



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

FIFTY NINTH REPORT TO THE PARLIAMENT

REPORT ON THE 2004–2005 BUDGET ESTIMATES

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Parliament of Victoria

Public Accounts and Estimates Committee

Report on the 2004-2005 Budget Estimates

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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 nine Members of Parliament drawn from both Houses of Parliament and all political parties.

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; and
- 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.

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.

GLOSSARY

Accrual accounting	Recognition of revenue, expenses, assets, liabilities and equity when a transaction occurs, irrespective of the timing of the related cash flow.
Additions to the net asset base	An appropriation which provides authority to increase the net capital base of a department's statement of financial position.
Administered items	Those resources which a department administers on behalf of the state, and over which it cannot exercise direct control.
Agency	An accounting identity designed to define the legal bounds of the operation of a business unit. In the general Government sector, those units which source 50 per cent or more of funding through appropriations and which are directly accountable through Minister to Parliament.
Annual appropriation	The appropriations to departments and the Parliament contained in the <i>Appropriation Act</i> and <i>Appropriation (Parliament) Act</i> . These appropriations lapse at the end of each financial year.
Assets	Service potential or future economic benefits controlled by an entity (eg. a department) as a result of past transactions or other past events. Assets may be physical (eg. plant, equipment or buildings) or non-physical (eg. financial investments).
Benchmark	A measurement or standard that serves as a point of reference by which process performance is measured.
Benchmarking	A structured approach for identifying best practice.
Budget sector	The term budget sector is identical to the general Government sector in the 2004-05 Victorian Budget Papers.

Capital asset charge	A charge generally on the written down value of non-current, physical assets controlled by agencies within the budget sector. The cost is designed to reflect the full cost of service provision and to encourage the management of surplus or under performing assets.
Commonwealth grants	<p>Includes general revenue from the Commonwealth Government for the purpose of aiding in the financing of the current operations of the recipient; in addition to monies received for specific purposes (when the Commonwealth wishes to have some involvement in the direction of the expenditure).</p> <p>Grants are also received for on-passing to third parties eg. to non-government schools, where the state has no discretion as to their allocation.</p>
Commonwealth-State Housing Agreement	A bilateral agreement between the Commonwealth and State Governments for the provision of public housing and other forms of assistance.
Consolidated Fund	The Government's primary account that receives all consolidated revenue and from which payments appropriated by Parliament for Government purposes are made. The Consolidated Fund together with the Trust Fund, form the Public Account.
Depreciation	The allocation of the cost of an asset over the years of its useful life.
Employee benefits	Entitlements which employees accumulate as a result of the rendering of their services to an employer up to the reporting date. They include wages and salaries, annual leave, sick leave, long service leave, superannuation benefits, and other post employment benefits.
Ex-ante reporting	Reporting intended outcomes, objectives, strategies, priorities, performance measures and targets, and budgets in corporate plans and budget papers, prior to the period of activity.

Ex-post reporting	Reporting achievements against intended outcomes, objectives, strategies, priorities, performance measures and targets as stated in the corporate plan and budget papers, and actual costs, after the completion of the period of activity.
Finance Lease	Leasing arrangements in which substantially all risks and benefits incidental to the ownership of the leased property effectively pass from the lessor to the lessee. Finance leases are essentially borrowings.
Financial assistance grants	Grants made by the Commonwealth government to state and territory governments for expenditure by the latter according to their own priorities. Financial assistance grants are sometimes referred to as general revenue or general purpose grants.
Financial report	Consists of a set of financial statements, which comprise of a statement of financial performance, a statement of financial position and a statement of cash flows, for a given financial year.
Franchising	The sale to an external party (usually on the basis of a competitive bidding process) of the right to distribute particular goods or services to a particular market for a defined period. Franchising is often seen as a way of introducing competition into an industry that may otherwise be seen as a monopoly.
Government business enterprise	Publicly owned entity providing goods or services on commercial terms with the objective of recovering its costs of production and, in most cases, of providing some financial return to its owner.
Goods and services tax (GST) grant	GST revenue collected by the Commonwealth and distributed to the states and territories on the basis of horizontal fiscal equalisation principles.

GST transitional grants	As part of the Commonwealth's agreement with the states and territories that their budgetary position will be no worse under national tax reform, the Commonwealth provides GST transitional payments to the states and territories. These are paid in the form of grants and an interest free loan. The loan is recognised as Commonwealth grants received in the statement of financial performance.
Gross State Product	The total market value of goods and services produced in a state after deducting the cost of goods and services used in the production process, but before deducting the consumption of fixed capital.
Intellectual property	Ideas, information, or material which has been produced as a result of intellectual effort and is protected by law: for example, confidential information, technical and professional publications, copyright, trademarks, patents, plant variety rights and designs.
Liabilities	Liabilities comprise future payments that an entity is currently obliged to make to other entities as a result of past transactions or other past events. Liabilities are thus a broader concept than debt. They also include obligations which do not have a predetermined repayment schedule, and those which do not require payments of interest such as unfunded liabilities of superannuation funds, liabilities for employee benefits and trade creditors.
Machinery of government changes	Changes to departmental structure and functions to align with a ministerial portfolio restructure announced by Government.
Nominal value	Refers to financial data expressed 'in the price of the day' and which is not adjusted to remove the effects of inflation. Nominal dollars do not allow for inter-year comparisons because reported changes may reflect changes to financial levels (prices and/or expenditure) and the adjustments to maintain purchasing power due to inflation.
Non-budget sector	Public sector entities, mainly business enterprises.

Non-current assets	All assets other than current assets. They are usually held for use rather than exchange and provide an economic benefit for periods greater than one year.
Non-current liabilities	All liabilities other than current liabilities. They are usually obligations that do not require payment within one year of the reporting date.
Net assets	The residual interest in the assets of an entity after deduction of its liabilities (the net worth).
Ordinary activities	Activities that are undertaken by an entity as part of its business or to meet its objectives.
Outcomes	The Government's desired or intended effects on the community as a result of the funding of outputs. Outcomes establish both the rationale and foundation for the budget.
Outputs	Products or services produced or delivered by departments/agencies.
Output management framework	A framework of planning for products or services on behalf of Government. Under an output management framework, the Government sets its strategic priorities or intended outcomes and then commissions departments to deliver outputs that the department determines will best achieve these outcomes.
Output costing	The process of determining on a full accrual basis all direct and indirect costs of producing an output within a given period.
Output groups	For purposes of budgeting and reporting, a grouping of individual outputs that contribute to a common outcome.
Performance measures	Quantity, quality and timeliness indicators used to describe how many, how well, when, or how frequently Government funded outputs are delivered.

Performance targets	Intended output delivery levels expressed in terms of each of the performance measures. Targets are used as a benchmark to assess performance in delivered budgeted outputs.
Public Account	Comprises the Consolidated Fund and the Trust Fund.
Public financial corporations	Comprises agencies which have the characteristics of performing a central borrowing function, accepting deposits, and the ability to incur liabilities and acquire financial assets in the market on their own account. This sector includes the Transport Accident Commission and the Victorian WorkCover Authority.
Public sector	Comprises general government sector entities, non-financial public corporations and public financial corporations that have Government ownership and control.
Responsible Minister(s)	One or more portfolio Minister(s) who have specific and/or collective responsibility over a department's activities and performance.
Revaluation	The act of recognising a reassessment of values of non-current assets at a particular date.
Sale of goods and services	This represents revenue earned from the sale of goods or provision of services to external parties in the current period, whether received or receivable.
Special appropriation	A standing authority that remains in force until amended or repealed by Parliament, for specific once-off or ongoing payments which need to be made independently of the Government's annual budget priorities.
Specific purpose grants	Grants made by the Commonwealth to state and territory governments subject to terms and conditions specified by the Commonwealth, generally to ensure that Commonwealth policy objectives (or national objectives agreed between the Commonwealth and the States) are met.

Statement of cash flows	A statement that provides information on the cash inflows and outflows as they relate to operating, investing and financing activities of an entity.
Statement of financial position	A statement that provides information on the entity's assets and liabilities, and also reflects the net worth for the reporting period.
Statement of financial performance	A statement providing information for the reporting period on the revenue and expenses, and the surplus or deficit, of an entity.
Supplies and services	This encompasses the day-to-day running costs incurred in the normal operations of Government entities, but specifically excluding the cost of employee benefits, superannuation, depreciation, amortisation, interest and other finance costs, grants and transfer payments, and other expenses.
Treasurer's Advance	An appropriation to the Treasurer, included in the annual <i>Appropriation Act</i> , to meet urgent expenditure claims that were unforeseen at the time of the budget.
Trust Fund	The Trust Fund is established to account for the receipt and disbursement of moneys not forming part of the Consolidated Fund and therefore not subject to parliamentary appropriation. The Trust Fund comprises various trust specific purpose accounts established under separate legislation or at the discretion of the Minister for Finance under the <i>Financial Management Act 1994</i> . The Trust Fund together with the Consolidated Fund, form the Public Account.
Unfunded liabilities	Liabilities that are accruing but for which no explicit provision has been made for payment.

Unfunded
superannuation
liabilities

The present value of future benefits, determined by actuarial assessment, that superannuation scheme's members have accrued during past services which are not covered by fund assets. Unfunded superannuation liabilities arise when superannuation costs are not contributed as the members' benefits accrue.

CHAIR'S INTRODUCTION

The annual budget papers are amongst the most important documents presented by the Government to the Parliament and to the community. These documents are important because they detail the Government's anticipated performance for the previous year and forecast the financial affects of policies or initiatives that the Government intends to implement in the coming years. To assist the Parliament and the community to assess the Government's discharge of its accountabilities in the financial and economic stewardship of the state, the Committee undertakes a detailed review of the budget estimates and other information contained in the budget papers.

The Committee, during the estimates hearings and in the supplementary questions sent to Departments, seeks performance and financial information that will assist in resolving such fundamental questions as:

- what the Government proposes to spend on, and why;
- what the Government expects its agencies to do (and whether or not they do it);
- what the Government expects to happen as a result of its agencies' action (and what actually happens); and
- what risks the Government and its agencies are incurring in undertaking those actions, and how those risks are being managed.

The Committee's review culminates in the presentation of this report to Parliament. This report – which is a crucial element in ensuring good governance and public accountability of the Government – contains 177 recommendations. Many of the recommendations are intended to ensure the Parliament receives better information about the Government's desired outcomes and the extent to which those outcomes are being achieved.

I am grateful to the Ministers and senior departmental officials who attended the estimates hearings and provided candid insights into the activities of their departments and agencies. I also wish to acknowledge the officers who provided supplementary information to the Committee which has assisted our understanding of the many issues considered.

I would also like to thank the Secretariat for the high quality of its assistance and support throughout the review of the budget estimates and in the preparation of this report.

Finally, I thank the other Members of the Committee for their constructive contribution during the review process, the valuable suggestions made to enhance this report and the significant amount of time that they have committed to the estimates hearings and consideration of the draft report. The community is well served by my colleagues active participation in the review of the Government's budget.

I commend the report for consideration and I look forward to the Government's response to the Committee's recommendations.

Clampbell

Hon. Christine Campbell, MP

Chair

EXECUTIVE SUMMARY

Chapter 1: Introduction

The passing of the Appropriation Bills by the Parliament provides the Government with the authority to raise taxes and appropriate expenditure from the Consolidated Fund for the forthcoming year. Two separate Appropriation Bills are presented to the Parliament – one relating to the operations of the Parliament and the Auditor-General and other relating to general government activities.

The Appropriation Bills relating to 2004-05 were passed by Parliament on 27 May 2004 (*Appropriation (Parliament 2004-05) Act 2004*) and 10 June 2004 (*Appropriation (2004-05) Act 2004*) and provided for expenditure of \$23,426 million.

Accompanying the introduction of the Appropriation Bills in Parliament are the Budget Papers. The Budget Papers cover the application of additional funds to support service delivery and capital that do not require approval by the Parliament on an annual basis. These additional funds include amounts that are appropriated by Parliament on an ongoing basis via special appropriations (\$1,477.4 million in 2004-05), revenue received by agencies that is credited to appropriations (\$1,673.8 million in 2004-05) as well as amounts carried over from the previous year (\$218.3 million).

There is no reconciliation in the Budget Papers between the Government's aggregated revenues and expenses of around \$28 billion with the value of appropriations subject to parliamentary approval.

To assist the Parliament to have a more effective oversight of the activities of the Government, the Public Accounts and Estimates Committee has been delegated the responsibility of undertaking a detailed review of the budget estimates and revenues contained in the Budget Papers and presenting a report to the Parliament.

The Public Accounts and Estimates Committee's analysis of the budget estimates aims to:

- facilitate a greater understanding of the budget estimates;
- assist the Parliament and the community of Victoria to assess the achievement of the planned budget outcomes against actual performance;
- constructively contribute to the quality and the presentation of the budget information; and
- enable more effective monitoring of the performance of departments and agencies.

The 2004-05 Budget Estimates were subjected to 55 hours of scrutiny by the Committee at public hearings held with the Premier, each Minister and the Presiding Officers of the Victorian Parliament during the period May to June 2004.

This report is based on discussions at the estimates hearings as well as information contained in a range of documents including the Budget Papers, departmental responses to the Committee's budget estimates questionnaire, reports of the Auditor-General, departmental and portfolio agency annual reports and other public documents. Departments also provided specific information in response to questions taken on notice at the estimates hearings or issues subsequently raised by the Committee.

While the Committee's report on the budget estimates is not tabled in Parliament until after the Appropriation Bills are passed by Parliament and assented to by the Governor, the Committee believes that the detailed review of the budget estimates significantly enhances the transparency of the Government's proposed revenue raising and spending activities and strengthens accountability to the Parliament and the community.

The Committee believes that these arrangements can be strengthened and intends to outline how the estimates process can be further improved in a report on the management and control of parliamentary appropriations which will be tabled next year.

Chapter 2: Responses to the Committee's recommendations

Government responses to two of the Committee's budget estimates reports were tabled in Parliament during the past year. The Committee's report on the 2002-03 Budget was tabled in June 2003 because of delays associated with the state election in October 2002.

Of the 81 recommendations contained in the Committee's *Report on the 2003-2004 Budget Estimates*, 48 were accepted, 16 were accepted in part; nine were accepted/agreed to in principle, three are still under review and five were rejected.

In several cases, the Government indicated that several recommendations were 'under review'. The Committee intends to follow-up on the status of these recommendations and report on these matters in future reports.

The Committee's *Report on the 2002-2003 Budget Estimates* included 109 recommendations. Of these, 54 were accepted, 23 were accepted in part; 14 were accepted/agreed to in principle, eight were under review; 10 were rejected.

The Committee believes that in several instances where its recommendations were rejected by the Government, that further action should be taken to address concerns raised by the Committee.

Chapter 3: Budget Overview

As was the case with previous budgets, the 2004-05 Budget is framed around the Government's financial management policy to provide a sound and stable financial basis from which growth can be promoted across the whole state. Under this policy, the Government has set five short-term and five long-term financial objectives. The financial objectives for 2004-05 were identical to the objectives for 2003-04 which include an objective of maintaining an operating surplus of at least \$100 million each financial year.

The Government's financial management policy was reviewed by the international ratings agency Standard and Poor's in July 2004 when it confirmed Victoria's AAA credit rating. The agency also noted that, under Commonwealth-State financial arrangements, Victoria received less than the average per capita grant from the Commonwealth Government. The Committee was pleased that in March 2004 at the Ministerial Council for Commonwealth-State Financial Relations meeting a majority of states and territories, with the support of the Commonwealth Government, agreed to a review of some aspects of the grants system.

The Treasurer's budget speech indicated that growth in the Victorian economy was expected to be 3.25 per cent in 2003-04 and 2004-05. This growth result was anticipated from increased demand for Victoria's exports as the global economy improves and from increasing business investment. Housing activity is expected to slow in 2004-05, which would reduce the amount of property taxes collected.

The 2003-04 Budget initially forecast a surplus of \$245 million. The estimated actual surplus for the year was \$432.5 million.¹ The Committee noted that the estimated actual surplus for 2003-04 was arrived at after two large abnormal factors affected the surplus in opposite directions. The first of these factors was an actuarial revaluation of the State Superannuation Fund which, when coupled with the recovery in global equity markets, produced a superannuation expense result \$1,176 million lower than budgeted. The second factor was an abnormal one-off expenditure item of \$1,250 million relating to the cessation of the smelter reduction amount levy. In the absence of this latter factor, the estimated actual surplus for 2003-04 would have been in the vicinity of \$1,682 million, or \$1,437 million more than the initial surplus estimate of \$245 million. These unexpected events in 2003-04 illustrate the volatility of budget projections.

The Government anticipates an operating surplus of \$545 million in 2004-05 with revenue of \$28,984.9 million (or 4.5 per cent more than the 2003-04 estimated actual revenue). The revenue estimates take into account the Government's policy decisions to provide land tax relief, extend payroll tax to employment agencies and abolish some stamp duties while extending others. The projected increase in revenue is expected to be largely offset by a 4.3 per cent increase in expenditure to

¹ The Committee's review was based on the Government's estimate of the actual results for 2003-04. The Government released the actual results for 2003-04 on 13 October 2004

\$28,439.9 million, (compared to the 2003-04 estimated actual expenditure), leaving a margin of \$112.5 million to contribute towards the increased surplus anticipated for 2004-05.

With the re-election of the Federal Coalition Government in October 2004, the Committee draws attention to the impact on the budget estimates of the possible cessation of national competition policy payments to the states after 2006-07. Any shortfall in revenue will mean the Government will have to amend the forward estimates for future output and asset investment initiatives for 2006-07 and 2007-08.

Employee entitlements are a major component of Government expenditure. The Committee noted that according to the ratings agency, Standard and Poor's, the Government's wages policy has resulted in most major wage agreements being settled at a cost of less than 4 per cent per annum. According to the Department of Treasury and Finance's publication, *Victorian Economic News*, the wage cost index for Victorian public sector wages grew by 3.4 per cent during the year to March 2004, below the national index growth of 4.3 per cent.

The Committee considers that the Government's wages policy needs to be complemented by public sector-wide workforce planning to minimise potential labour shortages due to changing public sector demographics including the impact of retirements.

The Government anticipates capital spending of about \$10 billion over the next four years, with spending of about \$2.9 billion on infrastructure in 2004-05. The Government indicated that about 14 per cent of the total capital value of new infrastructure investment projects to commence in 2004-05 (including the Melbourne Convention Centre) will be delivered under the private public partnership arrangements. The Committee noted that the Growing Victoria infrastructure reserve, which up until 2004-05 has been designated as a source of funding for infrastructure, will be fully spent by 2005-06.

The Committee observed that general government net debt is forecast to increase from \$1.8 billion in June 2004 to \$2.6 billion by June 2008. However this debt only represents about one per cent of Gross State Product. Similarly, general government net financial liabilities are expected to increase from \$14 billion at June 2004 to \$16.4 billion in June 2008. As a share of Gross State Product, general government net financial liabilities are expected to fall from 6.8 per cent to 6.5 per cent.

The state's unfunded superannuation liability is the largest liability, and will be an estimated \$12,877.4 million in June 2005. This liability, which is influenced by investment returns on superannuation fund assets and additional contributions from the Government, is projected to peak at \$13,866.5 million in 2007, before being extinguished in 2033. This is two years earlier than originally projected by the Government.

However, with the move to adopt international financial reporting standards from 1 January 2005, unfunded superannuation liability is anticipated to be higher than is

currently projected in the budget estimates because of the change in the valuation methodology to be applied under international financial reporting standards.

Chapter 4: Review of the 2004-05 Budget Papers

The 2004-05 Budget Papers were restructured to improve the presentation of information with similar information now consolidated in the same volume. This resulted in an additional volume in this year's Budget Paper.

The information content in the 2004-05 Budget Papers was enhanced to focus on whole of government activities. This resulted in a reduced emphasis on details at the departmental level, therefore making it more difficult to assess individual departments contribution to meet the Government's desired outcomes.

The departmental information section in Budget Paper No. 3 *2004-05 Service Delivery* currently does not provide details of ministerial portfolio responsibilities and details of the respective Minister's responsibility for departmental outputs. The inclusion of this information would assist users of the Budget Papers to understand the ministerial portfolio responsibilities for departments and Minister's accountability for services and programs.

The explanation provided by departments in Budget Paper No. 3 *2004-05 Service Delivery* for discontinued outputs and performance measures, and changes to performance targets (including cost targets), varies significantly between departments. The Committee noted inconsistencies in the quality of the explanations with some departments providing comprehensive explanations, while others failed to provide any information. Without an adequate explanation, users of the Budget Papers would find it difficult to comprehend changes to departmental activities.

The printed copy of the Budget Papers contained a number of errors. While details of these amendments are available at the Victorian State Budget website, the Parliament and the Public Accounts and Estimates Committee had not formally been advised of these amendments.

Chapter 5: Parliamentary Departments

The Parliamentary Departments' budget allocation for 2004-05 was \$93.4 million, compared to the actual results for 2003-04 of \$89.8 million, and resulted in a variation of \$3.6 million, or 4 per cent.

Based on estimates at 1 July 2004, unspent 2003-04 funding of \$1.8 million was carried over to 2004-05. The Parliamentary Committees had an estimated carry over of \$200,000 from 2003-04 which will be applied to new inquiries. The Committee has some concerns about the funding arrangements for inquiries and believes that changes need to be made to accommodate those inquiries that are not completed within a budget year.

The number of staff employed by the Parliamentary Departments in 2004-05 is expected to remain unchanged from 2003-04. In 2004-05 an estimated 456.49 equivalent full-time staff will be employed which is inclusive of 240.93 electorate officers.

The 'One Parliament' Project introduced a new structure for the Parliamentary Departments, reducing the number of Parliamentary Departments from five to three. The new structure is intended to produce a less fragmented and more coordinated administration and improve efficiency. Parliament is now supported by the Department of Legislative Assembly, the Department of Legislative Council and the Department of Parliamentary Services.

The 2004-05 output management framework reflects the new structure, and the Parliamentary Library and the Parliamentary Debates now come under the Department of Parliamentary Services budget.

In recognition of the importance of the Parliamentary Library in supporting the work of Members of Parliament and Parliamentary Committees, it is essential that the autonomy of the Parliamentary Library is maintained under the new structure. The Committee has made a number of recommendations on this subject.

The Parliamentary Departments do not have a safety management plan for analysing the occupational health and safety environment within the parliamentary precincts.

The Parliamentary Departments are in the process of transferring to the new Victorian Public Service non-executive officer career structure. The new career structure which provides for a non-overlapping classification system, resulted in the Parliamentary Departments identifying that around 50 per cent of parliamentary staff are undertaking work at a level which is higher than their current classification.

As at 30 June 2004, the Parliamentary Departments have made significant progress in implementing the Auditor-General's recommendations from his review of the Parliament's information technology system upgrade (Parlynet 2) in 2003. However, the budgets of the Parliamentary Departments are insufficient to enable them to expeditiously implement the outstanding recommendations of the Auditor-General.

Chapter 6: Department of Education and Training

The budget allocation for the Department of Education and Training for 2004-05 was \$6,717.1 million. This is a \$349.9 million (or 5.5 percent) increase on the expected outcome for 2003-04. The increase is largely due to the cost of the capital asset charge, depreciation and employee entitlements.

At the time this report was prepared, the department was identifying funding to be carried over to 2004-05, and could not provide details to the Committee.

By 30 June 2005, the Department of Education and Training expects to control assets valued at \$10,701.4 million. This is a predicted increase of 2.2 per cent from 2003-04. The increase is mainly due to the on-going program to improve existing schools and build new schools, further investment in information technology infrastructure, and Commonwealth funded asset initiatives for schools and TAFE institutes.

On 30 June 2005, the Department of Education and Training expects to have 50,600 equivalent full-time staff, an expected increase of 320 employees (0.6 of one per cent) for the year, consisting of 260 teachers and 60 other school-based staff.

Although 97 per cent of Government schools are classified as either primary or secondary schools, the Committee was surprised to learn that the Department of Education and Training can not identify the separate funding allocated for primary and secondary schools.

The employment of casual school staff is not recorded centrally by the Department of Education and Training. The Committee is of the view that this information is essential for effective, long-term workforce planning.

While there is no teacher shortage throughout the system overall, it is hard to attract teachers to some geographic areas and for some secondary school subject areas. The Department of Education and Training is implementing initiatives to address these shortages, including offering refresher training courses to ex-teachers seeking to return to teaching, and assisting teachers in rural schools to retrain for hard-to-fill subject areas.

The 2004-05 Budget allocated \$7 million in 2004-05 to upgrade the department's human resources management system. The upgraded system will seek to centralise the management of human resources, offer users more functions and allow users to access teachers' profiles on the Internet. These changes aim to give school principals improved workforce planning tools.

Although the Department of Education and Training publishes primary level national benchmarks for numeracy and literacy, it does not have secondary level benchmarks. Therefore, the level of literacy and numeracy of Victorian secondary students cannot be compared with those of other states and territories. However, the department anticipates that national agreement on benchmarks for Year 7 reading, writing and numeracy will be reached later in 2004.

Of the approximately \$1.5 billion of departmental funds handled through trust funds in 2003-04, \$32 million was subject to administrative charges by the department. These charges totalled around \$500,000 from 19 trust accounts. As a percentage of fund expenditure, the charges ranged from 0.03 per cent (for the Student Wellbeing Drug Education general trust account) to 9.78 per cent for the Treasury Trust (Language Allowance). Charges recovered ranged from \$13 (for the Student Wellbeing Drug Education general trust account) to \$264,479 (for the Student Wellbeing – Individual School Drug Education Strategies trust account).

The Department of Education and Training plans to introduce a new funding model for schools for the 2005 school year, called the Student Resource Package. The model links funding to each school's planning, accountability and performance management mechanisms. The 2004-05 Budget provides funding for 250 more teachers under the new model. Before implementing the new arrangements, the department indicated it consulted extensively with, and provided training for, stakeholders, principals, business managers and regional office staff.

The 2004-05 Budget allocated \$1.5 million in 2004-05 to pilot a student relationship management information system in several schools. The system aims to track the progress and achievement of students across the whole system and to provide students, parents and schools with useful information about each student's progress and wellbeing.

Although about \$1.1 billion has been allocated for Training and Further Education in 2004-05, there are no performance indicators for employer satisfaction in the Budget Papers. To gauge employer satisfaction with the quality of TAFE's apprentice and trainee training, the department uses the results of the Australian National Training Authority's three yearly survey of employer satisfaction. Because the last survey was conducted in 2001, the department believes these results are unsuitable for inclusion in the Budget Papers.

The Commonwealth Government allocated 2,349 additional university places to Victoria for the 2005-2008 period, 9.4 per cent of the total additional places allocated nationally.

The details of a certified wages agreement between the Australian Education Union (Victoria) and the Department of Education and Training were not factored into the 2004-05 Budget Estimates because the agreement was reached too late for the financial consequences to be incorporated into the 2004-05 Budget Papers.

Chapter 7: Department of Human Services

The Department of Human Services' budget allocation for 2004-05 is \$9,888.3 million. This is an increase of \$774.1 million (8.5 per cent) on the expected outcome for 2003-04.

In an environment where the Government considers that Commonwealth funding relating to hospitals, home and community care and public housing has not kept pace with increases in demand and costs, the Department of Human Services indicated that it faces many challenges including:

- increased demand for services, resulting from the increasing and ageing population and from new treatment technologies;
- the need to ensure the health system's financial sustainability;
- the need for a skilled and flexible workforce;

- the requirement to modernise ageing infrastructure; and
- the importance of shifting the focus of services towards prevention and early intervention.

The Committee was informed of the following in relation to Commonwealth funding to Victoria:

- the Minister for Health stated that Victoria was more closely aligned to a fifty-fifty funding arrangement in 1999 than it is today, with the Commonwealth now contributing only 68 cents for every \$1 contributed by Victoria;
- the Minister for Health also informed the Committee that under the 2003-08 Health Care Agreement, Victoria will receive \$350 million less than it would have if the level of indexation provided in the previous agreement had continued;
- the Minister for Aged Care gave evidence that Commonwealth expenditure on aged care services per older person is lower in Victoria than in any other Australian states or territories;
- the Minister for Aged Care advised that the Commonwealth's offer of funding towards the Home and Community Care (HACC) Program, based on an indexation rate of 2.1 per cent, does not meet the expected growth in demand for services of 3.9 per cent;
- the Minister for Aged Care advised that the unmatched Victorian Government contribution to the HACC program in 2004-05 is expected to be \$61.7 million;
- the Minister for Housing indicated that the Victorian Government will contribute \$96.1 million more towards public housing funding in 2004-05 than the matching requirements of the funding agreement with the Commonwealth; and
- the department will need to work closely with the Commonwealth to obtain adequate funding when the extension to the Supported Accommodation Assistance Program Agreement is negotiated, given that demand for, and the cost of, providing short-term housing assistance through the program has increased in recent years and there is considerable unmet demand.

Information released by the Government for 2003-04, which for the first time lists the Williamstown, Mercy and Werribee hospitals, illustrates the gap between demand and the level of service provided by the public hospital system. During the June quarter, more patients waited for elective surgery, and more people waited for more than 12 hours in an emergency department for a hospital bed, than in the previous quarter, or than a year ago.

There were also more patients waiting for semi-urgent elective surgery beyond the ideal time of 90 days.²

Turning to the financial viability of public hospitals, the Committee was also concerned with the Auditor-General's finding of a further deterioration in the financial position of public hospitals. At 30 June 2003, 15 hospitals showed signs of financial difficulties with a further 22 hospitals having unfavourable results.

Despite these pressures, since the introduction of the Government's Hospital Demand Management Strategy, the deterioration in the incidence of hospital bypass and the percentages of emergency department patients being treated within ideal times has been reversed or stabilised.

The Committee acknowledges the 2004-05 Budget's initiative of \$333.2 million in 2004-05 and a total of \$1,600 million over four years of extra demand management funding. This will allow 35,000 more hospital patients and 50,000 more emergency department patients to be treated, and aims to secure the financial sustainability of the hospital system. The Committee also acknowledges the Government's funding of another 100 general practitioners to work part-time in community health services.

While the Committee noted that there is a good deal of available quantitative data about the performance of the acute health system, it also found that a broader range of performance information is needed about the quality of patient care in the Victorian public hospital system.

The Committee was disappointed to learn that the waiting times for restorative dental care and dentures will again exceed targets. This situation has not improved despite the introduction of the Dental Workforce Planning Project and extra funding of \$21 million over four years in last year's budget. It is therefore encouraging to see that the 2004-05 budget provides further funding of \$24.6 million (\$97.2 million over four years) to expand public dental health services.

The Community Services portfolio's main priorities for disability services are to invest more in home and community based living, and to support people with a disability and their families earlier in their lives. The 2004-05 Budget provided an extra \$65.9 million in 2004-05 for disability services. This included funding to assist carers, and enable people with disabilities and older frail people to live more independently in the community (\$10.8 million in 2004-05 and \$27.1 million over four years to 2007-08).

² To analyse these trends in the appropriate context, it is important to note that over the last five years, waiting list surgery capacity has increased by 8.2 per cent or an additional 10,000 elective surgery operations and that Victorian hospitals continue to treat all urgent cases (Category One) within the ideal treatment time, that is, within 30 days. (Source: Information supplied by the Department of Human Services on 29 October 2004)

The Committee noted, however, that in April 2004 there were 1,161 people with a disability urgently waiting for shared supported accommodation. A person with a disability has to wait, on average, nearly three years for shared supported accommodation. This level of unmet need, particularly for urgent cases, needs Government attention.

The 2004-05 budget funded a wide range of community care initiatives including the continuation of the Integrated Strategy on Child Protection. New diversion and prevention services will be piloted as part of this strategy. The budget also provided \$4.9 million in 2004-05 (\$24.6 million over four years to 2007-08) to expand child protection projects that focus on early intervention and prevention of child abuse.

The Committee noted that an additional \$5 million was provided for 2004-05 (\$20.6 million over four years to 2007-08) to support foster carers. It was also encouraging to see an average 7.5 per cent drop in child abuse notifications across the family support innovation project areas. However, the foreshadowed 36,900 child abuse notifications in Victoria for 2004-05 highlights an on-going and very serious community problem, one that continues to place Victoria's child protection system under pressure.

The Committee believes that every effort needs to be made to address the issues contained in the *Victorian Child Death Review Committee's Annual Report of Inquiries into Child Deaths - Child Protection 2004*, particularly in relation to practice matters such as premature closure of cases.

Private-for-profit and religious organisations are the main providers of aged residential care services in Victoria, providing 37.1 per cent and 22.4 per cent of places respectively. The Victorian Government provides 15 per cent of residential places compared to the national average of 6.7 per cent of places provided directly by state governments. The Victorian Government is also a significant provider of services, especially in rural Victoria. This means that the state budget carries higher aged care costs than other Australian jurisdictions. Although Victoria has a higher share of places provided by the Government than other states, it also has the lowest number of operational aged care beds (except for the Australian Capital Territory) per thousand people aged 70 and over. Funding per capita for residential and community care in 2002-03 was \$2,863 or approximately \$166 below the national average of \$3,029.

Evidence was given to the Committee that in 2003-04, people in need of a place in an aged care facility occupied an estimated 192,000 bed days in public hospitals, at an estimated cost of up to \$140 million.

Although the most recent Commonwealth budget includes funding for 6,555 new aged care places over three years, the Minister for Aged Care advised the Committee of ongoing concerns about the long-term sustainability of aged care funding in Victoria. The Minister indicated that concerns about the viability of investment in nursing homes under the Commonwealth's current structural and financial arrangements were

contributing to delays in providing new aged care facilities, as were delays in planning approvals (particularly in regional areas of Victoria). A recent national review of pricing arrangements for residential aged care facilities made several recommendations about the Commonwealth strengthening the financial viability of the aged care system.

The Committee noted that extra funding of \$40 million has been made available in 2004-05 by redirecting payments made by the Office of Housing to the Consolidated Fund to repay debt. This funding will provide 270 homes for lower-income Victorians.

Chapter 8: Department of Infrastructure

The Department of Infrastructure's budget allocation for 2004-05 is \$3,062.9 million. This is a \$48.1 million (or 1.5 per cent) decrease on the expected outcome for 2003-04.

The Minister for Transport told the Committee that the Victorian Government considers Victoria does not receive a fair share of road funding from the Commonwealth Government. Victorian motorists pay 25 per cent of fuel taxes collected nationally, but Victoria only receives 15 per cent of total Federal Government road funding.

The Committee noted that the Commonwealth's recently released AusLink land and transport plan provides funding for the Geelong Bypass, the Calder Highway, the Deer Park Bypass and the Leakes Road interchange. Victoria's share of funding for the proposed AusLink national network includes \$421.5 million allocated over the next five years towards the Scoresby Freeway, as long as the Victorian Government reverses its decision to impose tolls. This is in addition to \$23.5 million already contributed by the Commonwealth for pre-construction works.

The Committee understands the Victorian Government is continuing to negotiate with the Commonwealth to secure more national road funding for Victoria.

The Government's Regional Fast Rail Project, announced in September 2000, aims to provide high quality and faster rail services between Melbourne and Ballarat, Bendigo, Geelong and the Latrobe Valley. The Committee noted that the estimated total construction costs were currently \$616.8 million. Thirty-eight new trains will progressively come into service from mid 2005 and will be able to travel at up to 160km/hour.

The Minister for Transport assured the Committee that the Government will not meet any claims for delays caused by contractors to the Regional Fast Rail Project, and also advised that as at 31 May 2004, \$29 million (excluding GST) had been certified to pay contractors for approved claims and variations. The Minister would not, however, disclose the nature and amount of claims for delays lodged by two contractors on the

grounds that this information was commercial in confidence and that disclosure could compromise the Government's negotiations.

The Committee wanted to know why offsetting savings of \$25.2 million in relation to the Regional Fast Rail Project would now, according to the 2004-05 Budget Papers, not be realised. The Minister for Transport advised that the National Express Group was originally expected to upgrade the tracks before services started. However, the company withdrew from Victorian rail operations in December 2002 and the upgrading work was not undertaken. Consequently, the Government had to include provision for \$25.2 million in the budget for this unexpected development.

The 2004-05 Budget includes the provision of \$1.1 billion over five years commencing 2003-04 to 2007-08 (\$245.6 million for 2003-04 and \$225.2 million in 2004-05) for the additional costs of the new rail partnerships with Connex and Yarra Trams for the operation of Melbourne's suburban train and tram networks. The Government advised that, in contrast to previous unsustainable contracts that resulted in the withdrawal of National Express from its franchises in December 2002, these agreements use more conservative passenger growth and cost assumptions.

The Government did not conduct a competitive tendering process before deciding to enter into the partnership arrangements with Connex and Yarra Trams in February 2004. The Committee understands that the Auditor-General is reviewing the management of aspects of the public transport franchising arrangements. The Committee intends to review aspects of the new rail partnerships as part of its report on the 2003-04 budget outcomes.

The Committee also inquired about why the expected cost for country/interstate rail was over budget by \$28.9 million in 2003-04 (\$162.8 million, compared to a target of \$133.9 million). The Minister for Transport advised the Committee that, of the three passenger services formerly operated by National Express, V/Line was losing the most amount of money during that period. The Minister advised that the extra funds were needed to meet the costs of providing the country/interstate rail services.

The Government's Telecommunications Purchasing and Management Strategy (TPAMS) was developed in 2002-03. While projects under this strategy are on schedule to be delivered within the initial budget of \$47.7 million, they will not be completed until 2005-06 (originally 2003-04). This is because the consultation, design, specification, tendering and negotiating processes were more complex than expected.

The Minister for Information and Communication Technology advised the Committee that broadband services are too expensive, and were not available for many Victorians in regional and rural areas. Most unmet demand for broadband services is predicted to increase rapidly from 36,120 (18,835 households and 17,285 businesses) in 2003 to 68,762 by 2007. It is expected that unmet demand in the more remote areas will continue to rise until 2008. The Minister advised the Committee of several initiatives to meet demand for broadband services.

Chapter 9: Department of Innovation, Industry and Regional Development

The budget allocation for the Department of Innovation, Industry and Regional Development for 2004-05 was \$349 million. This is a \$47.3 million (or 11.9 per cent) decrease on the expected outcome for 2003-04. This decrease is largely due to the decision to align Science, Technology and Innovation (STI) grants payments to the budget estimates from which they are payable.

In 2004-05 about \$52 million (as at 31 May 2004) will be carried over for the Innovation portfolio from 2003-04. Most of this is grant monies and funds to be released after specified milestones are met. An estimated \$21.5 million will be carried over for the State and Regional Development portfolio and will be applied mainly to trade fairs and missions, the Agenda for New Manufacturing Initiative and the Bushfire Recovery Program. About \$1.3 million will be carried over for the Small Business portfolio.

The budget allocation for the Small Business portfolio for 2004-05 was \$14.6 million. This is a large (75.9 per cent) increase on the expected outcome for 2003-04. Despite this substantial increase, there are no new performance measures for the Small Business portfolio and 14 measures included in the 2003-04 Budget Papers have lapsed.

There are few performance measures to assess the success or quality of manufacturing and export activities. Mostly, they record whether or not activities have occurred. The department advised that the nature of export programs is such that quantitative results often take time to be achieved. The results are obtained by follow-up surveys.

Between August 1999 and May 2004, the number of Victorians employed in manufacturing industries increased by 14,000 to 341,400. This occurred despite increasing competitive pressures from tariff cuts and globalisation. To minimise future skill shortages in manufacturing industries, the department implemented the Careers in Manufacturing Strategy and intends to establish a Manufacturing Skills and Training Taskforce.

In 2004-05 the Financial Services Industry portfolio will implement *Investing in Victoria's Future*, an action plan for the financial services industry. Despite introducing a range of new initiatives for the financial services industry, the department developed only two new performance measures. The Committee noted that the 2004-05 Budget Papers do not contain details of the funding for most of the initiatives.

The Government expects the proposed Melbourne Convention Centre to attract international and domestic conventions to Melbourne and result in delegate spending of \$3.3 billion over 25 years (which will increase Gross State Product by \$5 billion over 25 years). The total construction cost of the main convention centre buildings is

expected to be \$367 million, and \$24 million is expected to be spent in 2004-05. The City of Melbourne is expected to make a \$43 million contribution to the project, which is planned to be undertaken as a public private partnership project under Partnerships Victoria. Expressions of interest will be called for in late 2004, with the centre due for completion by 2008.

The new low cost Qantas owned domestic airline Jetstar commenced flights from Avalon Airport near Geelong in May 2004. The Government expects that 1,000 Victorians will be employed directly by Jetstar in the next few years and about 3,000 jobs indirectly created. The Government is not financially supporting Avalon Airport but Tourism Victoria has provided outdoor signage welcoming visitors to Victoria. Tourism Victoria and Jetstar have a joint marketing plan to increase tourist visits to Melbourne, Geelong and the Great Ocean Road through flights into Avalon Airport. A Jetstar Tourism Task Force has been established with representatives of Tourism Victoria, Jetstar, Geelong Otway Tourism and the City of Geelong.

Chapter 10: Department of Justice

The budget allocation for the Department of Justice in 2004-05 is \$2,409.4 million. This is an increase of \$210.2 million (or 9.6 per cent) from the expected outcome for 2003-04. Almost 50 per cent of the additional funding is for Victoria Police to implement its five year strategic plan.

The department's 2004-05 Budget includes \$8.5 million carried over from the previous year. Of this, the largest single item is \$2.5 million for the Home Detention Program. Other funding carried over includes delayed payments of \$1.6 million for the Integrated Courts Management System, \$950,000 to develop the asset confiscation computer system, \$440,000 to implement amendments to the Confiscation Act and \$600,000 to implement the Wotjabaluk native title agreement.

Expenditure on capital projects in 2004-05 is expected to result in a \$292.6 million increase in the value of net assets controlled by the Department of Justice. The major asset investment projects currently being managed by the department are the Prison Expansion Program, the new metropolitan mobile radio network for emergency services and the construction and upgrade of courts and police stations.

When preparing the 2004-05 estimates, the department forecasts changes to demand for its services, feedback from community surveys, new policy implementation requirements and funding for new programs. The department expects 9 per cent more calls for assistance with personal and public safety matters, 4.9 per cent more early offenders moved away from the criminal justice system into counselling programs, 7.4 per cent more matters heard by the Children's Court and 6.1 per cent more infringements processed by the PERIN court.

In 2004-05 the number of staff employed by the Department of Justice is expected to increase by more than 570 with over 400 new staff expected to be employed at two new prisons. Victoria Police expects that the number of sworn police officers

(including police recruits) will increase by 205 during 2004-05. To meet the Government's target of 10,900 sworn police officers by November 2006, Victoria Police will need to employ a further 192 sworn officers.

The Attorney-General recently released the department's ten year strategic plan to modernise the legal system. The plan includes a work program for the next five years. When fully implemented, the Attorney-General expects that the changes foreshadowed in the plan will greatly improve the efficiency and effectiveness of Victoria's legal and courts systems.

Current legislation does not authorise the Auditor-General to audit the administrative and financial systems and processes of the Courts. For some time, the Department of Treasury and Finance and the Auditor-General's Office have supported the development of a protocol with the Courts to enable the Auditor-General restricted access. A final protocol has yet to be adopted and the matter is being considered by the Courts Consultative Council. The Committee believes that this matter needs to be finalised.

The annual reports of the Courts are usually made public later than those of other public sector agencies, which are subject to different reporting arrangements. Improving the timeliness of the Courts' annual reporting will enhance the transparency and accountability of their administrative and financial operations.

Since the release of the 2004-05 Budget, the Government has provided further funding to the Office of Public Prosecutions of \$3.5 million for the next three years (an increase of 13.2 per cent). This is to implement an asset confiscation regime and to meet increased workloads as a result of investigations by Victoria Police into organised crime. In October 2004, the Premier announced a further \$6.64 million for the Office of Public Prosecutions to support major criminal trials.

Victoria Police has extended its current information technology outsourcing contract so that its information technology needs are met while the new contract is re-tendered. The Department of Justice and Victoria Police have strengthened their governance arrangements to oversight the tender. The department has also assured the Committee that its project plan for the re-tendering has a contingency in relation to timing so that any necessary transitional arrangements can take place before the contract extension expires in February 2005.

An estimated \$194 million in revenue was foregone in 2003-04, due to issues with fixed road safety cameras. An estimated \$20.2 million will be foregone in 2004-05. Measures taken to restore public confidence in speed cameras, include bringing together previously fragmented responsibilities for speed camera operations and progressively implementing a system that provides a second camera image. This allows the first camera reading to be verified.

In January 2004 Victoria Police launched its five year strategic plan, for which the 2004-05 Budget allocated an extra \$112.2 million over four years. The plan sets the

following four performance measures and, in some cases, targets for Victoria Police over the life of the plan:

- reduce crime by 5 per cent over the period;
- reduce the road toll and the incidence of road trauma in line with the Government's *arrive alive!* 2002-2007 road safety strategy;
- increase levels of community perceptions of safety; and
- increase levels of customer satisfaction.

The Committee noted that the plan does not include targets for levels of community perceptions of safety and customer satisfaction. Nor are these targets set in Victoria Police's 2004-05 business plan. As a result, it will be difficult to assess Victoria Police's performance against these measures.

Extra funding of \$14.4 million over four years has been provided to the Victoria Police Forensic Department. This is to employ an additional 46 staff over the next two years to meet increased demand for deoxyribo nucleic acid (DNA) testing. Their work should assist the justice system by producing better evidence to solve crimes and reducing delays to court proceedings.

Prisoner rehabilitation programs appear to have had positive effects in recent years. The number of people re-entering the corrections or community corrections system within two years of being released has declined over the past two years, after having risen in the three years to 2000-01.

The Department of Justice is currently managing two new prison projects. The prisons are being financed, designed and constructed by the private sector and maintained for 25 years. The net present value of the two facilities is \$275 million, with the department to pay a monthly service charge which will commence on commercial acceptance of the prisons. The estimated service charge in 2006-07 (the full first year in which both prisons will operate) is expected to be \$25.8 million.

Efforts by Consumer Affairs Victoria to increase awareness and protection of consumer rights for Indigenous Victorians have significantly increased the number of contacts between Indigenous consumers and Consumer Affairs Victoria. Consumer Affairs Victoria has conducted education and information activities, and its Indigenous Consumers Unit is working with other agencies to improve services for Indigenous Victorians.

In implementing the new service delivery model for consumer services, the Committee believes that it is important for Consumer Affairs Victoria to develop performance information to evaluate the system and identify areas for improvement. The Committee believes that this should cover issues relating to the accessibility of services and the quality of information (including accuracy, service standards and relevance) provided to consumers, especially those considered to be vulnerable. Such

an evaluation should also consider community satisfaction with the manner and quality of information delivered under the new model.

The Australian racing industry has grown to be heavily dependent on revenue from off-course totalizator wagering, with an estimated more than 70 per cent of its total revenue derived from wagering. The ongoing integrity and viability of the racing industry in Victoria is under threat from off shore and cross border betting activities. Without a unified national approach, it will be very difficult to control.

Chapter 11: Department of Premier and Cabinet

The budget allocation for the Department of Premier and Cabinet for 2004-05 is \$432.3 million. This is a \$39.6 million or a 10.1 per cent increase on the expected outcome for 2003-04. Most of the increase relates to: the Arts portfolio; the establishment in 2004 of the Office of Information and Communication Technology; and additional resources for the Office of the Ombudsman.

The department has carried over \$41 million from 2003-04 representing \$35.4 million for net asset additions due to the State Library Redevelopment Project and \$5.6 million for goods and services.

New arrangements for whole of government oversight of Information and Communication Technology (ICT) have been established. A Cabinet Sub-Committee has been created to increase the emphasis on ICT, and the Office of Information and Communication Technology has been created within the department to implement the Government's Standard Corporate ICT Infrastructure Strategy. The Committee considers that performance measures are needed to measure and report on potential savings under the strategy. As a high priority, guidance standards for project design and management of ICT systems development are needed to avoid a repetition of problems recently experienced by some public sector IT projects.

Visits to the state's cultural facilities have been increasing since 2002-03 with visitor targets for 2004-05 estimated at \$8.9 million. The 2004-05 Budget provides \$7.7 million over two years to develop patronage across the state.

Revised arrangements have been developed for executive remuneration. Reporting by departments in their annual reports of outcomes of executive remuneration reviews should ensure revised arrangements are being met. The Committee believes that a review of processes used by departments to assess exceptional or substantial performance as the basis of payment of executive performance bonuses is needed to ensure fairness and consistency across departments.

The Committee noted that \$35.5 million was provided over four years in the 2004-05 Budget to implement initiatives associated with the Government's arts policy released in May 2003. Comprehensive performance reporting is needed to ensure accountability and transparency of expenditures under this policy.

Chapter 12: Department of Primary Industries

The Department of Primary Industries budget allocation in 2004-05 is \$342.9 million, representing a \$900,000 or 0.3 per cent decrease from the revised 2003-04 budget allocation. The 2004-05 Budget includes carry over funding of \$30.3 million to meet contractual obligations, initiatives commenced later than expected in 2003-04 and capital projects.

The department's internal audit reviewed its performance measurement processes in 2003 and found that 98 per cent of the 67 performance measures reviewed had appropriate collection systems. The Committee considers that the process of utilising internal audit to provide an assurance that the department had appropriate processes and systems to collect and report performance information to major stakeholders had scope for wider application throughout budget sector agencies.

During the estimates hearing the Committee was interested in discussing with the Minister for Agriculture the organisational arrangements and funding for managing the department's research and development function. The Committee was advised that Primary Industries Research Victoria, a division within the department, draws together the majority of the department's scientific research and development capability. Funding is provided by a variety of sources comprising the State Government, rural industry research corporations that include a Commonwealth component and industry and commercial sources. Total research project funding in 2003-04 amounted to \$122 million, with the State Government contributing \$61.7 million.

An area of particular interest to the Committee, not only with regard to agriculture but also across other budget sector agencies, related to the development of intellectual property from commercial activities and the processes in place to ensure the state's interests were maximised. The Committee learnt that returns on intellectual property generated by the department covered items such as the growing of canola, whereby 70 per cent of canola varieties grown in Australia were bred by the department. In comparison with total research funding of \$122 million, the Committee believes there is scope for the department to expand its commercial operations given that royalty income, generated on behalf of the department and joint equity holders from patents and plant breeders rights for 2002-03 and 2003-04, amounted to only \$1.81 million and \$1.78 million respectively.

Given the diverse range of projects and magnitude of funds involved in the department's agricultural research program, the Committee has recommended that an annual research report card be prepared.

The Minister informed the Committee that, in terms of progress achieved in the important area of export development, provided drought recovery continues and the dollar remains stable, the Government believes the target for food and fibre exports of \$12 billion by 2010 is achievable. Initiatives directed at trade development work, regulatory activity, research and development and extension activities will, according to the Minister, provide a framework to make Victorian industries more competitive

and expand export markets. Key activities brought to the Committee's attention, which the Minister indicated were demonstrating successful outcomes, included The International Market Development Program, The Naturally Victorian Initiative, The Opening Doors Export Plan and The Next Generation Food Strategy.

The Committee was advised that, in the event that there is no review of access arrangements, which according to the Minister for Agriculture cannot be guaranteed, Victorian agriculture is likely to be only a modest net beneficiary of the Free Trade Agreement between the United States and Australia and the increase in Gross State Product from agriculture has been recently estimated in economic modelling work for the Commonwealth at \$11.5 million. After the Free Trade Agreement has been in operation for a sufficient period of time, the Committee considers it would be in the state's interest for the Government to conduct and publish an assessment of the Agreement's total impact on all relevant industries, including the Victorian agriculture sector.

The Committee concluded from its enquiries that the audit, administration and reporting framework that applies to the Recreational Fishing Licensing Trust Account is of a high standard and should serve as a model of accountability for other significant trust accounts within the public sector. With a revenue budget of \$4.2 million for 2004-05, strong features of the model include:

- the establishment of a fisheries revenue allocation committee, comprising representative stakeholders, to provide advice to the Minister on the disbursement of funds; and
- tabling in October each year of a report audited by the Auditor-General on the receipts and disbursements from the trust account.

The Committee noted that Victorian exploration in minerals, gas and oil is reaching record levels with approximately \$400 million in exploration undertaken over the past two years and projects to an approximate value of between \$8 billion and \$10 billion to be generated over the next ten years. Up to \$63 million was spent in 2002-03 by the oil and gas industry on goods and services purchased from businesses located in rural Victoria.

During the estimates hearing the Committee became aware that a major challenge for the Resources portfolio is the request by International Power Hazelwood to gain access to an additional 92 million tonnes of new coal deposits. According to articles in the media, negotiations between the Government and Hazelwood have extended over more than a year. The greenhouse gas emission levels to which Hazelwood would have to commit, before approval would be granted by the Government, is the main issue that needs to be resolved between the parties. The Committee understands that the Government is calling for the installation of new technology capable of reducing greenhouse gas emissions by 30 million tonnes of carbon dioxide between 2009 and 2031 in return for a mining permit. The Minister for Resources informed the Committee that the same formula used in the Brown Coal Tender is to be applied in prescribing the emission targets to be met. If an agreement is not reached, existing

coal resources at Hazelwood will be exhausted by 2009 and the Government would have to make decisions regarding alternative power sources. The Committee has recommended that any variations from the requirements of the Brown Coal Tender, enabling the Hazelwood power station to have access to new coal fields, be fully disclosed in the department's annual report.

Chapter 13: Department of Sustainability and Environment

The budget allocation for the Department of Sustainability and Environment for 2004-05 is \$864.1 million. This is a \$97.8 million (or 10.2 per cent) decrease on the expected outcome for 2003-04. The decrease was largely due to variations in carry over funding, finalisation of bushfire recovery funding and completion of the *Our Forests Our Future* and *Pride of Place* initiatives.

The 2004-05 Budget includes \$10.8 million carried over from the previous year. This will be applied to the Victorian Greenhouse Strategy, bushfire recovery activities, the Natural Heritage Trust, the National Action Plan for Salinity and Water Quality Initiatives.

At 30 June 2005, the Department of Sustainability and Environment expects to control assets valued at \$3,627.6 million. This is a predicted increase of 1.4 per cent from the anticipated result in 2003-04 and is attributable mainly to the revaluation of roads.

On 30 June 2005, the department expects to have 2,388 equivalent full-time staff, an increase of 40 (1.7 per cent) for the year. The extra staff will be employed to suppress and manage fires.

The 2003-04 Budget allocated \$1.5 million to develop and implement a Sustainability Strategy. The strategy aims to apply best practice environmental management techniques to the water and energy industries, and to urban development and land management. However, it is unlikely that a draft sustainability strategy will be available for public comment until 30 June 2005. The Committee noted that there are no performance measures in the 2004-05 Budget Papers for the quality or timeliness of this strategy.

The major water reform package, *Our Water, Our Future: Securing Our Water Future Together*, is expected to raise \$225 million over four years through the Water Authorities. The Government has announced it will use these funds for water conservation and to maintain and upgrade water infrastructure.

In 2003, the Government announced funding of \$10 million over four years to provide rebates to households that are 'water smart' in their gardens and homes. The Water Smart Gardens and Home Rebate Scheme encourages Victorians to buy water saving appliances. The Committee noted the take-up had resulted in an estimated total water saving of 772 megalitres a year.

The department is working with the Department of Primary Industries and Department of Human Services on initiatives to reduce the impact of the drought on farms, businesses, industries and households.

With regard to performance monitoring of Catchment Management Authorities, the Department of Sustainability and Environment advised the Committee that it is difficult to develop performance indicators in the natural resource management sector because objectives are diverse, interconnected and often long-term. However, the department has issued Catchment Management Authorities with guidelines for performance monitoring and the development of performance indicators.

The Government allocated \$3.1 million for *Better Decisions Faster*, which seeks to reduce by up to 50 per cent the time taken for planning decisions to be made. This will fund activities to report regular permit activity, ensure pre-lodgement certification in all councils, reduce referral requirements and respond to pressure on the Planning List by providing additional funds. As the implementation costs of Melbourne 2030 were detailed in documents submitted to Cabinet during the preparation of the strategy, the Minister for Planning advised that these costs are Cabinet-in-Confidence and not available to the Committee. The department did not explain why disclosure of these costs would be harmful to the commercial or other interests of the state, or why disclosure would be contrary to the public interest.

Chapter 14: Department of Treasury and Finance

The budget allocation for the Department of Treasury and Finance in 2004-05 is \$185.7 million. This is a \$10.3 million (or 5.9 per cent) increase on the expected outcome for 2003-04. The increase is largely due to the new Victorian Competition and Efficiency Commission, established in 2004, and to increased costs of services such as strategic policy advice and financial management services.

The department's 2004-05 operating result is forecast to be a deficit of \$7.3 million, compared with a estimated actual deficit for 2003-04 of \$18 million. The improvement in the deficit is mainly due to the reassignment of vehicle leasing depreciation and interest and amortisation costs to user departments under revised vehicle leasing arrangements that were established in February 2004. The department's administered revenues and expenses are substantial, each in excess of \$20 billion. The department's administered liabilities are expected to increase by \$1 billion in 2004-05, following the discontinuation of the smelter reduction amount and the subsequent indemnity provided to the State Electricity Commission of Victoria for liabilities due under electricity supply arrangements with aluminium smelters at Point Henry and Portland.

The relativities recommended by the Commonwealth Grants Commission for the allocation of GST revenue in 2004-05 will result in a subsidy by Victoria to most other states and territories estimated at \$1.73 billion based on estimated GST raised and distributed to each state. As a result of a Victorian Government initiative, some aspects of the methodology used by the Commonwealth Grants Commission to

distribute GST revenue will be reviewed nationally. Anomalies continue to exist regarding the distribution of Special Purpose Payment grants on a per capita basis.

The 2004-05 Budget provided \$1.5 million for training and development to prepare public sector agencies to adopt the Australian equivalents of the International Financial Reporting Standards from 1 January 2005.

The Financial Management Compliance Framework came into effect on 1 July 2003. The framework governs compliance by Victorian public sector agencies with the Minister for Finance's standing directions, to ensure that the Minister's obligations to the Parliament to responsibly manage public resources are adequately discharged. It is expected that a report on the framework's first year of operation will be made by December 2004. Public reporting on the departmental outcomes for compliance with the framework should be undertaken annually in the public interest. Access to the Government's Financial Management Knowledge Centre data base, which stores an electronic copy of the Financial Management Compliance Framework, should be made publicly accessible to allow access by persons interested in the financial management of the state.

Under arrangements revised in 2004, the department's VicFleet unit will assume responsibility for managing all the Government's vehicles. This will centralise fleet management and transfer ownership and associated risks to departments and other vehicle users so they can monitor fleet costs more effectively.

The Victorian WorkCover Authority's external actuary projected that full funding for the scheme will be reached by December 2005. With the 10 per cent reduction in the average premium rate, full funding is projected to be achieved by June 2006.

The Committee was advised that farm related fatalities represent a disproportionately large share of workplace fatalities in Victoria. In the first six months of 2004, the Victorian WorkCover Authority recorded 12 fatalities in the agriculture sector. While action is being taken to attempt to improve farm safety, WorkSafe Victoria performance information needs to be improved so the outcomes of the measures implemented can be assessed.

Chapter 15: Department for Victorian Communities

The budget allocation for the Department for Victorian Communities for 2004-05 is \$441.2 million. This is a \$109.3 million increase (or 32.9 per cent) on the 2003-04 expected outcome. The increase was largely due to higher expenditure on Commonwealth Games related projects.

The 2004-05 Budget includes \$29.6 million of funding for Commonwealth Games projects carried over from the previous year. This funding was for the Athletes' Village (\$8.3 million) and the redevelopment of the Melbourne Sports and Aquatic Centre (\$21.3 million).

At 30 June 2005, the department expects to control assets valued at \$369.3 million, an increase of 10.6 per cent from the anticipated result in 2003-04. This is due to an increase of \$49.7 million in the value of property, plant and equipment, which is partly offset by a decrease of \$12.5 million in the department's holdings of cash and other financial assets.

On 30 June 2005, the department expects to have 625 equivalent full-time staff, an increase of 36 employees (6.1 per cent). Although the number of executive officers increased by five in 2003-04, the department does not expect further increases in the number of these positions in 2004-05.

To improve the administration of grants, the department established a central grants administration unit and developed an electronic grants management system, which also provides public information about grants. Asset initiative funding of \$5.2 million over two years was provided to develop this system. The department believes that by streamlining grants administration, the system will improve productivity by 5 per cent.

In 2003-04, the Jobs for Young People program was underspent by \$2.5 million, because the timing of payments to local governments did not match their budget cycle. As a consequence, the target for this initiative, 275 young people starting apprenticeships or traineeships in 2003-04, was not met with only 175 expected to start in 2003-04.

The Premier has directed that every department report yearly on its cultural diversity, women, youth and Indigenous affairs activities. Reports should include, among other things, a performance assessment based on quantitative and qualitative performance measures. Reporting of activities for young people should align with the themes of the 2002 report *Respect: The Government's Vision for Young People*. In 2004, the Office of Youth issued a whole of government report, *Young Victorians @ the Centre*. Although it was intended to report progress in achieving milestones established in 2002, it did not actually report progress for most milestones.

A whole of government cultural diversity report, *Whole of Government Report, Victorian Office of Multicultural Affairs*, was released in 2004. It consolidated information provided by departments in their annual reports to improve opportunities and services for ethnic communities in 2002-03. However, it contained almost no quantitative information and, as a result, did not allow the reader to assess what had been achieved in the Multicultural Affairs portfolio.

Whole of government reporting for activities for women should be aligned to the four main themes in *Valuing Victoria's Women: Forward Plan 2000-03*. In 2004, the *Gaining Ground for Victoria's Women* report was released. This report sets out the Government's achievements against the plan's commitments, new initiatives not envisaged in the plan, and performance measures. The report addressed most of the performance measures for three of the plan's four themes. Several extra performance measures were also developed and reported against. For most key issues, reporting allowed an adequate assessment of the outcomes achieved.

The Women's Safety Strategy aims to reduce the level and fear of violence against women. The strategy has 53 initiatives. The key mechanisms to implement the strategy are three statewide steering committees that are co-chaired by the Office of Women's Policy and Victoria Police. In 2002, \$5.6 million was allocated to implement the strategy, with \$5 million of this amount to be allocated over three years.

In November 2003, the Premier launched the Action Agenda for Work and Family Balance, a whole of government approach to improve work and family balance. Over two years, the agenda proposes to increase awareness of work and family balance issues; promote the adoption of family friendly work policies and practices in Victorian workplaces; and to work with businesses, employees, unions and the community to encourage innovative policies and practices that help employees reconcile work and family commitments. However, the performance measures for the agenda need to be improved to allow an assessment of outcomes.

The department did not meet its target in 2003-04 to table an annual whole of government report on Indigenous affairs. The first whole of government report on Indigenous affairs was released in October 2002. It summarised the Government's policy initiatives, the challenges ahead and some of the key outcomes experienced by Indigenous people, compared to non-Indigenous people.

The 2004-05 Budget included additional funding of \$8.5 million over four years to build and upgrade libraries in outer metropolitan growth corridors and rural Victoria. Councils will also contribute in some instances. Of the total, \$4.5 million was allocated to the *Living Libraries* initiative to build and upgrade libraries, and \$4 million contributed towards expected increases in costs and population growth.

The department evaluates the economic and social impact of major events, to ensure that the benefits of hosting these events match expectations. However, these evaluations are generally not publicly available, so the Parliament and the community cannot scrutinise the data used or the assumptions made in reaching conclusions about the anticipated economic value and social benefits.

The Commonwealth Games Capital Works Program is being funded by the Department for Victorian Communities and the Department of Infrastructure, as well as other sources. The budget allocation in 2004-05 was \$121.1 million. The department expects that all Commonwealth Games related projects will be completed on time.

RECOMMENDATIONS

The Committee recommends that:

Chapter 2 – Government’s Responses to previous Budget Estimates Reports

Recommendation 1: **The Parliamentary Departments adopt a recruitment policy that is consistent with the requirements applicable to the broader Victorian public service.**

Page 93

Recommendation 2: **The Department of Education and Training clarify the accountability arrangements of the Minister for Education and Training and the Minister for Education Services for outputs in the Department of Education and Training, including defining ‘overall responsibility’ for the education and training portfolio.**

Page 95

Recommendation 3: **The Department of Education and Training provide a consolidated statement in its annual report of expenditure on school capital projects and maintenance programs that separately identifies budgeted and actual expenditure directed to the construction of new schools, upgrades, modernisation and maintenance programs.**

Page 96

Recommendation 4: **The Department of Education and Training include in the Training and Further Education output an additional quality performance measure relating to the percentage of apprentices/trainees that qualify for the completion bonus.**

Page 97

Recommendation 5: **The Department of Innovation, Industry and Regional Development include in its annual report a statement that identifies the allocation of responsibility for outputs with a shared ministerial responsibility.**

Page 99

Recommendation 6: **The Victorian Government Purchasing Board include in the revised guidelines for the disclosure of information on the contracts publishing system the requirement that summary information on the key performance indicators on which contract payments are based, be disclosed.**

Page 101

Recommendation 7: **The Department of Human Services examine the information that is available from the new monitoring system for public housing maintenance and develop appropriate performance measures to assess the timeliness and quality of works undertaken by the Office of Housing.**

Page 106

Recommendation 8: **The Department for Victorian Communities develop and report performance measures that reflect its efforts to improve the quality and timeliness of local government financial and performance reports to auditors.**

Page 108

Recommendation 9: **The Department of Sustainability and Environment ensure that its annual report contains appropriate information on the outcomes achieved from funds allocated to the operations of the Joint Government Enterprise, in a manner that will complement existing reporting arrangements for this organisation.**

Page 110

Recommendation 10: In their annual reports, the Transport Accident Commission and the Victorian WorkCover Authority make clear links between expectations of performance, as expressed in planning documents, and actual performance.

Page 113

Chapter 3 – Budget Overview

Recommendation 11: The Government include in the Budget Papers a table summarising fixed asset purchases by departments.

Page 134

Recommendation 12: The Department of Treasury and Finance publish as soon as possible, and prior to the first use of international financial reporting standards in budget papers or annual reports, estimates of the effects of those standards on budget sector estimates and outcomes.

Page 137

Chapter 4 – Review of the Budget Papers

Recommendation 13: The Treasurer table in the Parliament an erratum slip notifying any changes to the information contained in the Budget Papers and provide a copy to the Public Accounts and Estimates Committee.

Page 140

Recommendation 14: The Department of Treasury and Finance include a Budget guide in future Budget Papers.

Page 145

Recommendation 15: The Department of Treasury and Finance direct all departments to explain the discontinuation of outputs and performance measures as detailed in Budget Paper No. 3 *Service Delivery*.

Page 145

Recommendation 16: **The Department of Treasury and Finance require each department to include a narrative on the following issues in the departmental output statements, including:**

- (a) a summary of the departmental objectives linked to the Government's outcomes;**
- (b) the key factors which influenced the formulation of the departmental budget; and**
- (c) the department's key priorities for the budget year.**

Page 150

Recommendation 17: **The Department of Treasury and Finance require each department to include in the departmental output statements, information on the relevant ministerial portfolios for each department.**

Page 152

Recommendation 18: **The Department of Treasury and Finance require each department to indicate in the departmental output statements, the Minister responsible for each of the department's outputs.**

Page 152

Recommendation 19: **The Department of Treasury and Finance require each department to include in the departmental output statements, an output group summary table.**

Page 153

Recommendation 20: **The Department of Treasury and Finance include in the departmental output statements for each department, comprehensive explanations for significant variances in performance measures and targets, along with any major changes in output costs.**

Page 154

Recommendation 21: The Department of Treasury and Finance require each department to include in the commentary in the departmental financial statements section of Budget Paper No. 4 *Statement of Finances*, a list of agencies that were included in the departmental financial statements along with their contribution to departmental outputs.

Page 155

Chapter 5 – Parliamentary Departments

Recommendation 22: The Parliamentary Departments develop a safety management plan linked to the occupational health and safety objectives of their corporate plan.

Page 160

Recommendation 23: The Presiding Officers ensure that the funding approved for carry over for the output group Parliamentary Investigatory Committees also be applied towards the cost of inquiries that were not completed within a financial year and consequently have to report at a later stage.

Page 169

Recommendation 24: The autonomy of the Parliamentary Library be retained under the Department of Parliamentary Services and that a protocol formalising this independence be signed by the Presiding Officers.

Page 175

Recommendation 25: The autonomy of the Parliamentary Library be reinforced through amendments to the terms of reference for the Library Committee.

Page 175

Recommendation 26: The resources and services to be provided to the Parliamentary Library in the amalgamated department be specified in an annual agreement between the Secretary of the Department of the Parliamentary Services and the Parliamentary Librarian, and approved by the Presiding Officers following consideration by the Library Committee.

Page 175

Recommendation 27: The Parliamentary Library and Parliamentary Debates continue to produce detailed information for inclusion in the annual report of the Department of Parliamentary Services in order that Members of Parliament can determine whether business plans and performance measures are achieved.

Page 176

Recommendation 28: The Parliamentary Library and Parliamentary Debates continue to produce detailed information for inclusion in the annual business plan.

Page 176

Recommendation 29: The Presiding Officers provide an opportunity for all Members of Parliament to be consulted on proposed changes to the *Parliamentary Officers Act 1975*.

Page 177

Recommendation 30: The Presiding Officers establish Steering Committees to guide future research projects to ensure that the Parliament receives value for money from these projects.

Page 178

Recommendation 31: **The Presiding Officers make representations to the Government for additional funding to enable the implementation of the Auditor-General’s outstanding recommendations relating to the Parliament’s information technology upgrade (Parlynet 2).**

Page 179

Chapter 6 – Department of Education and Training

Recommendation 32: **The Department of Education and Training include in the Budget Papers and its annual report the amount of funding separately allocated to:**

(a) primary schools; and

(b) secondary schools.

Page 185

Recommendation 33: **The Department of Education and Training develop a centralised human resources management system that records the employment and cost of casual staff and identifies trends.**

Page 193

Recommendation 34: **The Department of Education and Training address all outstanding issues identified in the department’s 2002 business case for upgrading the human resources management system.**

Page 195

Recommendation 35: **The Department of Education and Training work with other education bodies in Victoria and other states and territories to develop and publish national benchmarks for numeracy and literacy for secondary school year levels.**

Page 199

- Recommendation 36:** **The Department of Education and Training:**
- (a) provide an estimate of the cost of unmet maintenance needs in government schools in its annual report; and**
 - (b) develop appropriate transition arrangements to ensure that schools previously identified as having urgent maintenance needs under the previous funding model are not disadvantaged under the new maintenance arrangements.**

Page 201

- Recommendation 37:** **The Department of Education and Training include in its annual report details of the method used to calculate the savings in maintenance derived by expending funds on capital works.**

Page 202

- Recommendation 38:** **With respect to the allocation of school capital funding, the Department of Education and Training include the following information in its annual report:**

- (a) the method used by regional offices to establish the priority list of schools in their region;**
- (b) the process used by the department in determining the merits of each school's capital needs based on the regional lists; and**
- (c) the amount of capital allocation for each school.**

Page 202

- Recommendation 39:** **The Department of Education and Training publish in its annual report:**
- (a) the method used to calculate the administrative charge on trust accounts;**
 - (b) the aggregate administrative charges levied on departmental trust accounts; and**
 - (c) the balance of funds held in trust accounts at the end of the financial year.**
- Page 205*
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- Recommendation 40:** **The Department of Education and Training ensure the training programs and support to be provided to schools in readiness for the new resource allocation model (Student Resource Package) are evaluated after the first full year of implementation in order to determine their effectiveness.**
- Page 206*
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- Recommendation 41:** **In relation to the new student relationship management information system, the Department of Education and Training ensure that:**
- (a) adequate funding for the pilot and subsequent evaluation is provided to allow key objectives of the system to be tested; and**
 - (b) privacy issues with respect to individual student’s information are adequately addressed.**
- Page 207*
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- Recommendation 42:** **The Department of Education and Training collect, analyse and report in the Budget Papers, indicators of employer satisfaction with the training and education courses provided by the Vocational Education and Training sector.**
- Page 210*

Recommendation 43: **The Department of Education and Training include in its annual report an assessment of its performance in improving employer satisfaction with Vocational Education and Training outcomes comparative to other states.**

Page 210

Recommendation 44: **The Department of Education and Training urge the Commonwealth Government to review the allocation mechanism for university funding in an attempt to achieve a more equitable national approach to education.**

Page 212

Recommendation 45: **With respect to any change in definition of performance measures from one budget year to the next, the Department of Education and Training identify any changes in the Budget Papers so that meaningful year-on-year comparisons of performance indicators can be made.**

Page 214

Chapter 7 – Department of Human Services

Recommendation 46: **The Department of Treasury and Finance provide guidance to the Department of Human Services' major portfolio agencies with developing a more comprehensive reporting framework that allows for consistent reporting of occupational health and safety outcomes by each agency.**

Page 235

Recommendation 47: **The Department of Human Services continue to monitor the effectiveness of the Hospital Demand Management Strategy, in conjunction with research into further options to meet the demand for services in public hospitals.**

Page 250

- Recommendation 48:** The Department of Human Services ensure that a sufficient number of health professionals are recruited into the public health system to complement the initiatives introduced to address the demand pressures.
- Page 250*
- Recommendation 49:** To enable an informed assessment to be made of the quality of health services delivered by Victoria's public hospital system, that can also be further utilised for budget deliberations, the range of performance measures contained in the Budget Papers be expanded to include areas currently reported by individual public health services such as infection control, medication errors, falls and pressure wound prevention and management and continuity of care.
- Page 251*
- Recommendation 50:** The Department of Human Services:
- (a) develop performance measures and targets to assess the effectiveness of the hospital sustainability initiatives. This performance information should be based on key financial indicators that relate to operating results, net cash flows and the working capital position of hospitals at year end.
 - (b) undertake a sector-wide analysis of this information and include details in the department's annual report, along with a commentary on the measures taken to address emerging financial shortfalls.
- Page 253*
- Recommendation 51:** The Department of Human Services monitor the ongoing adequacy of funding for paediatric services to ensure that funding provided under the case-mix formula remains equitable in comparison to the actual costs incurred.
- Page 256*

Recommendation 52: **In terms of workforce planning, the Department of Human Services ensure that effective arrangements are in place for planning and managing the supply of, and demand for, public dentists and associated support staff in order that services are provided where they are most needed.**
Page 259

Recommendation 53: **The Department of Human Services, in conjunction with the Department for Victorian Communities, develop more appropriate performance measures to monitor the effectiveness of obesity and diabetes prevention strategies.**
Page 261

Recommendation 54: **The Department of Human Services:**

- (a) in relation to people with disabilities develop a strategy to specifically address the increasing backlog of unmet critical need for home and community based living options; and**
- (b) give consideration to:**
 - (i) creating incentives for a greater involvement by the non-government sector in service provision;**
 - (ii) investigating innovative home living options to provide alternative housing; and**
 - (iii) actively seeking further funding from the Commonwealth Government for residential disability care in order to alleviate waiting times.**

Page 269

Recommendation 55:**The Department of Human Services:**

- (a) expand the performance measures in the Budget Papers that relate to accommodation support services provided to groups of clients in community based settings to reflect, not only the quantity of clients in shared supported accommodation, but also the wider choices and support provided under the accommodation umbrella; and**
- (b) give consideration to developing a performance measure linked to waiting times for urgent supported accommodation of a critical nature.**

*Page 270***Recommendation 56:**

- (a) The 2005-06 Budget Papers disclose summary details of the operations of the Disability Housing Trust, the apportionment to capital over the next three years and financial details concerning partnership arrangements between Government and the non-government and private sectors outlining funding allocations, obligations and returns on investment; and**
- (b) The Department of Human Services' 2004-05 annual report disclose full particulars of the Disability Housing Trust, including, when fully operational, the effectiveness of the Disability Housing Trust in reducing the number of individuals with a disability recorded in the Service Needs Register as in urgent need of supported accommodation.**

Page 271

- Recommendation 57:** **With regard to the implementation of the Companion Card Program for people with a disability, the Department of Human Services:**
- (a) encourage more organisations to become involved in the program e.g. across local government bodies and tourism organisations; and**
 - (b) acknowledge the participation of those bodies involved in the program in its annual report.**
- Page 272*
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- Recommendation 58:** **To enable effective monitoring of expenditure from the Community Services Investment Fund, information concerning the activities of the Fund be disclosed in the annual report of the Department of Human Services.**
- Page 273*
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- Recommendation 59:** **The Department of Human Services continue to monitor, and evaluate after 12 months operation, the effectiveness of key funding initiatives announced in the 2004-05 Budget dealing with child protection and placement.**
- Page 274*
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- Recommendation 60:** **The Department of Human Services keep under review the risk factors and outcomes of those cases where investigations into child protection services have not commenced within 14 calendar days of notification and were subsequently substantiated.**
- Page 276*
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- Recommendation 61:** **The Department of Human Services take steps to address the recommendations contained in the Victorian Child Death Review Committee's *Annual Report of Inquiries into Child Deaths - Child Protection 2004*.**
- Page 278*

- Recommendation 62:** **The Department of Human Services continuously monitor the evaluative frameworks to measure the effectiveness of initiatives designed to support those children in care with disturbing and very challenging behaviours.**
Page 279
- Recommendation 63:** **The Department of Human Services develop performance indicators to measure the affect of problem gambling on communities and to assess the extent of the gambling burden across different socio-economic groups and include this information in its annual report.**
Page 280
- Recommendation 64:** **The Department of Human Services review the performance measures for the Small Rural Services output group to ensure that they provide a more balanced assessment of service delivery, including quality and timeliness of aged care services in small rural towns.**
Page 284
- Recommendation 65:** **The Department of Human Services include additional performance information alongside existing measures in the Budget Papers and in its annual report to supplement the use of ‘service units’ to allow for a more comprehensive assessment of the quantity and quality of service delivery.**
Page 286
- Recommendation 66:** **The Victorian Government bring to the attention of the Commonwealth Government the need for a renegotiated Home and Community Care Agreement to recognise the growth in demand for these services in Victoria and the additional funding above matching requirements, made by the State Government in recent years.**
Page 288

Recommendation 67: **The Department for Victorian Communities develop clearly defined performance measures to track progress against the objectives of the Positive Ageing Strategy and report against these performance measures in its annual report.**

Page 289

Recommendation 68: **Given the increased need and use of residential care for aged and frail people, the projected growth in that population and the considerable delay between approvals and building completion of aged care facilities, the Department of Human Services and the Victorian Property Group:**

- (a) assist with identifying and facilitating the sale of State Government sites that are suitable for residential aged care development;**
- (b) encourage the building of aged care facilities that cater for high and lower levels of need and respite care for people with challenging behaviour;**
- (c) collect data on the characteristics of the population choosing residential care, particularly related to choice of location, financial contribution and length of stay to assist with long-term planning for these facilities;**
- (d) regularly review the status of licences allocated in Victoria and bring to the attention of the Commonwealth Department of Health and Ageing circumstances where there do not appear to be legitimate reasons for delays in the construction of new aged care facilities within the two year period; and**
- (e) continue to make representations to the Commonwealth Government about the need for funding arrangements that will provide for on-going financial viability for existing and prospective aged care facility operators in Victoria.**

Page 294

Recommendation 69: **The Department of Human Services disclose the costs associated with the Home Ownership and Renovation Assistance output in its annual report.**
Page 298

Recommendation 70: **The Department of Treasury and Finance improve the transparency of arrangements relating to the repayment of advances by detailing a schedule of budgeted repayments by the Office of Housing over the period of the forward estimates.**
Page 303

Recommendation 71: **The Department of Human Services develop a detailed reporting framework for inclusion in its annual report that includes capital expenditure and public housing acquisitions for the previous financial year, as well as expected movements over the forward estimates period.**
Page 306

Chapter 8 – Department of Infrastructure

Recommendation 72: **The Department of Infrastructure develop a performance measure relating to customer satisfaction with country bus services and report this information in the Budget Papers.**
Page 324

Recommendation 73: **The Department of Infrastructure investigate the reasons for the delays to the Regional Fast Rail Project with a view to minimising the extent of any future contractor claims involving additional costs, which may be attributed to delays beyond the control of contractors.**
Page 329

Recommendation 74: **The Government ensure that the level of subsidy provided to V/Line is based on sound costing structures and realistic estimates of growth in patronage.**
Page 334

- Recommendation 75:** **The Department of Infrastructure ensure that future major projects involving complex environmental considerations take into account the time involved in undertaking Environmental Effects Statements.**
- Page 336*
- Recommendation 76:** **In order for the economic benefits from the channel deepening project for the Port of Melbourne to materialise in a timely manner, the Government give this project a high priority and resolve the outstanding funding arrangements as soon as practicable.**
- Page 336*
- Recommendation 77:** **The Department of Infrastructure ensure that performance measures contained in the Budget Papers to supplement project end dates, which relate to the percentage completion of projects, specify on what basis completion is being assessed.**
- Page 339*
- Recommendation 78:** **The Department of Infrastructure keep under review the project management skills of staff, supplemented with appropriate training where required, in order to ensure the state's major capital projects are delivered on time, to an appropriate standard and within budget.**
- Page 342*
- Recommendation 79:** **The Department of Infrastructure publish in its annual report a consolidated summary of expenditure of TPAMS' funds incurred by departments for the upgrade of local area networks.**
- Page 352*

Recommendation 80: The Government keep under review the level of unmet demand for broadband services, especially in the more remote areas of Victoria, in order to assess the effectiveness of the initiatives introduced by the Department of Infrastructure to address this on-going issue.

Page 354

Recommendation 81: The Department of Infrastructure, in conjunction with co-investors, develop a monitoring regime to assess the effectiveness of the Centre for Energy and Greenhouse Technologies, in terms of:

- (a) developing new sustainable energy and greenhouse gas reduction technologies; and
- (b) generating commercial returns by meeting the growing and global demand for these technologies.

Page 359

Recommendation 82: That the Department of Infrastructure give priority to ensuring that:

- (a) the continued supply of energy provided by the electricity, gas and liquid fuel industries is adequately safeguarded; and
- (b) the identification of critical energy infrastructure to be declared under the *Terrorism (Community Protection) Act 2003* and the development of risk management plans are finalised as soon as possible.

Page 361

Chapter 9 – Department of Innovation, Industry and Regional Development

Recommendation 83: The Department of Innovation, Industry and Regional Development review its internal budgeting and business planning processes to ensure that the budget for the Innovation and Policy output group reflects planned expenditure for each financial year.

Page 373

Recommendation 84: The management arrangements between the Department of Innovation, Industry and Regional Development (as the provider of the grants funding) and the grant recipients include provisions which would allow the state to participate in the benefits from the commercialisation of Government funded research activities.

Page 382

Recommendation 85: The Department of Innovation, Industry and Regional Development develop additional performance indicators for the *Make it Happen in Provincial Victoria* (Phase 2) initiative that measures the effectiveness of the:

- (a) marketing campaign in attracting people to provincial Victoria; and
- (b) provincial economic partnerships in increasing economic and investment opportunities in provincial Victoria.

Page 384

Recommendation 86: The Government develop a coordinated strategy to identify the resources and responsibilities of the various components of the public sector that can contribute towards improving the ability of the food industry to become more globally competitive.

Page 387

Recommendation 87: The Department of Innovation, Industry and Regional Development develop appropriate performance measures relating to the 2004-05 budget initiatives or extensions to programs.

Page 390

Recommendation 88: In developing the Victorian Business Master Key Initiative, the Department of Innovation, Industry and Regional Development:

- (a) consult widely with a range of agencies from all three levels of Government to ensure assistance to small business is seamless; and
- (b) include performance targets and milestones so that Government assistance to small business can be monitored and evaluated in the implementation phase.

Page 391

Recommendation 89: With respect to all major export-oriented programs, the Department of Innovation, Industry and Regional Development develop and publish indicators such as the amount of export growth associated with each program and the number of new exporters.

Page 393

Recommendation 90: In consultation with interstate industry development agencies, the Department of Innovation, Industry and Regional Development take a lead role and develop performance measures and targets that incorporate national or international benchmarks with respect to their industry development activities.

Page 394

Recommendation 91: The Department of Innovation, Industry and Regional Development develop performance targets for the Careers in Manufacturing Strategy and evaluate the success of the strategy, after an appropriate time.

Page 395

Recommendation 92: The Department of Innovation, Industry and Regional Development set timelines for the Manufacturing Skills and Training Taskforce's activities and report on its achievements.

Page 395

- Recommendation 93:** **The Department of Innovation, Industry and Regional Development in collaboration with the Department of Education and Training:**
- (a) conduct research into trends in apprenticeship numbers;**
 - (b) devise new strategies to promote apprenticeships; and**
 - (c) in light of the research, consider new incentives for employers to employ apprentices.**
- Page 396*
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- Recommendation 94:** **When announcing key initiatives, the Department of Innovation, Industry and Regional Development develop and publish key performance measures for each initiative.**
- Page 398*
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- Recommendation 95:** **Where the Department of Innovation, Industry and Regional Development allocates global funding for initiatives, it should identify in the Budget Papers the costs and timeframe associated with each initiative in order to support the Budget appropriation.**
- Page 399*
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- Recommendation 96:** **The Department of Innovation, Industry and Regional Development and Tourism Victoria develop performance indicators to measure visitor use of, and satisfaction with, tourist facilities and report these in the annual report of Tourism Victoria.**
- Page 402*
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- Recommendation 97:** **The Department of Innovation, Industry and Regional Development ensure that a risk management strategy is developed for the Melbourne Convention Centre Project to make certain that the project is effectively managed and delivered on time and within budget.**
- Page 404*

Recommendation 98: **The Department of Innovation, Industry and Regional Development monitor and report on the impact on tourism in the Geelong and Otway region following the commencement of Jetstar flights at Avalon airport.**

Page 405

Recommendation 99: **The Department of Innovation, Industry and Regional Development develop and report separate performance indicators for each major program in the Industrial Relations portfolio.**

Page 407

Chapter 10 – Department of Justice

Recommendation 100: **Victoria Police adopt a broader Occupational Health and Safety reporting framework that specifically identifies its progress in addressing its most significant areas of workers compensation claims.**

Page 424

Recommendation 101: **The Department of Justice report more broadly in its annual report on the outcomes for the consolidated quality and timeliness performance measures in the 2004–05 Budget for the department.**

Page 429

Recommendation 102: **As a matter of priority, the Department of Justice develop a framework that provides the Auditor-General with total independence to audit the administrative systems and processes of the Courts.**

Page 433

Recommendation 103: **The Department of Justice liaise with the Courts to improve the timeliness of tabling the annual reports of the Courts in Parliament, with a view to the Courts adopting the same reporting timeframe as public sector agencies.**

Page 435

- Recommendation 104:** **The Office of Public Prosecutions include in its annual report appropriate indicators to allow an assessment of the outcomes that result from the additional resources provided to the Office.**
Page 438
- Recommendation 105:** **The Office of the Public Advocate and the Department of Justice closely monitor and report in their respective annual reports on the effectiveness of strategies to manage increased guardianship caseloads, including the quantity, quality and timeliness of services provided.**
Page 440
- Recommendation 106** **Victoria Police:**
- (a) develop and report on a range of police services efficiency measures;**
 - (b) continue to work within national frameworks to develop comparable efficiency indicators for police services; and**
 - (c) include in its annual report trend data over several years along with commentary on the various crime categories.**
- Page 448*
- Recommendation 107** **Victoria Police and the Department of Justice closely monitor developments associated with tendering arrangements for information technology outsourcing to ensure that a further extension to the current contract is not required.**
Page 451
- Recommendation 108** **The Department of Justice ensure that the details of the Victoria Police IBM outsourcing contract are released in accordance with the Victorian Government Purchasing Board's policy.**
Page 451

- Recommendation 109:** Victoria Police and the Department of Justice closely monitor the implementation of the new information technology contractual arrangements, including costs, to ensure that they meet performance expectations.
- Page 452*
- Recommendation 110:** The Department of Justice report on the management and operation of speed cameras in their annual report, including the outcomes of planned maintenance and testing.
- Page 455*
- Recommendation 111:** Victoria Police and VicRoads review current frameworks for measuring the effectiveness of road safety strategies with a view to adopting a common baseline for setting targets.
- Page 457*
- Recommendation 112:** Victoria Police include in its annual report summary information, including performance measures, on the implementation of the Victoria Police Road Safety Strategy.
- Page 458*
- Recommendation 113:** Victoria Police set specific targets in its five year strategic plan for community satisfaction with police services and community perceptions of public safety, in conjunction with reporting progress indicators detailing the extent to which the targets are achieved.
- Page 461*
- Recommendation 114:** Victoria Police develop performance information for the operations of the Forensic Department and separately report on achievements in its annual report.
- Page 462*

- Recommendation 115:** **Emergency Communications Victoria include in its annual report, commentary and comparisons with similar emergency communications organisations in other Australian jurisdictions, on its call taking and dispatch time performance.**
Page 467
- Recommendation 116:** **Corrections Victoria review its forecasting models to ensure that it can optimise the capacity and distribution of temporary prison accommodation.**
Page 481
- Recommendation 117:** **Consumer Affairs Victoria report more broadly in its annual report on the outcomes of activities undertaken in relation to its areas of responsibility.**
Page 484
- Recommendation 118:** **Consumer Affairs Victoria separately report on the activities of the Indigenous Consumers Unit in its annual report, including its progress against the measures of success for the Indigenous Consumers Protection Strategy.**
Page 487
- Recommendation 119:** **Consumer Affairs Victoria develop an evaluation strategy and performance measures for the new service delivery model that can clearly identify the benefits of the new model and areas for improvement.**
Page 488

- Recommendation 120:** **The Department of Justice ensure that:**
- (a) appropriate performance measures and targets are established, which enable an assessment of the project costs, timeliness and implementation outcomes of the Gambling Research Panel or its successor; and**
 - (b) performance information is reported in the annual report of the Gambling Research Panel or its successor.**
- Page 493*
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- Recommendation 121:** **The Department of Justice:**
- (a) provide support to the Victorian racing industry in its endeavours to minimise the impact from the activities of unregulated Internet based wagering providers; and**
 - (b) explore options with other jurisdictions to control cross-border betting with a view to requiring corporate bookmakers to contribute to the racing industry.**
- Page 497*
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- Chapter 11 – Department of Premier and Cabinet**
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- Recommendation 122:** **The Department of Premier and Cabinet review the relevance of its current suite of performance indicators and include in the review benchmarking against other jurisdictions and external validation of performance measures, where possible, and report on these matters in its annual report.**
- Page 503*
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- Recommendation 123:** **The Office of the Ombudsman review its existing performance information to ensure it reflects the dimensions of the Office’s expanded role and services and enable an assessment of the outcomes.**
- Page 512*

Recommendation 124: A performance measurement and reporting framework be developed to monitor and publicly report on achievements and cost savings generated from the Standard Corporate ICT Infrastructure Strategy.

Page 516

Recommendation 125: In order to avoid the recurrence of the substantial costs and disruptions to information technology services that have arisen in the past from poorly managed IT systems design and development, the Government's Information Communications and Technology Strategy clearly define responsibilities and accountabilities for specific projects.

Page 517

Recommendation 126: Departments include in their annual reports, in a format that facilitates transparency, details of the outcomes of annual reviews of executive remuneration including:

- (a) the composition and decisions of the Departmental Remuneration Committees;
- (b) the amount of annual increase in executive remuneration pay and bonus rates and performance payments; and
- (c) a statement indicating how these costs will be met.

Page 520

Recommendation 127: The Office for Workforce Development undertake a review of departmental processes used to assess exceptional or substantial performance as the basis of payment of performance incentive payments to Executive Officers, to ensure that a consistent and fair approach is adopted across government.

Page 520

Recommendation 128: The annual report of the Department of Premier and Cabinet include a comprehensive commentary on the outcomes achieved by implementing the *Creative Arts + Arts for all Victorians* policy.

Page 524

Chapter 12 – Department of Primary Industries

Recommendation 129: The Department of Primary Industries expand the performance measures contained in the Budget Papers covering the Agriculture portfolio.

Page 534

Recommendation 130: All Government agencies, in the context of reporting accurate information on performance, utilise their internal audit capability to examine whether collection and reporting systems are reliable.

Page 535

Recommendation 131:

- (a) The Department of Primary Industries prepare an annual research report card on its agricultural research activities. This document should include a consolidation of relevant information concerning Victoria’s agricultural research and development program, and the benefits potentially available to the private sector from participation in state research activities;
- (b) A synopsis of this report be included in the Department of Primary Industries’ annual report; and
- (c) The commercialisation activities of the Department of Primary Industries relating to agricultural research activities that involve the development of intellectual property should have a greater focus on maximising financial returns to the state.

Page 539

Recommendation 132: **The Government undertake a review of the major trust accounts within the trust fund to determine whether there is scope for applying the accountability arrangements in place for the Recreational Fishing Licence Trust Account to other major trust accounts.**

Page 543

Recommendation 133: **The Government publish a report that contains an assessment of the total impact of the Free Trade Agreement between the United States and Australia on Victoria, including the agriculture portfolio, after the Agreement has been in operation for a sufficient period of time.**

Page 544

Recommendation 134: **The Department of Primary Industries monitor the costs incurred by PrimeSafe in administering the regulatory environment to ensure that the funding contributed by the seafood industry towards the seafood safety scheme are fair and reasonable.**

Page 545

Recommendation 135: **The Department of Primary Industries disclose in its annual report details of any variations from the requirements of the Brown Coal Tender, agreed to by the Government to enable the Hazelwood power station to have access to new coal fields.**

Page 554

Chapter 13 – Department of Sustainability and Environment

Recommendation 136: **When funds of \$5 million or more are re-allocated due to a change in departmental priorities, the Department of Sustainability and Environment ensure that it has systems in place to:**

- (a) be able to explain the re-allocation of funds; and**
- (b) identify the extent to which programs and activities could not be delivered or were reduced.**

Page 568

Recommendation 137: **The Department of Sustainability and Environment develop and publish annual performance measures for the Commissioner for Environmental Sustainability.**

Page 569

Recommendation 138: **When funds are allocated for the implementation of significant new Government strategies, the relevant department develop and publish appropriate performance measures for the strategy particularly relating to quality and timeliness, in order that intended outputs and outcomes are disclosed in future Budget Papers.**

Page 570

Recommendation 139: **The Department of Sustainability and Environment, as part of the performance review project, develop a system of monitoring, evaluation and reporting of the effects of prescribed burning in relation to environmental outcomes such as conservation of flora and fauna and water quality.**

Page 571

- Recommendation 140:** **The Department of Sustainability and Environment ensure that all changes to performance indicators between budgets are appropriately documented in the Budget Papers and in its annual report.**
- Page 576*
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- Recommendation 141:** **The Department of Sustainability and Environment:**
- (a) develop and report performance indicators to monitor the progress of initiatives announced in *Our Water, Our Future: Securing Our Water Future Together*;**
 - (b) develop and report financial indicators that indicate whether the funds raised by water authorities are expended on water conservation measures or are used to maintain and upgrade water infrastructure; and**
 - (c) monitor the impact of the water conservation initiatives against long-term projections for water consumption.**
- Page 578*
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- Recommendation 142:** **The Department of Sustainability and Environment ensure that each Catchment Management Authority:**
- (a) develop appropriate financial and non-financial performance indicators;**
 - (b) include these indicators in each Authority's planning documents and annual report; and**
 - (c) is annually assessed against these pre-established performance indicators.**
- Page 583*

- Recommendation 143:** **The Department of Sustainability and Environment:**
- (a) work in consultation with local government to develop performance indicators to measure the progress of the implementation of *Better Decisions Faster*, including the average time taken for planning decisions; and**
 - (b) publish these indicators in the department’s annual report.**
- Page 588*
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- Recommendation 144:** **The Department of Sustainability and Environment closely monitor the performance of the Victorian Online Titles System, for example through client satisfaction surveys, to ensure that the advantages of the electronic system are realised.**
- Page 590*
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- Recommendation 145:** **The Government, when considering the withholding of information on the grounds of Cabinet-in-Confidence, should observe the general principle that information should be made public unless there is a justifiable reason not to do so.**
- Page 591*
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- Recommendation 146:** **The Department of Sustainability and Environment structure the public submissions process to allow maximum information to be made public while taking account of privacy considerations, including compliance with the Information Privacy Act 2000, and ensure the administration of the system is as simple as possible.**
- Page 592*

Recommendation 147: **The Department of Sustainability and Environment, as soon as practicable, develop and report performance indicators to establish benchmarks and measure the performance of Melbourne 2030 Activity Centres.**

Page 593

Chapter 14 – Department of Treasury and Finance

Recommendation 148: **The Department of Treasury and Finance provide an explanation for significant differences between targeted and expected performance in the Budget Papers.**

Page 602

Recommendation 149: **The Government review the specific purpose payment arrangements and continue discussions with the Commonwealth Government to seek the best possible equity and transparency in funding provided from this source.**

Page 618

Recommendation 150: **The Treasurer and the Department of Treasury and Finance develop formal protocols with the Victorian Competition and Efficiency Commission relating to staffing, resourcing and reporting arrangements.**

Page 622

Recommendation 151: **The Department of Treasury and Finance ensure departments provide details in the annual reports on the progress made with adopting the International Financial Reporting Standards, and highlighting the major changes and potential impact of the new arrangements.**

Page 627

- Recommendation 152:** **The Department of Treasury and Finance provide for the Financial Management Compliance Framework website to be accessible by the public.**
Page 629
- Recommendation 153:** **The Department of Treasury and Finance ensure public reporting on compliance and certification outcomes generated annually under the Financial Compliance Management Framework.**
Page 631
- Recommendation 154:** **The Department of Treasury and Finance:**
- (a) develop performance indicators to assess the efficiency and effectiveness of whole of government vehicle fleet operations under the revised leasing arrangements; and**
 - (b) include in its annual report details of achievements against those indicators.**
- Page 632*
- Recommendation 155:** **The Government Superannuation Office:**
- (a) provide greater disclosure of component items of administrative expenses in its financial reports; and**
 - (b) include in its annual report the results of benchmarking studies showing comparative costs and service delivery outcomes of the State Superannuation Fund relative to other similar funds.**
- Page 635*
- Recommendation 156:** **WorkSafe Victoria revise its business planning framework relating to the farm safety strategies to ensure the framework includes performance measures that reflect the effectiveness of educational, informational and compliance activities undertaken to improve farm safety outcomes as well as clearly defined injury and fatality measures.**
Page 643

Recommendation 157: **The Department of Treasury and Finance, the Transport Accident Commission and the Victorian WorkCover Authority ensure that future AFL sponsorship arrangements do not limit their capacity to publicly disclose the cost of these arrangements.**

Page 645

Chapter 15 – Department for Victorian Communities

Recommendation 158: **The Department for Victorian Communities develop and report performance indicators to measure progress on the following initiatives:**

- (a) Indigenous Community Capacity Building Program;**
- (b) implementation of shared services arrangements with other departments and other providers; and**
- (c) development of an electronic grant management system.**

Page 658

Recommendation 159: **The Department for Victorian Communities develop and report performance measures for the Jobs for Young People Program and Community Regional Industry Skills Program that will provide sufficient information to adequately assess outcomes.**

Page 666

Recommendation 160: **The Department for Victorian Communities develop and report performance measures in its annual report that demonstrate the outcomes of the Government’s employment and training initiatives in addressing skill shortages and assisting disadvantaged groups find work in metropolitan and regional areas.**

Page 667

Recommendation 161: **The Department for Victorian Communities develop and report in its annual report performance measures that demonstrate the outcomes from the Jobs for Victoria initiatives.**
Page 669

Recommendation 162: **The Department for Victorian Communities and the Office for Youth develop and report performance measures for youth programs that provide sufficient information to adequately assess the outcomes.**
Page 671

Recommendation 163: **The Department for Victorian Communities and the Office for Youth ensure that reports that measure the milestones specified in the Respect: The Government’s Vision for Young People document contain indicators that are:**

- (a) comprehensive, such that progress against all milestones is reported or an explanation provided (for example, the milestone is no longer relevant due to change in policy direction);**
- (b) reported over a consistent time period, with the base period corresponding to the implementation date; and**
- (c) quantifiable.**

Page 674

Recommendation 164: **As a matter of priority, the Department for Victorian Communities and the Office for Youth upgrade the Youth website to make it more interactive, informative and user friendly to the target audience.**
Page 675

Recommendation 165: **The Department for Victorian Communities and the Victorian Office of Multicultural Affairs develop and report performance measures that provide sufficient information to adequately assess the outcomes achieved of programs such as:**

- (a) Victorian Multicultural Commission Community Grants Program;**
- (b) Skilled Migration Strategy;**
- (c) Language Services Projects; and**
- (d) other programs funded out of the Multicultural Affairs output.**

Page 677

Recommendation 166: **The Department for Victorian Communities and Victorian Office of Multicultural Affairs consider revising the *Whole of Government Report*, by:**

- (a) developing outcomes based on the four ‘principles’ as well as establishing appropriate and quantifiable performance indicators; and**
- (b) ensuring that other departments provide information that supports the new performance management framework.**

Page 680

Recommendation 167: **The Department for Victorian Communities and the Office of Women’s Policy work collaboratively with other agencies to:**

- (a) develop performance measures for:**
 - (i) consultation with women, media portrayal of women, and information and awareness; and**
 - (ii) work and family responsibilities and economic independence.**
- (b) ensure the performance information allows for meaningful comparisons over time.**

Page 683

- Recommendation 168:** **The Department for Victorian Communities and Office of Women’s Policy publish in the department’s annual report a list of individual programs within the Women’s Safety Strategy, showing the:**
- (a) agency responsible for implementation;**
 - (b) funding allocation in each year;**
 - (c) progress of the strategy and main achievements; and**
 - (d) output measures to assess the outcomes.**
- Page 686*
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- Recommendation 169:** **The Department for Victorian Communities and the Office of Women’s Policy ensure that the report card on the Work and Family Balance Strategy:**
- (a) include relevant and appropriate performance measures and targets to assess the achievement of stated outcomes; and**
 - (b) is used as a basis for on-going reporting.**
- Page 687*
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- Recommendation 170:** **The Department for Victorian Communities ensure that where adjustments are made to targets set in previous years, appropriate notes are included in the Budget Papers to inform readers that this has occurred.**
- Page 690*
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- Recommendation 171:** **The Department for Victorian Communities finalise its Annual Aboriginal Affairs Report as soon as possible and publicly release the document.**
- Page 692*

Recommendation 172: **Aboriginal Affairs Victoria review the whole of government reporting guidelines for Indigenous affairs with a view to ensuring that departments report on their progress against the key outcomes identified in the Victorian Government’s Indigenous Affairs Report November 1999 – October 2002.**

Page 693

Recommendation 173: **Aboriginal Affairs Victoria review the whole of government reporting guidelines for Indigenous affairs with a view to ensuring that departments report on their progress in implementing the Victorian public sector Indigenous employment strategy, since its commencement in July 2002.**

Page 695

Recommendation 174: **The Department for Victorian Communities:**

- (a) continue to measure the economic benefits associated with hosting major events; and**
- (b) publicly release all studies commissioned to determine the economic impact of major events in Victoria.**

Page 709

Recommendation 175: **The Department for Victorian Communities develop appropriate performance measures for the Sport and Recreation Sector Development output to assess the contribution of the output towards building cohesive communities.**

Page 710

Recommendation 176: **The Government include in the Budget Papers details of any further quantifiable and non-quantifiable liabilities associated with Commonwealth Games related projects, in particular the nature of the types of potential liabilities that the Government faces such as further guarantees made and legal action pending.**
Page 717

Recommendation 177: **The Department for Victorian Communities include in its annual report for 2004-05, 2005-06 and 2006-07, a reconciliation of expenditure and revenue for that year in a format consistent with the Government's whole of Games funding commitments.**
Page 723

