the justice system, reduce delays and improve the experience of Victorians in dealing with courts and the judicial system.

342 Department of Justice, *Annual Report 2006-07*, pp.6-7

(b) The Corrections System

The Victorian corrections system includes more than 50 community correctional facilities and 13 prisons across the state, each catering to the specific needs and requirements of its inmates.

Enforcing Correctional Orders also has two major outputs, Prisoner Supervision and Support, and Community Based Offender Supervision. The 2008-09 Budget provided $570 million in 2008-09 to address these outputs, with $603.6 million in new funding to be applied over four years to ensure the corrections system can meet increasing demand and protect the Victorian community.

16.4.2 Justice System Improvements

During the budget estimates hearings, the Committee questioned the Attorney-General on the performance of the Courts in relation to waiting lists and waiting times. Budget paper No.3 Service Delivery, includes one measure of timeliness across all courts as detailed in table 16.6

Table 16.6: 2008-09 Budget Paper Performance Measure

	2006-07 Expected Actual (Per Cent)	2007-08 Expected Actual (Per Cent)	2008-09 Target (Per Cent)
Court Matters and Dispute Resolution			
Criminal and non-criminal matters disposed within agreed timeframes.	81	79	80

Source: Department of Treasury and Finance, Budget Paper No. 3 Service Delivery, p.171

This measure was introduced in the 2007-08 Budget to consolidate the 'matters disposed within agreed timeframes' measures and was achieved by averaging the individual performance targets for the Supreme, County, Magistrates', Children's and Coroner's Courts as well as the State Coroners Office, the Victorian Civil and Administrative Tribunal (VCAT) and the Dispute Settlement Centre of Victoria (DSCV).

For the purpose of clarity, the Committee requested a breakdown of this information for each court in Victoria (see table 16.7).

Table 16.7: Court Performance (Timeliness)

Matters disposed within agreed timeframes		**2006-07 Actual (Per Cent)**	**2007-08 Expected Actual (Per Cent)**	**2008-09 Target (Per Cent)**
Supreme Court	Civil cases disposed of within 12 months of commencement	85	75	75
	Criminal cases disposed of within 12 months of commencement	81	75	75
County Court	Civil cases disposed of within 12 months of commencement	51	50	45
	Criminal cases disposed of within 12 months of commencement	84	80	80
Magistrates' Court	Proportion of matters finalised within 12 months VOCAT	53	68	60
	Proportion of matters finalised within 6 months CFV	97	97	97
	Proportion of matters finalised within 6 months Civil	79	79	75
	Proportion of matters finalised within 6 months Criminal	88	88	85
Children's Court	Criminal division matters finalised within 6 months	88	85	85
	Protection applications finalised within 6 months	77	80	80
Coroner's Court	Matters finalised within target elapsed time benchmarks	75	75	75
VCAT	Matters finalised within target elapsed time benchmarks	90	90	90
DSCV	Matters finalised within target elapsed time benchmarks	85	82	82
2008-09 Budget Paper Figures		**-**	**79**	**80**

Source: *Department of Justice, response to Questions on Notice (Appendix 4)*

Department of Justice, Annual Report 2006-07, pp.108-112

Court performance between 2006-07 and 2007-08 fell across six of the 13 measures of timeliness, while performance rose in only two measures. Likewise, eight of the targets identified for 2008-09 are lower than either the 2006-07 actual or the 2007-08 estimated actual.

The Committee understands, and appreciates that the Government has taken significant steps in the last few years to reduce the number of output measures to a more accessible level. However, it believes that given the significant variations in the performance of individual courts, ranging from 50 per cent to 97 per cent in 2007-08, the measures identified in table 16.7 should be included within the Budget Papers. The Committee believes that the removal of these measures from the budget papers hampers the ability of Parliament to effectively gauge performance in an area identified as a high priority in the Justice Statement and reflected in the new funding associated with this output ($198.2 million).

The Committee also recommends that the Auditor-General undertake further performance audits of the Court System as a means of assisting the courts to improve timeliness and other performance measures.

Recommendation 40. **That the Department of Justice reinstate the individual measures associated with timeliness in relation to each of the major courts of Victoria.**

Recommendation 41. **That the Auditor-General undertake further performance audits of the Courts.**

The 2008-09 Budget provided $198.2 million in new funding over four years to strengthen the justice system, with $114.2 in output funding and $84.0 million in asset investment. Table 16.8 details the estimated budgeted funding over the 4 out years.

Table 16.8: New Investment in the Justice System 2008-09

	2008-09 ($ million)	2009-10 ($ million)	2010-11 ($ million)	2011-12 ($ million)	Total ($ million)
Output Funding					
Children's Court Workload and Resourcing	2.2	1.3	1.3	1.3	**6.1**
Evidentiary Audio Visual Recording Equipment	0.6	0.3	0.5	1.0	**2.4**
Improving Dispute Resolution Services	3.3	4.7	4.8	4.6	**17.4**
Magistrates' Court – Safety, Security and Risk Management	3.3	3.4	3.5	3.5	**13.7**
Melbourne Legal Precinct Master Plan – Old County Court Refurbishment	0.9	1.9	1.9	2.0	**6.7**
Mortuary Services	4.2	5.6	6.3	7.7	**23.8**
Reducing Court Delays – Supreme Court	5.9	8.4	11.1	12.1	**37.5**
Sexual Assault Reform (Rural and Regional and Geelong)	1.5	1.7	1.7	1.7	**6.6**
Output Investment Total	**21.9**	**27.3**	**31.1**	**33.9**	**114.2**

Table 16.8:New Investment in the Justice System 2008-09 *(continued)*

	2008-09 ($ million)	2009-10 ($ million)	2010-11 ($ million)	2011-12 ($ million)	Total ($ million)
Asset Funding					
Children's Court Workload and Resourcing	0.3	0.1	-	-	**0.4**
Evidentiary Audio Visual Recording Equipment	7.5	9.2	2.4	-	**19.1**
Improving Dispute Resolution Services	0.2	0.1	-	-	**0.3**
Magistrates' Court – Safety, Security and Risk Management	2.0	-	-	-	**2.0**
Melbourne Legal Precinct Master Plan – Old County Court Refurbishment	17.5	5.0	-	-	**22.5**
Mortuary Services(a)	-	-	10.0	18.0	**38.0**
Reducing Court Delays – Supreme Court	0.3	0.2	-	-	**0.5**
Sexual Assault Reform (Rural and Regional and Geelong)	0.8	0.4	-	-	**1.2**
Asset Investment Total	**28.6**	**15.0**	**12.4**	**18.0**	**84.0**
Total	**50.5**	**42.3**	**43.5**	**51.9**	**198.2**

Notes: *(a) The TEI includes 10 million funding in 2012-13*

Source: *Department of Treasury and Finance, 2008-09 Budget Paper No. 3, pp.335-342*

The new funding for the justice system, as detailed in table 16.8 is a combination of asset and output funding to address eight programs. The largest investment in 2008-09 is $61.8 million, to provide a more modern and responsive forensic pathology service within the State's mortuary service. This funding will enable the employment of five additional forensic pathologists, a trainee forensic pathologist and related scientific staff, and the upgrading of facilities at the Victorian Institute of Forensic Medicine.[343]

During the Estimates Hearings the Attorney-General advised the Committee that court matters are becoming more complex and as they become more complex, are more difficult to settle out of Court. Consequently, more cases are being heard in Court which is having a knock-on effect on the time taken to dispose of cases. To combat this, the 2008-09 Budget includes $17.7 million to improve dispute resolution services. This funding will enable a range of initiatives including:[344]

- an expansion of dispute resolution services in rural and regional locations;
- enhancing court annexed mediation in the Magistrates' Court; and
- providing additional resources in each of the Supreme and County Courts for judge-led mediation.

16.4.3 Corrections System Improvements

The 2008-09 Budget provided $603.6 million in new funding over four years to improve the corrections system, with $287 million in output funding and $316.6 million in asset investment. Table 16.9 details the estimated budgeted funding over four years.

Table 16.9: New Investment in the Corrections System 2008-09

	2008-09 ($ million)	2009-10 ($ million)	2010-11 ($ million)	2011-12 ($ million)	Total ($ million)
Output Funding					
Better Pathways	3.8	3.9	-	-	7.7
Building Confidence in Corrections	53.2	65.1	73.3	83.0	274.6
Major Crimes	1.1	1.2	1.2	1.2	4.7
Output Funding Total	**58.1**	**70.2**	**74.5**	**84.2**	**287.0**
Asset Funding					
Building Confidence in Corrections[(a)]	78.2	92.3	98.8	44.4	316.6
Asset Funding Total	**78.2**	**92.3**	**98.8**	**44.4**	**316.6**
Total	**136.3**	**162.5**	**173.3**	**128.6**	**603.6**

Notes: (a) the TEI includes $2.9 million funding in 2012-13

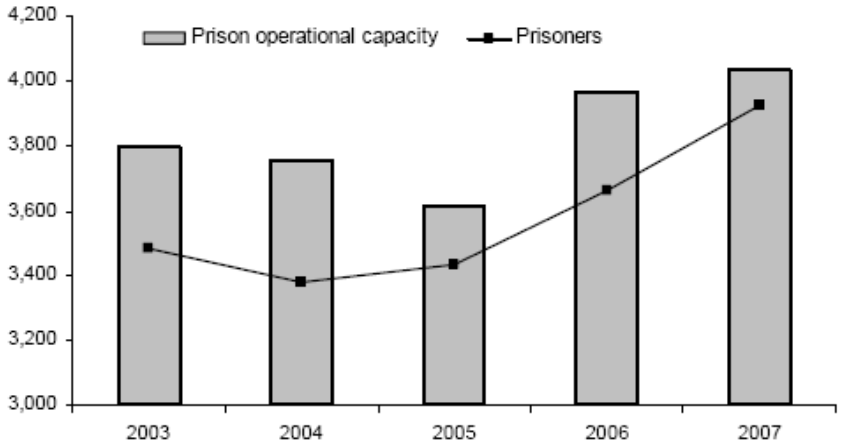
Source: Budget Paper No. 3 Service Delivery, 2008-09, pp. 335-341

343 Department of Treasury and Finance, Budget Paper No. 3 Service Delivery, 2008-09, pp.335-341

344 ibid. pp.337

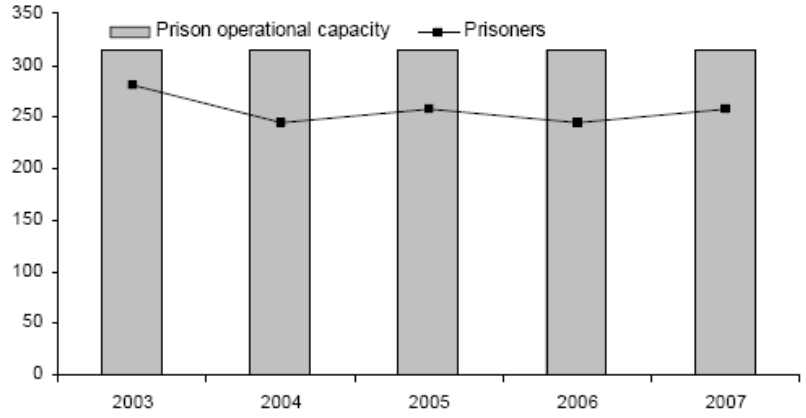
Victoria's prison population is increasing. In June 2003, there were 3,763 prisoners in Victorian prisons. Since then, this figure has increased by 11.2 per cent to 4,183.[345] Correspondingly, while capacity has increased by 5.8 per cent, prison utilisation rates rose from 91.6% in 2003 to 96.2 per cent in June 2007. This has increased the pressure on the State's corrections system and provided the impetus for the Government's new initiative Building Better Confidence in Corrections.[346] Figures 16.10 and 16.11 detail the trends in male and female prisons in Victoria from 2003 to 2007.

Figure 16.10: Prisoner numbers and prison operational capacity - men's prisons at 30 June 2003 to 30 June 2007



Source: Corrections Victoria, Statistical Profile Of The Victorian Prison System 2002-03 to 2006-07, p. 8

Figure 16.11: Prisoner numbers and prison operational capacity - women'sprisons at 30 June 2003 to 30 June 2007



Source: Corrections Victoria, Statistical Profile Of The Victorian Prison System 2002-03 to 2006-07, p. 9

Of the $603 million of new funding in the budget papers that relates to improvements in the corrections system, $591.2 million (98 per cent) is attributed to the Building Confidence in Corrections initiative. Building Confidence in Corrections provides for the expansion of the male prison system, including the construction of a new 350 bed prison at Ararat and expansion of capacity at various existing prison sites. Funding will also allow the Government to continue its detention scheme for high risk sex offenders and expand post release housing support initiatives to reduce the risk of reoffending.

345 Corrections Victoria, Statistical Profile Of The Victorian Prison System 2002-03 to 2006-07, p.8

346 ibid. p.9

16.5 Level crossing safety package

16.5.1 Background

The Committee noted that the Australian Institute of Health and Welfare found in its national overview of serious non-fatal injury in Australia due to transport accidents involving a railway train, including level crossing accidents, that major railway disasters are uncommon. However, when they do occur, they often involve a number of fatalities as well as persons seriously injured. While it is usual for there to be a small number of fatalities, occasionally many deaths occur such as the level crossing crash near Kerang in 2007 with 11 fatalities.[347] The Institute reported that from 2001-02 to 2005-06, Victoria had the highest number of level crossing-related hospitalisations with 129 or 51.8 per cent out of the 249 persons seriously injured in Australia as a result of a transport accident involving a collision with a train at a level crossing (Queensland with 50 hospitalisations was the second highest). In terms of the circumstances surrounding the injury, of the 129 hospitalisations in Victoria over the five year period, 52 related to injuries to occupants of cars while 49 related to injuries to pedestrians injured in the collision with trains. Victoria had the second highest number of public level crossings, next to Queensland.[348]

Ensuring level crossings are safe for road, rail and pedestrian traffic is an important priority for the Victorian Government. As part of the transport and liveability statement, *Meeting Our Transport Challenges*, the government has increased funding for level crossing upgrades.[349] The Committee is aware that:

- $10.8 million was allocated over four years in the 2005-06 Budget for the Level Crossing Upgrade Program;[350]
- activities associated with the upgrade of public railway crossings forms part of the Department of Infrastructure's Public Transport Safety and Regulation output;[351] and
- the government has provided $33.2 million over four years from 2007-08 to 2010-11 as part of the Level Crossing Safety Package (refer to sections 16.4.2 and 16.4.3 of this chapter for further comments).

As at 12 May 2008, there were 1,872 road level crossings on active rail lines in Victoria. The various types of level crossings are shown in table 16.12.

347 Australian Institute of Health and Welfare, *Serious injury due to transport accidents involving a railway train, Australia, 2001-02 to 2005-06*, p.1
348 ibid., pp.13 and 18
349 www.transport.vic.gov.au, accessed 19 September 2008
350 ibid.
351 Budget Paper No.3, *2008-09 Service Delivery*, p.123

Table 16.12: Road Level Crossings on Active Rail Lines in Victoria 12 May 2008

Type of crossing	Number	Percentage %
Crossings with Give Way signs	936	50.0
Crossings with flashing lights and warning bells	398	21.3
Crossings with boom barriers	360	19.2
Crossings with stop signs	151	8.1
Crossings with another form of protection e.g. traffic lights, position markers or interlocked gates	27	1.4
Total	**1,872**	**100.0**

Source: www.doi.vic.gov.au, accessed 19 September 2008

The government upgraded 153 level crossings during 2005-06 and 2006-07 and expects that a further 46 would be improved in 2007-08.[352] The government has set a target for 45 public railway crossings to be upgraded in 2008-09.[353]

In terms of developments at a national level to ensure that a system-wide approach to level crossing safety is adopted, the Committee observed that:

- rail level crossing working groups were considering a range of safety improvements at level crossings such as nationally consistent speed reductions in the lead-up to crossings, advance warning systems on approaches to crossings and the trialling of cameras;[354]
- when the Australian Transport Council met on 2 May 2008, Ministers agreed to the development of a package of railway level crossing safety initiatives, including consideration of:[355]
  - a major trial of low-cost level crossing treatments;
  - national media and enforcement initiatives for level crossings;
  - other best practice initiatives to improve level crossing safety; and
- the National Transport Commission, in its Strategic Plan for 2008-09 to 2010-11, earmarked as a high priority the development of enforcement guidelines to support improved safety at level crossings.[356]

On 14 May 2008, the Minister for Public Transport released the results of a two year audit of every road level crossing in Victoria. The Australian Level Crossings Assessment Model (ALCAM) results were available to road and rail safety experts as well as local councils, VicRoads and other stakeholders to use as the basis for level crossing improvements (further comments are included in section 16.4.4 of this chapter).[357]

352 Hon. L Kosky MP, Minister for Public Transport, 2008-09 Budget Estimates hearing, 14 May 2008, p.3
353 Budget Paper No.3, *2008-09 Service Delivery*, pp.123-124
354 Victoria's Road Safety Committee, Inquiry into Safety at Level Crossings, Mr T. Sargant, General Manager, Safety and Asset Management, Department of Infrastructure, transcript of evidence, 3 March 2008, p.2
355 Australian Transport Council, Joint Communique, 2 May 2008, p.5
356 National Transport Commission, 2008-09 to 2010-11 NTC Strategic Plan
357 Hon. L Kosky MP, Minister for Public Transport, media release, *Victoria's level crossing audit sets foundation for Brumby Government to build on rail safety record*, 14 May 2008

The Committee noted that according to the Minister for Public Transport, the government intended to request the Victorian Rail Crossing Safety Steering Committee, which includes experts from the Department of Infrastructure, VicRoads, VicTrack and rail operators, to research new technologies to help improve level crossing safety, particularly GPS devices and radio signalling.[358]

The Committee also noted that the Victorian Parliament's Road Safety Committee, by resolution of the Legislative Council on 18 July 2007, has been assigned the reference to inquire into and report on existing, new and developing technologies for implementation to improve safety at level crossings. The report date for this inquiry has been extended from 29 February 2008 to 31 October 2008.[359]

The Auditor-General's Office Annual Plan for 2007-08 included a prospective limited scope review for 2009-10 titled *"Status of rail safety initiatives and the potential impact of outstanding works (including level crossing improvement program)"*.[360] In the Annual Plan for 2008-09, the Auditor-General has included a wider banner titled *"Assessment of major rail projects, including project outcomes"*.[361]

The Committee looks forward to monitoring developments in this area over the ensuing years.

16.5.2 Funding package to improve safety at level crossings

On 25 June 2007, the Premier announced a program to improve level crossing safety in Victoria. Under the program, every rail crossing on a Highway in regional Victoria is to have flashing early warning signs as part of a $33.2 million package to improve safety at level crossings across the state.[362] The package also included new penalties and laws relating to enforcement. A summary of the Level Crossing Safety package, which contains extra safety measures in addition to the annual program, is shown in table 16.13.

358 The Office of the Premier, Media release, *Major program to improve level crossing safety in Victoria*, 25 June 2007

359 www.parliament.vic.gov.au/rsc/Crossings/lc, accessed 19 September 2008

360 Victorian Auditor-General's Office, *Annual Plan 2007-08*, p.23

361 ibid., p.27

362 The Office of the Premier, Media release, *Major program to improve level crossing safety in Victoria*, 25 June 2007

Table 16.13: The Level Crossing Safety Package Description of components and associated funding

Component	Description	$ Million	Percentage
53 automated advance warning signs	To be installed at all 26 level crossings on Highways and a further 27 high road traffic volume sites. The flashing lights are to be activated automatically when a train is approaching to warn motorists well in advance of reaching the crossing.	11.1	33.4
Installation of rumble strips at 200 crossings	Rumble strips to be installed on each side of 200 level crossings in regional Victoria. These raised road strips will physically alert motorists to upcoming level crossing signage.	11.7	35.2
The Don't risk it! Awareness campaign	The campaign will be updated to incorporate new measures and laws, and will be distributed via print, radio and television and school programs.	2.0	6.0
Line of sight improvements	An accelerated program of works will occur at approximately 75 level crossings to eliminate any 'line of sight' problems such as overgrown vegetation.	3.0	9.0
Trial of compliance cameras	A trial of compliance 'red light' cameras will be undertaken at two major level crossings – one metropolitan and one regional	1.8	5.4
Program management		3.6	10.8
Total		**33.2**	**100.0**

Notes: *(a) the Level Crossing Safety Package includes enforcement provisions whereby penalties for level crossing infringements will be strengthened, rising from $177 and three demerit points to $430 and four demerit points. A new offence will also be introduced for speeding to beat a train, crossing tracks when lights and bells are operating, or weaving in between boom-gates that are down. It will carry a fine of 30 penalty units ($3,304), four demerit points and automatic three month licence suspension*

Source: *The Office of the Premier, Media release, Major program to improve level crossing safety in Victoria, 25 June 2007*

16.5.3 Allocation of level crossing safety package over the forward estimates

The way in which the funding for the Level Crossing Safety Package is reflected in the budget papers over the forward estimates is explained in table 16.14. Under the Department of Infrastructure's Public Transport Safety and Regulation output, the Committee noted that against the target for 40 public railway crossings to be upgraded in 2007-08, the expected outcome was for 46 upgrades to occur in 2007-08, which demonstrated the government's commitment to continue improving level crossing safety across Victoria. The expected total cost for this output of $29.9 million was also significantly above the target of $20.0 million for that year, reflecting the additional funding provided post the 2007 budget.[363]

[363] Budget Paper No.3, *2008-09 Service Delivery*, pp.123-124 and 127

Table 16.14: Level Crossing Safety Package
Presentation in the budget papers over the forward estimates

Item	2007-08	2008-09	2009-10	2010-11	Total
	$ Million	$ Million	$ Million	$ Million	$ Million
2007-08 Budget Update					
Output initiatives : government -wide					
Level Crossing Infrastructure	4.2	1.0	1.0	2.2	8.4
Pilot Compliance Cameras	0.6	0.6	…	…	1.2
Sub-total	4.8	1.6	1.0	2.2	9.6(a)
Asset initiatives : government -wide					
Level Crossing Infrastructure	13.8	6.4	2.7	…	22.9
Pilot Compliance Cameras	0.6	…	…	…	0.6
Sub-total	14.4	6.4	2.7	…	23.5
Total output and asset initiatives	**19.2**	**8.0**	**3.7**	**2.2**	**33.1**

Note: (a) the forward estimates contained in the 2008-09 Budget include $1.5 million in 2011-12

Sources: 2007-08 Budget Update, pp.113-114 and Budget Paper No.3, 2008-09 Service Delivery, pp.290 and 301

16.5.4 Risk assessment to assist in prioritising crossings for upgrading

The Committee noted that the government had undertaken a two year survey of all road and pedestrian railway crossings in Victoria to assist in the identification of railway 'blackspots' and provide the basis for prioritising crossings for upgrading using the Australian Level Crossing Assessment Model (ALCAM) method of risk assessment.[364]

At the budget estimates hearing, the Committee heard from the Minister for Public Transport that ALCAM, a nationally agreed assessment, is based on the likelihood of an accident and the consequences if there is an accident. It takes into account rail and road traffic volumes, weather conditions and the types of vehicles (e.g. carrying large numbers of people or single cars).[365] There are some 40 risk characteristics and controls which are considered by the model, which then produces a Likelihood Factor for the crossing. The Likelihood Factor indicates whether a crossing is categorised as 'high-medium-low' risk, with safety hazards that require priority attention.[366] Multiplying the Likelihood Factor by the number of trains and vehicles using the crossing (exposure rating) gives the Total Risk Exposure Score. This allows comparison of the relative risk between different level crossings, which enables priorities to be set for future safety improvement works.[367] Level crossings are ranked in terms of a risk score.

364 www.transport.vic.gov.au, accessed 19 September 2008

365 Hon. L Kosky MP, Minister for Public Transport, 2008-09 Budget Estimates hearing, transcript of evidence, 14 May 2008, p.14

366 Director of Public Transport and the Victorian Rail Industry Operators Group, *Criteria for Infrastructure at Railway Level Crossings – Occupation Crossings*, p.12

367 ibid., p.13

The Committee noted that the five crossings with the highest risk scores were as follows:[368]

(1)	Springvale Rd	Nunawading	Richmond-Ringwood route
(2)	Springvale Rd	Springvale	Caulfield-Dandenong route
(3)	Mitcham Rd	Mitcham	Richmond-Ringwood
(4)	Main Rd	St Albans	North Melbourne-Sydenham
(5)	Furlong Rd	St Albans	North Melbourne-Sydenham

With regard to providing a contextual background to the risk assessment to assist in understanding the outcome, the Minister brought to the Committee's attention that:[369]

- given that ALCAM is a dynamic assessment at a particular point of time, rankings will change as level crossing upgrades are completed;
- every level crossing is dangerous if people do not obey the rules;
- a recent report by the Australian Transport Safety Bureau found that in almost all cases driver error was the cause of a level crossing accident;
- the outcome is not an assessment of the danger, but rather the risk assessment provides a priority listing for the sorts of works that might be done to actually affect driver behaviour in a sense; and
- the top ranked crossings already have boom gates, flashing lights and warning bells in place and, as such, the issue of enforcement as well as ensuring drivers are doing the right thing at those level crossings become important (these 200 crossings have a higher rating because of the volume of road traffic which passes across them).

The Committee also noted that the list does not categorise crossings as 'most safe' or 'least safe' because the government claims that all level crossings are safe if drivers obey the signs and take care.[370] At the budget estimates hearing, the Minister for Public Transport stated that the government is transparent about the level crossing upgrade program as the crossings have been nominated.[371] The Minister informed the Committee, however, that:[372]

> *"I think it is very dangerous to be talking about the most dangerous level crossings versus the others, because it actually gives the impression to people that, when they get to a level crossing that is at a lower number, somehow it is safe to break the law and to actually do the wrong thing — it is not. It is not in order of the most dangerous; it is a risk assessment on the basis of volumes of traffic — rail and road — and local conditions, and a number of other issues about vehicle occupancy as well, whether it is passenger train versus rail freight train, or whether it is a larger vehicle carrying quite a number of passengers versus a car or versus a truck. So it takes into account all those sorts of issues."*

The Committee welcomed the commitment given by the Minister to provide information to Members of Parliament about the model on which the process is based if they have genuine

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368 www.transport.vic.gov.au/Railway crossing safety initiatives, level crossing assessments, Priority List 12 May 2008

369 Hon. L Kosky MP, Minister for Public Transport, 2008-09 Budget Estimates hearing, transcript of evidence, 14 May 2008, p.20 and Hon. L Kosky, media release, *Victoria's level crossing audit sets foundation for Brumby Government to build on rail safety record*, 14 May 2008

370 Hon. L Kosky MP, Minister for Public Transport, media release, *Victoria's level crossing audit sets foundation for Brumby Government to build on rail safety record*, 14 May 2008

371 Hon. L Kosky MP, Minister for Public Transport, 2008-09 Budget Estimates hearing, transcript of evidence, 14 May 2008, p.22

372 ibid., p.21

requests about particular level crossings.[373] However, the Committee notes that the basis of prioritisation of works needs to be made more transparent, given the time and investment undertaken by the Department of Transport in technical assessments for each level crossing, as alerted by the Minister for Public Transport.[374]

To assist interested parties understand the process involved in undertaking the risk assessment of level crossing safety and the identification of safety improvement works that may be undertaken by authorities, the Committee considers that more information should be provided by the government to explain the ALCAM model and the particular deficiencies that have been highlighted at high risk level crossings throughout Victoria.

Recommendation 42: **The Department of Transport publish on its website:**

(a) a plain English summary of the Australian Level Crossing Assessment Model; and

(b) further details on the risk scores and risk rankings.

Ensuring that rail level crossings are safe is an important priority for the Victorian Government and the wider community in general. The Committee believes the Department of Transport should provide the following information (e.g. in its annual report):

- a consolidated summary of the crossings assessed as requiring priority works, together with the risk mitigation treatments to be applied at those crossings;
- the safety improvement works that have been undertaken at the level crossings; and
- a timeline for planned safety improvement works.

Recommendation 43: **The Department of Transport provide the following information (e.g. in its annual report) relating to the unfolding of the level crossing safety program:**

(a) the particular crossings assessed as requiring priority works, together with the associated risk mitigation treatments to be applied at each crossing in summary form;

(b) the safety improvement works that have been undertaken at each level crossing; and

(c) a timeline covering the safety improvement works that are planned to be undertaken.

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373 Hon. L Kosky MP, Minister for Public Transport, 2008-09 Budget Estimates hearing, transcript of evidence, 14 May 2008, p.22

374 ibid., p.21

CHAPTER 17: VIBRANT DEMOCRACY

Key findings of the Committee:

17.1 **The Committee noted that 1,200 people move to Melbourne each week. According to growth forecasts by the Department of Treasury and Finance and the Department of Planning and Community Development, Victoria's population is now estimated to reach 6.2 million in 2020 rather than 2030 (according to the forecast, Melbourne's population will increase by one million a decade earlier than predicted).**

17.2 **The Melbourne 2030 audit revealed that the fundamental principles underpinning Melbourne 2030 to be more relevant than ever due to the pressures of increased population growth, transport congestion, housing affordability and climate change.**

17.3 **The government response to the Melbourne 2030 audit titled Planning for all of Melbourne, which addresses these challenges and sets out a framework of action required over the next five years, provides a number of initiatives that includes the targeting of $5.6 million towards Growth Areas Authority leadership and growth areas structure planning.**

17.4 **The Committee was advised that under the Precinct Structure Planning Program, three of the 40 proposed precinct structure plans have been approved.**

17.5 **The government will direct the Growth Areas Authority to ensure that all 37 Precinct Structure Plans, currently being developed for land within the urban growth boundaries, are completed within the next four years.**

17.6 **The Committee believes that a schedule should be made public that identifies when each of the Precinct Structure Plans is expected to be completed. Final reporting should include details of the budget and costs involved in plan preparation and the expected outcomes to be derived from each plan.**

17.7 **The budget papers record a new performance measure titled 'Proportion of Precinct Structure Plans completed in accordance with adopted process'. The target set for 2008-09 is 100 per cent. The Committee believes, however, that it would be more informative to also disclose a target for the actual number of plans expected to be completed during the year.**

17.8 **In relation to the Precinct Structure Planning Program, the Committee considers that performance measures to assess whether the intended outcomes are being realised should be developed on a progressive basis as the program unfolds.**

17.9 **Audio web casting of proceedings in both the Legislative Council and Legislative Assembly commenced on 19 August 2008. The capital cost of the project was approximately $120,000 and operating expenditure in year one was estimated to be $160,000.**

17.10 **The 2008-09 Budget includes a total of $1.9 million in new output funding and $3.8 million TEI in new asset funding for the webcasting of Parliament.**

17.11 Additional funding needs to be provided by the government in future budgets so that video webcasting can start in the Legislative Assembly in the 2009-10 financial year and in the Legislative Council in 2010-11.

17.1 Introduction

In considering the budget estimates the Committee asked a total of 112 questions pertaining to the Vibrant Democracy vision of the *Growing Victoria Together* (GVT) initiative. This represented 22.1 per cent of all questions asked in the budget estimates hearings.

The answers provided at the estimates hearings were recorded in Hansard and the transcripts of evidence were contained in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part One* and in Appendix 1 of the *Report on the 2008-09 Budget Estimates – Part Two*.

This chapter sets out an analysis of several key issues canvassed by the Committee at the budget estimates hearings relating to the Vibrant Democracy vision of *Growing Victoria Together*.

17.2 Growth Areas Authority – expenditure associated with growth areas structure planning

17.2.1 Introduction

Established in 2006 as part of the Victorian Government's plan for outer urban development, the Growth Areas Authority oversees planning and development in Melbourne's five growth areas (see figure 17.1). Its goals are to:[375]

- develop communities that are socially, environmentally and economically sustainable;
- work with industry and local Councils to ensure economic, employment and housing priorities are achieved; and
- improve the operation of regulatory and administrative processes over time to reduce costs and increase efficiencies for developers and local Councils.

[375] www.gaa.vic.gov.au/About Us, accessed 24 September 2008

Figure 17.1: Melbourne's five growth areas

Source: www.gaa.vic.gov.au/growth_areas, accessed 24 September 2008

The Committee, in its 2006-07 Budget estimates report, recommended that three years post implementation, an independent evaluation of the Growth Areas Authority be commissioned to examine whether it is meeting its objectives and delivering the intended outcomes to its key stakeholders.[376] The government indicated that while monitoring occurs on an ongoing basis, a more formal evaluation would be considered after the Authority had been operating for a sufficient period of time and key elements of the new planning arrangements were in place.[377]

At the 2008-09 Budget estimates hearing, the Committee heard from the Minister for Planning that there is a commitment to maintain and monitor the extent of zoned and unzoned land in Melbourne's growth areas, particularly in the Geelong region as well as Melbourne. This will assist in supporting the Growth Areas Authority in undertaking their role and speed up the delivery of new land in these growth areas in order to accommodate the strong demand of population growth. The Committee was interested to hear that 1,200 people currently move to Melbourne each week[378] and that according to growth forecasts by the Department of Treasury and Finance and the Department of Planning and Community Development, Victoria's population will reach 6.2 million in 2020 rather than 2030 (according to the forecast, Melbourne's population will increase by one million a decade earlier than predicted).[379]

The *Melbourne 2030* audit revealed that the fundamental principles underpinning *Melbourne 2030* are more relevant than ever due to the pressures of increased population growth, transport congestion, housing affordability and climate change. The government response to the audit, titled *Planning for all of Melbourne*, released on 21 May 2008, which addresses these challenges and sets out a framework of action required over the next five years, provides a number of initiatives that includes the targeting of $5.6 million towards Growth Areas Authority leadership and growth areas structure planning.[380]

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376 Public Accounts and Estimates Committee, *Report on the 2006-07 Budget Estimates*, p.408

377 Government Responses to the Recommendations of Public Accounts and Estimates Committee's 70th Report on the 2006-07 Budget Estimates, p.46

378 Hon. J Madden, MLC, Minister for Planning, 2008-09 Budget Estimates hearing, transcript of evidence, 23 May 2008, p.3

379 The Office of the Premier, media release, *New zone to boost housing in growth areas*, 4 March 2008

380 Hon. J Madden, MLC, Minister for Planning, 2008-09 Budget Estimates hearing, transcript of evidence, 23 May 2008, p.4

Given that Victoria's population is now projected to increase by one million people by around 2020, a decade ahead of schedule,[381] this section of the chapter covers matters from an accountability perspective about what the government is planning to do in relation to Melbourne's growth areas in terms of precinct structure planning.

17.2.2 Precinct Structure Plans

Precinct Structure Plans are master plans for whole communities of up to 30,000 people. Designed to create new communities rather than just housing estates, they lay out roads, shopping centres, schools, parks, housing, employment and the connections to transport. Precinct Structure Plans can be:

- prepared and funded by council;
- council prepared with developer funding;
- developer prepared; or
- prepared by the Growth Areas Authority.

The Committee understands that a dedicated specialist planning team at the Growth Areas Authority has been formed to work in partnership with councils to complete master plans and reduce the lag time in housing and infrastructure.[382] The Committee stresses the importance of ensuring that the development of these new suburbs is well served by appropriate infrastructure and services.

The Committee was advised that the *Precinct Structure Planning Program* will build on the work that has already been done over the 40 precinct structure plans, three of which have been approved. These three relate to the following plans:[383]

- Cranbourne North Stage 1 (Casey-Cardinia growth area);
- Point Cook Homestead Road (Wyndham growth area); and
- Merrifield Central (Hume growth area).

The Growth Areas Authority is supporting councils across the growth areas to prepare the remaining 37 Precinct Structure Plans to take the pressure off places where land is scarcest. In some cases, the Growth Areas Authority is acting as an observer, facilitator or in partnership with council.[384]

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381 Hon. J Brumby, Premier of Victoria, *Melbourne 2030 Audit Speech*, 21 May 2008

382 Hon. J Madden, MLC, Minister for Planning, media release, *$9 million boost to make new communities more affordable and liveable*, 10 June 2008

383 Hon. J Madden, MLC, Minister for Planning, 2008-09 Budget Estimates hearing, transcript of evidence, 23 May 2008, p.11

384 www.gaa.vic.gov.au/Precinct_Structure_Plans/ accessed 25 September 2008

At the budget estimates hearing, the Minister for Planning advised the Committee that:[385]

> *"…through the precinct structure planning program, the Growth Areas Authority is playing a significant role in reforming the planning process to speed up the release of land to the market for 90,000 new homes. ... The precinct structure plan program will oversee the implementation of the urban growth zone across the growth areas by cutting the time it takes to prepare land for development by more than 12 months. It will deliver housing more effectively in our growth areas by rezoning all remaining development of greenfield land inside the urban growth boundary in growth areas. It will streamline the existing planning process by stripping the system of unnecessary delays and removing overlaps in duplicating referral stages in the approval process and cutting thousands of dollars in development costs and significantly increasing the supply of new homes.*
>
> *The precinct structure plans will identify areas for housing, employment and other opportunities, along with community facilities, public transport routes and open space…"*

The Committee noted that according to *Planning for all of Melbourne*, the government will direct the Growth Areas Authority to ensure that all 37 Precinct Structure Plans, currently being developed for land within the urban growth boundaries, are completed within the next four years.[386]

The Committee believes that a schedule should be made public that identifies when each of the Precinct Structure Plans is expected to be completed. The Committee accepts that completion is not just dependent on the Department of Planning and Community Development, but also involves the active support of local councils, developers and other stakeholders. Final reporting should include details of the budget and costs involved in plan preparation and the expected outcomes to be derived from each plan.

Recommendation 44: **The Department of Planning and Community Development publish a schedule that discloses the expected timeframe for completion of each Precinct Structure Plan.**

385 Hon. J Madden, MLC, Minister for Planning, 2008-09 Budget Estimates hearing, transcript of evidence, 23 May 2008, p.11

386 Victorian Government, *Planning for all of Melbourne*, 21 May 2008, p.42

17.2.3 Budget initiatives and performance measures- precinct structure planning

The 2008-09 Budget provides $36.6 million in output funding over four years for a package of initiatives to manage Victoria's increasing population through better planning for growing communities, the introduction of new residential zones and an increase in planning capability and capacity.[387] Of this amount, $5.6 million is aimed at assisting the Growth Areas Authority to focus on the delivery of precinct structure plans.[388]

The Committee noted that in relation to the Department of Planning and Community Development's output titled *Planning, Urban Design and Housing Affordability*, the budget papers record a new performance measure titled *Proportion of Precinct Structure Plans completed in accordance with adopted process*. The target set for 2008-09 is 100 per cent.[389]

While the Committee supports the introduction of the new performance measure and the target for all plans to be completed in accordance with adopted process, the Committee is of the view that it would be informative to also disclose a target for the actual number of plans expected to be completed during the year.

Recommendation 45: **To ensure that meaningful information is disclosed in the budget papers dealing with progress made in relation to precinct structure planning, the Department of Treasury and Finance ensure that the target for the performance measure titled 'Proportion of Precinct Structure Plans completed in accordance with adopted process' include the number of Precinct Structure Plans expected to be completed during the year.**

The Committee also maintains that over the ensuing years, a suite of performance measures should be developed that are directed at the effectiveness of the *Precinct Structure Planning Program* in terms of the extent to which desired outcomes have been achieved. These measures should centre on issues associated with reducing time delays in the planning process, the construction of new homes and the creation of more employment opportunities in Melbourne's growth areas. As the *Precinct Structure Planning Program* is rolled out, the Committee expects to see relevant performance measures being developed on a progressive basis and included in the Department of Planning and Community Development's annual report and budget papers where considered appropriate.

Recommendation 46: **Performance measures be developed on a progressive basis to assess the effectiveness of the *Precinct Structure Planning Program* in achieving the desired outcomes. This information be disclosed in the Department of Planning and Community Development's annual report and budget papers.**

387 Budget Paper No.3, *2008-09 Service Delivery*, pp.343 and 345

388 Hon. J Madden, MLC, Minister for Planning, 2008-09 Budget Estimates hearing, transcript of evidence, 23 May 2008, p.11

389 Budget Paper No.3, *2008-09 Service Delivery*, p.186

17.3 Audio and video webcasting of parliamentary proceedings

17.3.1 Background

Accountability to the community through unfettered access to parliamentary proceedings is central to the integrity of Australia's parliamentary system. In its *Report on Strengthening Government and Parliamentary Accountability in Victoria*, the Committee investigated the feasibility of implementing audio and video web casting of proceedings in the Victorian Parliament. As at that date, all Australian Parliaments except for the Victorian, Tasmanian and South Australian Parliaments had implemented the technology.

The Victorian Government announced in August 2007 that in 2008, it would provide funding for the live audio webcasting of all sessions of the Legislative Assembly and Legislative Council.[390] This funding was to be provided to make the Victorian Parliament accessible to the public. The Committee's findings also supported this view, and audio web casting of proceedings in both the Legislative Assembly and Legislative Council subsequently commenced on 19 August 2008. The capital cost was approximately $120,000 and operating expenditure in year one was anticipated to be $160,000.[391]

17.3.2 Video Webcasting of Parliament in Other Jurisdictions

Whilst the technology for the video webcasting of Parliament is complex, it is not new. Across the world, various parliaments have already implemented the technology for video webcasting. Such countries include the United Kingdom, Scotland, Wales, Germany and France. In Australia, all state parliaments have implemented audio and video webcasting, except South Australia and Tasmania. Table 17.2 outlines the status and timelines for implementation of video webcasting infrastructure in other Australian jurisdictions.

390 Hon. J Brumby MP, Premier, *Brumby vows to strengthen accountability in Victoria*, media release, 7 August 2007

391 Parliamentary Departments, *Response to the 2008-09 Budget Estimates Questionnaire – additional information sought by the Committee*, received 11 September 2008, p.1

Table 17.2: Date of implementation of Audio and Video Webcasting in Australia

State	Webcasting Implemented		Date of Implementation
	Audio	Video	
Commonwealth of Australia	Yes	Yes	August 2006 (question time only)
New South Wales	Yes	Yes	Legislative Assembly commenced February 2002 Legislative Council commenced Mid 2003
Queensland	Yes	Yes	Audio broadcast commenced in July 2006 and video commenced in July 2007
South Australia	No	No	-
Tasmania	Yes	No	Audio streaming commenced in 1991
Western Australia	Yes	Yes	2007
A.C.T	Yes	Yes	November 2007
Northern Territory	Yes	Yes	August 2006

Source: Responses obtained from Parliamentary Departments across Australia, received 26 September 2008

Generally, the webcasting of parliamentary proceedings in state parliaments has been facilitated by the installation of robotic cameras within the chambers, which are operated remotely by staff employed by the parliament. The parliaments of New South Wales, the Commonwealth and Western Australia also provide the broadcast feed to the media for their use. In these parliaments, only on specific occasions are media cameras allowed into the chamber to film the proceedings, and only by express authorisation of the Presiding Officer.[392] The Committee believes that the Victorian Parliament should consider following in the footsteps of these Parliaments, and once the video webcasting technology becomes well established and when the quality of the feed being provided is of sufficient quality, consideration should be given to the provision of the broadcast feed to the Victorian media for their use.

No provision has currently been made for archival/automated storage and retrieval of video web casts in Victoria. The Department of Parliamentary Services advised the Committee that (based on knowledge obtained from the Commonwealth Parliament) these services and systems are very expensive and complex, and should be the subject of a separate future project. The Commonwealth budget for the archival and storage process has been estimated at $4 million. There are currently no other Parliaments within Australia that provide this service. The Committee believes that once the infrastructure for video webcasting is firmly established in the Victorian Parliament, a review should be conducted into the need for implementation of an archival/automated storage and retrieval service for the video webcasts, as this will provide the public with greater access to view key decisions made by Parliament.

[392] Broadcast of Parliament Select Committee, *Inquiry into the Queensland Parliament Video Broadcast System*, May 2008, p.6

Recommendation 47: **The Department of Parliamentary Services should review the need for implementation of an archival/automated storage and retrieval process for video webcasting recordings.**

17.3.3 Funding of the Video Webcasting Project

The committee also recommended in its report on Strengthening Government and Parliamentary Accountability in Victoria that funding be provided in the near future for the video webcasting of all Legislative Council and Assembly sessions, and other parliamentary proceedings.[393] The Government's response was to support this in part as follows:[394]

> *"The Government has committed to the audio webcasting of all sessions of the Legislative Assembly and Legislative Council. The Government has funded this measure in the 2008 Budget and audio webcasting commenced on 19 August 2008.*
>
> *The funding will enable some of the infrastructure required for video webcasting to be made available from the outset of audio webcasting. However, prior to the introduction of video webcasting, there are significant resource and technology cost issues to resolve over the introduction of cameras and facilities for filming, which need to be balanced against the likely level of utilisation and the benefits over and above audio webcasting.*
>
> *Further, the Government notes its commitment is to webcast the proceedings of both Chambers."*

The Department of Parliamentary Services advised the Committee that funding was allocated in the 2008-09 Budget for the installation of infrastructure to enable the video webcasting of parliamentary proceedings. Table 17.3 highlights the overall output and asset funding which will be provided for the audio and video webcasting.

Table 17.3: Output Funding for the Webcasting of Parliamentary Proceedings

2008-09 Budget Initiatives	**2008-09) ($ million)**	**2009-10 ($ million)**	**2010-11) ($ million)**	**2011-12) ($ million)**	**TEI ($ million)**
Output Initiatives					
Webcasting of Parliamentary Proceedings	0.2	0.5	0.6	0.6	1.9
Asset Initiatives					
Webcasting of Parliamentary Proceedings	0.9	1.9	1.1	-	3.8

Source: 2008-09 Budget Paper No.3, Service Delivery, p. 357

393 Public Accounts and Estimates Committee, *Report on Strengthening Government and Parliamentary Accountability in Victoria*, April 2008, p.51

394 *Government response to the Public Accounts and Estimates Committee report on Strengthening Government and Parliamentary Accountability in Victoria, September 2008*, p.10

According to the Department of Parliamentary Services, the process for the installation of infrastructure to enable video webcasting has been split into two stages:

- provision of video webcasting of the Legislative Assembly; and
- provision of video webcasting of the Legislative Council.

The commencement of the video webcasting project is also subject to the completion of the current Chamber Sound Replacement Project. Parliament is in the final stages of this project to upgrade the audio capture infrastructure in both chambers of Parliament to provide a 'clean' stream of digital sound for Hansard and video webcasting purposes. This project has required the implementation of more refined digital sound processing, IT infrastructure upgrades, communication and storage infrastructure, development of the web interface within the constraints of stringent parliamentary security requirements and developing the skills and resource base needed to webcast both chambers during sitting periods.[395]

The Department has advised that the estimated cost for the provision of video webcasting of the Legislative Assembly is $2.11 million, and for the Legislative Council $1.19 million. This is broken down Table 17.4.

Table 17.4: Funding of Video Webcasting in the Legislative Assembly and Legislative Council

	Legislative Assembly Funding	Legislative Council Funding
	($'000)	**($'000)**
Output funding (operating)	250	100
Asset Funding (capital)	1,850	1,090

Source: Parliamentary Departments, Response to request for additional information relating to the 2008-09 Budget Estimates Questionnaire, received 11 September 2008, p.2

The majority of the output funding requirements relate to the specialised skills needed for the operation of the infrastructure, along with an increase in the workload resulting from video processing and hence increased staffing needs.

The Department of Parliamentary Services will be seeking funds from the Government so that the first stage of the video webcasting project (completion of the installation of infrastructure in the Legislative Assembly) will be completed during the 2009-2010 financial year, and the second stage (completion of the installation of infrastructure in the Legislative Council) will be completed during the 2010-2011 financial year.

Overall the Committee believes that the Government's plans to introduce the video webcasting of Parliamentary proceedings are a positive step towards ensuring the greater accountability of Parliament to the public.

Recommendation 48: **The State Government funds in the forthcoming budgets the Department of Parliamentary Services so as to ensure the introduction of video webcasting of the Legislative Assembly proceedings in 2009-10 and the Legislative Council in 2010-11.**

395 Parliamentary Departments, *response to request for additional information relating to the 2008-09 Budget Estimates Questionnaire*, received 11 September 2008, pp.1-2

Recommendation 49: **The Department of Parliamentary Services should conduct a follow up review to determine whether the Parliamentary web casting systems are operating effectively and whether or not the anticipated benefits of implementation are being realised.**

SECTION D: APPENDICES

APPENDIX 1: ACRONYMNS AND ABBREVIATIONS

ABARE	Australian Bureau of Agricultural and Resource Economics
ABHI	Australian Better Health Initiative
ABN	Australian Business Number
AGSRC	Average Government School Recurrent Cost
ALCAM	The Australian Level Crossings Assessment Model
ARTC	Australian Rail Track Corporation
A-IFRS	Australian equivalents to International Financial Reporting Standards
BAC	Blood Alcohol Concentration
BIA	Business Impact Assessment
BITRE	Bureau of Infrastructure, Transport and Regional Economics
CALD	Culturally and Linguistically Diverse
CAV	Consumer Affairs Victoria
CBD	Central Business District
CDP	Channel Deepening Project
CFA	County Fire Authority
COAG	Council of Australian Governments
CPI	Consumer Price Index
DEECD	Department of Education and Early Childhood Development
DFM	Departmental Funding Model
DHS	Department of Human Services
DIIRD	Department of Innovation, Industry and Regional Development
DMG	Dredged Material Grounds
DOI	Department of Infrastructure
DOJ	Department of Justice
DOT	Department of Transport
DPC	Department of Premier and Cabinet
DPCD	Department of Planning and Community Development
DPI	Department of Primary Industries
DPS	Department of Parliamentary Services
DSCV	Dispute Settlement Centre of Victoria
DSE	Department of Sustainability and Environment
DTF	Department of Treasury and Finance
EBA	Enterprise Bargaining Agreement
EFT	Equivalent Full-Time
EMP	Environmental Management Plan
ERC	Expenditure Review Committee
ESC	Essential Services Commission
ESL	English as a Second Language

FTE	Full Time Equivalent
GCRG	Government Communications Review Group
GFS	Government Finance Statistics
GSP	Gross State Product
GST	Goods and Services Tax
GVT	Growing Victoria Together
HACC	Health and Climate Change
HRMS	Human Resources Management System
ICT	Information and Communication Technology
IT	Information Technology
MCCA	Ministerial Council on Consumer Affairs
NAP	National Action Plan for Salinity and Water Quality
NAWP	New Action on Weeds and Pests
NHT	National Heritage Trust
NRA	National Reform Agenda
NRE	Department of Natural Resources and Environment
NRIP	Natural Resources Investment Program
OHIS	Office of Health Information Systems
RDV	Regional Development Victoria
RFDF	Rail Freight Development Fund
RIS	Regulatory Impact Statement
SEES	Supplementary Environmental Effects Statement
SEITA	Southern and Eastern Integrated Transport Authority
SPP	Specific Purpose Payments
SSC	Shared Services Centre
TAFE	Technical and Further Education
TEI	Total Estimated Investment
VCAA	Victorian Curriculum Assessment Authority
VCAT	Victorian Civil and Administrative Tribunal
VCEC	Victorian Competition and Efficiency Commission
VIAF	Improving the Lives of Indigenous Victorians – Victorian Indigenous Affairs Framework
VISTA	Victorian Integrated Survey of Travel and Activity
VicSES	Victoria State Emergency Service
VPHS	Victorian Public Health System
VPMF	Victorian Pest Management – A Framework for Action
VPS	Victorian Public Service
VRQA	Victorian Registration and Qualifications Authority

APPENDIX 2: LIST OF PERSONS AND DEPARTMENTS PROVIDING EVIDENCE AND RESPONSES TO THE ESTIMATES QUESTIONNAIRE

EVIDENCE

12 May 2008

Portfolios: Premier's; Multicultural Affairs; Veterans' Affairs

Department of Premier and Cabinet; Department for Victorian Communities

Hon. J Brumby MP, Premier;

Ms H Silver, Secretary

Mr M Duckworth, Acting Deputy Secretary

Mr M Kane, Acting Deputy Secretary

Mr A Fennessy, Executive Director, Department of Premier and Cabinet.

Hon. J Brumby MP, Minister for Multicultural Affairs and Minister for Veterans' Affairs;

Mr Y Blacher, Secretary;

Mr S Gregory, Chief Financial Officer;

Mr G Lekakis, Chairperson, Victorian Multicultural Commission;

Mr J MacIsaac, Executive Director, Youth Seniors Veterans and Disability, Department of Planning and Community Development; and

Mr A Robinson, Minister Assisting the Premier on Veterans' Affairs.

13 May 2008
Portfolios: Treasury; Health

Department of Treasury and Finance; Department of Human Services

Mr J Lenders, Treasurer;

Mr G Hehir, Secretary;

Mr S Helgeby, Deputy Secretary, Budget and Financial Management Division;

Ms L Williams, Deputy Secretary, Economic and Financial Policy Division;

Mr T Bates, Director, whole of government; and

Mr S Schinck, Director, Planning and Executive Services, Department of Treasury and Finance.

Mr D Andrews, Minister for Health;

Ms F Thorn, Secretary

Mr A Hall, Executive Director, Financial and Corporate Services;

Mr L Wallace, Executive Director, Metropolitan Health and Aged Care Services; and

Dr C Brook, Executive Director, Rural and Regional Health and Aged Care Services, Department of Human Services.

14 May 2008

Portfolios: Education; Public Transport

Department of Education and Early Childhood Development; Department of Transport

Ms B Pike, Minister for Education;

Professor P Dawkins, Secretary;

Mr J Rosewarne, Deputy Secretary, Office for Resources and Infrastructure; and

Mr T Cook, Deputy Secretary, Office for Planning, Strategy and Coordination, Department of Education and Early Childhood Development

Ms L Kosky, Minister for Public Transport;

Mr J Betts, Secretary;

Mr B McDonald, Executive Director, Corporate Resources;

Mr A Smith, Deputy Secretary, Capital; and

Mr H McKenzie, Director of Public Transport, Department of Transport.

15 May 2008

Portfolios: Police and Emergency Services; Corrections; Parliamentary Departments; Arts

Department of Justice; Department of the Legislative Assembly, Department of the Legislative Council; Department of Premier and Cabinet

Mr B Cameron, Minister for Police and Emergency Services;

Dr R Kelleher, Acting Secretary; and

Mr K Anderson, Acting Executive Director, Police, Emergency Services and Corrections, Department of Justice; and

Chief Commissioner C Nixon, Victoria Police.

Mr B Cameron, Minister for Corrections;

Dr R Kelleher, Acting Secretary;

Mr K Anderson, Acting Executive Director; and

Mr R Wise, Director, Prison Services, Department of Justice.

Mr R Smith, President of the Legislative Council;

Ms J Lindell, Speaker of the Legislative Assembly;

Mr R Purdey, Clerk of the Parliaments and Clerk of the Legislative Assembly;

Mr W Tunnecliffe, Clerk of the Legislative Council; and

Dr S O'Kane, Secretary, Department of Parliamentary Services, Parliament of Victoria.

Ms L Kosky, Minister for the Arts;

Ms P Hutchinson, Director;

Mr G Andrews, Deputy Director, Policy and Programs; and

Mr D Carmody, Deputy Director, Agencies and Infrastructure, Arts Victoria, Department of Premier and Cabinet.

16 May 2008

Portfolios: Agriculture; Small Business; Roads and Ports; Children and Early Childhood Development; Women's Affairs

Department of Primary Industries; Department of Innovation, Industry and Regional Development; Department of Transport; Department of Education and Early Childhood Development; Department of Planning and Community Development

Mr J Helper, Minister for Agriculture;

Mr R Bolt, Secretary;

Mr D Seymour, Deputy Secretary, Energy Resources and Major Projects;

Dr B Kefford, Deputy Secretary, Agriculture and Fisheries;

Mr C O'Farrell, Chief Financial Officer;

Mr P Bailey, Executive Director, Biosecurity Victoria;

Mr R Harris, Executive Director, Farm Services Victoria; and

Professor G Spangenberg, Executive Director, Bioscience Research, Department of Primary Industries.

Mr J Helper, Minister for Small Business;

Mr D Hanna, Deputy Secretary, Strategy and Coordination;

Mr D Latina, Executive Director, Office of Small Business; and

Mr J Hanney, Chief Executive, Regional Development Victoria, Department of Innovation, Industry and Regional Development.

Mr T Pallas, Minister for Roads and Ports;

Mr J Betts, Secretary;

Mr A Smith, Deputy Secretary;

Mr B McDonald, Executive Director Corporate Resources;

Mr G Liddle, Chief Executive Officer, VicRoads; and

Mr T Garwood, Executive Director, Freight Logistics and Marine, Department of Transport.

Ms M Morand, Minister for Children and Early Childhood Development;

Professor P Dawkins, Secretary;

Mr M White, Deputy Secretary, Office for Children and Early Childhood Development; and

Mr T Cook, Deputy Secretary, Office for Planning, Strategy and Coordination, Department of Education and Early Childhood Development.

Ms M Morand, Minister for Women's Affairs;

Mr T Healy, Deputy Secretary;

Ms R Cumberland, Director, Office of Women's Policy; and

Ms K Kelly, Manager, Policy Development, Office of Women's Policy, Department of Planning and Community Development.

21 May 2008

Portfolios: Gaming; Consumer Affairs; Housing; Aboriginal Affairs; Local Government

Department of Justice; Department of Human Services; Department of Planning and Community Development; Department of Planning and Community Development

Mr A Robinson, Minister for Gaming;

Dr R Kelleher, Acting Secretary;

Mr R Kennedy, Executive Director, Gaming and Racing;

Mr A Clayton, Project Director, Gambling Licences Review; and

Ms J Shinn, Executive Assistant to Executive Director, Gaming and Racing, Department of Justice.

Mr A Robinson, Minister for Consumer Affairs;

Dr R Kelleher, Acting Secretary; and

Dr D Cousins, Executive Director, Consumer Affairs Victoria, Department of Justice.

Mr R Wynne, Minister for Housing;

Ms F Thorn, Secretary;

Ms M Crawford, Executive Director, Housing and Community Building;

Mr R Jenkins, Acting Director, Policy, Strategy and Communications, and

Mr A Hall, Executive Director, Financial and Corporate Services, Department of Human Services.

Mr R Wynne, Minister for Aboriginal Affairs, and Minister for Local Government;

Mr Y Blacher, Secretary;

Ms A Jurjevic, Executive Director, Aboriginal Affairs Victoria;

Mr S Gregory, Chief Finance Officer, Corporate Finance;

Ms P Digby, Acting Deputy Secretary, Planning and Local Government; and

Mr C Morrison, Acting Director, Governance and Legislation and Local Government Programs, Department of Planning and Community Development.

22 May 2008

Portfolios: Community Services; Mental Health; Senior Victorians; Community Development; Energy and Resources

Department of; Department of Human Services; Department of Planning and Community Development; Dept. of Primary Industries

Ms L Neville, Minister for Community Services;

Ms F Thorn, Secretary;

Mr A Hall, Executive Director, Financial and Corporate Services;

Mr A Rogers, Executive Director, Disability Services;

Mr P McDonald, Executive Director, Children, Youth and Families;

Ms P White, Executive Director, Operations; and

Ms B Whitmore-Seidel, Director, Program and Sector Support, Children, Youth and Families, Department of Human Services.

Ms L Neville, Minister for Mental Health;

Ms F Thorn, Secretary;

Mr A Hall, Executive Director, Financial and Corporate services; and

Ms G Callister, Executive Director, Mental Health and Drugs, Department of Human Services.

Ms L Neville, Minister for Senior Victorians;

Ms F Thorn, Secretary;

Mr A Hall, Executive Director, Financial and Corporate Services; and

Dr C Brook, Executive Director, Rural and Regional Health and Aged Care Services, Department of Human Services; and

Mr Y Blacher, Secretary, Department of Planning and Community Development.

Mr P Batchelor, Minister for Community Development;

Ms G Myles, Deputy Secretary;

Mr D Ferrie, Executive Director, Community Programs; and

Mr S Gregory, Chief Financial Officer, Department of Planning and Community Development.

Mr P Batchelor, Minister for Energy and Resources;

Mr R Bolt, Secretary;

Ms M Lourey, Executive Director, Energy and Earth Resources;

Dr P Redlich, Director, Energy Technology Innovation; and

Mr C O'Farrell, Chief Financial Officer, Department of Primary Industries.

23 May 2008

Portfolios: Planning; Sport, Recreation and Youth Affairs; Environment and Climate Change Innovation

Department of Planning and Community Development; Department of Sustainability and Enviornment

Mr J Madden, Minister for Planning;

Mr Y Blacher, Secretary;

Ms G Overell, Executive Director, Planning, Heritage and Urban Design;

Ms P Digby, Acting Deputy Secretary, Planning and Local Government;

Mr S Gregory, Chief Finance Officer, Corporate Finance; and

Ms M Ferrie, Director, Corporate Strategy, Department of Planning and Community Development.

Mr J Merlino, Minister for Sport, Recreation and Youth Affairs;

Mr Y Blacher, Secretary;

Mr P Hertan, Executive Director, Sport and Recreation Victoria;

Mr S Gregory, Chief Financial Officer; and

Mr J Montgomery, Director, Office for Youth, Department of Planning and Community Development.

Mr G Jennings, Minister for Environment and Climate Change;

Mr P Harris, Secretary; and

Mr D Hill, Chief Finance Officer, Department of Sustainability and Environment.

30 May 2008

Portfolios: Innovation; Regional and Rural Development; Skills and Workforce Participation; Major Projects; Industry and Trade; Information and Communication Technology

Department of Innovation, Industry and Regional Development;

Mr G Jennings, Minister for Innovation;

Mr H Ronaldson, Secretary; and

Mr R Straw, Deputy Secretary, Department of Innovation, Industry and Regional Development.

Ms J Allan, Minister for Regional and Rural Development;

Mr H Ronaldson, Secretary;

Mr J Hanney, Chief Executive, Regional Development Victoria; and

Ms L Corbett, Executive Director, Infrastructure, Regional Development Victoria, Department of Transport.

Ms J Allan, Minister for Skills and Workforce Participation;

Mr H Ronaldson, Secretary;

Ms P Neden, Deputy Secretary;

Mr S Ward, Director, Workforce Participation; and

Mr P Clark, Executive Director, Skills Policy, Department of Innovation, Industry and Regional Development.

Mr T Theophanous, Minister for Major Projects;

Mr H Ronaldson, Secretary;

Mr A Smith, Deputy Secretary; and

Mr R Oliphant, Chief Financial Officer, Department of Transport; and

Mr S Sweeney, Executive Director, Major Projects Victoria.

Mr T Theophanous, Minister for Industry and Trade;

Mr H Ronaldson, Secretary; and

Mr B Foskett, Deputy Secretary, Department of Innovation, Industry and Regional Development.

Mr T Theophanous, Minister for Information and Communication Technology;

Mr H Ronaldson, Secretary; and

Mr R Straw, Deputy Secretary, Department of Innovation, Industry and Regional Development.

3 June 2008

Portfolios: Finance, WorkCover and Transport Accident Commission; Water; Tourism and Major Events; Attorney-General; Racing; Industrial Relations

Department of Treasury and Finance; Department of Sustainability and Environment; Department of Innovation, Industry and Regional Development; Department of Justice;

Mr T Holding, Minister for Finance, WorkCover and the Transport Accident Commission;

Mr G Hehir, Secretary of the Department of Treasury and Finance;

Mr P O'Connor, Chief Executive Officer, Transport Accident Commission; and

Mr G Tweedly, Chief Executive, WorkSafe Victoria.

Mr T Holding, Minister for Water;

Mr P Harris, Secretary; and

Mr D Hill, Chief Finance Officer, Department of Sustainability and Environment.

Mr T Holding, Minister for Tourism and Major Events; and

Mr D Richter, Acting Chief Executive, Tourism Victoria.

Mr R Hulls, Attorney-General;

Dr Kelleher, Acting Secretary;

Mr J Griffin, Executive Director, Courts Division; and

Ms P Adams, Manager, Portfolio Coordination, Department of Justice.

Dr R Kelleher, Acting Secretary;

Mr R Kennedy, Executive Director, Office of Gaming and Racing; and

Mr G Prescott, Manager, Office of Racing, Department of Justice.

Mr R Hulls, Minister for Industrial Relations;

Mr H Ronaldson, Secretary; and

Mr T Lee, Deputy Secretary, Department of Innovation, Industry and Regional Development.

APPENDIX 3: RESPONSES TO REQUESTS FOR CLARIFICATION ON SPECIFIC ISSUES

Background

The responses provided in this Appendix were received after the tabling of the Committee's Report on the 2008-09 Budget Estimates – Part Two, on 12 June 2008.

Department of Education and Early Childhood Development

QUESTION 1.1

Regarding original response to Q2.2 in the Questionnaire

In response to the asset investment projects for which capital expenditure is budgeted to occur in 2008-09, please provide a breakdown of the more significant projects in terms of expenditure that comprise the following previous budget commitments:

2007-08 Budget – Budgeted Expenditure in 2008-09

a) New schools $34.2 million

Additional Information

A total of $50 million was announced in 2007-08 for new schools in growth areas funded over two years ($15.8 million in 2007-08 and **$34.2 million** in 2008-09).

The *Victorian Schools Plan* committed to building 20 new schools in growth corridors. The $50 million funding is provided for the construction or completion of seven new schools. These schools are:

Schools	**TEI ($m)**
Berwick South Primary School	7.85
Caroline Springs College (Springside Campus)	7.85
Craigieburn North P-12	7.85
Laurimar Primary School	4.85
Pakenham Lakeside Primary School	7.85
Point Cook Senior Secondary College	6.85
Wyndham Vale P-12	6.90
Total	**50.00**

Source: DEECD Questionnaire response, August 2008, p.1

b) Regeneration $66.23 million

Additional Information

A total of $93.31 million was announced in 2007-08 to commence implementation of eight regeneration projects funded over two years ($27.08 million in 2007-08 and **$66.23 million** in 2008-09).

A regeneration project is a planned response by a group of schools, their communities, early childhood service providers and the Department of Education and Early Childhood Development to enhance education in a local area.

The eight regeneration projects commenced in 2007-08 are:

Regeneration Projects	**TEI ($m)**
Altona/Bayside Regeneration	12.46
Bendigo Education Plan	20.00
Broadmeadows Regeneration	21.82
Colac Regeneration	5.00
Dandenong Regeneration	9.97
Laverton Regeneration	5.66
Wangaratta Regeneration	4.63
Western Heights Regeneration	13.77
Total	**93.31**

Source: DEECD Questionnaire response, August 2008, p.2

c) Modernisation $94.4 million

Additional Information

A total of $204.59 million was announced in 2007-08 to implement the first stages of the modernisation program funded over two years ($110.2 million in 2007-08 and **$94.4 million** in 2008-09).

The $204.59 million was provided to contribute to the modernisation of 83 schools. This funding for modernisation projects was made up under the following categories:

Project category	**TEI ($m)**
Modernisation	184.59
Better Schools Today	20.00
Total	**204.59**

Source: DEECD Questionnaire response, August 2008, p.2

The $184.59 million was allocated to modernisation projects at 43 schools, which are detailed in the table below:

Schools	**TEI ($m)**
Ballarat Secondary College	5.63
Beaconsfield Upper Primary School	1.52
Beechworth Secondary College	5.15
Bentleigh Secondary College	6.23
Bentleigh West Primary School	6.15
Black Hill Primary School	3.01
Box Hill High School	5.76
Brauer Secondary College	1.59
Buckley Park Secondary College	5.00
Caroline Springs College (Brookside Campus)	4.93
Carranballac P-9 College	6.97
Coburg Senior High School	3.10
Cranbourne West Primary School	5.08
Drouin Secondary College	1.93
East Doncaster Secondary College	6.39
Echuca College	5.28
Elsternwick Primary School	4.37
Euroa Secondary College	3.90
Geelong South Primary School	2.12
Gladesville Primary School	2.81
Glendal Primary School	5.66
Greenhills Primary School	4.55
Inverleigh Primary School	1.15
Karingal Park Secondary College	5.57
Kent Park Primary School	4.04
Kinglake West Primary School	3.16
Kurnai College	4.30
Macclesfield Primary School	3.19
Mill Park Primary School	4.43
Mount Waverley Primary School	6.34
New Gisborne Primary School	2.87
North Melbourne Primary School	2.15
North Shore Primary School	2.91
Oberon High School	1.78
Parkdale Secondary College	8.91
Point Lonsdale Primary School	4.06
Roberts McCubbin Primary School	6.19
Sale College (McAlister campus)	0.95
Tate Street Primary School	1.54
Torquay P-9	6.61
Upwey High School	4.36
Vermont Secondary College	6.10
Werribee Secondary College	6.76
Total	**184.59**

Source: DEECD Questionnaire response, August 2008, p.3

$20 million of funding provided under the *Better Schools Today* program was allocated between the 40 schools identified below. Each school received funding between $300,000 and $500,000.

Schools
Altona North Primary School
Belvedere Park Primary School
Black Rock Primary School
Cann River P-12 College
Carlton North Primary School
Carrum Downs Primary School
Castlemaine North Primary School
Clifton Creek Primary School
Collingwood English Language School
Derrinallum College (P-12)
Doncaster Gardens Primary School
East Gippsland Specialist School
Essendon North Primary School
Fairfield Primary School
Glenferrie Primary School
Gruyere Primary School
Katandra West Primary School
Maldon Primary School
Mentone Park Primary School
Merri Creek Primary School
Monbulk Primary School
Mount Clear Primary School
Nangiloc Colignan and District Primary School
Northcote Primary School
Orchard Grove Primary School
Puckapunyal Primary School
Ripponlea Primary School
Scoresby Primary School
Simpson Primary School
Skipton Primary School
South Yarra Primary School
St Kilda Primary School
Stawell West Primary School
Stonnington Primary
Swan Reach Primary School
Tallangatta Primary School
The Basin Primary School
Toorak Primary School
Valkstone Primary School
Woodville Primary School

Source: DEECD Questionnaire response, August 2008, p.4

2008-09 Budget – Budgeted Expenditure in 2008-09

In terms of Asset Investment Projects ERC 2008-09; please provide a breakdown of the more significant projects in terms of expenditure that comprise the following project categories:

a) Modernisation $62 million

Additional Information

A total TEI of $127.4 million was announced in 2008-09 to modernise outdated school facilities in 26 schools over four years ($1.4 million in 2007-08; **$64.1 million** in 2008-09; $60.7 million in 2009-10; and $1.2 million in 2010-11).

The $62 million for modernisation mentioned in Question 2.2 in the PAEC questionnaire excludes $2.1 million for Fitzroy High School – (this figure is included in Modernisation of $64.1m in BP3). Fitzroy High School funding is reported separately in the 2007-08 Budget Update).

Schools	**TEI ($m)**
Bacchus Marsh Primary School	6.00
Carrum Primary School	4.00
Chaffey Secondary College	6.10
Colac South West Primary School	4.20
Daylesford Secondary College	3.00
Doncaster Secondary College	6.60
Dromana Secondary College	4.00
Elisabeth Murdoch College	8.60
Eltham Primary School	4.00
Glen Waverley Secondary College	9.30
Hartwell Primary School	2.80
Koroit and District Primary School	2.00
Lara Secondary College	6.20
Maffra Primary School	4.10
Fitzroy High School	3.50
McKinnon Secondary College	6.00
Mount Evelyn Primary School	6.30
Nar Nar Goon Primary School	4.40
Pascoe Vale North Primary School	3.10
Port Melbourne Primary School	4.70
Princes Hill Primary School	5.70
Reservoir West Primary School	3.60
Surrey Hills Primary School	6.20
Wangaratta West Primary School	3.00
Wellington Secondary College	5.90
Wodonga Primary School	4.10
Total	**127.40**

Source: DEECD Questionnaire response, August 2008, p.5

b) Better Schools Today $35 million

Additional Information

$35.0 million was provided under the *Better Schools Today* program in the 2008-09 Budget to fund minor works of between $300,000 and $500,000 per school to modernise or upgrade up to 70 small-to-medium schools.

QUESTION 1.2

Regarding original response to Q2.3 in the Questionnaire

Please provide an update on the status of the implementation of the Victorian Schools Plan in terms of targets set for 2007-08 and 2008-09.

Additional Information

The 2008-09 Budget (BP3 p.306) delivered the second tranche of the *Victorian Schools Plan*, providing an additional $595.8 million to rebuild or modernise a further 128 schools. This figure includes $3.5 million for Fitzroy High School - Modernisation, as reported in the 2007-08 Budget Update.

This builds on the $555 million to rebuild or modernise 131 schools in the 2007-08 Budget.

What are the target numbers of schools which are planned to be completed (i.e. rebuilt/modernised) by the end of 2009-10? Have these targets been revised since the implementation of the Plan, and what is the current progress against those targets?

Additional Information

In *Labour's Financial Statement (LFS) 2006*, the Government announced the *Victorian Schools Plan*, a ten-year commitment to fund the rebuilding, modernisation or extension of all Victorian government schools by 2016–17.

In *LFS 2006*, $1.83 billion was committed to rebuild or modernise 500 schools over four years.

Provide details of the external reporting which is now available to the public/Parliament to track the implementation of the Plan.

Additional Information

Chapter 4 – Election Commitments Implementation Report Card – Budget Paper No.3 highlights the Government's progress towards its asset commitments as outlined in *LFS 2006* under the *Victorian Schools Plan*.

The Public Sector Asset Investment Program – Budget Information Paper No. 1 (BIP1) provides details on expenditure to date for approved projects within the Department of Education and Early Childhood portfolio, including *Victorian Schools Plan* projects.

QUESTION 1.3

Regarding original response to Q7.1 in the Questionnaire

In relation to the response provided for the variations of more than 10% between the expected outcome for 2007-08 for various output costs that indicate that the variations are a result of the new 2008-09 Budget initiatives, please describe the particular initiatives involved for each variance.

Additional Information

Child Health and Support Services

- Engaging vulnerable families through the promotion of home learning and supported playgroups – provides funding for programs to promote home learning programs, literacy learning in the home, multi-state study participation and the delivery of supported playgroups.
- Healthier mothers and babies

Early Childhood Education and Care

- A new focus on quality in family day care and outside school hours care – to administer the changes to the Children's Services Act 1996 in the Children's Services Amendment Bill 2008 which will regulate family day care and outside school hours care.
- Early childhood education and care for three year olds known to child protection – to provide free early learning programs for up to five hours per week for up to 2,000 children known to child protection.
- Refurbishing and rebuilding early childhood services – supports the co-location of early childhood services on schools sites by providing grant funding to refurbish and renovate kindergartens on school sites.
- Helping children make the transition to school – supports the rollout of a Victorian Early Learning & Development Framework for children and to introduce end of year Transition Statements for all kinder students.

Early Childhood Intervention Services

- Enhancing disability services and outcomes.

QUESTION 1.4

Regarding original response to Q9.1 in the Questionnaire

What is the communication, advertising and promotion budget for 2008-09?

Additional Information

The communication, advertising and promotion budget for 2008-09 is yet to be determined, and as such comparison with estimated expenditure in 2007-08 is not yet possible.

QUESTION 1.5

Regarding original response to Q12.1 in the Questionnaire

In terms of international student fees, what is the expected revenue for 2007-08 and the estimate for 2008-09?

Response

- Actual revenue from international student fees grossed $32.8 million in 2007-08.
- Gross revenue of $33.1 million is expected in 2008-09.

QUESTION 1.6

Regarding original response to Q5.1(d)

Since COAG agreed on the National Reform Agenda in February 2006, Victoria has committed $323.8 million in new funds over four years to boost literacy and numeracy.

Please provide an outline of all initiatives planned for 2008-09 to 2011-2012 to improve literacy levels at primary and secondary schools in Victoria. Please outline (in tabular form) the expected funding for each initiative for each year over the next four years.

Additional Information

In the 2008-09 Budget, the Government announced $22.1 million would be provided over three years (2009-2011) to continue the successful Literacy Improvement Teams Initiative enabling programs to be extended until the end of 2011. This included funding to employ an additional 15 Koorie Literacy Specialists.

2008-09 (Jan-Jun 2009)	$3.7 million
2009-2010	$7.4 million
2010-2011	$7.4 million
2011-2012 July-Dec	$3.7 million
TOTAL	**$22.1 million**

Source: DEECD Questionnaire response, August 2008, p.10

Department of Justice

QUESTION 1.1

Q2.2 in the 2008-09 Budget Estimates Questionnaire

With regard to the list of asset investment projects that was provided by the department in relation to those projects for which capital expenditure was budgeted to occur in 2008-09, please provide the budget allocation for each project.

The list of asset investment projects provided in the Department's response to the 2008-09 Budget Estimates Questionnaire was a provisional list. Please disregard that list and use the following revised list, which confirms the post 2008-09 budget position.

Note that the budget allocations for 2008-09 against each project include year-end adjustments (pending approval by DTF).

Project Description	**2008-09 Budget ($'000)**
Justice	
Existing Projects	
10 Year Prison Cell Safety Project – Upgrade safety of cells and buildings	3,479
Better Pathways – Women's Offending – Asset Enhancement (Metropolitan)	530
Community Based Corrections facilities – Construction (Melbourne)	85
Diversionary Program for Adult Aboriginal Offenders - Construction (Statewide)	832
Improving VicSES Facilities and Infrastructure - Construction/Replacement	150
Integrated Courts Management System (ICMS) - Asset Enhancement	9,155
Justice System Major Crimes Resourcing Needs - Asset Enhancement	819
(a) Melbourne Legal Precinct Master Plan - Construction (Melbourne)	12,810
Modernising Coronial Services - Construction (Melbourne)	6,000
Moorabbin Court Complex - Construction (Moorabbin)	453
Organised Crime & Counter Terrorism - Asset Enhancement (Statewide)	168
Putting Children First: Promoting Child Safe Workplaces - Fitout/Equipment	951
Reducing Court Delays - Construction (Melbourne)	76
Sexual Assault Reform - Asset Enhancement (Statewide)	496
VICSES Support - Construction and Asset Enhancement (Statewide)	5,348
Victorian Institute of Forensic Medicine (VIFM) - Equipment Upgrade Program (Statewide)	1,351
Total Existing Projects	**42,703**

Project Description	2008-09 Budget ($'000)
Justice	
New Projects	
Building Confidence in Corrections - Construction/Asset Enhancement	78,217
Children's Court Workload & Resourcing - Enhancement	255
Evidentiary Audio Visual Recording Equipment - Replacement (Melbourne)	7,516
Improving Dispute Resolution Services - Enhancement (Statewide)	171
Infringement Management and Enforcement Services – Enhancement/Equipment (Statewide)	2,493
Magistrates' Court - Safety, Security & Risk Management - Equipment/Enhancement (Metropolitan)	1,980
Melbourne Legal Precinct Master Plan- Old County Court Refurbishment - Construction/Enhancement (Melbourne)	17,500
Mortuary Services - Construction/Enhancement (Melbourne)	0
Reducing Court Delays - Supreme Court - Enhancement (Melbourne)	287
Revitalising Central Dandenong - New Asset (Dandenong)	0
Sexual Assault Reform (Rural and Regional and Geelong)- Equipment/Enhancement (Statewide)	834
Victoria State Emergency Service (VICSES) Critical Asset Replacement Program - Replacement (Statewide)	2,644
Total New Projects	**111,897**
Total Justice Projects	**154,600**

Note: *(a) This project is a combination of the Melbourne Legal Precinct Masterplan and 2007-08 Melbourne Legal Precinct Masterplan projects, which were previously reported separately.*

Source: *DOJ Questionnaire response, September 2008, p.1-2*

Project Description	**2008-09 Budget ($'000)**
Victoria Police	
Existing Projects	
(a) Ararat Police Station (Police Stations Program 2007-08) - Construction (Ararat)	5,982
(a) Bayside Police Station (Police Stations Program 2007-08) - Construction	5,925
(a) Box Hill Police Station (Police Stations Program 2007-08) - Construction (Box	6,636
Brunswick and Collingwood Police Complexes - Upgrades (Brunswick and	2,611
Carlton-North Melbourne Police Station - Construction (Carlton-North Melbourne)	7,576
(a) Carrum Downs Police Station (Police Stations Program 2007-08) - Construction (Carrum Downs)	6,075
Crime Department Upgrade - Construction (Melbourne)	5,000
(a) Foster Police Station (Police Stations Program 2007-08) - Construction (Foster)	676
(b) Hastings Police Station (Priority Projects - Rural/Regional Police Station) - Construction (Hastings)	1,881
Increased Police Car Fleet - Asset Enhancement (Statewide)	971
(a) Kyneton Police Station (Police Stations Program 2007-08) - Construction	5,295
Lilydale Police Station - Construction (Lilydale)	11,544
Macleod Forensic Capability - Asset Enhancement (Metropolitan)	570
North Wyndham Police Station - Construction (North Wyndham)	4,944
(a) Ouyen Police Station (Police Stations Program 2007-08) - Construction (Ouyen)	433
Road Safety Enforcement - Road Policing Asset Enhancement (Statewide)	310
(a) Sunbury Police Station (Police Stations Program 2007-08) - Construction	428
(a) (b) Swan Hill Police Station (Police Stations Program 2007-08) - Construction	6,067
Victoria Police Airwing - Asset Purchase (Statewide)	4,475
Victoria Police Weapons & Equipment - Asset Enhancement (Statewide)	3,234
Wallan Police Station - Construction (Wallan)	93
(b) Yarra Junction Police Station (Priority Projects - Rural/Regional Police Station) - Construction (Yarra Junction)	251
Yarrawonga Police Station Replacement (Stage 8) - Construction (Yarrawonga)	979
Total Existing Projects	**81,955**
New Projects	
Police Stations Priority Upgrade Program - Asset Enhancement (Statewide)	2,000
Victoria Police Asset Replacement - Equipment (Statewide)	4,790
Victoria Police Forensic Capability - Equipment (Statewide)	673
Total New Projects	**7,463**
Total Police Projects	**89,418**

Note: *(a) This project was previously reported as part of the Police Stations Program 2007-08, which aggregated a number of police stations.*

(b) This project was previously reported as part of the Priority Projects - Rural/Regional Police Stations, which aggregated a number of police stations.

Source: *DOJ Questionnaire response, September 2008, p.2-3*

Total DOJ & VicPol Projects	
New Projects DOJ & VicPol	$119,360
Existing Projects DOJ & VicPol	$124,659
Total DOJ & VicPol Projects	**$244,019**

Source: DOJ Questionnaire response, September 2008, p.3

QUESTION 1.2

Q9.1 in the 2008-09 Budget Estimates Questionnaire

(a) The response revealed that 'at this stage budgets for communication, advertising and promotion have not been allocated for 2008-09 and figures for expenditure are not able to be estimated'.

Please supply the finalised information requested in question 9.1 of the 2008-09 budget estimates questionnaire.

(b) In relation to Victoria Police, the department advised that "It is anticipated that the budget for 2008-09 will be very similar to that for 2007-08, however it is not possible to confirm this until after the 2008-09 State Budget Papers have been released'.

Please supply the finalised information requested in question 9.1 of the 2008-09 budget estimates questionnaire.

(a) Department Response

Programs over $100,000 that have been funded in 2008/09 total $7.0m. This estimate may vary slightly if circumstances and need change throughout the year.

The $7.0m is made up of the following components:

- $4.00m - Problem Gambling
- $1.50m - Family Violence
- $0.65m - Play it Safe by the Water
- $0.55m - Working with Children
- $0.30m – Victims

(b) Victoria Police Response

The communication, advertising and promotion budget for 2008-09 and expected actual expenditure for 2007-08 are provided in the following table:

Communication, advertising and promotion budget for 2008-09	$1,100,000 (estimated)
Expected actual expenditure for 2007-08.	$670,000

Source: DOJ Questionnaire response, September 2008, p.3

The 2007-08 figure included the cost of production and publication of The Gazette, largely aimed at an internal Victoria Police audience. The Gazette will no longer be printed in 2008-09, realising a saving of approximately $90,000. The higher level of estimated expenditure for 2008-09 reflects the estimated cost for a specific police recruitment campaign, to be run across the second half of the financial year.

QUESTION 1.3

Please outline the goals and objectives of the liquor licensing compliance directorate (i.e. what does the compliance directorate aim to achieve?)

Budget Paper 3, 2008-09, pg. 178 shows that for the 'Inspections, compliance monitoring and enforcement activities' target, the number of inspections has decreased from 2006-07 (8,575) to 2007-08 (7,750). Although the liquor licensing compliance directorate will be established in 2008-09, the expected number of inspections for 2008-09 has remained the same as per 2007-08 (7,750).

Please provide details of any expected increases in activity/inspections for the next 5 years.

Please note that the Liquor Licensing Compliance Directorate outputs are separate to those of Consumer Affairs Victoria.

Consumer Affairs Victoria Outputs

The target of 7,750 referred to in Budget Paper No. 3 for 'inspections, compliance monitoring and enforcement activities' relates to compliance and inspections activity conducted by Consumer Affairs Victoria (CAV) across a number of areas, but does not include compliance monitoring and enforcement of liquor laws.

Enforcement of liquor laws is the sole responsibility of Victoria Police. CAV is not involved in liquor compliance activity and therefore the measure referred to in the Budget Papers is not affected by changes introduced through the establishment of the Liquor Licensing Compliance Directorate.

Liquor Licensing Compliance Directorate Goals and Objectives

The objective of the Liquor Licensing Compliance Directorate is to provide low level enforcement of the *Liquor Control Reform Act*. This will enable police to focus on higher level licensing issues that directly relate to social harm in and around venues.

The Director of Liquor Licensing has statutory responsibility for the issue and inspection of liquor licenses. Inspection and compliance activities are currently delegated to Victoria Police to be undertaken by uniformed officers.

The compliance regime to be established through the new Compliance Directorate will result in approximately 25,000 inspections per year from 2009/10. Police will retain their existing powers, however responsibility for conducting inspections will be assigned to the new compliance directorate. Police will remain focussed on higher-level licensing issues that directly create social harm in and around venues.

Department of Transport

QUESTION 1.1

(Refer to Q1.3 of 2008-09 Budget Estimates questionnaire)

In relation to developments at the Commonwealth level that have had an impact on developing the department's 2008-09 budget, the department indicated that 'Victoria has sought Commonwealth funding for Auslink 2 projects in the federal 2008-09 Budget. The Victorian and Commonwealth Governments are working in partnership to address the gaps and bottlenecks in the national transport system and generate new jobs, investment and prosperity for Victorians'.

What outcomes have transpired as a result of Victoria seeking Commonwealth funding for Auslink 2 projects?

Answer:

The Commonwealth Government has now committed to provide funding of $3 billion to Victoria for 25 AusLink 2 projects between 2009-2014 which include a mix of road, rail and intermodal projects.

In the 2008 Federal Budget, Victoria received Commonwealth funding for 8 projects to enable early commencement of AusLink 2 projects. These projects are: West Gate Bridge ($25m), Western Ring Road ($14m), Geelong Ring Road Stage 4A ($6.5m), Colac-Lavers Hill Road ($3m), Nagambie Bypass ($5m), Western Highway ($5m), Princes Highway West ($1m) and Princes Highway East ($0.5m).

The remainder of the funding will commence in 2009-10, and some projects will take several years to complete. The commitment of funds by the Commonwealth has increased business confidence in Victoria by providing investor certainty around the future shape of Victoria's freight transport network.

QUESTION 1.2

(Refer to Q2.2 of 2008-09 Budget Estimates questionnaire)

With regard to the list of asset investment projects that was provided by the department in relation those projects for which capital expenditure was budgeted to occur in 2008-09, please provide the budget allocation for each project.

Answer:

DOI Asset Investment Program	**2008-09 Budget $m**
Accessible Public Transport in Victoria - DDA Compliance for Train, Tram & Bus	41.785
Clifton Hill to Westgarth Track Duplication	33.554
Coolaroo Station	9.950
Counter Terrorism and Public Transport Security Package	1.790
Country Passenger Rail Network Maintenance and Renewal	37.560
Country Rail Freight Network Renewal and Maintenance	23.700
Craigieburn Station Track Upgrade	13.019
Dandenong Rail Corridor - Stage One - Cranbourne Stabling and Station Upgrade	25.028
Dandenong Rail Corridor - Stage Two – Westall Rail Upgrade	19.589
Dynon Port Rail Link	34.468
Geelong Rail Access Improvement Program	18.718
Hallam Park and Ride	1.200
Laverton Rail Upgrade	23.052
Linking the Suburbs - Craigieburn Rail Project	2.524
Metropolitan Park and Ride Program – Stage 2	4.200
Metropolitan Train Control Reliability Systems Upgrade (METROL)	28.352
Metropolitan Train Rolling Stock Procurement	123.500
Metropolitan Train Safety Communications System	48.293
Mildura Rail Corridor - Freight Upgrade	35.782
New Ticketing Solution	149.900
Noble Park Train Station Upgrade	1.050
North Melbourne Station Interchange Upgrade	10.000
Partnership Agreement Works	10.892
Princes Pier Restoration	11.014
Public Transport Security Package	4.600
Railway Crossing Upgrade Program (Includes Level Crossing Safety Package - 2007)	29.053
Regional Train Rolling Stock Procurement	23.792
SmartBus Green Orbital - Nunawading to Airport West	13.587
SmartBus Red Orbital - Box Hill to Altona	17.819
SmartFreight – Connect Freight	1.260
South Gippsland Public Transport Service Improvement Package	2.870
South Morang Rail Extension Development Package	4.000
Stations and Modal Interchanges Upgrade Program	4.200
Tram Electrical Upgrade and Maintenance	3.667
Transit Cities - Ballarat Second Station	7.181
Vigilance Control and Event Recording System (VICERS) on Metro Trains	20.045
Wodonga Rail Freight and Urban Redevelopment	41.656

Source: DOT Questionnaire response, September 2008, p.2

VicRoads Capital Investment Program	**2008-09 Budget $m**
Barwon Heads Bridge Replacement (Barwon Heads)	13.900
Bass Highway Duplication - Grantville to King Rd	2.700
Bass Highway Duplication - King Rd to Woolmers Rd	9.000
Berwick-Cranbourne Rd Duplication - Pound Rd to Thompsons Rd (Cranbourne North, Clyde North)	4.919
Breakwater Rd Upgrade (Belmont, Geelong)	10.000
Calder Highway Sec 2 - Faraday to Ravenswood	16.078
Calder Highway Upgrade - Kyneton to Faraday	2.170
Congestion Improvements Program	14.441
Congestion Measures	6.300
Cranbourne Frankston Rd – Carriageway Duplication – Centre Rd to Western Port Hwy	2.855
Cranbourne-Frankston Rd Duplication - Scott St to Hall Rd (Cranbourne)	1.155
Cranbourne-Frankston Rd Duplication – Hall Road to Western Port Highway (Cranbourne)	10.800
Derrimut Road Duplication - Hogans Rd to Sayers Rd (Hoppers Crossing)	3.688
Electronic Variable Speed Limits	4.000
Ferntree Gully Road Widening – Jells Road to Stud Road	24.403
Geelong Ring Road	91.000
Goulburn Valley Highway Upgrading	1.260
Hume Highway - Donnybrook Road grade separation	13.719
Kings Road Duplication - Melton Hwy to Taylors Rd (Sydenham)	1.845
Kororoit Creek Road Duplication – Grieve Parade to Millers Road	1.200
Narre Warren – Cranbourne Road Duplication – Centre Road to Pound Road (Narre Warren)	5.249
Nepean Hwy Bridge Replacement - Mordialloc Creek (Kingston City)	3.763
Pound Road – South Gippsland Highway / South Gippsland Freeway Upgrade	1.300
Princes Highway East (Via Bruthen) - Buchan Road to Princes Hwy	1.175
Princes Highway West Duplication Stage 1 – Waurn Ponds to Winchelsea	5.000
Road Safety Infrastructure Program 3	80.000
South Road New Road Construction - Warrigal Rd to Old Dandenong Rd (Heatherton)	2.215
Taylors Road Bypass	8.082
Thompson Road Duplication (Carrum Downs)	11.032
Thompson Road Duplication (Cranbourne)	10.101
Tram and Bus Priority Program	6.000
Tullamarine - Calder Freeway Interchange	2.918
Vineyard Road (Obeid Drive and Mitchells Lane, Sunbury)	11.423
Wellington Road Widening - Huntingdale Station to Stud Rd (Metro Various)	2.311
Western Highway: Deer Park Bypass and Leakes Rd Interchange Upgrade (Deer Park)	95.115
Western Highway Realignment: Anthony's Cutting	5.000
Western Port Hwy Duplication – Cranbourne Frankston Road to North Road	18.668
West-Gate Monash Freeways Improvement Project	360.238

Excludes the Registration and Licensing Project – Stage 1, as the 2008-09 State Budget provided $7.5m in operating funding for this project.

Source: DOT Questionnaire response, September 2008, p.3

QUESTION 1.3

(Refer to Q3.1a of 2008-09 Budget Estimates questionnaire)

Please quantify the planned efficiency savings according to the various elements of the Efficient Government policy.

Answer:

The 2008-09 savings requirement under the Efficient Government Policy totals $10.8 million for the Department. This was set by Government based on the following savings areas:

	($m)
Implementation of 'Buying Smarter, Buying Less' policy	7.3
General head office including grant administration and fleet management	2.7
Advertising and consultancies	0.4
Shared services arrangements	0.4
	10.8

Source: DOT Questionnaire response, September 2008, p.4

QUESTION 1.4

(Refer to Q12.2 of 2008-09 Budget Estimates questionnaire)

In relation to the list of concessions to be provided in 2008-09, please describe what is meant by the various frequencies outlined in the 'Frequency' column of the department's response e.g. 25% Driver Licence Discount Scheme – 3 Monthly

Answer:

The "frequency" referred to in the concessions table of question 12.2 does not relate to the frequency of application of the concessions, and is only used by VicRoads for internal processes.

Therefore, the table can be summarised to the following concessions: Health Care Card, Recreational Use Health Care Card, Pensioner, Department of Veterans' Affairs, Private or Business Use - French Island, and 25% Driver License Discount Scheme.

Department of Primary Industries

QUESTION 1.1

Response to Question 1.3

In describing the impact that developments at the Commonwealth level have had on preparing the department's component of the 2008-09 state budget, the response indicated that "The release of the Commonwealth Budget on 13 May 2008 confirms the Rudd Government's commitment to substantial funding of low-emission energy technologies. This was anticipated in the Victorian budget allocation for such technologies, which will be used to leverage Commonwealth and private funding.

What funding has flowed to Victoria as a result of the release of the Commonwealth Budget in terms of low-emission energy technologies?

The Commonwealth 2008-09 Budget included the following major energy technology initiatives:

- $500 million for the National Clean Coal Fund over eight years, of which Victoria has been allocated $50 million for a large scale post combustion capture demonstration project in the Latrobe Valley. Victoria has an opportunity to secure further funding possibly through a competitive tender process for the currently remaining unallocated amount of $140 million.
- $500 million for the Renewable Energy Fund over seven years. The unallocated amount of approximately $400 million is expected to be awarded through a competitive tender process.
- $150 million for the Energy Innovation Fund over four years, with the unallocated amount of $50 million to be based on a competitive merit-based application process.

QUESTION 1.2

Response to Question 1.2 and Question 6.1.

The responses to these questions indicated that the development of Carbon Capture and Storage systems are an integral component of the Government's actions to address climate change.

In relation to this, a Regulatory Framework for the Long-Term Underground Geological Storage of Carbon Dioxide was released for public consultation on 14 January 2008. Since this time the government has committed $110 million over six years for large scale pre-commercial demonstration of CCS technologies as part of the government's Energy Technology Innovation Strategy.

Can you please provide the Committee with details of the timelines for the ongoing development of the Regulatory Framework for the Long-Term Underground Geological Storage of Carbon Dioxide.

Please also outline in specific terms, how the funding allocated for the large scale pre-commercial demonstration of CCS technologies is to be utilised, providing the timelines for the development of this program.

Legislation to regulate the onshore injection and storage of carbon dioxide in Victoria is currently in the process of being developed. Subject to Cabinet approval, it is anticipated that the onshore injection and storage of carbon dioxide legislation will be introduced to Parliament in the Spring 2008 sittings.

Amendments to the Commonwealth Offshore Petroleum Act 2006 (OPA) to provide access and property rights for CCS in Australian waters have been drafted. This legislation will allow for the establishment of an effective regulatory framework covering offshore CCS activities. The Bill was referred to the House of Representatives Standing Committee on Primary Industries and Resources for review with their report being tabled on 15 August 2008. The Senate Economics Committee report on the legislation is scheduled to be completed on 16 October 2008.

The specific funding allocation for the large scale pre-commercial demonstration of CCS will not be known until the evaluation process has been completed. This process is expected to be complete by March/April 2010.

Eligibility for Victorian funds will be dependant on proponents applying to the Commonwealth under their competitive tender process.

Department of Sustainability and Environment

QUESTION 1.1

Response to Q1.3

In describing the impact that developments at the Commonwealth level have had on preparing the department's component of the 2008-09 state budget, the response indicated that 'The release of the Commonwealth Budget on 13 May 2008 confirms the Rudd Government's commitment to substantial funding of low-emission energy technologies. This was anticipated in the Victorian budget allocation for such technologies, which will be used to leverage Commonwealth and private funding.

What funding has flowed to Victoria as a result of the release of the Commonwealth Budget in terms of low-emission energy technologies?

No response from the Department is required. This question was intended for the Department of Primary Industries, as confirmed by a PAEC officer on 15 August 2008.

QUESTION 1.2

Response to Q2.4

In relation to providing a breakdown of the carried forward funding for both output and asset initiatives to 2008-09, the Department advised that 'The Department cannot yet advise of the actual amount of funding to be carried forward to 2008-09. This information can be provided at the end of the 2007-08 financial year'.

Please provide a breakdown of the carried forward funding for both output and asset initiatives to 2008-09.

The 2008-09 Budget Paper 4 page 226, shows the Department's carryover as $49.43 million; $10.71 million of asset carryover and $38.72 million of output carryover. The table below provides a breakdown of the $49.43 million.

2007-08 Asset Carryover	
Project/Initiative	**Published Carryover ($m)**
Victorian Water Trust projects	4.26
Protecting and Repairing Our Water Sources	2.00
Northern Grid	1.75
Other projects	2.70
Total Asset Carryover	10.71

2007-08 Output Carryover	
Project/Initiative	**Published Carryover ($m)**
Northern Grid	4.79
Protecting and Repairing Our Water Sources	2.00
Smart Urban Water Initiatives and Recycling	2.81
Water Security for Cities, Farms and the Environment	1.85
COAG - Living Murray	4.27
Small Town Water Quality	2.41
Victorian Water Trust projects	1.50
National Action Plan for Salinity & Water Quality, State	2.35
ESAS Initiatives	2.01
Additional Section 29 Collections	7.00
Victorian Greenhouse Strategy	1.99
Other Minor Projects	5.74
Total Output Carryover	38.72

Source: DSE Questionnaire response, September 2008, p.1-2

The carryovers outlined above are due to:

- The reassessment of a number of projects for opportunities to integrate them with the Foodbowl Modernisation Project;
- Redirection of funding within the Victorian Water Trust (VWT) as approved by the VWT Council;
- Negotiations with other jurisdictions regarding the Victorian investment in Living Murray initiatives were not finalised in 2007-08, therefore deferring expenditure; and
- Procurement difficulties leading to temporary delays in projects and subsequent lower than anticipated expenditure.

The Department has, and will continue to strive towards ensuring minimal carryovers, and timely delivery of major projects and services.

QUESTION 1.3

Response to Q3.1 (a)

Please quantify the planned efficiency savings according to the various elements of the Efficiency Government policy.

As per the 2007-08 Budget Paper 3 page 327, the Department was required to achieve Efficient Government savings of $18.9 million in 2008-09. Since the 2007-08 Budget, the Department of Treasury and Finance has reviewed the basis of the calculation of all savings initiatives and determined that an adjustment primarily in the area of grants, was appropriate. Consequently the Department's target for 2008-09 was revised to $18.0 million.

The table below quantifies the planned efficiency savings according to the various elements of the Efficiency Government policy.

	Planned 2008-09 Efficiency Govt. Savings ($m)
Advertising and Consultancies	1.3
Fleet Management	0.7
Grant Administration	4.2
Buying Smarter and Less	8.5
Shared Services	1.1
HO Salaries	2.2

Notes: *(1) Revised 2008-09 target post ERC Grants Consolidation*

Source: *DSE Questionnaire response, September 2008, p.3*

In addition, as per 2008-09 Budget Paper 3 page 352, the Department is required to achieve further savings of $8.3 million by way of general efficiencies.

The Department has, and will continue to implement appropriate actions to achieve savings as determined by Government and will undertake continued monitoring to ensure that these savings are achieved.

QUESTION 1.4

Response to Q9.1

The response revealed that 'The communication, advertising and promotion budget for 2008-09 is not yet known, as the 2008-09 budget development process for the Department is currently underway. The response also indicated that 'The total actual expenditure for 2007-08 will not be known until the end of the financial year'.

Please supply the finalised information requested in question 9.1 of the 2008-09 budget estimates questionnaire.

Actual expenditure for communications, advertising and promotions for 2007-08 was $6.5 million. Most of the expenditure is attributed to the *Energy Efficiency (Black Balloons)* campaign, with a small amount attributed to the *Water Plan* campaign.

It should be noted that this expenditure excludes costs of around $2.0 million associated with the *Our Water Our Future* behavioural change campaign, as it is funded by Melbourne's water retailers and Melbourne Water.

The communication, advertising and promotion budget for 2008-09 is $5.6 million. Most of the budget is allocated to the extension of the *Energy Efficiency (Black Balloons)* campaign as per 2008-09 Budget Paper 3, page 290. The balance is intended for numerous anticipated advertisements for community engagement programs, and grant applications.

It should be noted that the 2008-09 communications, advertising and promotion budget does not include anticipated expenditure associated with the *Our Water Our Future* behavioural change campaign for reasons outlined previously.

QUESTION 1.5

Response to Q10.1 (a)

In relation to providing a summary of the funding provided through the budget that will be disseminated by the Department through to the non-government sector in 2008-09, the Department advised that 'The Department cannot yet advise the level of funding to be provided to the non-government sector in 2008-09. This information will not be available until the Department's 2008-09 Budget is finalised towards the end of the 2007-08 financial year'.

Please provide a breakdown of the funding provided through the budget to the non-government sector.

The table below shows a breakdown of the planned Grant allocations during 2008-09, and groups to which funding has been allocated:

Group	Planned Grant Funding 2008-09
Grants to Local Government	$13.35 million
Grants to Private Sector Businesses and Non-Profit Organisations i.e Committees of Management	$71.55 million
Capital Grants to Private Sector Businesses and Non-Profit Organisations	$8.24 million
Grants to Institutions (Education)	$2.45 million
Capital Grants to Households and Persons	$0.44 million
TOTAL	$96.03 million

Source: DSE Questionnaire response, September 2008, p.4

Note: Under the Living Murray initiative, negotiations are continuing with other States regarding the level of investment by Victoria in their projects and vice versa. Actual expenditure on this initiative can be reported in the expected 2009-10 budget estimates questionnaire circulated by PAEC.

In addition, there are some grant programs managed by the Department which require applications to be made prior to funding being approved and provided. These grant processes will occur throughout the 2008-09 financial year.

QUESTION 1.6

Response to Q12.2

In relation to question dealing with subsidies and concessions, the department advised that 'the Department is not yet able to advise the estimated number and cost of concessions to be provided in 2008-09. However, based on the 2007-08 financial year, it is expected that the Department will provide around 5,000 concessions, at a cost of around $0.3 million'.

Please provide estimates for 2008-09 when finalised.

In 2008-09, expected concessions are the same as 2007-08. This assumes that climatic conditions during 2008-09 will be similar to those experienced during 2007-08, and the level of participation in activities for which concessions can be given, will remain constant.

The 2008-09 Budget Paper No 3 details two initiatives linked to DSE; the *Solar Hot Water Rebate* package, and the *Concessions* initiative which includes concession for water and sewage bills. However, funding and management of both programs rests with Sustainability Victoria, and DHS respectively, there is no impact on DSE's expected 2008-09 subsidies and concessions.

Department of Treasury and Finance

QUESTION 1.1

Response to Q3.1 (a)

Please quantify the planned efficiency savings according to the various elements of the Efficient Government policy.

The Department of Treasury and Finance has extracted savings in its 2008-09 Budget in line with the efficient government policy in relation to Buying Smarter, Buying less, Shared Services, Fleet Management, Advertising and Consultancies and Integrated ICT. DTF does not contribute to the Grants administration savings as it does not manage key grant programs. DTF's planned efficiency savings are listed in the 2007-08 Budget Paper 3 on page 335. The planned efficiency savings for the Efficient Government policy for the whole-of-government can be found on page 344 of the same Budget papers.

QUESTION 2.1

Please outline any plans at COAG or at a state/territory level in relation to progressing the issue of developing uniform multifactor or labour productivity measures for the departmental sector.

In the context of COAG discussions DTF is assisting in developing a performance reporting framework that will support the establishment of new specific purpose payments (SPPs). It is expected that the performance indicators will relate to agreed high level outcomes and government effectiveness and not departmental productivity measures.

QUESTION 3.1

The Victorian Government's response to the Committee's report on the 2007-08 Budget

Outcomes, tabled on 4 April 2008. revealed that of the 52 recommendations:

- ***13 were accepted (25 per cent)***
- ***8 were accepted in part (15 percent)***
- ***21 were accepted in principle (40 per cent)***
- ***3were under review (6 per cent)***
- ***7 were rejected (14 per cent)***

The Committee would appreciate the Department of Treasury and Finance preparing a coordinated response to the following question:

In relation to these recommendations, please provide a summary of the actual action taken in response to:

each of the recommendations accepted

each of the recommendations accepted in part

each of the recommendations accepted in principle

each of the recommendations that were under review

After discussion with the Public Accounts and Estimates committee staff an agreement was made that this question would now be completed as part of the 2009-10 Budget Estimates Questionnaire in March 2009 for inclusion in the 2009-10 Budget Estimates Report.

Department of Human Services

QUESTION 1.1

Response to Q1.2 – Workforce: In describing the impact that developments at the Commonwealth level have had on preparing the department's component of the 2008-09 state budget, the response indicated that 'The Commonwealth government's announcement of 1,500 additional university nursing places across Australia from 2009 is welcomed but will require Victorian public health services to create additional clinical placements for the new nursing students. This will make it more important for public hospitals to be able to offer high quality teaching facilities, including teaching rooms, teaching equipment, and audiovisual and simulation tools'.

Please outline what initiatives have been developed for the provision of additional clinical placements for new nursing students.

The Department of Human Services has developed a number of initiatives to support provision of additional clinical placements for nursing students.

The department provides grants to increase the number of nurse preceptors to support students on clinical placement. These were provided in 2007-08 and will also be provided in 2008-09. These grants will train more nurse preceptors in the public health system to increase clinical placement capacity. On the basis of the 2007-08 preceptor grants, health services estimate that they will be able to provide an additional 17,987 nursing clinical placement days and in 2008-09 the grants are expected to further increase capacity by 7,285 days.

The department is investing approximately $50 million in capital improvements to strengthen learning environments in Victorian public health services. Funded through the 2006 Life Sciences Statement *Health futures: Delivering better health, research and jobs for Victoria* and the State budget 2008-09, these improvements are predominately being made in rural, regional and outer metropolitan areas. These improvements include tutorial rooms, lecture theatres and library spaces. Whilst medical students are the primary beneficiary of these improvements, students of all health disciplines at these sites will benefit.

QUESTION 1.2

Response to Q1.5 - In response to explaining variances over 10%, the department indicated that 'The department is currently finalising its 2008-09 Budget Paper output statements, in accordance with Department of Treasury and Finance (DTF) requirements and timelines. The department will respond to this question upon conclusion of the above authorisation processes'. Please provide a response to Q1.5

Refer to the following table:

		Performance Measure Unit Description	2008-09 Target **	2007-08 Expected Outcome **	Variance	Comments	Updated Comments
Acute Health Services	**Admitted Services**	Semi-urgent (Category 2) elective surgery patients admitted within 90 days	80	72	11.1%	BP3 Footnote: Factors such as higher than usual outbreaks of influenza and gastroenteritis during the winter period, and industrial action during the enterprise bargaining process, had a significant impact on performance.	The proportion of Category 2 elective surgery patients admitted within 90 days has been impacted by both winter illness and industrial action. Around 2,000 admissions were impacted by the winter and by industrial action in November 2007. As part of the Commonwealth Elective Surgery Waiting List Reduction Plan, those patients waiting longer than clinically recommended have been targeted for elective surgery. Also, an additional 5,908 elective surgery patients are to be treated by 31 December 2008. The deliberate strategy to focus on treating patients that have been waiting longer than recommended has an adverse impact on this indicator. The target has been maintained as the expected performance goal for this measure.
Acute Health Services	**Admitted Services**	Emergency patients transferred to ward within 8 hours	80	66	21.2%	BP3 Footnote: Factors such as higher than usual outbreaks of influenza and gastroenteritis during the winter period, and industrial action during the enterprise bargaining process, had a significant impact on performance.	Emergency activity has continued to grow strongly, with growth in presentations of 4%. Factors such as influenza and the impact of industrial action by nurses and allied health staff have had a significant impact on overall performance. The target has been maintained as the expected performance goal for this measure.

		Performance Measure Unit Description	2008-09 Target **	2007-08 Expected Outcome **	Variance	Comments	Updated Comments
Acute Health Services	**Emergency Services**	Emergency Category 3 treated in 30 minutes	75	68	10.3%	BP3 Footnote: Factors such as higher than usual outbreaks of influenza and gastroenteritis during the winter period, and industrial action during the enterprise bargaining process, had a significant impact on performance.	The number of Category 3 patients experienced growth of 5 per cent over 2007-08. Factors such as influenza and the impact of industrial action by nurses and allied health staff have had a significant impact on overall performance. The target has been maintained as the expected performance goal for this measure.
Aged and Home Care	**Aged Care Assessments**	Average wait between client registration and ACAS assessment - hospital-based assessment	2.5	2.1	19.0%	BP3 Footnote: Expected outcome reflects ongoing positive performance for hospital-based assessments.	The waiting time of 2.5 days for hospital-based assesssments has been set in order to ensure that wait times reflect the patients' best interests in being medically stable before assessment and have family support present when assessment occurs.

		Performance Measure Unit Description	2008-09 Target **	2007-08 Expected Outcome **	Variance	Comments	Updated Comments
Aged and Home Care	**Aged Care Assessments**	Average wait between client registration and ACAS assessment - community - based assessment	15	21	-28.6%	BP3 Footnote: Higher expected outcome reflects ongoing service demand and an increase in referrals for community base assessments due to additional Commonwealth Community Packages.	The existing target for the community sector has been impacted by increasing demand on the ACAS caused by increasing numbers and types of services requiring an ACAS Assessment eg. Community Aged Care Packages, Dementia and Each Dementia packages and Transition Care. In addition, Commonwealth annual funding does not always cover wage indexation, EBA requirements and population increases. Performance measures and Targets for ACAS waiting times are currently under review. A new measure that brings the Victorian ACAS into line with Commonwealth KPIs for the Program is also being developed.
Aged and Home Care	**Aged Support Services**	Pension-level Supported Residential Services residents provided with service coordination and support/brokerage services (New Measure)	775	200	287.5%	BP3 Footnote: Higher target reflects the full-year effect of previous years' budget initiatives.	BP3 Footnote: Higher target reflects the full-year effect of previous years' budget initiatives.

		Performance Measure Unit Description	2008-09 Target **	2007-08 Expected Outcome **	Variance	Comments	Updated Comments
Primary and Dental Health	**Community Health Care**	Better Health Channel managed content (pages) (new Measure)	4,000	6,380	-37.3%	BP3 Footnote: Lower 2008-09 Target is due to the diversion of resources to support the mplementation of the new content management system. Higher expected outcome is due to the increase of pages (fact sheets and questions) added to the site to support i	The lower 2008-09 target is due to the temporary diversion of resources to support migration of all better health content into the new DHS wide Content Management system environment (MySource Matrix). Also, as part of ongoing content maintenance practices, existing content will be rationalised, archived and reviewed to reduce duplication and retire outdated pages.
Primary and Dental Health	**Dental Services**	Standard Equivalent Value Units (New Measure)	1,369,000	1,200,000	14.1%	BP3 Footnote: Increased target and expected outcome reflect the inclusion of a wider range of dental services.	In 2007-08 all the people treated in the public sector, including children and those receiving care at the Royal Dental Hospital Melbourne, were included in the actual performance. This change in reporting provides a fuller picture of the performance of public dental services. Increase in the 2008-09 target reflects this change in counting rules as well as enhanced reporting by Dental Health Services Victoria.
Small Rural Services	**Small Rural Services – Primary Health**	Standard Equivalent Value Units (New Measure)	107,500	129,340	-16.9%	BP3 Footnote: The lower target reflects the introduction of the new primary health funding approach and a change in the method of calculation, whereby health promotion hours are block funded and excluded from the calculation of Standard Equivalent Values	BP3 Footnote: The lower target reflects the introduction of the new primary health funding approach and a change in the method of calculation, whereby health promotion hours are block funded and excluded from the calculation of Standard Equivalent Values for small rural agencies from 1 July 2008. Health promotion hours were included in the 2007-08 Target as they were unit priced at the time. The target includes additional funding for Chronic Disease Management.

		Performance Measure Unit Description	2008-09 Target **	2007-08 Expected Outcome **	Variance	Comments	Updated Comments
Public Health	**Health Protection**	Environmental health inspections undertaken and occasions of technical advice (New Measure)	4,600	3,500	31.4%	BP3 Footnote: Expected outcome reflects lower levels of requests for information in 2007-08 than anticipated.	Target for this new measure is unchanged from 2007-08. The number of health inspections and occasions of technical advice are highly dependent on the occurrence of incidents, emergencies, new or changing regulatory requirements and community interest in public health measures such as fluoride. Therefore the numbers fluctuate over the year. It should be noted that the actual outcome for 2007-08 was higher than the expected outcome due to a surge in fluoride information requests and letters in the later part of 2007-08.
Public Health	**Health Advancement**	Primary schools in Victoria signed up as members of Kids – *Go for your life!* (New Measure)	55	40	37.5%	BP3 Footnote: The participation of primary schools signing up as members of the 'Go for your life! program' is expected to increase following the successful establishment of the program in 2007-08.	The participation of primary schools signing up as members of the 'Go for your life!' program is expected to increase following the successful establishment of the program in 2007-08 and progressive roll out throughout 2008-09. The target goal has been increased accordingly.
Mental Health	**Clinical Care**	Emergency patients admitted to a mental health bed within 8 hours (New Measure)	80	70	14.3%	BP3 Footnote: Full year effect of 2007-08 funding to emergency departments and additional funding in 2008-09 Budget to streamline access to area mental health services is expected to improve performance in 2008-09.	Full year actual is 72%. 80% continues to be the desired target.

		Performance Measure Unit Description	2008-09 Target **	2007-08 Expected Outcome **	Variance	Comments	Updated Comments
Mental Health	**Psychiatric Disability Rehabilitation and Support Services (PDRSS)**	Proportion of major agencies accredited against the PDRSS standards (New Measure)	100	83	20.5%	BP3 Footnote: All major agencies are expected to be accredited by end-June 2009.	This is a cumulative measure that is expected to be achieved over several years from introduction.
Child Protection and Family Services	**Placement and Support Services**	Family and placement services subject to a quality audit and review (New Measure)	20	90	-77.8%	BP3 Footnote: Registered services have been requested to undertake internal reviews in 2007-08.	As part of the registration process, all community sector organisations are expected to undertake audit and reviews. The original target of 20% was intended for the conduct of external reviews. In implementing this measure internal review processes were introduced during 2007-08 as a precusor to external review practice and reported in BP3 outcomes. In 2008-09 the external review component is expected to be rolled out according to the target.
Child Protection and Family Services	**Family and Community Services**	Number of operational Child FIRST sites (New Measure)	24	16	50.0%	BP3 Footnote: The rollout of operational ChildFIRST sites for 2007-08 has proceeded at a faster rate than originally anticipated and this is reflected in the 2007-08 Expected Outcome.	This measure counts the number of operational Child FIRST sites that are being rolled out across the State. At the end of 2008, a total of 16 sites were rolled out, and by 2008-09 a total of 24 sites will have been rolled out.
Youth Services and Youth Justice	**Youth Justice Custodial Services**	Annual daily average number of young people in custody: Males (15 years plus) (New Measure)***	115-155	115-135	14.8% upper range variance	BP3 Footnote: The target range has been expanded to reflect anticipated increase in custodial clients in 2008-09.	The target range has been increased from 115 to 135 to 115 to 155 to address a trend of increasing numbers of custodial clients arising mostly from those on remand where bail has been refused.

		Performance Measure Unit Description	2008-09 Target **	2007-08 Expected Outcome **	Variance	Comments	Updated Comments
Disability Services	**Individual Support**	Clients receiving individual support	13,810	8,315	66.1%	BP3 Footnote:2008-09 Target increase reflects 2008-09 new growth initiatives, funding for individual support packages and Acquired Brain Injury, reclassification of the Transition to Employment and Community Options initiatives (Future For Young Adults p	The increase in the service performance measure Clients Receiving Individual Support in the 2008-09 Budget Papers has resulted from the integration of the Futures for Young Adults performance measure, LFS 3 output initiative funding and 2008-09 ERC output funding decisions taken. The integration of the Futures for Young Adults measure into the Clients Receiving Individual Support performance measure, is not directly comparable (i.e. additive) as the previous measurement for the Futures for Young Adults was client participation and other contact, whereas the Clients Receiving Individual Support measure is based on access to services.In addition further target increases occurred as a result of the output funding decisions approved by government in 2007-08 (outyear impact) and in the 2008-09 Budget. These target increases relate to Individual Support Packages, Acquired Brian Injury and Transition to Work with a total funding value of $36.4 million in 2008-09.As a result, the target number for Clients Receiving Individual Support significantly increased from 8,315 (in 2007-08) to 13,810 in the 2008-09 budget.

		Performance Measure Unit Description	2008-09 Target **	2007-08 Expected Outcome **	Variance	Comments	Updated Comments
Disability Services	**Information, Planning and Capacity Building**	Average case management waiting time	50	45	11.1%	BP3 Footnote: Lower 2007-08 Expected Outcome reflects recent reduction in waiting time. The reduction is yet to be established as sustainable.	The estimate provided reflects the likely impact of the increasing complexity of case management resulting from the implementation of the Disability Service Act 2006 and introduction of person centred case management and planning for people with a disability. The anticipated performance outcome shows a progressive increase in the average waiting times for case management in this transitional period compared to prior years.
Housing Assistance	**Homelessness Assistance**	Housing information or referral assistance (occasions of service)	91,300	81,300	12.3%	BP3 Footnote: The 2008-09 Target includes an additional 10 000 assists associated with the implementation of the new Opening Doors initiative.	BP3 Footnote: The 2008-09 Target includes an additional 10 000 assists associated with the implementation of the new Opening Doors initiative.
Housing Assistance	**Long Term Housing Assistance**	Properties acquired during year for long-term housing (includes leases, and joint ventures and Office of Housing funded community owned dwellings)	1,030	1,150	-10.4%	BP3 Footnote: Acquisitions in 2007-08 are anticipated to be slightly higher than 2006-07 and 2008-09 due to the funding and units that were expected to be delivered in 2006-07 coming on line in early 2007-08.	BP3 Footnote: Acquisitions in 2007-08 are anticipated to be slightly higher than 2006-07 and 2008-09 due to the funding and units that were expected to be delivered in 2006-07 coming on line in early 2007-08.

		Performance Measure Unit Description	2008-09 Target **	2007-08 Expected Outcome **	Variance	Comments	Updated Comments
Housing Assistance	**Long Term Housing Assistance**	Number of dwellings with major upgrade during year (includes neighbourhood renewal areas)	2,150	2,450	-12.2%	BP3 Footnote: As more poor condition stock is replaced with new or redeveloped properties, fewer upgrades will be required in the future. The lower upgrade target reflects this change.	BP3 Footnote: As more poor condition stock is replaced with new or redeveloped properties, fewer upgrades will be required in the future. The lower upgrade target reflects this change.
Housing Assistance	**Home Ownership and Renovation Assistance**	Loans in arrears by more than 30 days as a proportion of total loans	5	4	25.0%	BP3 Footnote: The higher expected result in 2007-08 reflects strengthened arrears management practices.	BP3 Footnote: The higher expected result in 2007-08 reflects strengthened arrears management practices.

Source: DHS Questionnaire response, September 2008, attached file

QUESTION 1.3

Response to Q2.3 (b) - In relation to the development of forward looking assessments of infrastructure demand, the department indicated, in part, that 'The department has also undertaken an extensive assessment of future housing needs and development of social housing acquisition targets. In its 2007-08 State Budget, the Government committed $500 million over four years to expand and improve the quality of social housing properties to align the supply of stock with the future needs of clients. This strategy focuses on acquiring new social housing stock in areas of high demand, based on public housing applications and numbers of private renters experiencing housing stress, as well as taking into account transit city and population growth area policies, regional planning policies, and the Melbourne 2030 visions'. Please outline in specific terms how the funding allocated to 2008-09 is to be utilised.

The $500 million commitment announced in the 2007-08 budget was made up of the following components:

1. $60 million over four years to fund the purchase or construction of 350 new rental homes for low-income families and singles

2. $240 million over four years to fund the purchase or construction of 1200 rental homes for low-income families and singles

3. $200 million over four years for an additional 800 new public housing units across Victoria

The Department is on track to deliver on these commitments. In 2008-09, the Department intends to allocate this funding as follows:

1. From the **$60 million** - $20 million will be allocated in 2008-09. It is expected that 120 dwellings will result from this funding stream in 2008-09.

4. From the **$240 million** - $44 million will be allocated in 2008-09. It is expected that 260 dwellings will result from this funding stream in 2008-09.

5. From the **$200 million** - $50 million will be allocated in 2008-09. It is expected that 200 dwellings will result from this funding stream in 2008-09.

It should be noted that the expenditure in the financial year and the number of dwellings completed do not necessarily align. This is due to a range of factors including progress payments, lead times on construction and costs of acquiring vacant land.

QUESTION 1.4

Response to Q2.3 (c) - In relation to outlining any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives, the department outlined two four programs approved in 2007-08 (the medical equipment replacement program and the state-wide infrastructure renewal program). What is the funding allocation to the department in 2008-09 and how is the funding to be spent in 2008-09?

As part of the 2007-08 State Budget, the Department was allocated $145 million TEI (over 4 years) for the Medical Equipment Replacement Program to replace high-risk medical equipment items across the acute public hospital system, as well as replace a number of items in non-acute program areas (including mental health, dental health and public health). The 2008-09 budget for the Medical Equipment Replacement Program is $35 million, comprising $27 million for replacement of medical items within acute hospitals in metropolitan Melbourne and $8 million in rural Victoria.

The Department was also allocated $80 million TEI (over 4 years) for the State-wide Infrastructure Renewal Program in the 2007-08 State Budget to improve the quality and standard of health and community services assets by addressing urgent infrastructure risks and undertaking critical renewal programs across the state. The 2008-09 budget for the State-wide Infrastructure Renewal Program is $20 million, comprising $15 million for health facilities in metropolitan Melbourne and $5 million for facilities in rural Victoria.

QUESTION 1.5

Response to Q5.1 - In terms of explaining how various economic factors and the impact on departmental initiatives have been addressed in framing the department's 2008-09 budget, the department indicated that 'In a climate of rising interest rates and inflation and uncertainty in economic forecasts and stability, DHS budget initiatives for 2008-09 have been developed with regard to the risks of such an environment, especially in areas such as homelessness and social housing, and the increasing costs of out of home childcare. DHS budget initiatives also reflect the need for a skilled and expanded health workforce and accessible tertiary and preventative services and support the human capital element of the National Reform Agenda (NRA)'. Please provide examples of these initiatives.

All DHS budget initiatives for 2008-09 have been developed with regard to the risks associated with interest rate fluctuations, inflation and uncertainty in economic forecasts and stability. The extent to which such economic factors can influence unemployment rates; income, mortgage and family stress; and in turn demand for and types of health and welfare services is an important consideration in developing the Human Services Budget Submission. DHS budget initiatives support Government's priorities and the Department's objectives, particularly for disadvantaged people and communities which are most at risk in their exposure to economic uncertainty. A full list of departmental initiatives is contained in Budget Paper No.3 at page 309.

Examples of initiatives addressing areas which are most heavily influenced by adverse economic outcomes include:

1. Improving access and pathways to homelessness and housing services: Opening Doors - This initiative aims to improve access to homelessness and housing services through the establishment of clear access points for housing and brokerage resources as well as streamlined communication among workers and agencies. This will facilitate easier access for people experiencing homelessness to the help they need and improve access to allied health and welfare services to address the range of issues that people have when they are at risk of, or experience homelessness.

2. Support for Transit Cities and Aboriginal housing - This initiative supports the acquisition of new public housing in transit cities, provides capital grants to Housing Associations to help strengthen the not-for-profit housing sector, and will boost the number of Aboriginal housing units in Victoria.

3. Support for vulnerable tenants in social housing – This initiative implements the state-wide roll out of the Support for High Risk Tenancies project, which provides intensive support services for tenants with multiple and complex needs. The initiative will assist tenants to maintain secure housing by addressing a range of social (strongly influenced by economic factors) and health issues that may put them at risk of eviction or homelessness. It is important that social and rooming house tenants (housing of last resort) are able to sustain their housing. For those on low incomes with complex needs, including mental illness, drug and alcohol, disability and health issues and people who have experienced homelessness, the capacity to sustain long-term housing requires access to appropriate support services that can assist them to address their non-housing related needs.

4. Improving outcomes for children in Out of Home Care services – This initiative seeks to provide improved outcomes for children who have been removed from the care of their parents due to abuse and/or neglect and placed in out of home care. The first part of a wider reform program, it will establish a pilot for a new therapeutic model of care for

children in home based care and improve the level of support for caregivers, and kinship carers through the provision of additional information, training and case management.

5. Improving mental health services - Funding is provided for Prevention and Recovery Care (PARC) beds in Burnside, Northern, Broadmeadows, Ringwood, Clayton and Frankston that were approved in the government's 2006 election commitments. Funding is also provided for a new integrated child and youth platform, more enhanced family support services, a state-wide 24/7 mental health information and referral service, and increased mental health triage services. The funding also provides for increased services to homeless people who experience mental illness.

6. Training new health workers - This initiative implements health workforce reform commitments agreed by the Council of Australian Governments and also provides for clinical training and supervision for medical graduates in Victoria's health services as well as teaching infrastructure across the state to support the education and training of medical, nursing and allied health university students. Increases in the number of health professionals across the health system promote access to services and reduce the inequalities in health and wellbeing experienced by disadvantaged people and communities whose circumstances may lead to higher care needs.

QUESTION 1.6

Response to Q9.1 - As the response revealed that 'At this stage, funding for communication, advertising and promotion has not been allocated for 2008-09 and figures for expenditure are not able to be estimated'. Please supply the information requested in question 9.1 of the 2008-09 budget estimates questionnaire.

Question 9.1

(a) What is the communication, advertising and promotion budget for 2008 09? Please also provide the expected actual expenditure for 2007 08.

(b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007 08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

As indicated in the Budget Estimates questionnaire response, there is no centrally allocated DHS budget for communications, advertising and promotions. Actual communications expenditure is recommended and allocated based upon the stated objectives and the communication support required for each individual program. Advertising and promotional expenditures for the department are included within overall policy and program area objectives for 2008-09. These objectives are outlined in the 2008-09 Departmental Plan.

Communications related activities such as information provision, public health education and promotion of services to the community, is undertaken on a case-by-case basis throughout the year. Communications expenditure is also subject to strict departmental and whole-of-government approval processes which include the Government Communications Review Group (GCRG) and the Communications Committee of Cabinet (CCC). Actual funding and expenditure will vary according to the outcome of these submissions and approvals. Comparative information on 2006-07 and 2007-08 communications/advertising/promotions expenditure for the department is below.

2006-07	2007-08	Var %
$18,109,157	$14,201,706	- 21.6%

Source: DHS Questionnaire response, September 2008, p.5

QUESTION 1.7

Please provide details on the status of the implementation of the HealthSMART program in relation to the following points:

- Costs incurred to date, and comparison against target costs to date
- Degree of completion of the program, compared to target to date
- Expected timeframe for completion of the project and expected total cost
- Reasons for any increases from the original budget of $323 million (2008-09 budget allocates an additional $103.9 million to the project – please provide reasons for this increase)
- Reasons for delays from original expected completion date of 2007

Please also outline how many agencies are within the scope of the HealthSMART program, including the number which are targeted for the clinical systems roll-out.

Costs incurred to date, and comparison against target costs to date

As at June 2008, total expenditure for the HealthSMART Program stands at $219.8 million compared with the total budgeted expenditure of $245.4 million.

Degree of completion of the program, compared to target to date

Financial & Supply Management Information System (FMIS): The FMIS project has been completed and is live in eight agencies.

Human Resource Management Systems (HRMS): The Health*SMART* Human Resource Management System (Frontier) is on track to meet targets and is live in six health services, with another two services undertaking implementation activity. One pilot implementation of the Rostering system (Kronos) has been completed, with another in the final phase of implementation. This will complete the HRMS project.

Patient/Client Management System (PCMS) and Client Management System (CMS): A total of four PCMS implementations have been completed, with a further three underway. The PCMS project is on target to deliver a total of 12 implementations.

A total of seven CMS implementations have been completed with another five implementations underway, in line with the project schedule. The CMS project is on target to deliver a total of 21 implementations.

Clinical Systems: Implementations of Clinical Systems in health services have been delayed, however implementation work will now commence at three of the lead health services. Rebaselining of this project aspect has commenced and will result in an extension of the timeline for completion of this project, which is required to be endorsed by the Board of Health Information Systems.

HealthSMART Services: The statewide, shared infrastructure is supporting over 15,000 users across 17 health agencies. The statewide, shared infrastructure has been established to provide disaster recovery and redundancy capability for all HealthSMART systems.

Expected timeframe for completion of the project and expected total cost

The HealthSMART Program continues to track in line with the revised schedule and is now expected to complete by June 2009, with the exception of the Clinical Systems project which is currently being rebaselined.

The recent Auditor General's review of the programme stated that "…*HealthSMART* will essentially meet its approved overall cost budgets.". The total budgeted expenditure for the HealthSMART Program remains at $323 million.

Reasons for any increases from the original budget of $323 million (2008-09 budget allocates an additional $103.9 million to the project – please provide reasons for this increase)

This budget allocation is not an additional allocation to the Health*SMART* Program. The 2003-04 business case for the Health*SMART* Program, which was endorsed by Government, included recognition that recurrent funding would be required to support the ongoing operation of the shared ICT service and maintenance of the shared ICT infrastructure, once it was established.

7. The $103 million allocation comprises $77 million in recurrent funding over 4 years to support the ongoing operation of the shared ICT service, and $26.9 million in asset funding, also over 4 years, to maintain the shared ICT infrastructure.

Reasons for delays from original expected completion date of 2007

The complexity and size of the program has necessitated a large investment of time for "preparatory" work (developing requirements, negotiating contracts, designing implementations). The involvement of several hundred health services professionals lengthened the procurement process, but has ensured that products have been selected "by agencies" as being "best fit" for the sector.

Health*SMART* is a significant partnership between health care and government. In some cases, timelines have altered when health services have advised that they are not ready to implement for operational or financial reasons.

Please outline how many agencies are within the scope of the HealthSMART Program, including the number which are targeted for the clinical systems roll-out

Fourteen Metropolitan Health Services are within scope of the HealthSMART Program. Twenty one standalone Metropolitan Community Health Services and all rural and regional health services and community health services in the Loddon Mallee and Grampians Regions are within scope of the Program. Ten health services are in scope for the Clinical Systems.

QUESTION 1.8

Response to Q10.1 - In relation to providing a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09, the department advised that 'the department's 2008-09 budget will be published in Budget Papers to be tabled in Parliament on 6 May 2008'. Please provide summary details of such funding for 2008-09.

Department of Human Services	
2008-09 Budgeted payments to Non-Government Organisations by output	
	($'000)
Admitted Services	769.6
Non Admitted Services	15,130.5
Acute Training and Development	2,119.2
Acute Health Services	**18,019.3**
Clinical Care	62,394.4
Psychiatric Disability Rehabilitation and Support Services	71,477.2
Mental Health	**133,872**
Aged Care Assessment	8,264.8
Aged Support Services	42,274.9
HACC Primary Health, Community Care and Support	429,897.4
Residential Aged Care	26,004.6
Aged and Home Care	**506,442**
Community Health Care	84,188.2
Dental Services	2,863.5
Primary and Dental Health	**87,052**
Small Rural Services - Acute Health	11,372.3
Small Rural Services - Aged Care	3,271.5
Small Rural Services - Home and Community Care	8,577.3
Small Rural Services - Primary Health	6,440.0
Small Rural Services	**29,661**
Drug Treatment and Rehabilitation	77,187.3
Drug Prevention and Control	14,067.4
Drug Services	**91,255**
Health Advancement	17,775.9
Health Protection	82,430.3
Public Health Development, Research and Support	4,155.6
Public Health	**104,362**

Department of Human Services	
2008-09 Budgeted payments to Non-Government Organisations by output	
	($'000)
Child Protection Specialist Services	32,921.3
Placement and Support Services	116,825.4
Statutory Child Protection Services	2,047.5
Family and Community Support	96,418.7
Child Protection and Family Services	248,213
Youth Justice Custodial Services	211.3
Community Based services	17,327.9
Youth Justice and Youth Services	17,539
Information, Planning and Capacity Building	38,256.0
Individual Support	398,736.0
Residential Accommodation Support	162,053.2
Targeted Services	47,507.3
Disability Services	646,552
Homelessness Assistance	138,440.3
Long Term Housing Assistance	98,600.6
Housing Assistance	237,041
Total	2,120,008

Source: DHS Questionnaire response, September 2008, p.7-9

QUESTION 1.9

Response to Q11.1 - In relation to providing a summary of the funding provided through the budget and the financial impact of any revenue foregone initiatives, the department indicated in its response that the department's 2008-09 revenue initiatives will be published in Budget Papers to be tabled in Parliament on 6 May 2008. Please respond to matters referred to in Q11.1

Nil revenue initiatives - Q11.1 (a) & (b).

Department of Innovation, Industry and Regional Development

QUESTION 1.1

Response to Q1.5:

In relation to 'New exports facilitated in regional Victoria' the department explained that the variance between the 2007/2008 expected outcome of $520 million and the 2008/2009 target of $150 million was that 'the 2007-08 expected outcome reflects a small number of larger export projects'.

(a) Please explain the background to this matter, given the significant reduction of new exports facilitated in regional Victoria.

The target for New Exports facilitated in Regional Victoria for 2007/2008 was $100 million. The expected outcome at the time of the PAEC hearing was $520 million. The actual result for 2007/2008 was $669 million which substantially exceeded the target. The high level of exports reflected unexpectedly strong export forecasts by several companies in the food, wine and resources sectors.

New exports can vary significantly from year to year as they are dependent on a range of factors including climatic conditions (e.g. drought), the currency exchange rate, other international financial factors and the extent of new regional investment. For this reason the Government will continue to take a cautious approach to setting export targets.

After due assessment, it has been considered appropriate to increase the target for new exports from regional Victoria from $100 million to $150 million for the 2008/2009 financial year.

The regional new export performance in 2007/2008 was particularly strong and well in excess of the target. The increase in the regional export target for 2008/2009 to $150 million reflects the view of the Department that exports are expected to remain healthy, but unlikely to be of the level recorded in 2007/2008. While the actual regional export outcome in 2008/2009 may exceed the target, performance will, as indicated earlier, be dependent on a range of factors over which the Government has little control.

(b) What will be the impact of this reduction to regional Victoria – please specify the regions to be affected?

In considering the possible impact of any reduction on regional Victoria it should be noted that the performance measure relates to the facilitation of new Regional Exports and is not a measure of total Regional Exports. Hence, a reduction in new regional exports in a particular year does not imply that the actual export level has dropped, but rather that the rate of growth has slowed. New exports vary significantly from region to region as well as year to year and it is difficult to predict with any precision the changes in new export levels on a region by region basis. For this reason the performance measure is based on the regional aggregate.

QUESTION 1.2

Response to Question to Q2.2

With regard to the list of asset investment projects that was provided by the department in relation to those projects for which capital expenditure was budgeted to occur in 2008-09, please provide the budget allocation for each.

Innovation, Industry and Regional Development	**2008-2009 Budget ($'000)**
Automotive Centre of Excellence - Kangan Batman (Docklands)	10,000
Commonwealth Games Village - Social Housing Component - Construction (Melbourne)	9,715
Gordon Institute - Wool Classing (East Geelong)	2,830
Improving TAFE Equipment (Various)	12,000
Nursing Centre of Excellence (Box Hill)	4,000
Princes Pier Restoration (Port Melbourne)	11,611
South West Institute of TAFE - Warrnambool Stage 3 redevelopment (Warrnambool)	2,500
Technical Education Centres (Various)	13,000
Transport and Logistics Centre (Planning) - Wodonga TAFE (Wodonga)	500
Ballarat University - School of Mines Car Park Redevelopment (Ballarat)	3,000
Bendigo Institute of TAFE - Charleston Road Campus Redevelopment (Bendigo)	800
Geelong Future Cities Master Plan - Cultural Precinct Stage 1 - Construction (Geelong)	1,964
Northern Melbourne Institute of TAFE - Campus Redevelopment Stage 1 (Epping)	2,950
TAFE Student Management System - Replacement (Statewide)	1,730
Wodonga Institute of TAFE - National Logistics and Driver Skills Training Centre (Wodonga)	4,000
Total New Projects	80,600

Source: DIIRD Questionnaire response, September 2008, p.2

QUESTION 1.3

Response to Q9.1

As the response revealed that 'The budgets for communication, advertising and promotion for 2008/2009 are not yet finalised and so cannot be reported with great accuracy at this time. Figures provided represent estimates only. The estimate for communication, advertising and promotion 2008/2009 is $6.67 million. The expected actual expenditure for communication, advertising and promotion for 2007/2008 for the Department until 31 March 2008 was $4.05 million'.

Please supply the finalised information requested in question 9.1 of the 2008-2009 budget estimates questionnaire.

The budget figures provided for communication, advertising and promotion for 2008/2009 remains provisional and total $6.09 million.

Budgets are not yet finalised due to recent changes to the Departmental structure.

The actual expenditure for communication, advertising and promotion for 2007/2008 for the Department was $ 7.89 million.

The Tourism Victoria budget for communication, advertising and promotion for 2008/2009 is currently $ 50.2 million.

For 2007-08, Tourism Victoria's actual expenditure on the above activities was $50 million.

QUESTION 1.4

Response to Q10.1

The response indicates that 'The total estimated funding to be paid to non-Government sector in 2008/2009 is $327 million'.

Please provide a summary breakdown of this aggregate amount.

The $327 million referred to, is an estimate of the total funding/grants paid to non Government entities by the Departmental portfolio entities, and not just the Department. The major components of the $327 million are as follows;

1. An estimated $176 million relates to payments by the Department to non Government entities. These estimated payments will predominately relate to the Industries and Innovation, Investment & Trade and Regional Development output groups.

2. An estimated $8 million relates to payments by Tourism Victoria to non Government entities. These estimated payments will relate to the Marketing Victoria output group.

3. An estimated $132 million relates to payments by the Victorian Skills Commission to non Government entities. These estimated payments will relate to the Skills and Workforce output group.

4. An estimated $11 million relates to payments by Film Victoria. to non Government entities. These estimated payments will relate to the Industries and Innovation output group.

QUESTION 1.5

Response to Q13.1

You provided a detailed breakdown of staff numbers for 30 June 2008. Can you please provide details of expected staff numbers according to pay grade and position type (eg. fixed term, ongoing, casual and funded vacancies) for June 2009.

1. The estimated overall number of staff as at June 2009 will be 928.00 EFT. The expected decline in staff numbers will occur through attrition therefore, it is not possible to provide details of expected staff numbers by pay grade or position type.

Department of Planning and Community Development

QUESTION 1.1

Response to Q9.1:

(a) The response revealed that 'the department does not have a central budget for

communication , advertising and promotion . This activity is undertaken as part of policy and program work undertaken by the business areas with budget incorporated and approved via program allocations',

For comparative purposes with other departments, the Committee would appreciate the department considering whether it would be possible to provide an estimate to the Committee of a budget for this item if possible.

Additional Response to Question 1.1

Expenditure for the Department on communication, advertising and promotion for the 2008-09 year is estimated to be $3.8 million. This is lower than last financial year due to machinery of government changes with the movement of employment programs and community information to the Department of Innovation, Industry and Regional Development.

Expenditure on communications, advertising and promotion for the 2007-08 year was $4 million, compared to the estimate of $3.8 million provided in the original response.

QUESTION 1.2

Response to Q10.1

In relation to providing a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09, the department advised that `in relation to the grant and other payments line, Included within the operating statement of the Department is an estimated amount of funding to the non government sector of $145.7 million.'

Please provide summary breakdown of such funding for 2008-09.

Additional Response to Question 1.2

DPCD Output	**$'000**
Planning, Urban Design & Housing Afforability	2,554
Youth Affairs	14,310
Womens Policy	200
Disability	2,502
Multicultural Affairs	9,284
Seniors and Veterans	5,445
Indigenous Community and Cultural Development	3,590
Adult and Community Education	20,152
Sport & Recreation Development	41,895
Community Strengthening	18,227
Local Government Sector Development	4,884
Neighbourhood Houses and Men's Sheds	22,623
Total	**145,666**

Source: DPCD Questionnaire response, September 2008, p.3

Department of Parliamentary Services

QUESTION 1.1

Response to Q2.2

You identified a number of asset investment projects for which capital expenditure is budgeted to occur in 2008-09. Can you please provide the envisaged expenditure amounts pertaining to each of these projects for 2008-09.

Please provide the budget for each of the asset investment projects where capital expenditure is expected to occur in 2008-09

Heritage Asset Management Strategy $ 4.549 Million

What is the expected timeframe for the delivery of video webcasting of Parliamentary proceedings, and what is the expected cost of delivery of the video webcasting component of the project? Please provide a copy of the project plans for the project (both the audio and video webcasting components).

In August 2007 the Premier announced that funding would be provided for the live audio broadcasting of all sessions of the Legislative Assembly and Legislative Council, Providing Victorians with web based access to Parliament and its processes is an important part of the Government' s openness and transparency program.

Audio webcasting commenced on 19 August 2008 with a capital cost of approx. $120K and operating expenditure in year one of an anticipated $160K.

Parliament has requested funding for video webcasting over the past two (2) ERC processes. Webcasting will allow Members, Electorate Officers and the general public access to the proceedings of the Legislative Assembly and Legislative Council, including question times, via the internet. It will also bring the Victorian Parliament into line with all Australian parliaments which are either currently providing the service or are in the process of developing provision of the service.

The project is structured into the following stages:

1. The provision of audio webcasting of the Legislative Assembly and Legislative Council by 19 August 2008;

2. The provision of videowebcasting of the Legislative Assembly; and

3. The provision of video webcasting of the Legislative Council.

Note: No provision has been made for any archival and/or automated storage and retrieval processes as Parliament's experience is, based on knowledge obtained from the Commonwealth Parliament, that these services and systems are very expensive and complex and should be the subject of a separate future project. The Commonwealth budget has been estimated at $4M for the archival and storage processes.

The project commencement was subject to the completion of the current Chamber Sound Replacement Project.

Parliament is in the final stages of this project to upgrade the audio capture infrastructure in both chambers of Parliament to provide a'clean' stream of digital sound for Hansard and future video webcasting purposes. This project has required the implementation of more refined digital sound processing, IT infrastructure upgrades, communication and storage infrastructure, development of web interface within the constraints of stringent parliamentary security requirements and developing the skills and resource base needed to webcast both chambers during sitting periods.

The experience of Australian parliaments is that 'turn-key' solutions are not available at present and as such each has implemented solutions that are particular to their needs and environment. The Victorian Parliament has also the added complexity of operating in a heritage environment. This has meant that Victorian Parliament has had to develop its webcasting capability from scratch.

Audio webcasting

Audio webcasting of the proceedings of both Houses went live on 19 August 2008 as per the project plan and in accordance with the commitment made to the Premier in late January 2008.

Video Webcasting

The estimated cost for the provision of video webcasting of the Legislative Assembly (Stage 2) is $2.11 M:

- Output funding : $0.25M (operating); and
- Investment funding : $ 1.85M (capital).

The estimated cost for the provision of video webcasting of the Legislative Council (Stage 3) is $1.19M:

- Output funding : $0.10M (operating); and
- Investment funding : $ 1.09M (capital).

Most of the output funding requirements relate to specialised skills along with an increase in the workload resulting from video processing and hence increased staffing needs.

Webcasting Key milestones

The project plan objective has been to have live audio webcasting of the Legislative Assembly and Legislative Council by 19 August 2008. The deadline has been met.

The other key milestones are:

- Video webcasting of the Legislative Assembly to be completed during the 2009 - 10 financial year; and
- Video webcasting of the Legislative Council to be completed during the 2010-2011 financial year.

Due to the public commitments made by the Premier about the webcasting of Parliamentary proceedings the Presiding Officers approved the project and the Department of Parliamentary Services has the carriage of the project to its completion.

Budget Paper 3, pg. 267 - the following measure is included , 'Audibility of Parliamentary Audio Transmission' = 99%

Please detail how this measure will be assessed.

Audibility is of the parliamentary audio transmission is measured by the availability of audio within the chambers and the re-broadcast system within the precinct, and by periodic customer feedback.

QUESTION 1.2

Response to Q2.3

What are the timelines for the development and completion of the Parliamentary Precinct Master Plan?

Response:

The Parliamentary Precinct MasterPlan is currently subject to a Request for Expressions of Interest (Rol) to identify suitable organisations to undertake the development of the Plan. Time line for the completion of the Plan is subject to the level and type of response from the market.

QUESTION 1.3

Response to Q2.4

The response indicates that for the Output Initiative dealing with the Relocation and Refurbishment of Electorate Offices, 'Additional funding was provided in 2007-08 for a number of relocations and refurbishments that were required for Members offices as a result of the November 2006 election. A number of Members have been relocated or had their existing offices refurbished, however due to issues in sourcing suitable premises a number of relocations are still to take place. Funding of $0.5 million is requested for carryover to 2008-09 to allow these relocations and refurbishments to take place'.

Please provide:

(a) a list of those relocations and refurbishments that are still to take place; and

(b) the timetable for when each is to be completed.

Please see attached project plan diagram provided as Appendix 1.

QUESTION 1,4

Response to Q6.1 (a)

The response indicates that in relation to the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09, the Parliament of Victoria is currently developing a sustainability framework in conjunction with Sustainability Victoria.

(a) What are the main components of the sustainability framework?

The Sustainability Framework follows the structure developed through Parliament's participation in Sustainability Victoria's ResourceSmart Pilot. The Framework, currently in Draft for Consultation, is posted on Parliament's intranet site for staff comment. (http://intranet,parlynet.vic.gov.au/default.htm)

Subject to staff feedback, it is expected that the Framework will be approved by PEG and the Presiding Officers by October 2008.

(b) What outcomes are to be achieved from this exercise?

To improve the environmental sustainability of the operations of the 3 Parliamentary departments.

(c) What are the timelines for the completion of this project?

Sustainability is not a project. It is intended that an approach aimed at improving the sustainability of the Parliament's operations will be adopted on an on-going basis.

QUESTION 1.5

Response to Q6.2

The response indicates that systems are being developed to assist with enhanced energy reporting'.

(a) Please describe these systems

Until recently Parliament lacked the ability to record, monitor, report and analyse data on energy usage. By modifications to Oracle Financials, and by developing Excel-based databases, the ability to track, aggregate, report and analyse energy usage and carbon emissions has been developed.

(b) What costs are involved?

No additional costs incurred. Completed with existing staff and resources.

(c) What are the timelines for completion?

Completed.

2. FOLLOW-UP OF OUTSTANDING MATERIAL FROM PREVIOUS COMMITTEE REPORTS

QUESTION 2.1

Report on the 2007-08 Budget Estimates Part Three

In relation to the response received to the Committee's 2007-08 Estimates Questionnaire dealing with departmental savings (Q7), Parliamentary Departments advised that `The Department of Parliamentary Services is in discussion with Vicfleet and the Department of Treasury and Finance to undertake a review of the current Member of Parliament Motor Vehicle expenditure to see if any cost savings can be generated. As this is a review (not yet commenced), the Parliament is unable to quantify the possible cost savings that may be generated . Various areas within the Member of Parliament Motor Vehicle Plan will be investigated to see if any cost savings can be generated'.

Please provide an update of the outcome of this review and the impact on the budget.

A review has not been undertaken. DPS is in ongoing discussions with VicFleet on measures to improve cost effectiveness of the fleet management.

QUESTION 2.2

Outcomes questionnaire response received 19 November 2007 for the 2006-07 outcomes inquiry

Question 10.3 from the outcomes questionnaire

What were the salary costs for the categories of ongoing, fixed term and casual staff for 2005- 06 and 2006-07?

Due to the significant level of resources required to answer this question, the Parliament was unable to complete this question in the timeframe required by the committee.

We will forward this information once it has been completed.

2005-06					
	Permanent	**Fixed Term**	**Casual**	**Sessional**	**Total**
Legislative Council	$1,528,851.36	$1,270,441.46	$-		$2,799,292.82
DPS	$6,387,376.69	$381,478.63	$475,506.98	$578,279.32	$7,822,641.62
Legislative Assembly	$2,602,931.60	$688,524.73	$6,618.50		$3,298,074.83
MP's	$16,865,230.29	$-	$-		$16,865,230.29
Electorate Officers	$10,690,776.00	$24,514.87	$1,082,106.98		$11,797,397.85
					$42,582,637.41
2006-07					
	Permanent	**Fixed Term**	**Casual**	**Sessional**	**Total**
Legislative Council	$1,675,443.19	$1,073,439.90	$15,247.57		$2,764,130.66
DPS	$6,473,787.80	$503,055.94	$426,018.66	$498,266.73	$7,901,129.13
Legislative Assembly	$2,594,548.02	$507,498.64	$18,654.04		$3,120,700.70
MP's	$17,094,026.37	$-	$-		$17,094,026.37
Electorate Officers	$11,811,017.50	$160,322.11	$1,554,840.12		$13,526,179.73
					$44,406,166.59

Source: DPS Questionnaire response, September 2008, p.5

QUESTION 10.4

From the outcomes questionnaire

In terms of the department's salaries and wages expense for 2006-07, provide a breakdown between the aggregate expenditure incurred on administration compared to direct service delivery (provide comparative figures for 2005-06).

Please provide a breakdown for the department 's 10 largest programs

Due to the significant level of resources required to answer this question, the Parliament was unable to complete this question in the timeframe required by the Committee.

We will forward this information once it has been completed.

Please provide a response to these questions.

All staff within the Parliamentary Departments are employed to provide service delivery to MP's including a significant proportion employed only during sitting days. All Electorate Officers are employed to assist MP's in the discharge of their Parliamentary duties.

APPROVED RELOCATIONS AND REFURBISHMENTS

Relocation Timeline

Updated 31/8/08

	Member Name	Search area	Current Lease Expiry	Month																			
				May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10
1	Member 1		Expired		completed																			
2	Member 2		Deed of Release			completed																		
3	Member 3		Jul-08				completed																	
4	Member 4		Jul-08					scheduled for October																
5	Member 5		Aug-09																					
6	Member 6		Sep-08																					
7	Member 7		Oct-08																					
8	Member 8		Oct-08																					
9	Member 9		Nov-08																					
10	Member 10		Jan-09																					
11	Member 11		Jan-09																					
12	Member 12		Feb-09																					
13	Member 13		Feb-09																					
14	Member 14		Feb-09																					
15	Member 15		Apr-09																					
16	Member 16		Apr-09																					
17	Member 17		May-09																					
18	Member 18		May-09																					
19	Member 19		Oct-09																					
20	Member 20		Oct-09																					
12	Member 21		Nov-09																					
22	Member 22		Dec-09																					
23	Member 23		Jan-10																					

Refurbishment Timeline

	Member Name	Landlord Defects & Issues	Month																				
			May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10
1	Member 24																						
2	Member 25																						
3	Member 26																						
4	Member 27																						
5	Member 28																						
6	Member 29																						
7	Member 30																						
8	Member 31																						
9	Member 32																						
10	Member 33																						
11	Member 34																						

Source: DPS Questionnaire response, September 2008, p.6

Department of Premier and Cabinet

QUESTION 1.1

Response to Q2.4

The department advised that 'Departments can apply to carry forward up to 3% of their recurrent budget. Carry forward in relation to the capital program is usually determined on individual projects. A final carry forward amount is not finalised until the end of the financial year, therefore at this stage no precise figure has been formalised'.

When finalised information is available, please provide a response to Q2.4

Answer –

DEPARTMENT OF PREMIER AND CABINET

2007-2008 to 2008-2009 TOTAL ESTIMATED CARRYOVER REQUIRED BY FUND SOURCE

Appropriation	State Funds *$'000*	Commonwealth Funds *$'000*	Total *$'000*
Provision of outputs *(section 29 of the Financial Management Act 1994 applies)*	6,710,000	0	6,710,000
Additions to the net asset base *(section 29 of the Financial Management Act 1994 applies)*	5,900,000	0	5,900,000
Payments on behalf of the State	0	0	0
Total	**12,610,000**	**0**	**12,610,000**

QUESTION 1.2

The department advised that 'Advertising and communications activities are not independent of program and policy development, implementation and evaluation. As such, it is not a stand alone budget item, but rather the advertising and communications expenditure is formulated as part of an overall program delivery or output as required by the Government's Output-Based Management Framework.

a) For comparative purposes with other departments, the Committee would appreciate the department considering whether it would be possible to provide an estimate to the Committee of a budget for this item if possible.

b) Given that the response identified the actual expenditure for the 9 months ended 31 March 2008, please provide the expected actual expenditure for 2007-08.

Answer –

a) Advertising and communications activities are not independent of program and policy development, implementation and evaluation. As such, it is not a stand alone budget item but rather the advertising and communications expenditure is formulated as part of an overall program delivery or output as required by the Government's Output-Based Management Framework. For this reason, estimated annual budgets are not determined in advance.

b) **Actual Expenditure DPC including Arts Victoria**

Campaign media expenditure (as monitored through MAMS contract)	$ 2,764,313
Campaign advertising services expenditure	$ 601,744
Functional media expenditure (eg: tenders, public notices as monitored through MAMS contract)	$ 108,983
Functional production (as monitored through MAMS contract)	$ 2,255
Advertising and Promotion Defined as communication agency services, production, design, print collateral and sponsorship	$ 422,870

NB: Expenditure quoted excludes Arts and Portfolio Agencies.

QUESTION 1.3

Response to Q10.1

In relation to providing a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09, the department advised that 'at the time of completion of the questionnaire, the 2008-09 budget had not been finalised'.

Please provide a summary of the funding for 2008-09.

Answer –

The funding that will be disseminated by Arts Victoria to the non-government sector during 2008-09 is as follows:

Program	**Amount**
Touring Victoria	$590,000
International - Project	$720,000
Indigenous Arts Development	$100,000
Arts Development	$1,630,000
Local Partnerships - Touring	$545,000
Victoria Rocks (including World Music Expo)	$1,010,000
Organisations - Annual Operations	$300,000
Festivals	$600,000
Organisations - Multi-year	$18,955,000
Organisations - Major Performing Arts	$6,710,000
Creating Place & Space fund - Infrastructure Grants	$70,000
NGO Maintenance	$560,000
TOTAL	**$31,790,000**

QUESTION 1.4

Response to Q13.1

You provided a detailed breakdown of staff numbers for 30 June 2008. Can you please provide details of expected staff numbers according to pay grader and position type (eg. Fixed term, ongoing, casual, funded vacancies) for 30 June 2009.

Answer –

The Department does not anticipate any significant change to the staffing profile from that applied at the year end June 2008.

APPENDIX 4: RESPONSES TO FURTHER INFORMATION TO BE PROVIDED AND QUESTIONS ON NOTICE RELATING TO THE 2008-09 BUDGET ESTIMATES

Appendix 4 details the Government's responses to requests for further information made by the Committee. These have been arranged according to the main Growing Victoria Together visions.

A4.1 Thriving economy vision

A4.1.1 Agriculture portfolio

Compliance with relevant industry standards for animal welfare – inspections and prosecutions

The Bureau of Animal Welfare (BAW) in DPI monitors data from the Magistrates Court on prosecutions done under the Prevention of Cruelty to Animals Act and can report on the last five years (2003-07 inclusive). The tables below, which are prepared by the BAW show:

- The number of charges and cases (each case can have from 1 to 100 + charges) by each agency from 2003 until 2007. Data from 2008 is only available until April so this is not included;
- What charges have been laid and how many times by year for the 5 years; and the
- Ranges of penalties imposed for particular animal cruelty offences during the 5 years.

A general comment listing the species prosecuted by DPI has been provided in the appendices below. However, providing the details of species, industry and number of animals for each prosecution for the 5 years would involve a lengthy and complicated process requiring agencies to go individually through prosecution case files.

The BAW provides the following two points relating to interpretation of this data:

- Prosecutions occur for less than 1% of all investigations and do not give a good indication of the level of activity by POCTA inspectors investigating alleged breaches of the legislation.
- Whenever possible, Inspectors will educate the person/s involved and work with them to rectify the situation and prevent future recurrences of welfare problems by that person rather than resort to prosecution, i.e. consistent with the enforcement policy.

Only the very worst cases are prosecuted so that each prosecution, particularly those involving livestock in large numbers, can involve a number of officers and large amounts of time to investigate and prepare the case. For example, the Lara horse case has cost the RSPCA over one hundred thousand dollars, numerous staff and huge amounts of time. DPI are also often involved in similar cases with livestock, in particular, cases involving cattle.

Table A4.1 Prosecutions by Inspectorate

Organis-ation	2003		2004		2005		2006		2007		Total Cases	Total charges	% of Total cases	Species overview	Comment
	Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases					
RSPCA	323	61	357	45	218	24	110	23	136	29	182	1144	35.62%	Main agency for all species other than commercial livestock. Dogs and Horses are two main species complaints are received about.	Range from individual to large groups
Vic Police	56	40	100	55	81	53	68	51	84	61	260	389	50.88%	Expect mainly companion animal prosecutions.	Believe mainly individual animal involved in police cases as generally only 1-2 charges per case.
DPI/DSE	65	14	215	17	12	7	117	8	290	14	60	699	11.74%	Mainly Cattle, few horse and sheep and one poultry prosecution.	Usually either an individual animal or whole of herd investigation (most common)
Councils	4	2	0	0	14	2	3	2	2	1	7	23	1.37%	Expect mostly companion animals	Expect only 1-2 animals involved in most prosecutions by councils.
Unknown	1	1	0	0	1	1	0	0	0	0	2	2	0.39%		Agency not given in data.
Total	449	118	672	117	326	87	298	84	512	105	511	2257	100.00%		

Table A4.2 Prosecutions by Offence

Section number	Charge detail	2003		2004		2005		2006		2007		Total	Total
Act offences		Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases
9	GENERAL CRUELTY	125	43	200	57	86	25	0	0	0	0	411	125
9.1.A	ABUSE/BEAT AN ANIMAL	8	7	29	15	11	11	31	19	18	16	97	68
9.1.B	OVERCROWD AN ANIMAL	0	0	0	0	1	1	3	3	6	4	10	8
9.1.C	CAUSE UNNECESSARY PAIN- ANIMAL	76	52	91	27	35	21	82	31	122	44	406	175
9.1.D	CONVEY ANIMAL CAUSE UNNECESSARY PAIN	0	0	1	1	1	1	2	1	5	4	9	7
9.1.E	KNOWINGLY RIDE AN UNFIT ANIMAL	0	0	0	0	0	0	1	1	0	0	1	1
9.1.F	FAIL TO PROVIDE FOOD/DRINK FOR AN ANIMAL	46	29	108	31	43	10	38	15	109	20	344	105
9.1.G	OFFER UNFIT CALF FOR SALE	2	1	0	0	0	0	0	0	0	0	2	1
9.1.H	ABANDON ANIMAL USUALLY KEPT CONFINED	2	2	0	0	5	4	0	0	0	0	7	6
9.1.I	FAIL PROVIDE TREAT INJ/SICK ANIMAL	73	46	89	26	44	14	44	23	91	32	341	141
9.1.J	LAY BAIT FOR ANIMAL CONTAINING POISON	1	1	1	1	1	1	1	1	0	0	4	4

Table A4.2 Prosecutions by Offence *(continued)*

Section number	Charge detail	2003		2004		2005		2006		2007		Total	Total
Act offences		Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases
10.1	AGGRAVATED CRUELTY TO AN ANIMAL	100	69	121	51	72	41	73	49	120	58	486	268
12.7	POSSESS ANIMAL WHEN DISQUALIFIED	0	0	10	2	13	3	0	0	3	1	26	6
13.1.A	KEEP PREMISES FOR ANIMAL FIGHTS	0	0	1	1	0	0	1	1	4	4	6	6
13.1.C	PERMIT CAPTIVE ANIMAL BE KILLED BY A DOG	0	0	0	0	3	3	0	0	0	0	3	3
13.4	ATTEND ANIMAL FIGHT EVENT - COCK FIGHT	0	0	5	5	0	0	0	0	12	12	17	17
15A.2.C	FAIL SECURE DOG ON MOVING VEHICLE	0	0	2	2	3	3	1	1	0	0	6	6
15.3A	POSSESS SMALL LEG HOLD TRAP - CROWN LAND	0	0	0	0	1	1	1	1	0	0	2	2
15.3B	USE SMALL LEGHOLD TRAP LAND - URBAN AREA	1	1	0	0	5	3	1	1	1	1	8	6

Table A4.2 Prosecutions by Offence *(continued)*

Section number	Charge detail	2003		2004		2005		2006		2007		Total	Total
Act offences		Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases	Charges	Cases
23A	OBSTRUCT INSPECTOR-PREV CRUELTY ACT	6	2	4	4	0	0	0	0	1	1	11	7
23A.3.1.A	REF/FAIL PROVIDE NAME/AD TO INSPECTOR	0	0	1	1	0	0	0	0	1	1	2	2
23B	GIVE FALSE INFORMATION TO INSPECTOR	1	1	0	0	0	0	0	0	0	0	1	1
23D	FAIL TO COMPLY REQUIREMENT OF INSPECTOR	1	1	0	0	0	0	0	0	0	0	1	1
24J.2	FAIL TO COMPLY WITH ISSUED NOTICE	7	7	9	7	2	2	5	5	8	5	31	26
*Regulation offences only recorded from July 2006												0	0
Reg 7A.1*	DOCK A DOG'S TAIL	n/a	n/a	n/a	n/a	n/a	n/a	14	2	6	2	20	4
Reg 7C*	POSSESS COCK FIGHTING IMPLEMENT	n/a	n/a	n/a	n/a	n/a	n/a	0	0	5	5	5	5
Totals		449	262	672	231	326	144	298	154	512	210	2257	1001

Table A4.3 Summary of Penalties related to Specific Offences

		RESULT TYPE AND NUMBER										
		FINE			Order based penalties (number)				IMPRISONMENT Months			Youth Detention
ACT-SECTION	Offence description	Number	Min $	Max $	ADU	CBO	GBB	ICO	Number	Min	Max	Number
86/46.9.1.A	ABUSE/BEAT AN ANIMAL	15	150	2000	4	4	5	3	11	1	7	
86/46.9.1.B	OVERCROWD AN ANIMAL	3	100	2000					1	6	6	
86/46.9.1.C	CAUSE UNNECESSARY PAIN-ANIMAL	82	300	10000	43	6	1	1	12	3	6	
86/46.9.1.D	CONVEY ANIMAL CAUSE UNNECESSARY PAIN	1	1500	1500								
86/46.9.1.F	FAIL TO PROVIDE FOOD/DRINK FOR AN ANIMAL	44	750	7000	11	1	1		8	4	6	
86/46.9.1.H	OFFER UNFIT CALF FOR SALE	1	500	500	1							
86/46.9.1.I	ABANDON ANIMAL USUALLY KEPT CONFINED	61	250	7000	19	4	1		5	6	6	
86/46.9.1.J.I	FAIL PROVIDE TREAT INJ/SICK ANIMAL	1	2000	2000								
86/46.10.1	AGGRAVATED CRUELTY TO AN ANIMAL	58	200	10000	12	12	9	6	24	0.2333	18	1
86/46.12.7	POSSESS ANIMAL WHEN DISQUALIFIED	2	500	500					4	3	9	

Table A4.3 Summary of Penalties related to Specific Offences *(continued)*

		RESULT TYPE AND NUMBER										
		FINE			Order based penalties (number)				IMPRISONMENT Months			Youth Detention
ACT-SECTION	Offence description	Number	Min $	Max $	ADU	CBO	GBB	ICO	Number	Min	Max	Number
86/46.13.1.A	KEEP PREMISES FOR ANIMAL FIGHTS	4	2000	7500								
86/46.13.1.C	PERMIT CAPTIVE ANIMAL BE KILLED BY A DOG	2	700	800								
86/46.13.4	ATTEND ANIMAL FIGHT EVENT - COCK FIGHT	14	250	1000		3						
86/46.15.3.A	USE SMALL LEGHOLD TRAP LAND - URBAN AREA	1	500	500								
86/46.15.3.B	POSSESS SMALL LEG HOLD TRAP - CROWN LAND	3	400	2000	2							
86/46.15A.2.C	FAIL SECURE DOG ON MOVING VEHICLE	5	100	1250	1							

Table A4.3 Summary of Penalties related to Specific Offences *(continued)*

		RESULT TYPE AND NUMBER										
		FINE			Order based penalties (number)				IMPRISONMENT Months			Youth Detention
ACT-SECTION	Offence description	Number	Min $	Max $	ADU	CBO	GBB	ICO	Number	Min	Max	Number
86/46.23.A	OBSTRUCT INSPECTOR-PREV CRUELTY ACT	5	300	1500	1							
86/46.23A.3.1.A	REF/FAIL PROVIDE NAME/AD TO INSPECTOR	1	1000	1000								
86/46.23A.3.1.B.II	STATE FALSE ADDRESS TO INSPECTOR	1	200	200								
86/46.23.B	GIVE FALSE INFORMATION TO INSPECTOR	1	1000	1000								
86/46.23.D	FAIL TO COMPLY REQUIREMENT OF INSPECTOR	1	300	300								
86/46.24J.2	FAIL TO COMPLY WITH ISSUED NOTICE	17	250	5000	2							
SR97/159.7A.1	DOCK A DOG'S TAIL	3	350	500								
SR97/159.7C	POSSESS COCK FIGHTING IMPLEMENT	3	250	500	2							
Total		329			98	30	17	10	65			**1**

ADU = Adjourned undertaking (old Good behaviour bond)

CBO = Community based order

GBB = Good behaviour bond

ICO = Intensive corrections order

Administration of funding directed at the Future Farming Strategy, including a breakdown of the various components over the forward estimates

The Securing and Developing Services to Farmers (Action 1.1 in the *Future Farming Strategy*) is worth $16 million in 2008-09 or $77 million over four years. As indicated at the Agriculture Portfolio Hearing, this ongoing funding is crucial to allow DPI to maintain the important capability and capacity it has built through past initiatives such as the Our Rural Landscape initiative (through the government's Science Technology and Innovation initiative), which will result in improved services to farmers, increased growth and innovation in agriculture and a farm sector better able to respond to new challenges and opportunities.

Investment decisions for this project's funds will be made through DPI's new science investment framework. This investment framework provides for investment decision making with greater transparency, alignment with Government strategies, strong engagement with industry stakeholders and rigorous evaluation of projects. This new Framework is applied to all DPI's science investments and follows an extensive review and benchmarking against international best practice, and has been endorsed by Victoria's Auditor-General in his recent review. Detailed project descriptions are currently being developed for consideration at an Investment Conference scheduled for 25 June 2008. The Investment Conference is chaired by the DPI Secretary and includes representatives from the Department of Treasury and Finance, the Department of Premier and Cabinet and the Victorian Farmers Federation.

Of the $16 million in 2008-09, $1.6 million is initially allocated to DPI's Primary Industry Policy output, $5.6 million to DPI's Sustainable Practice Change output and $8.8 million to DPI's Strategic and Applied Scientific Research output. This allocation may change slightly as detailed project proposals are agreed.

The allocation of outputs against the other 19 funded initiatives announced in the *Future Farming Strategy* are listed in the table below. Of the *Future Farming* funds budgeted for DPI in 2008-09, about 8% are allocated to DPI's Primary Industry Policy output, 2% to DPI's Regulation and Compliance output, 53% to DPI's Sustainable Practice Change output and 37% to DPI's Strategic and Applied Scientific Research output.

Table A4.4 Summary of Funded Actions – Future Farming Strategy

Action	ERC Name	08/09	09/10	10/11	11/12	Future Farming Total[i] ($m)	Responsible Agency	2008-09 Output allocation
	Action 1: Boosting productivity through technology and changes in farming practices							
1.1	Major new investment in research development and practice change	16.0	18.5	20.0	22.6	**77** 23.2 (ongoing)	DPI	1.6 DPI Primary Industries Policy 8.8 DPI Strategic and Applied Scientific Research 5.6 DPI Sustainable Practice Change
1.2	State-of-the-art services to farm businesses	2.0	2.0	2.0	2.0	**8**	DPI	2.0 DPI Sustainable Practice Change
1.3	Changing irrigation practices	1.3	1.0	0.0	0.0	**2.3**	DPI	0.2 DPI Primary Industries Policy 1.1 DPI Sustainable Practice Change
1.4	Precision farming through GPS technology	0.4	0.6	0.5	0.000	**1.5 Plus $3.4 from RIDF**	DSE	DSE Land Administration and Property Information
1.5	High productivity in the dairy industry	1.7	2.2	2.3	2.3	**8.5**	DPI	1.7 DPI Strategic and Applied Scientific Research
1.6	Stakeholder engagement, implementation and evaluation	0.9 Plus 0.2 in 07/08	0.6	0.4	0.6	**2.7**	DPI	0.9 DPI Primary Industries Policy
						103.4		

Table A4.4 Summary of Funded Actions – Future Farming Strategy *(continued)*

Action	ERC Name	08/09	09/10	10/11	11/12	Future Farming Total[ii] ($m)	Respon-sible Agency	2008-09 Output allocation	
	Action 2: Building skills and attracting young people to farming								
2.1	Strengthen primary industry skills	0.15	0.05	0.05	0.05	**0.3**	DIIRD		DIIRD DIIRD Regional Economic Development, Investment and Promotion
						0.3			
	Action 3: Understanding and managing climate change								
3.1	Planning for climate change	1.3	1.3	1.3	1.3	**5.2**	DPI	0.2 1.1	DPI Primary Industries Policy DPI Sustainable Practice Change
3.2	New technologies and strategies	1.2	1.6	1.7	1.7	**6.2**	DPI	1.2	DPI Strategic and Applied Scientific Research
						11.4			
	Action 4: Strengthening land and water management								
4.1	New action on weeds and pests	5.8	5.0	4.6	4.6	**20**	DPI	5.8	DPI Sustainable Practice Change DSE Biodiversity
4.4	Improving rural land-use planning	1.1	1.2	0.9	0.6	**3.8**	DPCD		DPCD Planning, Urban Design and Housing Affordability
						23.8			

Table A4.4 Summary of Funded Actions – Future Farming Strategy *(continued)*

Action	ERC Name	08/09	09/10	10/11	11/12	Future Farming Total[iii] ($m)	Responsible Agency	2008-09 Output allocation	
	Action 5: Helping faming families to secure their futures								
5.1	Working with rural communities	0.9	0.9	0.9	1.0	3.7	DPI	0.9	DPI Sustainable Practice Change
5.2	Farm family health	0.3	0.7	0.7	0.6	2.18	DPI	0.3	DPI Sustainable Practice Change
5.3	Case management for farmers	1.0	1.0	1.0	0.5	3.5	DPI	1.0	DPI Sustainable Practice Change
5.4	New National Centre for Farmer Health	0.6	0.6	0.6	0.6	2.4	DHS		DHS Clinical Care
						11.8			
	Actions 6: Developing new products and securing new markets								
6.1	Better market access and supply chain development	0.7	0.7	0.7	0.8	2.9	DPI	0.7	DPI Sustainable Practice Change
6.2	Support for organics	0.35	0.36	0.37	0.0	1.1	RDV		Regional Development Victoria
6.3	Support for aquaculture industry	1.0	1.0	1.0	1.1	4	DPI	1.0	DPI Strategic and Applied Scientific Research
6.4	Support for the grapevine industry	0.75	0.75	0.75	0.75	3	DPI	0.75	DPI Regulation and Compliance
						11.1			

Table A4.4 Summary of Funded Actions – Future Farming Strategy *(continued)*

Action	ERC Name	08/09	09/10	10/11	11/12	Future Farming Total[iv] ($m)	Responsible Agency	2008-09 Output allocation
	Action 7: Transporting products to market							
7.1	Country Rail Freight Network Renewal and Maintenance					**42.7**	DOI	DOI Freight, Logistics, Ports and Marine Development
						205		

A4.1.2 Information Communication and Technology

Timeframes for standardisation of the desktop environment

The Department of Treasury and Finance is responsible for the timeframes for standardisation of the desktop environment and therefore this question should be referred to the Minister for Finance.

A4.1.3 Major Projects portfolio

Outline of all projects that Major Projects Victoria are responsible for.

As at 21 July 2008, Major Projects Victoria was involved in the following projects:

- Melbourne Convention Centre development
- Melbourne Recital Centre and MTC Theatre
- Melbourne Rectangular Stadium
- Parkville Gardens
- Biosciences Research Centre project
- Melbourne Wholesale Markets relocation
- Geelong Future City Master plan – Cultural Precinct Stage 1
- Princes Pier restoration
- E-Gate Master plan
- Kew Residential Services redevelopment
- Hepburn Springs Bathhouse redevelopment
- Norlane-Corio urban renewal project
- Austin Hospital redevelopment
- State Sports Facilities project
- Beacon Cove

A4.1.4 Parliamentary Departments portfolio

Download speeds expected from the wireless broadband service

The official download speed advised by the service provider (Telstra) is 7.8 megabytes per second.

However, this is the optimal speed that may be experienced. Factors including location, contention on the signal towers and network traffic may impact on this performance resulting in speeds less that the official rate.

As these factors are outside the control of the Parliament, we are unable to guarantee that these speeds will be experienced by Members every time they use the wireless broadband service.

It is anticipated that as network capacity and funding allow that these speeds would be increased over time. This is dependant upon the infrastructure for the increased speeds being supplied by Telstra.

A4.1.5 Planning portfolio

Allocation of funding for the Ringwood Precinct Plan

Government allocated $5.4 million in the 2007-08 State Budget for design work in Ringwood to provide a blueprint for integrating Eastland and the proposed Town Square across Maroondah Highway to the station precinct.

Issues connected with the new overlay area called DPO 7 between Narrawong and Portland

The current Development Plan Overlay (DPO 7) planning controls around Narrawong in the Glenelg Shire were introduced into the Glenelg Planning Scheme at the request of the Council and cover low lying coastal areas that are at risk of coastal erosion and with potentially increased risk resulting from climate change and rising sea levels.

I have informed Council that I want to see the form of the revised planning controls for this area resolved as soon as possible but I understand that more accurate mapping is required in order to complete the review of the DPO7 controls.

A comprehensive understanding of the risk to this area is reliant on accurate mapping of the adjacent sea floor. The Department of Sustainability and Environment's Future Coasts Project is preparing accurate sea floor mapping for this locality and when this is complete I expect it will form the basis for a Council led coastal engineering and planning study expected to produce new planning controls.

Proportion of major activity centres, principal activity centres and growth areas that currently have precinct structure plans

Structure planning for 75.8% of Principal and Major Activity Centres is complete or underway.

A4.1.6 Public Transport

Outline the expected completion date of the Dynon Port Rail Link (which will include a facility for freight to be offloaded from trains directly onto ships).

The project is scheduled for completion in 2009.

The project involves the construction of a direct, uninterrupted rail link into the Port of Melbourne, by providing for parallel rail movements via two new tracks into the port precinct. The tracks will connect into existing sidings (with existing arrangements for loading containers expected to continue eg. use of mobile straddlers).

The improved rail link will separate road and rail access and will increase the amount of freight which can be carried directly to the port by rail.

The project does not provide a facility for freight to be loaded from trains directly onto ships.

Details of the subsidies provided by the government to the Department of Infrastructure (now the Department of Transport) for the provision of additional trains for the forthcoming harvest season.

A $1.4 million rebate on access fees for domestic grain on rail will be provided from January to December 2008.

A further $10.0 million rebate on access fees for export grain on rail will be provided from July 2008 to June 2010. Finally an additional $10.0 million support package for intermodal (container) rail services will be provided from April 2008 to April 2010.

These rebates will provide short-term support to ensure rail freight is a viable alternative to road freight, and to provide a level of confidence to the industry to make longer term commitments to the use of rail freight.

Calculation of performance penalties for train delays and cancellations

The operational performance of metropolitan trains is measured against punctuality and reliability targets and against passenger weighted minutes of delay (passenger weighted minutes).

The Operational Performance Regime is used to provide public transport operators with financial incentives to meet specific target levels of performance. It measures the quality of operational performance from the passenger's perspective. Passenger weighted minutes are used to quantify the affects on passengers of delays, cancellations, early departures, short running and loop bypasses. All disruptions to services are given a 'weighting' based on the number of passengers using a particular train service. The 'weighting' depends on the time of day, day of week and direction of travel.

A4.1.7 Regional and Rural Victoria

With regard to the Regional Infrastructure Development Fund:

- ***a listing, including year, of the 172 funded projects;***
- ***expenditure under each project to 31 March 2008;***
- ***category of partner involved with government in each project; and***
- ***status of adoption of recommendations of the Auditor-General in October 2005 on reporting of the Fund's outcomes.***

A list of the 194 projects which have been approved for funding under the RIDF since 2000 is attached, together with details of the approved grant amount and expenditure against each project from the fund as at 31 March 2008.

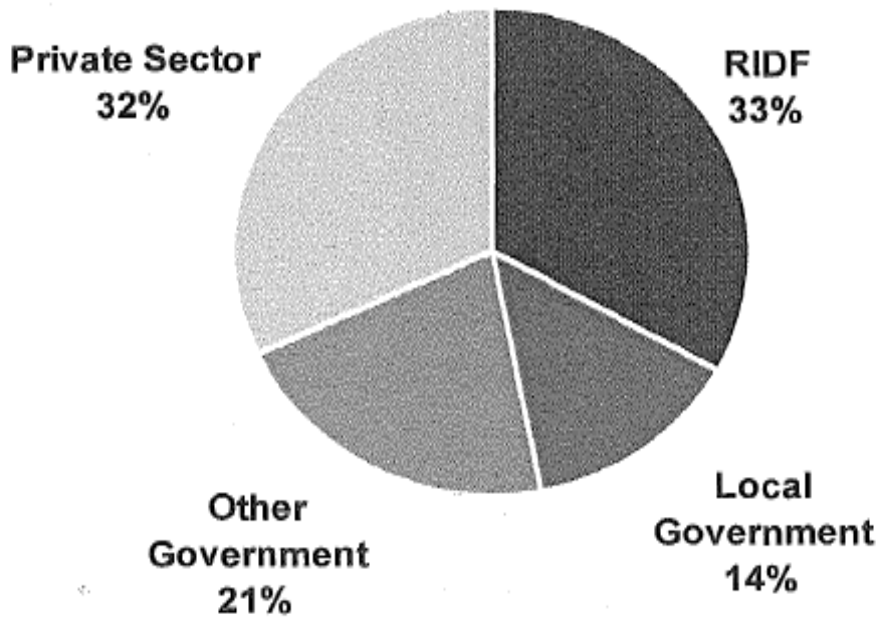
The Committee should note that a listing of all approved projects and approved amounts is already available publicly in the RDV Annual Report and on the RDV website (wvw.rdv.vic.gov.au).

Actual expenditure from the Fund reflects applicants' achievement of key payment milestones set out in the specific project legal agreement.

The Committee will also be aware that the RIDF aims to maximise funding from other sources and in this regard has been highly successful. The overall commitment of $411.3 million for 194 projects has been matched with commitments of approximately $837.7 million from other sources. This equates to a direct leverage ratio (from other sources) of $2.04 for every dollar committed by RIDF.

In regard to other funding partners, the largest proportion (approx 32 per cent) of project costs has been committed from the private sector, as the following chart illustrates.

Figure A4.5



Auditor General's 2005 recommendation re "reporting on the Fund's outcomes":

That RDV provide more information on the operations and outcomes achieved by the RIDF in its annual report to parliament.

While RDV's annual report and other publications currently provide information on the overall activities and expenditures of the fund, accountability for the RIDF's management would be improved by providing more public information on the allocation of funds against the principal project categories specified in the Act, the geographic distribution of funds and more detail about the status of approved projects.

There is also insufficient public information available on the overall performance of the RIDF, particularly in relation to any impact it may be having on the economic and social development of rural and regional Victoria. RDV's annual report to parliament provides information on the outputs of regional infrastructure development, but does not address outcomes in terms of whether the policy objectives of the RJDF are being achieved. (pp.19-20)

RDV Response as published in the Auditor General's report

RDV provides a range of information in its Annual Report and on the RDV website with regard to the operation of the RIDF RDV and DIIRD will review the recommendations in this report to assess whether there is additional and appropriate information on the RIDF that can be made available through the Annual Report or other mechanisms. (p.28)

Status of Adoption of the recommendation - July 2008

The 2006/07 RDV Annual Report provided greater information on the allocation of funds against the principal project categories, such as Dairy Roads, Local Ports, Arts Infrastructure and Provincial Pathways. Section 3.3 of the 2006/07 RDV Annual Report also included numerous examples of RIDF projects and outcomes. Provision of this information is consistent with the recommendation of the Auditor General's report.

A similar presentation of information is envisaged for the 2007/08 annual report.

In addition to the Annual Report, RDV provides more regular information on the operation and outcomes of RIDF projects through the RDV newsletter *Moving Forward*, and via the RDV website: www.rdv.vic.gov.au.

For example, the RDV website provides case study information on successful RIDF projects and reports on completed independent evaluations of the Fund. Results of two further evaluations undertaken in the second half of the 2007-08 financial year will shortly be available.

Breakdown of funding allocations from the Provincial Victoria Growth Fund.

Table A4.6

Action	Initiative/Sub Program	
Provincial Victoria Growth Fund		**Budget**
3	Attracting more people to live, work and invest in provincial Victoria	$12,000,000.00
4	Managing growth in regional communities	$15,327,000.00
5	Delivering greater support for small towns	$3,000,000.00
7	Attracting investment and promoting exports	$6,610,000.00
8	Building a skilled provincial workforce	$22,000,000.00
9	Driving growth and competitiveness in primary industries	$1,710,000.00
10	Meeting new challenges in key regional industries	$24,250,000.00
11	Promoting sustainable development and better land management	$4,950,000.00
	Unallocated (New Initiatives, Operating Cost, Overheads)	$10,153,000.00
		$100,000,000.00

Table A4.7

RIDF Announced Projects as at 11 July 2008

Project Name	Applicant	RIDF $ Approved	RIDF $ Paid as at 31/03/08
RIDF Projects/Programs Announced in 1999/2000			
Enhancement of the Golden Dragon Tourism Precinct, Bendigo	Greater Bendigo City Council	$150,000	Project Complete
RIDF Projects/Programs Announced in 2000/2001			
Buchan Caves Infrastructure Development Works	Parks Victoria	$605,000	Project Complete
Cattle Under/Over passes	Victorian Farmers Federation	$4,000,000	Project Complete
Centre for Sustainable Regional Communities	Latrobe University, Bendigo Campus	$250,000	Project Complete
Cobden Industrial Estate	Corangamite Shire Council	$258,000	Project Complete
Completion of the Victorian Goldfields Railway - Restoration of the Muckleford to Castlemaine Section.	Castlemaine & Maldon Railway Preservation	$915,000	Project Complete
East Gippsland Regional Saleyards	East Gippsland Shire Council	$1,450,000	Project Complete
Flagstaff Hill Maritime Village Redevelopment	Warrnambool City Council	$3,300,000	Project Complete
Geelong Central Revitalisation Program	Greater Geelong City Council	$12,000,000	Project Complete
Information Technology Cluster Development Group	University of Ballarat	$2,600,000	Project Complete
Latrobe Regional Airport Development	Latrobe City Council	$270,000	Project Complete
Loddon Murray Region Sustainable Development	Loddon Shire Council	$3,274,000	Project Complete
Meeting of the Whistles	Campaspe Shire Council	$185,000	Project Complete
Morwell Rail Underpass	Latrobe City Council	$662,600	Project Complete
Murrindindi Valley Economic Development Project	Murrindindi Shire Council	$350,000	Project Complete
Port Fairy Waste Treatment Plant Upgrade	Portland Coast Region Water Authority	$220,000	Project Complete
Provision of Standard Gauge Rail Access to Bulk Grain Pier at Port of Geelong	Department of Infrastructure	$1,860,000	Project Complete
Reinstatement of Rail Facilities at Castlemaine Station	Mount Alexander Shire Council	$100,000	Project Complete
Research and Technology Precinct at Birchip.	Birchip Cropping Group	$110,000	Project Complete
Reticulation of Natural Gas - North Bellarine Peninsula	Greater Geelong City Council	$1,753,000	Project Complete
Revitalisation of Ballarat Central Business Area	Ballarat City Council	$2,750,000	Project Complete
RMIT Flexible Learning Centre and RMIT Centre for Regional & Rural Development	RMIT/Southern Grampians Shire Council	$3,135,000	Project Complete
Shepparton Aerodrome - Extension of Runway	Greater Shepparton City Council	$200,000	Project Complete
Treated Water to Thurla	Lower Murray Water	$500,000	Project Complete
Victorian Dairy Electricity Infrastructure	Powercor Australia	$8,000,000	Project Complete
RIDF Projects/Programs Announced in 2001/2002			
Alpine Discovery Centre	Alpine Shire Council	$500,000	Project Complete
Bendigo Heritage Tourism Infrastructure Development - Gold Mine	Greater Bendigo City Council	$408,000	Project Complete
Bendigo ICT Centre	La Trobe University	$3,200,000	Project Complete
Blood on the Southern Cross Upgrade	Sovereign Hill Museums Association	$1,200,000	Project Complete
Cleaner Production Strategy for the Castlemaine Region	Coliban Water	$1,650,000	Project Complete
Construction of a Day Centre at Lake Mountain Alpine Resort	Lake Mountain Alpine Resort Management Board	$2,300,000	Project Complete

NOTE: There are minor variations between announced funds and final projects costs as some projects were delivered under budget and the final RIDF payment was adjusted accordingly.

* Additional payments have been processed after 31 March 2008 (these payments are against 33 projects and total $24,339,290).

Table A4.7 (*continued*)

RIDF Announced Projects as at 11 July 2008

Project Name	Applicant	RIDF $ Approved	RIDF $ Paid as at 31/03/08
Creation of a Distinct University Campus incorporating the Murray Darling Freshwater Research Centre	La Trobe University	$2,500,000	Project Complete
Customer Access Network Demonstrations Program	Multimedia Victoria	$5,000,000	Project Complete
DemoDAIRY Infrastructure Development Project	Corangamite Shire Council	$100,000	Project Complete
Expansion of the stock under/overpass program	Victorian Farmers Federation	$2,000,000	Project Complete
Florence Street Industrial Development	Greater Shepparton City Council	$500,000	Project Complete
Industrial Land Development - Cobram and Nathalia	Moira Shire Council	$417,821	Project Complete
Karinie Industrial Estate, Swan Hill - Stage 2 Development	Swan Hill Rural City Council	$483,000	Project Complete
Maryborough Industrial Estate	Central Goldfields Shire Council	$255,510	Project Complete
Mildura Airport - Infrastructure Redevelopment	Mildura Rural City Council	$600,000	Project Complete
Mt Baw Baw Resort All Year Visitor Activities, Facilities, Services and Infrastructure	Mt Baw Baw Alpine Resort Management Board	$3,556,000	Project Complete
Narana Creations Stage 2 Development	Uniting Church in Australia (Vic) - Narana Creations	$219,350	Project Complete
Portland Aerodrome Improvements	Glenelg Shire Council	$405,200	Project Complete
Rural Community Infrastructure Allocation	Department of State and Regional Development	$10,000,000	Project Complete
Wangaratta Industrial Park Development	Wangaratta Rural City Council	$365,500	Project Complete
Wodonga Enterprise Business & Technology Park	Wodonga Rural City Council	$987,500	Project Complete
RIDF Projects/Programs Announced in 2002/2003			
Avalon Airport - Road Infrastructure	Greater Geelong City Council	$500,000	Project Complete
Central Victorian Innovation Park	Greater Bendigo City Council	$3,317,000	Project Complete
Centre for Advanced Wood Processing	Cooperative Research Centre for Innovative Wood Manufacturing	$950,000	Project Complete
Cobram to Strathmerton Potable Pipeline Project	Goulburn Valley Water	$400,000	Project Complete
Echuca Industrial Estate Expansion	Campaspe Shire Council	$781,135	Project Complete
Former Railway Workshop Redevelopment	Greater Bendigo City Council	$2,000,000	Project Complete
Geelong Technology Precinct	Deakin University	$1,965,000	Project Complete
Housing and Community Building Maintenance Call Centre	Department of Human Services	$500,000	Project Complete
IBM Asia Pacific Business Solution Centre	University of Ballarat	$1,500,000	Project Complete
Industrial Estate New Gisborne	Macedon Ranges Shire Council	$375,000	Project Complete
Infrastructure Upgrades of Livestock Exchanges	Livestock Saleyards Association of Victoria Inc (LSAV)	$500,000	Project Complete
La Trobe University Visual Arts Centre View Street, Bendigo	La Trobe University	$3,120,000	Project Complete
Latrobe Regional Airport - Development of Industrial Land	Latrobe City Council	$2,000,000	Project Complete
Maryborough Industry Project	Central Goldfields Shire Council	$350,000	Project Complete
Murray Goulburn Cobram - Milk Production Expansion and Dairy Re-use System	Murray Goulburn Co-operative Company Limited	$1,250,000	Project Complete
Ovens River/Faithful Street Precinct	Wangaratta Rural City Council	$1,209,900	Project Complete
Plumpton Road (formerly Burnt Creek) Industrial Estate - Provision of Infrastructure	Horsham Rural City Council	$600,000	Project Complete

NOTE: There are minor variations between announced funds and final projects costs as some projects were delivered under budget and the final RIDF payment was adjusted accordingly.

* Additional payments have been processed after 31 March 2008 (these payments are against 33 projects and total $24,339,290).

Table A4.7 (*continued*)

RIDF Announced Projects as at 11 July 2008

Project Name	Applicant	RIDF $ Approved	RIDF $ Paid as at 31/03/08
Port of Sale Redevelopment - Stage 1	Wellington Shire Council	$1,964,000	Project Complete
Re-use Irrigated Private Plantations	Department of Natural Resources and Environment	$1,500,000	Project Complete
Shepparton Showgrounds Redevelopment	Greater Shepparton City Council	$3,000,000	Project Complete
Timber Network Cluster Development	East Gippsland Shire Council	$356,960	Project Complete
Hepburn Springs Bathhouse Refurbishment and Redevelopment	Major Projects Victoria	$8,180,515	$6,650,000
Port Albert Wharf Redevelopment	Wellington Shire Council	$825,000	$650,000
Stock Over/Underpass Program Stage 3 *	Victorian Farmers Federation	$2,500,000	$2,046,994
Standard Gauge Rail Access to Key Facilities at the Port of Geelong *	Department of Infrastructure	$2,640,000	$0
RIDF Projects/Programs Announced in 2003/2004			
Brambuk the National Park and Cultural Centre - Stage One	Parks Victoria West Region	$2,024,000	Project Complete
'Class A' Reclaimed Water Treatment Plant	Glenelg Regional Water Authority	$1,012,500	Project Complete
Creation of a Centre for Research and Training in Environmental Science at Wodonga	La Trobe University	$1,500,000	Project Complete
Eureka Centre Precinct Development	Ballarat City Council	$520,000	Project Complete
Lake Eildon Dam Improvement Program	Department of Sustainability and Environment	$4,000,000	Project Complete
Lakes Entrance Vessel Service Point	Gippsland Ports	$1,500,000	Project Complete
Mildura Marina Wetlands	Mildura Rural City Council	$2,654,000	Project Complete
Skilled Stadium Redevelopment	Department for Victorian Communities, Sport & Recreation	$6,750,000	Project Complete
South Bairnsdale Industrial Park Infrastructure Improvement and Industry Development Project	East Gippsland Shire Council	$1,000,000	Project Complete
Sunraysia Inland Port	Iron Horse Intermodal Pty Ltd	$867,000	Project Complete
Natural Gas Extension Program * (13 projects for 34 towns - announced between 2003/04 - 2005/06)	Envestra Ltd (Vic Gas Distribution Ltd), Multinet Gas and TXU (SPI) Networks	$71,522,080	$41,363,043
Wodonga Freight Centre	Wodonga Rural City Council	$2,000,000	Project Complete
Korumburra, Leongatha - South Gippsland Wastewater - Venus Bay Ocean Outfall	South Gippsland Water Authority	$3,100,000	$1,000,000
Small Towns Development Fund *	Regional Development Victoria	$20,000,000	$14,847,963
RIDF Projects/Programs Announced in 2004/2005			
Bendigo Rural Exhibition Centre of Excellence	Greater Bendigo City Council	$2,500,000	Project Complete
Port of Portland Multi-Purpose Shiploader & Associated Infrastructure	Port of Portland Pty Limited	$500,000	Project Complete
Bendigo Bank Civic Space and Public Infrastructure Works	Greater Bendigo City Council	$3,000,000	$1,000,000
RIDF Projects/Programs Announced in 2005/2006			
Avalon Airport Apron Upgrade - Passenger Terminal Infrastructure	Greater Geelong City Council	$400,000	Project Complete
Cohuna Industrial Estate Development Project	Gannawarra Shire Council	$500,000	Project Complete
Gippsland Water Factory	Central Gippsland Region Water Authority	$25,000,000	Project Complete

NOTE: There are minor variations between announced funds and final projects costs as some projects were delivered under budget and the final RIDF payment was adjusted accordingly.

* Additional payments have been processed after 31 March 2008 (these payments are against 33 projects and total $24,339,290).

Table A4.7 (*continued*)

RIDF Announced Projects as at 11 July 2008

Project Name	Applicant	RIDF $ Approved	RIDF $ Paid as at 31/03/08
Re-development of the Ballaarat Mechanics' Institute Stage 1	Ballarat City Council	$1,500,000	Project Complete
Creation of a Discrete Campus for La Trobe University in Shepparton	La Trobe University	$2,000,000	$0
Deakin University's Waterfront Campus	Deakin University	$6,000,000	$2,000,000
Falls Creek All Seasons Gateway *	Falls Creek Alpine Resort Management Board	$2,900,000	$1,000,000
Local Roads Dairy Farm Gate Access Scheme *	VicRoads	$1,500,000	$164,847
Small Towns Development Fund - Moving Forward*	Regional Development Victoria	$25,000,000	$4,968,374
Sovereign Hill: Reinventing the Magic *	Sovereign Hill Museums Association	$3,000,000	$2,750,000
RIDF Projects/Programs Announced in 2006/2007			
Campaspe Industrial Estates Stage Two	Campaspe Shire Council	$1,055,000	Project Complete
Dairy Local Roads - Gundowring Rd	Indigo Shire Council	$187,500	Project Complete
Dairy Local Roads - Loch Poowong Rd	South Gippsland Shire Council	$198,985	Project Complete
Dairy Local Roads - River Connection and North Canal Rds	Baw Baw Shire Council	$200,000	Project Complete
Local Ports Program - Apollo Bay	Colac Otway Shire Council	$1,114,506	Project Complete
Local Ports Program - Mallacoota	Gippsland Ports	$305,000	Project Complete
Local Ports Program - Paynesville	Gippsland Ports	$735,000	Project Complete
Murray-Goulburn - Leongatha Water Recycling Project	Murray Goulburn Co-operative Company Limited	$2,000,000	Project Complete
New Moon WTP to Bendigo Recycled Water Pipeline	Bendigo Mining Limited	$1,000,000	Project Complete
Regional Industry Investment Program (5 individual projects - which were announced between 2006/07 - 2007/08)	Various	$5,450,000	$1,000,000
West Sale Aerodrome Infrastructure Renewal	Wellington Shire Council	$450,000	Project Complete
Bendigo Regional Archive Centre	Greater Bendigo City Council	$1,000,000	$0
Dairy Local Roads - Colac Otway Shire	Colac Otway Shire Council	$250,000	$0
Mildura Riverfront Development Facilitation Project	Vline	$8,000,000	$0
Port Fairy to Warrnambool Rail Trail	Moyne Shire Council	$850,000	$0
Stock Over/Underpass Program - Further Extension	Victorian Farmers Federation	$1,500,000	$0
Tatura Wastewater Management and Reuse	Goulburn Valley Water	$486,000	$0
Warrnambool Regional Airport Redevelopment	Warrnambool City Council	$320,000	$0
Wimmera Regional Intermodal Freight Hub Project	Horsham Rural City Council	$2,250,000	$0
North Wangaratta Industrial Precinct	Wangaratta Rural City Council	$1,170,000	$600,000
Murray-Goulburn - Leitchville Water Reuse System	Murray Goulburn Co-operative Company Limited	$930,000	$300,000
Murray-Goulburn - Leongatha Water and Energy Project	Murray Goulburn Co-operative Company Limited	$1,570,000	$570,000
Wangaratta Performing Arts Centre	Wangaratta Rural City Council	$4,500,000	$500,000
Dairy Local Roads - Strathallan Rd	Campaspe Shire Council	$258,000	$125,000
Dairy Local Roads - Corangamite Shire *	Corangamite Shire Council	$821,000	$410,250
Local Ports Program - Port Welshpool & Port Albert *	Gippsland Ports	$870,000	$700,000
Local Ports Program - Lakes Entrance *	Gippsland Ports	$1,055,000	$900,000
Local Ports Program - Port Fairy	Moyne Shire Council	$916,542	$600,000

NOTE: There are minor variations between announced funds and final projects costs as some projects were delivered under budget and the final RIDF payment was adjusted accordingly.

* Additional payments have been processed after 31 March 2008 (these payments are against 33 projects and total $24,339,290).

Table A4.7 (*continued*)

RIDF Announced Projects as at 11 July 2008

Project Name	Applicant	RIDF $ Approved	RIDF $ Paid as at 31/03/08
Dairy Local Roads - Centre and Labuan Roads	Moira Shire Council	$1,011,000	$171,000
Dairy Local Roads - Moyne Shire	Moyne Shire Council	$847,500	$217,000
Local Ports - Bellarine - Portarlington	Parks Victoria	$844,700	$550,000
Ballarat New Wendouree Railway Station *	Department of Infrastructure	$2,665,000	$0
Murray to Mountains Rail Trail - The Murray Connection *	Indigo Shire Council	$495,000	$0
Dairy Local Roads - Traralgon Maffra/Sale Heyfield Rd Intersection *	Wellington Shire Council	$68,200	$0
Dairy Local Roads - Kenny Rd *	Gannawarra Shire Council	$102,500	$0
Gippsland Water - Industrial Water Saving Initiatives *	Central Gippsland Region Water Authority	$900,000	$0
Small Towns Development Fund - Drought Allocation*	Regional Development Victoria	$5,000,000	$245,765
Small Towns Development Fund - Bushfire Halls*	Regional Development Victoria	$1,000,000	$116,887
RIDF Projects/Programs Announced in 2007/2008			
Boomaroo Nursery Non-Potable Water Supply	Boomaroo Nurseries Pty Ltd	$325,000	$0
Deakin University Proof of Concept Facility	Deakin University	$6,000,000	$0
Eastbank Centre Improvements	Greater Shepparton City Council	$300,000	$0
GBP Exports Non-Potable Water Supply	GBP Exports Pty Ltd	$172,800	$0
Goldfields Export Cluster	Central Goldfields Shire Council	$2,182,840	$0
Heywood Industrial Corridor - Power Upgrade Project	Glenelg Shire Council	$300,000	$0
Hillside Industrial Estate Expansion, Bacchus Marsh	Moorabool Shire Council	$1,014,007	$0
Lardner Park Exhibition Centre	The Gippsland Field Days Limited	$500,000	$0
Latrobe Regional Airport - Major Airpark Development	Latrobe City Council	$492,000	$0
Local Ports - Port Fairy	Department of Sustainability and Environment	$1,525,500	$0
Local Roads to Markets - Allansford-Wangoom Road	Moyne Shire Council	$100,000	$0
Local Roads to Markets - Bolgers Road Reconstruction	Wellington Shire Council	$200,000	$0
Local Roads to Markets - Larpent Road Accessibility Improvement Project	Colac Otway Shire Council	$225,000	$0
Local Roads to Markets - Safer B-Double Route For Intensive Agriculture (English Road)	Golden Plains Shire Council	$184,000	$0
Local Roads to Markets - Strathallan Road Sealing	Campaspe Shire Council	$259,750	$0
Local Roads to Markets - Vinoca Road Upgrade - Avoca	Pyrenees Shire Council	$100,000	$0
Local Roads to Markets - Widening and Gravel Resheeting & Sealing of Matheson Road and of Murphy & Bransgrove Roads	Baw Baw Shire Council	$60,000	$0
Local Roads to Markets - Widening, Gravel Resheeting and Bituminous Sealing of Gordon Road	Baw Baw Shire Council	$70,000	$0
Local Roads to Markets - Widening, Resheeting and Sealing of Weebar Road, Drouin	Baw Baw Shire Council	$30,000	$0
Local Roads to Markets - Yelta Silo Improved Road Safety Project	Mildura Rural City Council	$200,000	$0
Local Roads to Markets Program - Allansford-Wangoom (Drylakes Road)	Moyne Shire Council	$98,000	$0
Local Roads to Markets Program - Blake Street, Skipton	Corangamite Shire Council	$17,000	$0
Local Roads To Markets Program - Cavendish-Coleraine Road (A)	Southern Grampians Shire Council	$102,400	$0
Local Roads To Markets Program - Cavendish-Coleraine Road (B)	Southern Grampians Shire Council	$95,000	$0

NOTE: There are minor variations between announced funds and final projects costs as some projects were delivered under budget and the final RIDF payment was adjusted accordingly.

* Additional payments have been processed after 31 March 2008 (these payments are against 33 projects and total $24,339,290).

Table A4.7 (*continued*)

RIDF Announced Projects as at 11 July 2008

Project Name	Applicant	RIDF $ Approved	RIDF $ Paid as at 31/03/08
Local Roads To Markets Program - Corangamite Shire (Knackery Road)	Corangamite Shire Council	$106,000	$0
Local Roads to Markets Program - Curdivale Port Campbell Road Intersection	Corangamite Shire Council	$19,000	$0
Local Roads to Markets Program - Edi-Cheshunt Road Reconstruction	Wangaratta Rural City Council	$100,000	$0
Local Roads To Markets Program - Kiewa - Bonegilla Road - Stage 1	Indigo Shire Council	$242,300	$0
Local Roads to Markets Program - Kiewa - Bonegilla Road - Stage 2	Indigo Shire Council	$351,500	$0
Local Roads to Markets Program - Williams Road	Corangamite Shire Council	$57,000	$0
Mallacoota Airport Utilisation Enhancement	East Gippsland Shire Council	$791,000	$0
Numurkah Showgrounds Redevelopment	Moira Shire Council	$350,000	$0
On-Farm Energy Upgrade Grants - Eastern Victoria	SP Ausnet	$1,800,000	$0
On-Farm Energy Upgrade Grants - Western Victoria	Powercor Australia	$1,800,000	$0
Positioning Regional Victoria's Future Prosperity	Department of Sustainability and Environment, Information Business Technoloty	$3,420,000	$0
Rural Showgrounds and Field Days Renewal Fund - Minor Capital Works Program	Victorian Agricultural Show Ltd.	$500,000	$0
Small Towns Development Fund - Drought Allocation	Regional Development Victoria	$5,000,000	$0
Small Towns Development Fund - Moving Forward II	Regional Development Victoria	$5,000,000	$0
Wonthaggi State Coal Mine Upgrade	Parks Victoria	$1,500,000	$0
Local Ports - Port Welshpool & Port Albert *	Department of Sustainability and Environment	$1,008,000	$700,000
Local Ports - Gippsland Lakes *	Department of Sustainability and Environment	$1,641,800	$800,000
Stawell Airport Upgrade *	Northern Grampians Shire Council	$950,000	$0
Tate Drive Industrial Estate Kerang *	Gannawarra Shire Council	$166,895	$0
Central Highlands Water - McCain Water Minimisation Project *	Central Highlands Region Water Corporation	$635,474	$0
Upgrade to Various Arts Facilities in the Glenelg Shire *	Glenelg Shire Council	$570,000	$0
RIDF Projects/Programs Announced in 2008/2009			
The Goulburn Valley Freight and Logistics Centre (GVFLC) - Stage 1	Greater Shepparton City Council	$2,000,000	$0
Bendigo Chinese Precinct Project	Greater Bendigo City Council	$1,600,000	$0

NOTE: There are minor variations between announced funds and final projects costs as some projects were delivered under budget and the final RIDF payment was adjusted accordingly.

* Additional payments have been processed after 31 March 2008 (these payments are against 33 projects and total $24,339,290).

A4.1.8 Roads and Ports

Estimate of any additional income that Transurban might receive in tolling as a result of the M1 project

The Net Present Value (discounted to June 2006) of Transurban's net additional income is currently estimated at $19 million.

Skills and Workforce Participation

Will funding of the New Workforce Partnerships Program continue at least until any Federal funding takes its place?

The Victorian Government announced the New Workforce Partnerships (NWP) program in the 2008-09 Budget and NWP builds on the Workforce Participation Partnerships program. Funding of $5.0 million was provided for 2008-09.

The Victorian Government has also provided funding of $2 million over four years (2008-09 to 2011-12) for the Indigenous Youth Employment Program. This program will target young Indigenous people and support them into employment, education and/or training.

The Commonwealth Government is currently undertaking a review of their employment services and the changes are expected to take effect in July 2009. At this stage full details of any proposed changes are not yet known.

Any future funding will take account of these changes at the Commonwealth level.

The Department also provided a follow up response to a comment made by the Chair of the Committee on page 3 of the transcript: "I note that anything you can do to reduce the red tape for ACFE and neighbourhood houses would be greatly appreciated"

I am pleased to advise that between 2003 and 2008 the ACFE Board has reduced the reporting and accountability requirements for ACE provision by 71 %.

Reporting and accountability requirements for ACE providers are specified in the purchasing and performance agreement with an ACFE Regional Council. In response to the 2004 Ministerial Statement on ACE, the ACFE Board has refined the requirements of ACE providers by:

- simplifying and reducing the number of submission based processes;
- simplifying and reducing the number of reporting and accountability requirements;
- reducing regulatory requirements by requiring simpler organisational self assessment for ACFE Board registration; and,
- developing and introducing organisational self-assessment of viability only for those ACE organisations contracting with the ACFE Board.

There are a number of accountabilities for registered training organisations regarding registration and compliance with the Australian Quality Training Framework that remain the responsibility of the Victorian Registration and Qualifications Authority(VRQA), as well as any contractual arrangements providers choose to enter into with Local Government or State or Commonwealth Departments.

I am sure you will agree with me that this has been an exceptionally good response to concerns raised by the sector regarding accountability and reporting.

A4.1.9 Treasury portfolio

Estimated breakdown of infrastructure program of almost $30 billion over the next four years between projects under direct government procurement and those under public/private partnerships.

The Non-Financial Public Sector cash flow statement on page 88 of Budget Paper 4 shows that the Purchase of Non-financial Assets will total $30,469 million over the four years from 2008-09 to 2011-12. This amount includes approximately $1,071 million mainly related to public/private partnership agreements for the new Women's Hospital and the new Royal Children's Hospital.

A number of other projects are currently being considered for procurement through Partnerships Victoria in both the General Government and Public Non-Financial Corporations sectors.

However, these projects are included in the forward estimates under direct government procurement until binding financial agreements are executed for the public/private partnership.

Note: This question was referred from the Minister for Information and Communication Technology

Timeframes for standardisation of desktop environment.

The standardisation of the desktop environment does not form part of the $20 million in savings through integrated ICT projects across government, listed on page 282 of BP3, which required savings of $5 million per year from integrated ICT projects. The savings have been made by DTF and DIIRD in their operation. The standardisation of the desktop environment is part of whole of government ICT efficiency initiative that is still in a planning phase and will be considered by Government in due course.

A4.2 Quality health and education vision

A4.2.1 Children and Early Childhood Development portfolio

Details of the 'Best Start' site at which the supported playgroups have been extended.

The Supported Playgroups Initiative will be extended in 2008-09 to assist disadvantaged families in 13 local government areas across Victoria. These municipalities are Brimbank, Cardinia, Central Goldfields, Darebin, Greater Dandenong, Melton, Mildura, Moorabool, Mornington Peninsula, Nillumbik, Wyndham, Bass Coast and South Gippsland.

The local government areas that currently receive Supported Parent Group and Playgroup Initiative funding are the Cities of Ballarat, Casey, Frankston, Greater Geelong, Hume, Latrobe, Maribyrnong, Greater Shepparton and Whittlesea, the Rural Cities of Horsham and Swan Hill and the Shires of Baw Baw, Wellington and Yarra Ranges.

Best Start programs are operating in all these areas.

Details on the median age for women having their first baby, and the current fertility rate.

Median age

The median age for all women who gave birth in 2006 in Victoria was 31.0 years, the median age for women giving birth for the first time was 29.0 years *(Source: Department of Human Services, Perinatal Data Collection Unit)*.

Total fertility rate

The total fertility rate (births per woman) in Victoria in 2006 was 1.75. This has risen gradually from 1.63 in 2000. The total fertility rate for Australia in 2006 was 1.81 *(Source: Australian Bureau of Statistics (ABS), Births Australia 2006)*. The total fertility rate in Australia has been below replacement level (2.1) since 1976.

Age-specific fertility rates

The age-specific fertility rates (births per 1,000 women in the age-group) in Victoria have shifted significantly over the past ten years, showing steady increases among the 30 to 34 and 35 to 39 age-groups and similarly showing steady decreases among the 20 to 24 and 25 to 29 age-groups. In 2006, Victoria had the highest age-specific fertility rates in Australia among 30 to 34 year olds and 35 to 39 year olds and had the second highest, after the ACT, among 40 to 44 year olds *(Source: ABS, Births Australia 2006)*.

Note: It is important to note the difference between fertility rates and births. Stabilisation in the total fertility rate does not equate to a stabilisation in birth numbers. Birth numbers can continue to rise even in the event of a decline in the total fertility rate, due to growth in the underlying population numbers to which the fertility rates apply.

A4.2.2 Education portfolio

Outline of the specific programs/initiatives which were included in previous budgets that deliver equity funding directly into schools (i.e. not via the Student Resource Package)

Equity funding can be provided to schools in two ways – through the Student Resource Package (SRP) or through a range of other initiatives which deliver equity funding directly into schools.

Over the last three years the Government has delivered an increase in the amount of equity funding provided to schools through a range of targeted interventions.

The table below outlines a range of initiatives, and corresponding funding, which were included in previous budgets that have delivered equity funding directly into schools.

Table A4.8

Budget Year	Initiative	Funding
2006-07	Literacy Improvement Teams –teams which provide a range of resources to improve student literacy (years 3-8).	$11.65 million
	English as a Second Language for Refugee Students - assists young refugees arriving by providing a higher level of language assistance.	$1.25 million
2007-08	Primary Welfare Officers – continues employment of 256 Primary School Welfare Officers in 450 primary schools in need.	$79.9 million
2008-09	Literacy Improvement Teams – maintains employment of the existing 45 literacy specialists, as well as employing an additional 15 specialists with a Koorie specific focus.	$22.1 million
	School Reform Resourcing to Support the Forthcoming Blueprint – new School Improvement Leaders, school network strategic plans and increased resources to enable targeted interventions in schools.	$71.4 million
	Expanded Student Support Funding to Meet the Learning and Development Needs of at Risk Students – enhances the delivery of the Student Support Services which provides psychology, social work and speech pathology services for students in their school setting.	$33.2 million

Details on the number of relocatable classrooms currently out on site at schools

The number of teaching spaces in relocatable buildings is approximately 6,900.

Details on the proportion of the total cost that will be paid by schools and education providers in implementing the Victorian Student Register project into their operations

It is currently anticipated that the $5.1 million allocated in the 2006-07 State Budget will cover the costs of implementation. It is not envisaged that specific implementation funding will be required from education providers since the implementation is being funded and managed centrally.

Outline of the current situation on the proposed replacement of Tawonga Primary School portables with permanent buildings.

Discussions are continuing between Tawonga Primary School and neighbouring schools on the optimum educational provisions within the area and their subsequent involvement in the Building Futures Program.

A4.2.3 Health portfolio

Details regarding how St John Ambulance (Australia) Victoria integrates with the three government supported ambulance services.

St John Ambulance Australia (Vic) Incorporated has no formal role under the Ambulance Services Act 1986.

St John Ambulance Australia (Vic) Incorporated is a volunteer based organisation with a charter that articulates its role to:

- provide first aid at public and sporting events;
- provide first aid in civil emergencies under Victoria's Emergency Management Act (State Health Emergency Response Plan), supporting the ambulance function;
- provide workplace and public first aid training courses (including languages other than English and for the sight and hearing impaired) and sells first aid kits and manuals.

Since the 1980's an annual grant has been made to St John Ambulance Australia (Vic) Incorporated to meet a proportion of operating costs incurred in support of its volunteers, particularly in relation to the Emergency Management Act. The grant is adjusted for cost of living each year and is not subject to any terms of funds usage. In 2005-06, DHS made available a one off grant of $507,000 for St John to purchase 21 decommissioned ambulance stretcher vehicles to assist with the upgrade of St John's vehicle fleet.

Public dental service – initiatives designed to getting to people sooner to support better health including oral health.

In July 2007, the Victorian Government launched *Improving Victoria's Oral Health*, which details a four-year plan for oral health. The document expresses the Victorian Government's vision that 'All Victorian's will enjoy good oral health and will have access to high-quality health care delivered in an affordable and timely fashion when they require it'. Accordingly, it is underpinned by an intention to get to people sooner to support better oral health.

The document outlines six strategic developments or major projects to reorganise the management and delivery of public oral health care:

- Oral health service planning framework
- Integrated service model for adults and children
- Workforce strategy
- Oral health promotion
- Responding to high-needs groups
- Oral health funding, accountability and evaluation.

A key focus of the *Improving Victoria's Oral Health* plan is development of innovative systems changes that promote access and service sustainability into the future. For example, it is anticipated that the plan will include a project to improve the integration of care provided to clients with chronic and complex conditions who are on the dental waiting lists. This would be achieved by utilising the Wagner Chronic Care Model, which is the foundation of other chronic disease initiatives undertaken by the Victorian Government, to guide systems change.

In addition to the approximately $138 million invested by the Victorian Government in public dental health annually, the Commonwealth Dental Health Program will provide an annual allocation of $25 million to the sector from 2008-09 to 2010-2011. The Victorian Government has been tasked by the Commonwealth government with developing an agreed plan for the implementation of the program. It is anticipated that this implementation plan will include a mix of interventions to improve eligible people's access to public dental services.

It is also expected that the implementation plan will build on initiatives already being undertaken in the Victorian public dental health sector. For example, it will support existing Victorian Government projects under the *Dental Waiting Times Grants Program 2008-09* and oral health promotion programs such as the *Smiles4Miles* oral health promotion program for preschool children.

Breakdown of the additional 258 paramedics into operational categories

Table A4.9 Breakdown of the additional 258 paramedics into operational categories

New 24 hour paramedic teams	8 new 24hr paramedic teams at: • Box Hill • Broadmeadows • Croydon • Laverton • Fawkner • Hillside • Frankston • Dandenong	88 FTE
New 12 hr Peak Period Units	13 new 12hr Peak Period Units at: • Berwick • Ivanhoe • Patterson Lakes • Prahran • Pakenham • Coburg • Hallam • Bacchus Marsh • South Morang • Yarraville • Abbotsford • Yarra Junction Frankston	72 FTE
Upgrading metro service delivery	Additional paramedics to upgrade PPUs to 24hr operation at: • Beaconsfield • Greensborough	11 FTE
Upgrading rural service delivery	New paramedic crews for: • Gisborne • Kilmore • Kyneton • Woodend • Colac • Alexandra	23 FTE

Upgrade volunteer branches	• Paramedics will be introduced to work with Ambulance Community Officers at four locations: • Anglesea • Timboon • Apollo Bay • Mirboo North 2 additional paramedics to enable two day crews to operate from Alexandra branch	10 FTE
New MICA Rapid Response Units	4 new MICA Rapid Response Units (single MICA paramedic in a sedan backed up by a stretcher paramedic crew) located at: • Geelong • Bendigo • Ballarat • Latrobe	20 FTE
Station Officers Supervision Time	Employment of 20 additional paramedics to release rural station officers part time from the operational roster.	20 FTE
Retrieval helicopter service	Expansion of the retrieval helicopter service to provide 24 hour adult, neonatal and paediatric retrieval	7 FTE
Helicopter for SW Victoria	New emergency air ambulance helicopter to service south-west Victoria based in Warrnambool	7 FTE

Extent of independent midwives operating without professional indemnity insurance and measures taken to address this issue

There is some demand for homebirth services in Victoria. Currently, there are approximately 20 privately practicing midwives in Victoria. Throughout Australia, midwives in private practice have been unsuccessful in securing affordable professional indemnity through private sector insurers. The Maternity Services Advisory Committee provides multi-disciplinary advice to the Department of Human Services on maternity services and is examining a range of issues for women wishing to birth at home. This review is currently being finalised will report its findings for consideration.

The annual replacement rate of ambulances

The annual replacement of ambulances varies from year to year, however on average approximately 87 emergency stretcher ambulance vehicles are replaced annually (22% of the total emergency stretcher fleet).

The vehicle replacement funding forecast is based on unit and equipment cost less revenue from resale of old vehicle. Within the ambulance services output group budget for 2008-09 there is $10.3 million available for vehicle replacement. The 2008-09 Budget provides supplementation funds of $600,000 to provide for the purchase of four additional vehicles to meet annual needs in the 2008-09 vehicle replacement program.

The 44 additional vehicles announced in the 2008-09 Budget are new vehicles associated with new and upgraded services, and are in addition to the annual vehicle replacement program.

The number of ambulances set up as heavyweight vehicles to carry obese people

Ambulance Services have been experiencing growth in the number of acutely ill (including obese) patients requiring transport with cardiac and respiratory support. There is also increased associated workplace risk of musculoskeletal injury in the task of moving these patients from a potentially uncontrolled environment such as home to hospital.

The Government allocated $3 million in 2005-06 to ambulance services for the purchase of a range of manual handling equipment as stock equipment in standard ambulance vehicles as well as five specialised vehicles for complex and heavy patients.

These five specialised Complex Patient Ambulance Vehicles (CPAV) are wider, taller and longer than standard ambulances and are fitted with a hydraulic stretcher that can lift patients up to 318kg in its full height position; a hoverjack and hovermatt airbeds to manoeuvre a patient from bed or floor to stretcher; and an oversize wheelchair and stair chair.

One CPAV has been in operation over a period of a year in the metropolitan area and has provided valuable information that will be used to configure the vehicle cabins in the other 4 vehicles, which will be deployed by September 2008.

The five CPAVs will be distributed across metropolitan and rural Victoria to ensure availability to respond to need.

Specifics of obstetric care

In addressing rural obstetrics, $9.6 million ($4 million from 2003 to 2007 and $5.6 million 2007–2011) has been allocated under the *Rural Maternity Initiative* (RMI) to support maternity care in rural areas. To date 40 rural health services have been supported through this initiative. The funding is targeted to ensure sustainability of maternity services in rural areas through projects and initiatives that support health services to develop programs and alternative models of care.

The RMI supports hospitals to change the way maternity care is provided by implementing models of care that utilise responses commensurate with need and complexity, ensure provision and maintenance of appropriate skills, and support collaboration between midwives and general practitioners within a safe quality framework.

Approximately 15,549 women gave birth in rural Victoria in 2006-07, of those 72% occurred in the regional or sub regional hospitals compared to 68% in the previous year; 5.7% of births occurred in hospitals with less than 100 births per year. Currently 44 hospital campuses in rural Victoria provide birthing services (Alpine health 3 x campuses; South West Healthcare 2 x campuses). Six other hospital campuses provide locally based antenatal and postnatal care where a birthing service is not sustainable on-site. For these campuses births occur at a neighbouring service – in partnership with birth hospital. These partnerships are ensuring that the current spread of maternity services is continuing to meet the needs of the majority of women in rural areas.

The midwifery workforce is diminishing across the state and nationally. In rural areas this is particularly so compounded by an ageing workforce and difficulty in attracting and retaining midwives to rural areas. Ageing rural populations and resultant decline in birth numbers in some smaller communities also challenge the maintenance of clinical skills of both general practitioners and midwives – a key factor in the viability of maternity services.

Redesign of maternity care services and implementation of new midwifery models of care is supporting recruitment growth and up skilling of midwives in rural areas with resultant maintenance of safe quality service provision.

The *Rural Birthing Services Capability Based Framework* enables rural health services to identify their capability to provide a range of maternity services, including Level One which relates to the provision of antenatal and postnatal care only – ensuring women are able to access some services in their local community.

DHS workforce education initiatives have been developed and implemented to increase workforce capacity and capability within rural areas. In 2008, funding has been provided for seven advanced rural specialist training posts; six GP Procedural Obstetrics posts; and another three GP extended skills posts.

A4.2.4 Senior Victorians portfolio

Categories assigned to the Bendigo Residential Aged Care Facility (Stella Anderson Replacement) and the Hepburn Health Service (Trentham Campus Redevelopment)

Both facilities are category 3 in the 2001 public sector residential aged care fabric survey. In considering capital redevelopment projects the fabric survey is one item taken into consideration along with other issues such as: service planning; building needs of integrated health services; infrastructure reports (if available) and other information obtained through the normal course of business.

A4.2.5 Treasury portfolio

Extent to which teachers' enterprise bargaining agreement will add to estimated increased expenditure in budget over the period 2007-08 to 2010-1 1.

The Government settled the Teacher's EBA on 5 May 2008. Consistent with Government Wages Policy, the Agreement provides for 3.25 per cent a year wage increases, with increases above this being off-set by productivity and service delivery improvements.

In the budget papers, total employee expenses in the forward estimates are adjusted to reflect a number of considerations, including historical year-on-year growth rates. Aggregate employee expenses are consistent with the Teacher's EBA outcome.

A4.2.6 Women's Affairs portfolio

Results of the evaluation of the Women's Safety Strategy.

In 2002 the Victorian Government developed its Women's Safety Strategy 2002-07 to guide coordinated action across government to reduce the level and fear of violence against women.

An evaluation of the Women's Safety Strategy 2002-07 was undertaken by an independent consultant and interviews for the evaluation were completed in December 2007. The evaluation is measuring:

- the extent to which the Women's Safety Strategy has met its stated outcomes;
- the effectiveness of the processes established to implement the Strategy; and
- will provide recommendations to inform future government planning in the key area of women's safety.

The evaluation report is expected to be finalised later in 2008 and will be published on the Office of Women's Policy website.

A4.3 Healthy environment vision

A4.3.1 Agriculture portfolio

Budget allocation moving forward for the enforcement of weed control on public land; expected number of prosecutions to be initiated, number of compliance officers and budget expenditure in terms of compliance

DPI uses a range of techniques to achieve weed and pest compliance including education, partnership development and capacity building approaches, voluntary compliance and regulatory compliance utilising the Catchment and Land Protection Act. Each plays an important role in reducing the introduction and impacts of new pests as well as the containment of established pests.

The annual recurrent investment in weed and pest management programs for private land is $10.2 million and is invested in activities on private land. 90 DPI staff are authorised under the CaLP Act to undertake pest plant and animal compliance activities.

Pest management on public land is undertaken by Public Land Managers in partnership and collaboration with DPI.

Compliance is achieved on public land through:

The Good Neighbour program provides resources to public land managers to protect private land managers that are on the interface of public/private land. Project selection is based on priorities of Regional Weed Action Plans (RWAP) in line with community-led projects and compliance areas.

The new Weeds and Pests Initiative of $30.1 million introduced in the current financial year is implementing a range of additional pest management projects on public land with funding of $13 million over four years. The remaining $17 million supports pest management on private land. This initiative runs from 2007-08 to 2010-2011.

The Natural Values Management (NVM) Initiative introduced in the 2005-06 financial year has committed $19.4 million over four years to improve the management of pest plants and pest animals on public land managed by Parks Victoria. $5.41 million of this initiative will be ongoing funding, providing a long term commitment from this Government to improved pest management on public land.

Part of the $30.1 million in the 2007-08 State budget was allocated for weed and pest management that is enabling enhanced on-ground extension and compliance activities to support the community-led management of priority weed and pests species on private land, such as Gorse, Serrated Tussock and a 1 million acre rabbit program in the Mallee. In these circumstances regulatory compliance is achieved through Directions and Penalty Infringement Notices (PIN) which are aligned with recent amendments to the Catchment and Land Protection Act and significantly decease the time taken to achieve compliance.

In the 2008-09 State Budget $20 million from the Future Farms Strategy is committed to pest management, the major allocation being for activities on Private Land. $600,000 over four years will fund the expansion of the Good Neighbour Program on Public Land.

In all of DPIs pest management interventions, there is greater than 90% compliance achieved through voluntary means, with less than 5% involving court action (35 – 60 cases over past 4 years). It is difficult to predict upcoming prosecutions, however it would be expected to be along similar ratios to previous years. In 2007-08 115 PINs were issued with 8 progressing to court.

Although the work on private land will focus on achieving voluntary compliance outcomes through a range of methods, an additional 11 new enforcement related positions will be created. These will enhance DPIs capacity to manage regional biosecurity issues, specifically Regionally Prohibited Weeds, as well as supporting community-led action for other priority invasive plants and animals.

DPI will continue to work with public land managers for integrated pest management outcomes across land tenures.

A4.3.2 Community Services portfolio

This question was referred from the Treasury portfolio

Status of government action on energy, water and travel concessions for country Victorians

(response refers to energy and water sections only, Department of Public Transport responding to travel concessions section).

The Victorian Government is committed to supporting rural and regional low-income households, and especially those impacted by this prolonged period of drought.

The Victorian Government provides a range of concessions to holders of Centrelink concession cards to make essential services more affordable.

In response to price increases, the Government announced a number of measures in the 2008–09 Budget to make energy and water charges more affordable for low-income earners. These measures include:

- From 1 July 2008, the Government will increase the water and sewerage concession cap by CPI plus 14.8 per cent.
- The increase to the water and sewerage concession cap of CPI plus 14.8 per cent in 2008–09 will mean that the cap on the concession keeps pace or exceeds the percentage price increases for all metro and rural water authorities, except for Gippsland Water where the approved price increase in 2008-09 is 14.9 per cent plus CPI. However, Gippsland Water currently has one of the lowest water and sewerage prices in the State.
- At this stage an the increase in the cap has been confirmed for 2008-09 only and the Government will consider any further increases following a final decision from the Essential Services Commission (ESC) on future water prices.
- From 1 July 2008, the Government will provide an additional 1855 grants over four years ($9.2 million) through the Home Wise grant program to assist eligible households in hardship to replace faulty appliances, fix gas and water pipes, and for large households, to install ceiling insulation.
- From 1 November 2008, the Medical Cooling Concession will replace the Summer Multiple Sclerosis Concession providing a 17.5 per cent concession on electricity bills over a six month period, rather than the previous three month period.
- From 1 January 2009, the Government will provide $0.7 million over four years for Water Wise to assist 1000 eligible households in hardship to achieve a significant reduction in water consumption through a free water audit and retrofit.
- Eligible customers will also continue to benefit from the Winter Energy Concession, which is uncapped at 17.5 per cent off energy consumption between May and October each year.

In addition to these initiatives the State Government also offers a number of assistance programs to support rural Victorians impacted by drought conditions.

Additional Programs for Rural Victorians

Carted Water and Non-Mains Water Rebate

The Non-Mains Water Concession, also known as the Carted Water Rebate, is designed to assist low-income Victorian households with the cost of purchasing non-mains domestic water. Depending on how much is spent on non-mains water over a financial year, eligible households can receive up to $279 (2008-09 rebate maximum) to assist with these water costs.

Non-Mains Winter Energy Concession

The Non-Mains Winter Energy Concession provides an annual rebate for eligible concession cardholders who use bottled Liquid Petroleum Gas (LPG) for domestic heating or cooking, and/or who are individually metered for electricity but who pay a caravan park or accommodation proprietor. Concession cardholders who use an alternative fuel such as diesel, petrol or heating oil as their main domestic energy source are also eligible for the rebate. The amount of the rebate depends on the annual amount of non-mains energy purchased. In 2007 for purchases between $82 and $122.99 the rebate is $19.50, for purchases between $123 and $608.99 the rebate is $97.50 and for purchases over $609 the rebate is $145. The 2008 rebate has not been set yet but it will be determined over June/July based on LPG prices this winter.

Municipal Rates Subsidy

Farmers currently assessed to be in Exceptional Circumstances (EC) and who are receiving Emergency Payments (EPs) or EC Relief Payments (ECRPs) from Centrelink are eligible for a 50 per cent subsidy on municipal rates and charges.

Hardship Grants – Financial Relief For Low-Income Households

Utility Relief Grant Scheme (including the Non-Mains Energy and Water Rebate Programs)

The Utility Relief Grant Scheme assists low-income people in financial difficulty remain connected to their domestic supply of electricity, gas and water.

It also assists people dependent on non-mains electricity, LPG, alternative fuels (such as diesel), and those needing to buy water to fill domestic water tanks.

The purpose of the Utility Relief Grant Scheme is to provide assistance to low-income households experiencing a short-term (within the last 12 months) financial crisis who are unable to pay for a utility account or an outstanding LP gas account and are at risk of disconnection, restriction of supply, or non-supply of gas bottles.

A4.3.3 Environment and Climate Change

Estimated greenhouse gas emissions from pumping of water as part of the Food Bowl Modernisation project

The question asked by the Committee referred to the proposed north-south pipeline (the Sugarloaf pipeline), which is associated with the overall Foodbowl Modernisation project. Therefore, the below response is based on this pipeline, which will link Melbourne to the Goulburn River.

From 2010, the Sugarloaf Pipeline will transfer savings obtained through the Foodbowl Modernisation project to Melbourne. As stated within Melbourne Water's February 2008 Greenhouse Gas Assessment of the Sugarloaf Pipeline Project, Melbourne Water is committed to making the operations of the Sugarloaf Pipeline carbon neutral, in line with Melbourne Water's broader commitment to 100 percent use, or export of 100% of renewable energy by 2018.

Therefore, the net impact on greenhouse gas emissions for the operations of the Sugarloaf Pipeline will be zero. This will likely be achieved through the purchase of renewable energy or carbon offsets.

Result of the evaluation of the Black Balloons Campaign

The Department has carried out regular evaluations of the 'You have the Power. Save Energy (Black Balloons)' campaign. A summary of the research commissioned by the Department and carried out in September 2007 was previously provided to PAEC as part of the 2006-07 Financial and Performance Outcomes Questionnaire.

The latest research on the effectiveness of the Black Balloons campaign was carried out following the 2008 Energy Savings summer campaign and conducted for the Department by NWC Research in early 2008.

The 2008 research again shows that the Black Balloons campaign has helped to deliver strong community awareness of the need to save energy. Almost 60 percent of respondents said they are more mindful of using less energy and over 70 percent said they believe the campaign is effective or very effective.

Status of action on access to national parks by emergency services volunteers

In 2006, the Government committed to providing free access to Victorian National Parks for emergency service volunteers, in recognition of the vital role these volunteers play in protecting their local communities.

On 22 May 2008, the Minister for Police and Emergency Services and I launched the roll out of the Parks Pass for CFA and VICSES volunteers, which provides free all day access to all National Parks

These Parks Passes and accompanying information sheets have now been sent to all CFA and VICSES volunteers.

A4.3.4 Parliamentary Departments portfolio

Status of Melbourne's water supply requirements.

At the start of the 2007-08 financial year the Presiding Officers assigned an operational budget to each Joint Investigatory Committees on the basis of inquiries that each committee was known to have at the time. At that time, the only inquiry before the ENRC was the Inquiry into the impact of public land management practices on bushfires in Victoria. It was not until 17 September 2007 that the Legislative Council referred the inquiry into Melbourne's future water supply.

The ENRC made representations to the President seeking additional funds in order to progress the Water inquiry, but no such funds were available given the number of inquiries being undertaken by other committees and the funding received by those committees. In March 2008, the Presiding Officers determined that the financial year had progressed sufficiently for all committees to determine if they were likely to have a significant enough underspend in order to return funds for re-allocation to other committees. Two committees, the Economic Development and Infrastructure Committee and the Rural and Regional Committee returned funds, which were reallocated to the Education and Training Committee and the ENRC (20 March 2008).

The ENRC has used its additional funds to employ a fixed term research officer to progress the Water inquiry.

A4.3.5 Premier's portfolio

Expenditure on drought assistance compared to announcements

The PAEC Report on the 2006-07 Financial and Performance Outcomes identified that $238 million of Victorian Government drought initiatives were announced in 2006-07.

Of this $238 million total:

- $140 million was allocated to drought relief programs for 2006-07 ($115.3 million -outputs; $24.8 million -assets); and
- a further $98 million was committed to continue or complete implementation of some of these programs across the following three years ($19.7 million outputs; $77.9 million -assets).

As mentioned during the PAEC Budget Estimates public hearing on the 12 May 2008, in 2006-07, the Victorian Government provided total funding to the farming sector between $150 and $200 million. This includes the $140 million for drought relief programs, and a number of other initiatives that provide support to farmers and their communities. These include:

Regional Industry Investment Program (DIIRD) -$10 million (this program aimed to secure, strengthen and diversify the regional industry base in EC declared areas of Victoria);

Regional Community Infrastructure Grants (DIIRD) -$3.3 million (funding for minor works and infrastructure for 47 regional councils that were EC declared);

Our Rural Landscape (DPI)-$12.5 million (final year of the original 4 year program announced in 2003 -provided funding to research and deliver the information and technology base that the rural sector and regional communities will use to refocus and rebuild the industries, particularly agriculture, to underpin future regional economies);

FarmBis III (DPI) -$1.5 million (joint Commonwealth-State initiative enhancing the ability of primary producers and land managers to manage change and increase self reliance, productivity and sustainability through subsidising the costs of training).

A4.3.6 Roads and Ports

Details of the legal costs borne by the state in relation to the Channel Deepening project

The proceedings in this matter are not yet concluded.

There is a cost sharing arrangement with the Port of Melbourne Corporation whereby approximately one third of the fees incurred by the State will be reimbursed by the Port of Melbourne Corporation because the State's legal advisors and Counsel also represented the Port of Melbourne Corporation on the basis that the interests of these parties were aligned. The Port of Melbourne Corporation also separately engaged its own legal advisors and the Port of Melbourne Corporation will pay those fees.

A4.3.7 Treasury portfolio

Provision of data on impact to date of congestion levy on city parking spaces and status of planned review of levy.

The Congestion Levy operates such that public car parks are able to accept a statutory ratio of 25% of their car park as available for short-stay parking. The majority of public car parks elect to use this statutory ratio. The widespread use of the statutory ratio prevents identification of any cases where the ratio of short-stay parking has increased but remained under 25% of all spaces.

The Government has committed to conducting a broad review of the Congestion Levy after it has been in place for three years. The terms of reference will be finalised and made public by early 2009 when the review is due to be conducted.

A4.3.8 Water

Provision for advertising included under the 2008-09 output cost of Sustainable Water Management and Supply output

The 2008-09 published budget for the Sustainable Water Management and Supply output cost is $277 million. This output cost is in line with the 2007-08 published budget of $228.3 million, once the additional funding provided in 2008-09 for procurement activities associated with the Wonthaggi desalination project is taken into account.

Advertising costs included in the 2008-09 budget for Sustainable Water Management and Supply output are also consistent with the 2007-08 budget, and are expected to be around $0.5 million for the year.

This amount does not include any one-off advertising campaigns that the Government may implement during the 2008-09 year, such as the recent water savings campaign and associated water savings kits, which I highlighted during the hearing.

A4.4 Caring communities vision

A4.4.1 Arts portfolio

Provide a list of recorded attendances at the Australian Centre for the Moving Image (ACMI), details of projected financial results moving forward for ACMI over the forward estimates period, and information on how the government will support ACMI if there are losses.

ACMI developed a new attendance methodology for 2005-06. The new methodology recorded attendance at ACMI at Federation Square on the basis "active participation". For example, the new methodology more rigorously excluded people who used ACMI as a thoroughfare to gain access to SBS or the Federation Square Plaza.

Table A4.10

	Visitors to ACMI at Federation Square	Attendance at ACMI at Federation Square
2002-03	800,000 #	
2003-04	1,003,006	
2004-05	845,348	
2005-06		509,558
2006-07		506,635
2007-08		510,000 *

 # the 2002-03 figures relates to 8 months of operations

** the 2007-08 figure is a target*

As a statutory authority the ACMI Board is responsible for the sound financial management of ACMI. Over the Forward Estimates period ACMI is working to a balances operating budget.

A4.4.2 Attorney-General portfolio

Timeframes for individual courts used as the basis of the timelines performance measure under the Court Matters and Dispute Resolution output.

In BP3 the target for each court under the heading "Criminal and Non-criminal matters disposed within agreed timeframes" is 80 per cent. The figure of 80 per cent is arrived at by averaging the individual performance targets for the Supreme Court, County Court, Magistrates' Court, and the Children's Court as well as the State Coroner's Office, the Victorian Civil and Administrative Tribunal and the Dispute Settlement Centre of Victoria. The timelines targets in BP3 are based on national definitions in relation to 12 months for higher courts and 6 months for lower courts. The table below provides details of the expected outcomes for 2007/08 and performance targets for 2008/09 for each of the jurisdictions.

Table A4.11

2007-08 targets and results combination			
Matters disposed within agreed timeframes		**2007-08 Expected Outcomes**	**2008-09 Target**
Supreme Court	Civil cases disposed of within 24 months of commencement	75	75
	Criminal cases disposed of within 12 months of commencement	75	75
County Court	Civil cases disposed of within 12 months of commencement	50	45
	Criminal cases disposed of within 12 months of commencement	80	80
Magistrates Court	Proportion of matters finalised within 12 months - VOCAT	68	60
	Proportion of matters finalised within 6 months - CFV	97	97
	Proportion of matters finalised within 6 months – Civil	79	75
	Proportion of matters finalised within 6 months – Criminal	88	85
Children's Court	Criminal Division matters finalised within 6 months	85	85
	Protection applications finalised within 6 months	80	80
Coroner's Court	Matters finalised within target elapsed time benchmarks	75	75
VCAT	Matters finalised within target elapsed time benchmarks	90	90
DSCV	Matters finalised within target elapsed time benchmarks	82	82
	Target for BP3 Papers	**79**	**80**

A4.4.3 Children and Early Childhood Development portfolio

Details on how many complaints have been lodged with the state and federal anti-discrimination bodies in relation to students with disabilities, and details of how many confidential settlements have been made

The Department of Education and Early Childhood Development was established on 8 August 2007. Since that time the Department has received nine complaints of disability discrimination under the *Equal Opportunity Act 1995* lodged with the Victorian Equal Opportunity and Human Rights Commission relating to students.

Since 8 August 2007, the Department has received nine complaints of discrimination under the *Disability Discrimination Act 1992* lodged with the Human Rights and Equal Opportunity Commission relating to students.

Disclosure of any information relating to the confidential settlement of matters involving the Department of Education and Early Childhood Development under disability discrimination legislation would compromise confidentiality and would be a breach of those settlements.

Explanation as to whether vacancies have been filled to ensure that we are able to fully implement the program in relation to prep aged students being assessed by school nurses.

In the calendar year 2006 and reported as the 2006-07 performance, the population of prep students assessed by the Primary School Nursing Program was below target due to some unexpected staff vacancies.

This situation was addressed in 2007 with positions filled and an additional allocation of $250,000 provided to the Southern Metropolitan Region to recruit additional staff to provide capacity to see the increasing number of children in the south eastern growth area.

These initiatives have been effective with 89.6% of prep students assessed in the 2007 calendar year, very close to the target of 90%.

A4.4.4 Community Services portfolio

The Child FIRST program - cost per site

Please note, as the ChildFIRST sites were progressively rolled out during 2006-07 and 2007-08, and recurrent funding was provided on a pro-rata basis for the year of establishment, cost comparisons would be difficult. Therefore, the recurrent funding for 2008-09 has been provided as this will be first full year of recurrent funding for the 16 ChildFIRST sites rolled out so far.

Table A4.12

Child FIRST Sites (LGAs covered by the catchment)	**Region**	**Recurrent Funding (at 2008-09 levels and indexed) ($)**
South East (Casey, Cardinia, Greater Dandenong)	SMR	444,714
North East Metro (Nillumbik, Banyule, Yarra, Darebin, Whittlesea)	NMR	275,299
Outer East (Yarra Ranges, Knox, Maroondah)	EMR	317,653
Barwon (Geelong, Queenscliff, Surf Coast)	BSW	190,592
Colac- Otway, Corangamite (Colac- Otway, Corangamite)	BSW	127,061
South West (Warrnambool, Moyne, Glenelg, Southern Grampians)	BSW	148,238
Greater Shepparton, Strathbogie, Moira (Greater Shepparton, Strathbogie, Moira)	HUME	190,592
Wimmera (Northern Grampians, Horsham, West Wimmera, Yarriambiack & Hindmarsh)	GRA	148,238
Greater Grampians (Ararat, Pyrenees, Ballarat, Hepburn, Moorabool & Golden Plains	GRA	232,945
Frankston and Mornington Peninsula	SMR	421,890
Brimbank and Melton	N&WR	282,975
Hume and Moreland	N&WR	282,975
La Trobe & Baw Baw	GIPP	224,664
Wellington	GIPP	156,064
Wodonga, Indigo & Towong	HUME	257,250
Loddon, Greater Bendigo, Campaspe, Macedon Ranges, Mount Alexander & Central Goldfields	LMR	380,730

A4.4.5 Corrections Portfolio

Total number of breaches of home detention orders

Since the introduction of home detention orders in 2004, 73 breaches (involving 56 offenders - some with multiple breaches) have been reported to the Adult Parole Board (APB). Of these, the APB has revoked 17 orders, and 56 formal warnings have been issued.

Extent of funding set aside for drug programs in prisons

For the 2008-09 financial year, $6.033 million has been allocated for drugs programs in prisons. This includes funding for treatment programs, opioid substitution programs, and urinalysis.

A4.4.6 Gaming Portfolio

Work being conducted on the 'sign-in' rule for pubs and clubs

Under the *Liquor Control Reform Act 1987*, all non-members of a club who wish to play gaming machines must sign-in to the club as 'an authorised gaming visitor'. An authorised gaming visitor is defined as a person who resides more than five kilometres from a licensed club in a metropolitan area, and a person who resides more than 10 kilometres from a licensed club in a regional area.

The Department of Justice is reviewing the application and relevance of this sign in rule in the context of reducing the red tape burden on clubs.

Amount allocated for the 'Problem Gambling' advertising out of the total $37.5 million budgeted for the Healthy Communities campaign

The Department has allocated an indicative amount of $21.1 million associated with advertising out of the total of $37.5 million under *Taking action on problem gambling* (Action Area 3: Promoting Healthy Communities) for 2006-07 to 2010-11. This funding includes the development, research and media for statewide awareness campaigns, such as television, print, radio, and in-venue materials. The aim of this advertising is to raise awareness of the risks associated with gambling, particularly before they become a problem, and to influence help-seeking behaviour.

A4.4.7 Housing portfolio

Summary of Housing Assistance

Please find attached a copy of the 2006-07 *Summary of Housing Assistance* edition of this document, noting that the 2007-08 *Summary of Housing Assistance* will be published towards the end of the calendar year.

*** Note:* *The Minister has provided a hardcopy of the 2006-07 Summary of Housing Assistance document – this can also be downloaded from the following website: www.dhs.vic.gov.au/housing*

A4.4.8 Industrial Relations

When have the workplace rights advocates information sessions been held this financial year?

The Office of the Workplace Rights Advocate was involved in a number of information sessions during the period 1 July 2007 – 20 June 2008. The following dates represent the number of sessions undertaken:

- July 2007 – 10, 17 (five seminars) and 18
- August 2007 – 1 (two seminars), 2, 3 (two seminars), 4, 7, 8, 15 and 22
- September 2007 – 5, 11, 12, 24 and 28
- October 2007 – 3, 9, 12 (two seminars) and 16
- November 2007 – 9 and 14
- December 2007 3 (two seminars), 4
- February 2008 – 29
- March 2008 – 1
- April 2008 – 14, 17 and 24 (two seminars)
- May 2008 – 6 (two seminars), 7, 9, 14, 16 (three seminars), 17, 21, 27 (two seminars), 29 and 31
- June 2008 – 11, 16, 18 and 19

A4.4.9 Mental Health Portfolio

The alcohol action plan – number of drug and alcohol treatment beds to be contained in the pilot for the community rehabilitation program

A new medium intensity community rehabilitation model will provide an additional 15 places for people with alcohol problems exiting community-based withdrawal services or hospitals. The model differs from existing rehabilitation services in that it provides a non-residential program which includes intensive group work over a 4-6 week period to sustain behaviour change and will provide out-of-hours support to prevent relapse.

A4.4.10 Police and Emergency Services Portfolio

Maintenance and costs of current firearms

The estimated total cost of firearms maintenance is $363,700 per annum. This cost includes:

- The salaries of the armourers
- Administrative costs
- Training and accreditation costs for the armourers
- Cost of consumables and parts
- Transportation costs associated with collection and return of serviced weapons

Number and cost of stress-related work claims with a duration of under 10 days in Victoria Police

To provide some clarification for the nature of the question, the Victorian Work Cover Authority (VWA) pays compensation for all claims exceeding the threshold of $546 in medical and related costs **or** time lost of more than 10 days. All costs below the threshold are the liability of Victoria Police.

The severity of, and need to investigate Stress injuries mean that the vast majority of Stress Claims reach the financial threshold before the employee has been away from the workplace for more than 10 days. Therefore, Victoria Police liability for Stress Claims under 10 days is a small percentage of the entire amount paid under the 10 day threshold.

The following outlines the cost paid by Victoria Police for stress claims of a duration less than 10 days in 2006-07:

01/07/06 to 30/06/07 $950 (estimated) 21 Stress Claims

A4.4.11 Small Business

Details on regulations that have been already been removed and those which will be removed by July 2009 under the Small Business Portfolio.

As the Minister Small Business I have responsibility for the following Acts:

- ANZAC Day Act 1958
- Public Holidays Act 1993
- Retail Leases Act 2003
- Shop Trading Reform Act 1996
- Small Business Commissioner Act 2003
- Summer Time Act 1972

Within these Acts the Shop Trading and Reform (Polls) Regulation in the Shop Trading Reform Act 1996, was sunseted on 25 November 2007.

The Victorian Government has been active in reducing the regulatory burden on business in many non-legislative ways, including the World Class Service initiative, the establishment of the Business Consultation Database and the Small Business Regulatory Impact Assessment Manual.

The Victorian Government has also taken the lead nationally on a number of initiatives to reduce the compliance costs on business including reforming the retail leases regulation and standardisation of Australian Business Names.

A4.4.12 Women's Affairs Portfolio

Timing of previously announced review of the Prostitution Control Act having regard to the portfolio's family violence and women's safety strategies.

Family violence and women's safety are major social issues, with unacceptably high levels of violence occurring across Victoria having a significant impact on the health and wellbeing of women and children.

The Office of Women's Policy is currently developing the next iteration of the Women's Safety Strategy 2008-2012. The strategy will guide coordinated action across government to reduce the level and fear of violence against women. This strategy is scheduled to be released before the end of the 2008 calendar year.

Significant law reform underpins a new approach to family violence in Victoria. Later this year, the government will introduce a new Family Violence Bill to better protect victims of family violence and hold perpetrators to account for their actions.

Questions in relation to the review of the Prostitution Control Act should be referred to the Minister for Consumer Affairs, who is the responsible Minister for this Act.

A4.5 Vibrant democracy vision

4.5.1 Agriculture

Clarification of the relationship between the key budget assumptions described in the response to the Committee's estimates questionnaire and the Victorian economic projections outlined in the budget papers

The CPI figure of 3.25% as referenced in the Agriculture Portfolio Hearing, and shown in Budget Paper 2 page 23, represents Victoria's economic projection for CPI in 2007-08. The same table details that the CPI for 2008-09 is forecast at 3.0%.

As advised by the Department of Treasury and Finance and in line with the 2008-09 CPI forecast figure detailed in the 2007-08 Budget Update, CPI is passed on to the Department at 2.5%, rather then at the revised forecast amount as stated in Budget Paper 2 of the 2008-09 Budget papers.

The EBA increase of 3% referred to in the questionnaire response is used in the calculation of the Departments 2008-09 Budget as this is the figure provided for in the Victorian Public Service Agreement 2006.

This current agreement is unaffected by any revision to the Victorian economic projection figures as detailed in Budget Paper 2.

4.5.2 Arts portfolio

Provide a list which quantifies the specific subsidies, concessions and any revenue foregone in the portfolio

The vast majority of services delivered by the portfolio ensure that broad access to arts and culture is available to all Victorians. As such nearly all services provided could be considered as a subsidy, concession or revenue foregone.

There are no specific initiatives within the 2008-09 Arts Portfolio budget related to subsidies, concessions or revenue foregone.

4.5.3 Attorney-General Portfolio

Value of pro bono work

In 2006-2007 Panel firms delivered pro bono legal services to the value of $7.7 million as part of their obligations under the Panel arrangements. Since commencing in 2002, the contractual obligation has directed over $18 million dollars in free legal services, providing access to justice for disadvantaged people or assistance in public interest matters.

Under the panel contract, each law firm has tendered pro bono services as a percentage of the legal fees (excluding GST and disbursements) derived from government work. The firms tendered pro bono commitments of between 5 and 15% with an average commitment of 10%. Panel firms provide an annual report on the services they provide, to whom, by the level of lawyer and the value.

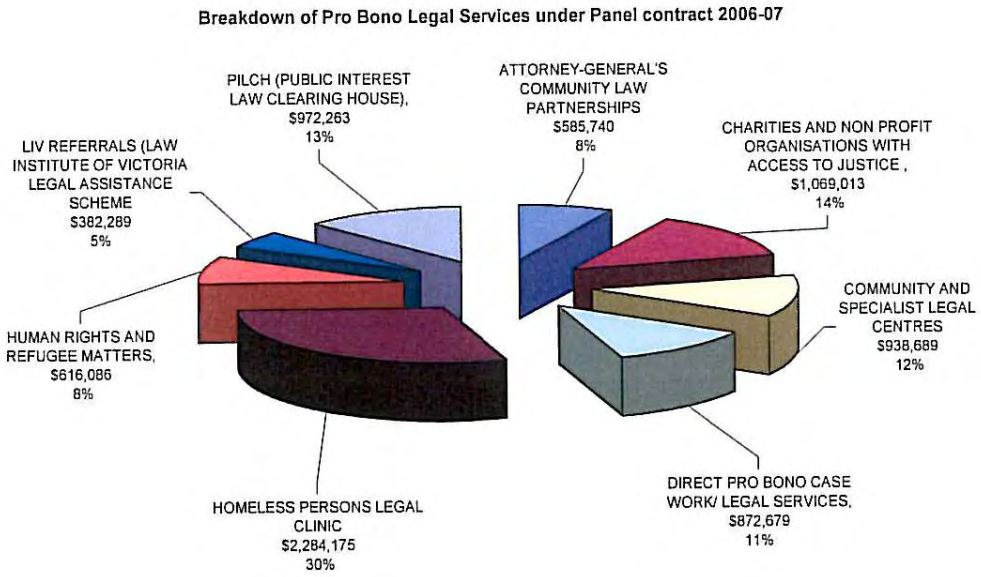
Key features of the contractual pro bono in 2006-07 are:

- Partnerships between law firms and PILCH and Community Legal Centres
- Growing support for refugee and human rights matters

The Homeless Persons' Legal Clinic continues to be the major pro bono partner for 7 firms.

Figure A4.13

Breakdown of pro bono legal services under the Panel Contract



4.5.4 Children and Early Childhood Development portfolio

Outline of key subsidies within the portfolio

In the 2007-08 Budget the Government has committed $28.9 million over four years to provide free kindergarten for low income families through the kindergarten fee subsidy.

For the first time a ten hour per week kindergarten program is free for children of parents who hold a concession card, through a substantial increase in the kindergarten fee subsidy from $330 to $730 a year.

In addition, in 2008-09 $5.2 million over four years has been provided to enable free access to early childhood education and care programs of up to five hours a week for three year old children known to child protection.

4.5.5 Community Services Portfolio

A copy of the Department of Human Services' Resource Guide on Concessions

An electronic version of the Guide to Concessions in Victoria referred to in p.3 of the Community Services transcript is attached.

*** Note:* *This document can also be accessed at the following website: www.cyf.vic.gov.au/concessions/concessions*

Additional performance measures for supported accommodation – expected unmet demand at 30 June 2009.

Unmet demand for shared supported accommodation has fallen or remained steady since June 2006. This has been achieved, in accordance with the principles of the State Disability Plan and the Disability Act 2006, by offering people with a disability greater flexibility and choice in determining the range of supports that best meet their needs.

While supported accommodation was once the main form of appropriate disability funded accommodation and support, people with a disability can now tailor their support arrangements to live as independently as they choose.

Individual support packages (ISPs) are flexible funding packages used by people with a disability to meet their individual goals, such as remaining in their own home, or moving from disability funding shared supported accommodation (SSA) into more independent living arrangements.

As such, although ISPs are not specifically allocated to meet accommodation targets, there is a flow on effect as people who would previously have been limited to a non-flexible option (such as SSA or facility based respite) choose a different and individualised option and free up existing places.

The growth in ISP funding announced in the recent state budget ($29 million) will assist an additional 690 people and additional funding of $10 million from the Commonwealth government will provide ongoing support for a further 170 people. Therefore, 860 people will move off the Disability Support Register by June 2009.

In addition, the State Government committed in its election policy to allocate a further $10 million in 2008–09 to develop more flexible and appropriate accommodation solutions that will enhance more independent living and improved participation in the wider community for up to 75 people with high support needs. The Department of Human Services is currently working to identify how many of those waiting for SSA would be appropriately assisted in alternative accommodation and support arrangements.

As part of the agreement with the Federal Government announced on 30 May 2008, Victoria will receive an additional $24.5 million capital funding to deliver 70 new supported accommodation places over the next four years.

Proportion receiving the maximum concession for other utilities

For 2006-07, 70% of concession cardholders received the maximum water concessions cap.

For 2006-07, 97% of cardholders received the maximum municipal rates concession cap.

In relation to electricity and gas utilities, these concessions are not capped but are delivered as a percentage concession (for example, the Winter Energy Concession is a 17.5% reduction on the electricity and gas used during the six month period from May to October of each year), therefore the question is not applicable to energy utilities.

4.5.6 Consumer Affairs Portfolio

Clarification on the figures contained in the questionnaire response in relation to the liquor licensing fees

The collection of liquor licence/permit fees is a shared responsibility between State Revenue Office (SRO) and Consumer Affairs Victoria (CAV). A Memorandum of Understanding exists between the two parties in relation to the collection of these fees.

Under this agreement CAV collects revenue for new liquor licence applications. SRO collects revenue for liquor licence renewal fees, unless the renewal fee is overdue in which case CAV collects.

The reference to liquor licence fees in Budget Paper 4 – table 4.2 is revenue collected by SRO for liquor licence renewal fees ($7.7m in 2007-08). This does not include revenue collected by CAV for new liquor licence applications or overdue renewal fees.

The reference to liquor licence fees in the PAEC Estimates Questionnaire 2008-09 ($1.4m in 2007-08) is for revenue collected by CAV for new liquor licence applications and overdue renewal fees.

4.5.7 Education Portfolio

Specific details on the budget allocation made this year for interest payments on loans taken out by school councils/co-operatives, and reasons for any change in the interest subsidy paid by the government

The budget line "Finance Charges" includes a number of expenses in addition to the cost of the interest subsidy scheme. While the forecast cost of those other expenses may have reduced marginally, the budget for the interest subsidy scheme has remained constant. The current funding being fully committed on existing subsidy recipients, the Department is maintaining a record of new co-operatives and when funding becomes available those schools will be invited to join the subsidy scheme.

Details of the on-going costs of running the Victorian Student Register

A small central team of staff will be required to manage the Victorian Student Register, support education providers, and conduct authorised research activities. Current estimates indicate that the annual costs for this ongoing operation will be in the vicinity of $0.5 million.

4.5.8 Energy and Resources

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008-09 and outline the expected financial impact in 2008-09 of any revenue foregone.

The Department of Primary Industries (DPI) expects no initiatives that forgo revenue in 2008-09 from subsidies or concessions.

The following should be noted:

- The municipal rate subsidy and water tank rebate are drought response initiatives administered by DPI. The water tank rebate initiative provides rebates of up to $3,000 for water tanks for eligible Grampians Wimmera Mallee Water customers. The rebate is expected to end on 30 June 2008. The municipal rate subsidy provides a 50 per cent reduction in farm property rates to farmers in receipt of the Exceptional Circumstances Relief Payment from Centrelink. The estimated cost of municipal rate subsidies for 2008-09 is unable to be determined as a review of declared areas is currently being undertaken by the Commonwealth Government and is expected to be completed at the end of August 2008. The water tank rebate and municipal rate subsidy do not forgo revenue for DPI.
- Ovine and Bovine Johne's Disease subsidies offered by the department, such as providing a fixed amount per head for tests done to detect the disease, are funded from industry contributions to the sheep and cattle compensation trust funds. These subsidies do not forgo revenue for DPI.
- Recreational Fishing Licences are not subsidised or eligible for concession. Persons under 18 years of age, over 70 years of age or holders of a Victorian Seniors Card are exempt under s.47(1) of the Fisheries Act 1995 and s. 404 of the Fisheries Regulations 1998 from having to hold a Recreational Fishing Licence.

4.5.9 Environment and Climate Change

Reason for the variation between estimated and actual 2006-07 cost for the Statutory Authorities and Environment Protection output

The 2008-09 Budget Papers reported a final actual 2006-07 output cost of $91.2 million for the Statutory Activities and Environment Protection output. This result is $11.6 million less than the revised forecast as stated in the 2007-008 Budget Papers.

The variation between the revised forecast and the actual output cost in 2006-07 is due to lower than anticipated grants from the Sustainability Fund in that year. The Sustainability Fund is part of the Environment Protection Fund, administered by the Environmental Protection Authority (EPA).

As with most grant programs, there are criteria to be met prior to the provision of funding. Meeting these conditions is reliant on the grant applicant, and is outside the control of the EPA. Funding has remained within the Sustainability Fund for allocation in future years.

4.5.10 Finance, WorkCover and Transport Accident Commission portfolio

Key changes to financial reporting under AASB 1049

Balance Sheet changes:

- Assets and liabilities are now presented by order of liquidity, rather than as current or non current items, replicating the Government Finance Statistics (GFS) format.
- Other sectors of government, that is the Public Financial Corporation (PFC) and Public Non
- Financial Corporation (PNFC) sectors, are now accounted for in the balance sheet as an equity investment, A new line item now shows the general government's investment in other sectors (PFC and PNFC):
  - General Government Sector (GGS) investment in other sectors is measured at the government's proportional share of the carrying amount of net assets of the PNFC sector and PFC sector entities, before consolidation eliminations.
- Balance sheet now includes disclosure of key GFS Fiscal Aggregates, such as:
  - Net worth;
  - Net financial worth;
  - Net financial liabilities; and
  - Net debt.
- Items of assets and liabilities in the estimated balance sheet are also:
  - aggregated into financial and non-financial assets;
  - classified according to GFS terminology, but retain measurement and disclosure rules of Generally Accepted Accounting Principles (GAAP); and
  - where relevant, disclosed in the notes as current vs. non-current assets and liabilities. (e.g. Note 7(d) 'Reconciliation of the superannuation liabilities'; Note 20 'Borrowings')

Operating statement changes:

- The operating statement has been extended and now includes the "comprehensive result", representing the overall change in net worth on the balance sheet.
- The additional information was previously provided in a separate "statement of recognised income and expenses".
- Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows' (GFS terms).
- Additional information on the GGS operating statement includes "Recognition of the net gain in the investment in other sectors" as a 'below the line' impact on the comprehensive result.
  - This represents the change in the net worth of the PNFC and PFC sectors.
- The operating statement also includes disclosure of GFS key Fiscal Aggregates:
  - Net operating balance;
  - Total change in net worth; and
  - Net lending - (borrowing).

- Format is consistent with accounting standards and complies with the Uniform Presentation Framework (UPF).

Cash Flow Statement changes

- Investing activities are split between investing for liquidity management purposes and for policy purposes, consistent with GFS presentation.
- Minor changes to the definition of various items only but no change to totals.
- The key Fiscal Aggregate is the 'Cash Surplus/Deficit', which is the same as used in previous Budget Papers.

Notes to the accounts

- Minor changes to various notes in order to comply with reporting requirements and/or the new UPF disclosures. One notable impact is that expenses, purchases of fixed assets and total assets are categorised by Government Purpose Classification (GPC), rather than by department.
- The notes now contain a glossary of technical terms. The balance of the UPF is included in Chapter 2 of BP4 including the:
  - Same formats for the operating statement, balance sheet and cash flows in the Estimated Financial Statements
  - Statements are provided for the PFC Sector and the consolidated PNFC sector.
  - Loan Council Allocation Statement.

Explanation for movements in net superannuation liabilities in 2008-09

The superannuation liability is estimated to be $12.939 billion as at 30 June 2008. Over the course of 2008-09, the superannuation liability is estimated to increase by approximately $128 million to $13.067 billion as at 30 June 2009.

This increase is due to the underlying accrued liability increasing more rapidly than scheme assets. During 2008-09 scheme assets are expected to increase by $380 million while the accrued liability is expected to increase by $522 million. While employer and member contributions more than meet the value of benefits that members are expected to accrue during 2008-09, the interest cost on the accrued liability exceeds the expected return on assets. This occurs because schemes are only partially funded (i.e. the accrued liability exceed assets).

The 2008-09 superannuation expense and liability figures (and the figures in subsequent years) continue to be based on the actuary's long-term investment return earning rate assumption of 8% per annum.

Note that the superannuation liability is determined on an A-IFRS basis (i.e. in accordance with AASB 119, the Australian Equivalent of International Financial Reporting Standard, IAS 19).

Recurrent cost of Project Rosetta included in forward estimates.

The forward estimates include an on-going operating cost for Rosetta of **$**0.7M per annum. This amount now forms part of the Department of Treasury and Finance's (DTF) on-going appropriation. The total operating costs going forward, when software maintenance and support for the departments are included, will be approximately $1.1M per annum. The forward estimates will not be adjusted. The additional costs will be funded from within DTF's global appropriation.

4.5.11 Gaming Portfolio

Remuneration of the members on the Merkel panel

The Governor in Council appointed one Chair and three members to the Independent Gambling and Lotteries Licence Review Panel (the Panel) on 29 May 2007.

The scheduled remuneration is for a daily rate.

All members are entitled to reimbursement of approved travel and personal expenses in line with the Department of Justice policy.

As set out in Panel reports tabled in Parliament, the Panel has met on 19 occasions. In addition to the meetings, Panel members are remunerated for time spent in undertaking specific tasks associated with the Panel's functions.

4.5.12 Health portfolio

A breakdown of subsidies and concessions

Dental

Public dental care for adults is only provided to Pensioner and Concession Card Holders. While there is universal access for dental care of children, more than 50% of those receiving care are dependants of Concession Card Holders.

Community Health Programs

The Community Health Program is a universal program with no eligibility requirements. Services provided by Community Health centres include Allied Health (Audiology, Dietetics, Occupational Therapy, Physio, Podiatry, Speech Therapy), Counselling, Nursing, Family Planning and Women's Health.

Services are prioritised towards population groups and individuals with chronic and complex health issues and in lower socioeconomic groups. Consequently, the majority of clients are concession card holders.

Ambulance Services

The Victorian Government provides Pensioner Concession Card and Health Care Card holders and their dependents with free ambulance and non-emergency patient transport services (where authorised as medically necessary) to the nearest appropriate medical facility. This service includes costs associated with ambulance attendance without subsequent transport.

Table A4.14

Output	Total 2007-08 Estimate	Total 2008-09 Estimate
	$M	**$M**
Dental Services	107.0	109.9
Community Health programs	85.5	87.6
Ambulance – CSO program	287.3	302.0
Total	479.8	499.5

Influenza immunisation

For persons aged 65 years and over is funded by the Australian government.

Funding is provided to Victoria through the Australian Immunisation Agreement. The state then purchases the vaccines from two vaccine companies, CSL Biotherapies and Sanofi, and arranges for distribution to immunisation providers for administration. Almost all service delivery takes place either in medical general practices or aged care facilities (by GPs); hence the service delivery is also funded by the Australian government. The state incurs distribution costs but it is not possible to separate out the costs of distribution of influenza vaccine from the other vaccines. It is estimated that about a quarter of the total budget for vaccine distribution of $1.5 million per annum can be attributed to influenza vaccine distribution. In addition to the aged program, the Department of Human Services provides influenza vaccinations for public hospital staff.

A breakdown of the asset investment program e.g. according to what is going into acute and sub-acute case care, ambulatory services, hospital capacity, additional patients being treated; and how much TEI extends beyond the four years of the estimates.

Table A4.15 Breakdown of System Capacity Provided by 2008-09 Asset Initiatives

Asset Initiative	TEI ($m)	Scope	Comment
Aged Care Land Bank	2.5	This initiative will facilitate access to surplus government land for "not-for-profit" aged care providers by supporting land acquisition. Ultimately this will facilitate the establishment of additional aged care beds in the inner suburbs.	
Alexandra District Hospital	1.0	Facilitate the commencement of detailed planning of the redevelopment of Alexandra District Hospital, which will result in an entirely new integrated hospital and community health service.	
Alfred Centre Stage 2	17.0	29 consulting rooms; 1 large treatment space; 2 small treatment rooms and a large plaster room; dispensing pharmacy; hand therapy room and gymnasium; pathology specimen collection room; expanded washing and decontamination unit and equipment storage.	The main purpose of stage 2 is improved patient access to Alfred Centre. Some services of Alfred Hospital will be relocated to Alfred Centre Stage 2.
Ambulance Service Strategy – Additional road ambulance services	7.7	Funding will deliver additional peak period paramedics in 28 Metro stations as well as service upgrades in 5 rural areas. Also Rapid Response and peak Period units in 15 metro and 4 provincial cities will be supported.	This capital funding will enhance efficiencies and response times for both rural & metro ambulance services.
Ambulance Vehicle Replacement	0.6	Replacement of end of serviceable life vehicles.	
Ballarat Health	5.5	Provides for the reconfiguration of the mental health Adult Acute Unit to improve access and client amenity and to refurbish the Queen Victoria building to accommodate Community Mental Health facilities.	
Bendigo Health	9.5	1) The redevelopment will provide for an eight-bed short stay unit, allowing Bendigo Health to better utilise emergency department cubicles and better manage patients requiring stays of less than 24 hours. 2) Provide for critical infrastructure upgrades to support the ongoing operation of the existing hospital.	
Bendigo Health	13.6	Provides for the redevelopment of a 60 bed nursing home.	
Box Hill Hospital – Infrastructure Upgrade	8.5	Infrastructure upgrades including theatre, electrical & mechanical works.	

Table A4.15 Breakdown of System Capacity Provided by 2008-09 Asset Initiatives *(continued)*

Asset Initiative	TEI ($m)	Scope	Comment
Casey Hospital Special Care Nursery Expansion	4.2	20 Special Care Nursery Cots.	Capacity increase by 1,000 additional births per annum. Will reduce the need to transfer newborn babies between sites both within Southern Health & across metropolitan Melbourne.
Dandenong Hospital Emergency Department Redevelopment	25.0	55 treatment spaces; 9 ambulance bays; 3 procedure rooms; improvements to diagnostic, pharmacy, pathology and outpatient services.	Capacity to increase by 5,000 additional presentations. Capital development enhanced by new models of care in paediatric and mental health services.
Dandenong Hospital Mental Health Redevelopment and Expansion – Planning	3.0	Planning for up to 150 new mental health beds on the Dandenong Hospital site.	New models of care will provide efficiency gains for Mental Health services.
Frankston Hospital Maternity Service Expansion	5.0	Expansion of physical throughput capacity in Maternity Services unit. Inpatient beds, birthing suite, special care nursery, consulting rooms, pregnancy assessment beds, and outpatients consult rooms.	Capacity for 381 additional births will be provided.
Heidelberg Repatriation Hospital	15.5	Redevelopment of Veterans Psychiatry Unit (VPU). This free standing facility will be purpose built and will be known as the Centre for Trauma Related Mental Health Services.	
HealthSMART Shared Information and Communication Technology (ICT) Operations	26.9	Funding to support operation of the Health Shared ICT service, including a secure, state-wide communications network, to be used by all public health services across the state.	
Hepburn Health Service	8.0	Redevelop the Trentham campus of Hepburn Health Service. The project includes redevelopment of 15 high care residential aged care beds and primary care services and the refurbishment of the existing low care residential aged care facility to provide an integrated service.	
Hospital Energy Supply Project	23.6	Provides continuity of critical health care services to six of Victoria's major (Category 1) public hospitals in the event of major disruptions to the state's reticulated electricity supplies.	

Table A4.15 Breakdown of System Capacity Provided by 2008-09 Asset Initiatives *(continued)*

Asset Initiative	TEI ($m)	Scope	Comment
Kingston Centre Redevelopment – Stage 2	45.0	Redevelopment to establish a 64 bed sub acute ward, new facilities for ambulatory services and a new hydrotherapy pool.	Additional 32,000 occasions of service for ambulatory patients will be provided.
Latrobe Community Health Service Morwell Redevelopment	21.0	6 new dental chairs, new offices, consulting rooms and facilities for the provision of allied health services, district nursing, palliative care and planned activity groups for seniors' and women's health.	
Additional Medical Equipment Replacement Program	5.0	Allocated to fund Medical Equipment replacement.	
Melton New Dental Chairs	4.9	Establishment of 12 dental chairs in Melton. This will provide public dental services and provide support to La Trobe University (Bendigo campus) Dental School.	Providing approximately 6000 episodes per annum of care for Public Dental patients.
Metropolitan Ambulance Service Station Upgrades	2.1	Establish peak period ambulance units at Abbotsford, Coburg, Ivanhoe and Frankston, including the purchase of additional vehicles, leasing and fit-out costs for the units. Refurbishment works at Hastings, Pakenham and Sunbury stations also to be undertaken.	These upgrades will support efficiency gains and enhance response times in metro regions.
Rural Ambulance Station Upgrades	4.5	Funding is provided for capital upgrades to the Avoca, Ballarat and Neerim South ambulance facilities, as well as service expansion at Anglesea, Colac and Timboon ambulance services.	These upgrades will support efficiency gains and enhance response times in rural regions.
Monash Medical Centre – Clayton: Magnetic Resonance Imaging (MRI)	4.0	Purchase and installation of an additional 3 Tesla MRI scanners to be located within the existing Medical Imaging Department. Note: Subject to Southern Health securing a Commonwealth Medicare Benefits License.	Increases capacity to scan an additional 1400 patients per annum.
Monash Medical Centre – Clayton: Pregnancy Assessment Unit	4.8	The Pregnancy Assessment Unit will provide a new model of care for antenatal management that will provide streamlined high level antenatal care in a purpose built facility and increase functional capacity in postnatal wards and birth suite.	Provides for an additional 200 births per annum.
MonashLink Community Health Service (Ashwood)	1.3	Relocation of clinical services to new site.	Quality initiative providing enhanced access for clients with disabilities.

Table A4.15 Breakdown of System Capacity Provided by 2008-09 Asset Initiatives *(continued)*

Asset Initiative	TEI ($m)	Scope	Comment
MonashLink Community Health Service – Stage 2 (Glen Waverley and Oakleigh)	1.0	To support planning and development of purpose built facilities in Oakleigh and Glen Waverley.	
Northern Hospital Maternity Expansion	2.5	To expand maternity bed capacity.	Provides for an additional 500 births per annum.
Olivia Newton-John Cancer Centre	25.0	Co-locates chemotherapy, radiotherapy, outpatients and consulting services.	Provides for an additional 500 treatment episodes.
Parkville Comprehensive Cancer Centre – Planning Funding	5.0	Planning for the Parkville Comprehensive Cancer Centre including the relocation of Peter MacCallum Cancer Centre and the Ludwig Institute for Cancer Research.	
Prevention and Recovery Care Services (PARCS) Stage 2	10.4	Provides for three new facilities in Maroondah, Monash and Peninsula.	Provides capacity to treat an additional 250 clients per annum.
Redevelopment of the Royal Victorian Eye and Ear Hospital – Planning	2.0	Funding supports planning and design for new and refurbished facilities.	
Sunbury Day Hospital	14.0	Completes the $15M LFS commitment for Sunbury Day Hospital, delivering a new day hospital in Sunbury that will be auspiced by Western Health. Delivery of urgent care services, diagnostic services, renal dialysis and chemotherapy.	Potential to provide an additional 5000 episodes of dialysis or day chemotherapy.
Sunraysia Dental Chairs	3.7	Provides for an additional 8 dental chairs in Mildura. This will provide public dental services and support to La Trobe University (Bendigo campus) Dental School.	
Sunshine Hospital Expansion and Redevelopment – Stage 2	73.5	Delivers the 2nd stage of development for Western Health. Comprising a teaching, training & research facility along with 4 radiotherapy bunkers.	Radiotherapy bunkers will provide up to 400 courses of treatment per annum.
Warrnambool Hospital Redevelopment – Stage 1b	70.1	This delivers the 2nd phase of the staged redevelopment of South West Healthcare's Warrnambool campus. Comprising a new inpatients' building and associated facilities.	

Table A4.15 Breakdown of System Capacity Provided by 2008-09 Asset Initiatives *(continued)*

Asset Initiative	TEI ($m)	Scope	Comment
Werribee Mercy Hospital Expansion – Stage 1	14.0	Expansion of maternity services with an additional 8 obstetric beds and 4 additional special care nursery beds.	Provides for an additional 800 deliveries per annum. Will also reduce numbers of transfers of neonates across metropolitan Melbourne.
Wodonga Dental Chairs	4.4	Provides for an additional 10 dental chairs in Wodonga. This will provide public dental services and support to La Trobe University (Bendigo campus) Dental School.	
Totals	**495.3**		

The table above provides a breakdown of the department's asset investment program according to the Committee's request. However due to the nature of services delivered through these assets it is not possible to break down the specific impacts of each project into the categories sought.

DHS has only one project that contains funding beyond the forward years of current estimates, being Royal Melbourne Hospital Brickwork Rectification. Initially funded in the 2007-08 budget, the TEI for this project is $16 million and includes $600,000 to be funded over 3 years for future monitoring of the condition of the facade ($200k in 2011-12, 2012-13 and 2013-14).

4.5.13 Housing portfolio

Rental Rebate

In public housing, to ensure that rent does not exceed 25 per cent of a household's gross income, tenants are rebated a total of approximately $250 million per year in rent.

Rental Operations Payment

I am advised that there is currently no rental housing borrowing or outstanding debt owed to the Treasurer. The rental operations payment is an annual payment, the quantum of which is subject to periodic discussion with the Treasurer.

4.5.14 Major Projects portfolio

Lease payments under the forward estimates for the Melbourne Convention Centre, and details of the liability to be recognised in relation to the lease payments.

The lease payment of $27 million for financial year 2008-09 (Budget Paper 4, p.128) represents six months of lease payments. The full year cost will be approximately $55 million.

The lease liability as published on Page 127 of Budget Paper 4 is $531 million at the end of the 2008-09 financial year.

Amount of the funding increase for the rectangular sports stadium, which is in line with the increased size/capacity.

The project is on target for completion in December 2009 and is expected to be delivered within budget.

On 1 March 2007 the Government approved a revised scope and budget for the project. The seating capacity was increased from 20,000 to 27,750 and the total budget, including all funding sources, was increased from $189 million to $256 million.

On 23 May 2007 the Government approved a further revised scope and budget for the project. The seating capacity was increased to more than 31,000 and the budget was increased to $267.5 million. Part of this funding is the $11.5 million as stated in the *2008-09 Budget Paper 3*, p. 346.

4.5.15 Mental Health Portfolio

Reconciliation of alcohol action plan funding to the output and deliverables areas.

A new medium intensity residential rehabilitation model will provide an additional **15 places** (not 'beds') for people with alcohol problems exiting community-based withdrawal services or hospitals.

Table A4.16

Victorian Alcohol Action Plan		
DHS Outputs		**2008-09 Budget ($m)**
Drug Prevention and Control Services		1.61
	Community awareness campaign	0.5
	Early alcohol interventions Online screening, online brief intervention resources and community education sessions for risky drinkers.	0.9
	Targeting help to at-risk communities Consisting of the development of a Koori Alcohol Plan and information for culturally and linguistically diverse communities.	0.21
*Drug Treatment and Rehabilitation Services		1.32
	Extended shared care models Increased GP capacity to recognise and respond to alcohol problems through resources, training and addiction medicine support.	0.41
	Improved treatment options Consisting of: a medium-intensity community-based rehabilitation model for people exiting hospital or withdrawal services specialist family-based interventions for young people who are misusing alcohol.	0.91
Total		2.93

* *these items are reflected in BP3 performance measures in relation to 'commenced courses of treatment: residential-based drug treatment services' and 'Successful courses of treatment (episodes of care): residential-based drug treatment services'.*

Pre-emptive strike on ice – extent of funding spent (or committed) on initiatives and programs, performance measures and quality outcomes.

The pre-emptive strike included a focus on both prevention and treatment. All funding related to the pre-emptive strike on ice has either been spent or is committed.

Treatment includes counselling, withdrawal, and residential and rehabilitation services and is delivered through agencies to respond to clients whose main treatment need is for amphetamines including ice.

Prevention initiatives specific to ice included the community awareness campaign, a parents' information brochure *'What parents should know about ICE'*, training programs for alcohol and drug workers in the use of Clinical Guidelines for the Treatment of Methamphetamine Addiction, and training for staff and volunteers of the Family Drug Helpline and the Drug Information Line on the latest up-to-date information about ice.

4.5.16 Parliamentary Departments

Quantification of subsidies and/or concessions managed within the Parliamentary Departments.

The Parliament of Victoria does not grant subsidies and/or concessions per se, however each year an amount of funding is set aside for the Dining Room in order to allow them to provide services to Members of Parliament and staff, the core reason for the existence of the Dining Room.

In order the minimise this amount the Dining Room provides other services outside of these "core existence requirements" at commercial rates to reduce the amount of funding required.

In the 2007-08 financial year this amount is estimated to be $150,000.

4.5.17 Premier's portfolio

Provision of information regarding the breakdown of the difference between the estimate of superannuation plan assets as outlined in the December 2007 budget update of $19.5 billion and the opening balance of plan assets for 2008-09 of $17.5 billion - clarification sought regarding the proportion of the decline attributable to losses in equity markets compared to withdrawals by beneficiaries from superannuation funds.

A detailed answer should be sought from the Treasurer or Minister for Finance.

Given the long-term nature of superannuation, it is important to consider the long-term average investment return rather than focussing on short-term fluctuations.

Since 30 June 2000, superannuation assets in the General Government sector have increased from $10.9 billion to $19.5 billion at 30 June 2007.

Similarly, the average net investment return for the State Superannuation Funds has been 13 per cent per annum over the five years to 30 June 2007, well in excess of the expected long-term return of 8 per cent per annum.

Breakdown of the intended spending on advertising campaigns for 2008-09 for those that are known at the beginning of the year.

A breakdown of the advertising campaign spend committed to date for the 2008-09 financial year. Information includes Department of Premier and Cabinet and the Arts and Portfolio agencies.

Agencies	Description	TOTAL
		Jul 08–Jun 09
The Arts Centre	Philippe Genty	$36,369.76
The Arts Centre	Edward Scissorhands	$98,085.67
The Arts Centre	Full Tilt - Yana Alana	$11,252.72
The Arts Centre	Full Tilt - An Inhabited Man	$4,351.00
Arts Victoria	Indigenous Art Award Entries	$1,345.11
Arts Victoria	Heide Museum of Modern Art	$3,085.51
Aust Centre for Moving Image	ACMI Screen Listings 2008	$15,030.37
Aust Centre for Moving Image	Game On	$992.40
Museum Victoria	IMAX Listings	$22,860.48
Museum Victoria	Wild Oceans 3D	$7,847.70
Museum Victoria	Program Listings	$1,411.80
Museum Victoria	Hatching the Past	$20,750.10
Museum Victoria	2008 Branding	$126,852.24
National Gallery of Victoria	Look!	$5,787.97
National Gallery of Victoria	Art Deco	$163,580.16
National Gallery of Victoria	Winter Masterpieces 2008	$37,525.76
TOTALS		$557,128.75

Funding for the Greens

The PAEC Report on "Strengthening Government and Parliamentary Accountability in Victoria" was tabled in April 2008.

Recommendation 17 proposes that consideration be given to the appropriate resourcing of other parties or formal groupings including through the possible amendment of the Parliamentary Salaries and Superannuation Act 1968 (1968). The Government is considering this recommendation and **will** provide its response by October 2008.

4.5.18 Public Transport

Specific details on revenue foregone, subsidies and concessions for the portfolio overall, including details of all new items and changes to previous items.

Public Transport Concessions

Victoria has the most generous Public Transport concession arrangements of any state in Australia. This promotes a high level of social inclusion. Presently, there are various groups of Victorians entitled to public transport concessions, including:

- Children under 15 years of age
- Primary and Secondary Students
- Tertiary Students (not post-graduate courses)
- Victorian Seniors Card holders
- Australian Pensioner Concession Card holders
- Victorian Health Care Card holders
- War Veterans/Widows (Gold/White DVA card holders)
- People who are legally blind (free travel)
- TPI War Veterans (free travel)
- WW1 Widows (free travel)
- Companions of people with disabilities (free travel)

Eligibility criteria apply to the above groups.

The estimated revenue foregone figure for the State from providing concessions in 2008-09 is $189 million (excluding GST). This figure is based on an improved methodology in calculating concessions based on the difference between the corresponding full fare and concession fare for each ticket type across metropolitan public transport. This differs from the previously provided estimated figure of $123 million in the 2008-09 Budget Estimates questionnaire which was calculated based on an average concession discount approach and excluded some ticket types.

Concession customers are not required to nominate their concession category when they purchase a ticket and therefore it is not possible to break down this figure accurately by category. Many concession customers are eligible for concession fares in multiple categories (e.g. children who are also students, pensioners who are also seniors).

Since 2005, the Victorian Government has announced extensions to public transport concession entitlements that have increased the number of Victorians who are eligible for them. Explanations of each extended concession entitlement are given below.

Victorian Health Care Card Concessions

Since January 2005, all Health Care Card holders with Victorian addresses have been eligible for public transport concessions in Victoria. This was costed at $78 million over four years and ensures that individuals on low incomes are eligible for transport concessions. Previously, only holders of Low Income Health Care Cards were eligible for public transport concessions.

Tertiary Concession Card

In 2005, the cost of the Tertiary Student Concession Card was reduced from $87 per annum, to the same level as the Primary/Secondary Student Concession Card (presently $8.80). This change allowed 39,000 tertiary students to access cheaper concession fares each year, at a cost to the Government of 15 million over four years.

Victorian Senior Travel Package

In 2006, the Victorian Seniors Travel Package was introduced that provided concession travel at all times on V/Line services, free travel on Sundays in metropolitan Melbourne, free travel on Sundays in selected regional centres and off-peak travel vouchers that provide two free return trips anywhere in Victoria. The cost of the package is $3 million per annum.

Early Bird

The Early Bird scheme was implemented across the metropolitan rail network in April 2008, and provides free travel to passengers completing their travel prior to 7am. The Early Bird Trial is funded for two years at $6 million per annum. This is a new initiative for the 2008-09 budget.

Victorian Pensioner and Carers Travel Package

The benefits already provided to Seniors in the Seniors Travel Package are being extended to Victorian Pensioners and Carers who are under 60 and therefore not eligible for a Seniors Card. This will benefit disability pensioners and carers. This is forecast to cost $100,000 per annum. This is a new initiative for the 2008-09 budget.

Multi Purpose Taxi Program

In addition, there are other transport concessions provided for users of the Multi Purpose Taxi Program (approximately $40 million per annum), but these are not included in the $189 million figure above.

Please refer to *Appendix 5 – Thriving Economy vision* for further details.

Freight Subsidy

Please refer to *Thriving Economy vision – Public Transport* section for details of the Rail Freight Support Package.

4.5.19 Roads and Ports

Outline of any regulatory exemptions within the portfolio

Concessions are provided in accordance with the Road Safety (Vehicles) Regulations 1999 and the Road Safety (Drivers) Regulations 1999. An estimate of the revenue foregone in 2008/09 as a result of concessions is listed below:

Table A4.18

Regulatory exemption reference	Estimate of foregone revenue 2008/09
Road Safety (Vehicles) Regulations 1999	
Schedule 4 – Clause 4 – Eligible beneficiary (within the meaning of the State Concessions Act 1986)	$17,080,000
Schedule 4 – Clause 4 – Eligible pensioner (within the meaning of the State Concessions Act 1986)	$47,440,000
Schedule 4 – Item 5, Vehicles registered in the name of a charitable, benevolent or religious institution.	$1,608,000
Schedule 4 – Item 6, Primary producer vehicles.	$27,855,000
Schedule 4 – Item 10, French Island Motor Vehicle.	$10,000
Schedule 4 – Items 12, Transport for the disabled, handicapped or injured, Item 13, Incapacitated person's vehicle, Item 13A, Private vehicle used to convey incapacitated person, Item 13B, Government or charitable vehicle used to convey incapacitated person, and Item 18* , Fire fighting and emergency response vehicle	$579,000
Schedule 4 – Item 14, Incapacitated war veteran's vehicles.	$1,254,500
Schedule 4 – Item 15, School Tractor	$700
Schedule 4 – Item 19, Consular vehicle	$24,000
Regulation 236 – Fees for registration ("hybrid vehicle discount")	$149,850
Road Safety (Drivers) Regulations 1999	
Regulation 601 - Reduced licence fees for good drivers ("Driver rewards")	$2,500, 000

Note: * *Due to database coding limitations, separate estimates cannot be provided for items 12, 13, 13A, 13B or item 18.*

4.5.20 Senior Victorians Portfolio

Estimated increase in 2008-09 in concessions for seniors under each concession category

Concessions are provided to Victorians who hold a Commonwealth Government-issued Pensioner Concession Card or Health Care Card. Concessions are also provided to eligible holders of a Department of Veterans' Affairs (DVA) Repatriation Health Card (Gold Card).

Pensioner Concession Cards and Health Care Cards are issued by the Commonwealth Government to individuals who receive particular payments or allowances from Centrelink. The Department of Veterans' Affairs Gold Card is issued to veterans of Australia's defence forces who meet particular criteria relating to type of service, disability or income and assets tests.

Aged pensioners account for 60 per cent of the pensioner population and 39 per cent of the total concessions population. Ninety one per cent of the veterans' population with Gold Cards are aged 65 years or over.

Aged pensioners are entitled to the full range of state funded concessions. These concessions include gas and electricity, public transport, municipal rates, water, health – public dental, ambulance, community health services, low cost eye-care and hearing services. Aged pensioners are also eligible for motor vehicle registration and TAC insurance charge concessions and property stamp duty concessions.

In addition, aged pensioners are entitled to the Victorian Seniors Card that gives them access to reduced public transport charges and discounts for a wide range of private businesses and services.

The following table provides information on the overall changes in expenditure for a range of concession programs between 2007-08 and 2008-09. It is not possible to provide information on the value of concessions programs specifically to seniors and aged pensioners as this data is not collected.

Table A4.19

Program	Value of concession in 2007-08 ($m)	Estimated Value of concession in 2008-09 ($m)	% increase
Water and sewerage	85.5	101.2	18.4%
Municipal rates	70.6	77.0	9.0%
Winter energy	120.8	127.8	5.8%
Non-mains winter energy rebate	2.10	2.05	-2.4%
Carted and non-mains water rebate	0.32	0.33	4.5%
Ambulance	136.0	138.0	1.5%
Public transport	105.8	110.6	4.5%
Dental services	129.8	139.3	7.3%
Low-Cost Eye Care	6.4	6.6	3.1%

4.5.21 Treasury portfolio

Information on changes in value of superannuation plan assets in the general government sector between the 2007-08 budget update document and the 2008-09 budget papers.

The key driver of the decline in the estimated value of superannuation assets as at 30 June 2008 is lower than expected returns on superannuation assets.

Over the long-term, superannuation assets are expected to earn 8 per cent per annum. For example, superannuation assets were expected to earn approximately $1,446 million in 2007-08 (page 82, 2007-08 Budget Update).

However, investment market performance for the financial year to 31 March 2008, the basis for the 2008-09 Budget, has been considerably lower than expected with an estimated loss of $77 million. Therefore, relative to the return expected, the level of superannuation assets was about $2.2 billion lower than expected at that point in time. This is reported as an actuarial loss in 2007-08.

Given the long-term nature of superannuation, it is important to consider the long-term average investment return rather than focussing on short-term fluctuations. In this respect, the average net investment return for the State Superannuation Fund (SSF) has been 13 per cent per annum over the five years to 30 June 2007, well in excess of the expected long-term return of 8 per cent per annum.

Number of firms with 20 employees or less who will now pay payroll tax under existing threshold.

As payroll tax is assessed on the value of wages paid and not on the number of employees, the State Revenue Office does not have the data.

Both the payroll tax rate and the tax free threshold has been adjusted since 1999 to achieve payroll tax cuts totalling around $1.2 billion. The payroll tax rate has been reduced from 5.75 per cent to 4.95 per cent and the tax free threshold has increased from $515 000 to $550 000. The payroll tax rate in Victoria will continue to be the second lowest in Australia and businesses operating in Victoria with payrolls in the range around $5 million to $13.5 million will pay the lowest payroll tax in Australia. In addition, the average amount paid by tax payers is reduced by $11,000 or 7.6% in 2007-08 compared to 1998-99.

Phasing of estimated expenditure under the Regional Infrastructure Investment Fund for 2007-08 and 2008-09.

The Regional Infrastructure Development Fund (RIDF) budget allocation for 2008-09 is $41.4 million, as reflected in Budget Paper 3, and is consistent with its budget profile. The 2008-09 budget allocation was made in the Government's $502 million Moving Forward Statement, released in November 2005.

The budget profile for the RlDF budget has varied from year-to-year reflecting the timing of government funding decisions. For example, the 2007-08 RlDF budget is considerably larger than the 2008-09 budget reflecting the *Renewing the RIDF* initiative funding provided through the Moving Forward Statement which supplements existing funding. Any cost overruns occurring in RlDF projects are largely borne by the applicant as a condition of the grant, and are not paid for out of the RlDF budget.

Table A4.20

RIDF Budget ($m)

	2007-08	2008-09	2009-10
RIDF Budget	92	41	61

Moving Forward – $200 million Renewing the RIDF initiative ($m)

	2007-08	2008-09	2009-10
RIDF Budget	36	41	61

Note: Renewing the RIDF funding for 2007-08 supplements existing funding already in the RIDF total budget.

Reconciliation of different budget figures relating to employee benefit expenses.

Table 1.1 (page 10) in Budget Paper 4 reflects the estimated operating statement for the financial year ending 30 June. This table represents the projected employee expenses for the forward years for the years 2008-09 Budget, 2009-10 Estimate, 2010- 11 Estimate and the 2011-12 Estimate. The average growth rate across this period is 5.8 per cent.

Table A.3 (pages 250-252) in Appendix A of Budget Paper 4 reflects the general government sector operating statement historical series. This table represents the actual employee expenses for the years 1996-97 through to the revised 2007-08 The average growth rare across this period is 6.37 per cent.

Reconciliation of different figures for general government sector borrowings shown in Table 1.2 on page 12 of Budget Paper 4 and Table 3.6 on page 51 of Budget Paper 2.

Table 3.6 on page 51 of Budget Paper 2 is a summarised version of the full balance sheet on page 12 of Budget Paper 4. The Borrowings line in Table 3.6 of Budget Paper 2 is made up by adding the following lines in Table 1.2 of Budget Paper 4:

- Deposits Held;
- Advances Received; and
- Borrowings.

Taking the 201 1-12 year as an example it can be seen that the amount in Table 3.6 of Budget Paper 2 is $15.6 billion. The relevant lines in Table 1.2 of Budget Paper 4 are:

- Deposits Held $595.2 million;
- Advances Received $0.2 million; and
- Borrowings $14,987.8 million.

These amounts total to $15,583.2 million, equal to the $15.6 billion shown in Table 3.6 of Budget Paper 2.

4.5.22 Water

Confirmation of timing of water price determinations

The Essential Services Commission (ESC) is responsible for regulating the prices of the 20 businesses supplying water, sewerage and related services throughout Victoria.

On 20 June 2008, the ESC released its determination for the Water Price Review 2008-13. This review assessed the five-year water plans for the regional urban and rural water businesses and Melbourne Water (with respect to waterways and drainage charges), and set the prices for the services to be provided.

The review also assessed one-year water plans for 2008-09 for the three metropolitan retailers and Melbourne Water with respect to bulk services.

A further review will occur for metropolitan water prices from 1 July 2009, with an ESC determination likely in June 2009. Consistent with prior reviews, the ESC will consult with stakeholders before making its final determination.

Estimated unit cost of carriage of water to Melbourne via the Sugarloaf Pipeline

I believe that I responded to this question during the PAEC hearing, and refer the Committee to pages 13 and 14 of the Water portfolio's transcript of evidence.

APPENDIX 5: RESPONSES TO UNASKED QUESTIONS RELATING TO THE 2008-09 BUDGET ESTIMATES

Thriving economy vision

Public Transport

QUESTION 5

Details of whether there is proposed to be any increase to the cap on individual trips (currently $30 per trip) under the Multi Purpose Taxi Program budget allocation, and the budgetary implications of this increase.

The Multi Purpose Taxi Program (MPTP) subsidises 50 per cent of the cost of taxi travel, up to a maximum subsidy of $30 per trip, for people who have a severe and permanent disability that prevents them from independently accessing other forms of public transport.

The subsidy cap on individual trips was increased from $25 to the current subsidy of $30 per trip in September 2005. The average subsidy per trip under the MPTP is currently $9.

The trip subsidy is being reviewed as part of an overall Victorian Taxi Directorate review of the MPTP and wheelchair accessible taxi services to ensure that the MPTP continues to meet the needs of its members.

QUESTION 6

Details of the amount already spent to date and future budget allocations for country wheelchair accessible taxis.

The Government provides financial assistance in the form of tied grants to subsidise the purchase of wheelchair accessible taxis in regional Victoria.

The grant pays the difference between the cost of a conventional taxi and a wheelchair accessible taxi, up to a maximum of $44,000 (including GST).

Funding of $3.3 million has been provided. There is no closing date for applications for this subsidy. The funds will be drawn upon as country wheelchair accessible taxis become due for replacement over the coming years.

As at 31 May 2008, the Department of Transport had approved 18 grants totalling approximately $400,000.

Skills and Workforce Participation Portfolio

THIS QUESTION WAS REFERRED BY THE MULTICULTURAL AFFAIRS PORTFOLIO MINISTER.

QUESTION 2

Will funding of the New Workforce Partnerships Program continue at least until any Federal funding takes its place?

The Victorian Government announced the New Workforce Partnerships (NWP) program in the 2008-09 Budget and NWP builds on the Workforce Participation Partnerships program. Funding of $5.0 million was provided for 2008-09.

The Victorian Government has also provided funding of $2.0 million over four years (2008-09 to 2011-12) for the Indigenous Youth Employment Program. This program will target young Indigenous people and support them into employment, education and/or training.

The Federal Government is currently undertaking a review of their employment services and the changes are expected to take effect in July 2009. At this stage full details of any proposed changes are not yet known. Any future decisions on funding will take account of these changes at the Federal level.

Quality health and education vision

Veterans Affairs portfolio

QUESTION 1

Programs to support veterans attend medical appointments.

I can advise that such programs fall outside of the responsibility of the Victorian Veterans' Affairs portfolio.

The Commonwealth Government, through the Department of Veterans' Affairs (DVA), provides support to entitled veterans to attend medical appointments under section 110 of the *Veterans' Entitlement Act 1986,* as well as those entitled to medical treatment under the *Safety, Rehabilitation and Compensation Act 1988 and the Military Rehabilitation and Compensation Act 2004*.

Caring communities vision

Multicultural Affairs portfolio

QUESTION 1

Is there any provision in the Budget for the creation of the Culturally and Linguistically Diverse (CALD) Older Persons' Action Plan, which was described in the ALP 2006 election platform? If so what is that provision?

The Culturally and Linguistically Diverse (CALD) Older Persons' Action Plan will be an overarching statement of Government actions and intentions to address the issues of the growing number of older people from CALD backgrounds. The Plan will be developed within existing resources.