

CHAPTER 1: INTRODUCTION

1.1 Background

All moneys the government receives from taxes, imposts, rates, duties and other revenues (such as royalties) are paid into the Consolidated Fund. Each year, the government introduces appropriation bills into Parliament, so authority can be given to spend money from the Consolidated Fund.

On 6 May 2008, the government introduced two appropriation bills: the *Appropriation (2008/09) Bill* and the *Appropriation (Parliament 2008/09) Bill*, into Parliament. These bills, when passed, will enable the government and the Parliament respectively to deliver planned services and embark on new asset investments during 2008-09.

The appropriation bills seek parliamentary authority to draw an amount of \$31,258.3 million from the Consolidated Fund in 2008-09 for government purposes and \$93.4 million for the funding of Parliament's activities.

1.1.1 Budget estimates

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

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

The budget estimates also deal with the application of funds that do not require annual parliamentary authority such as special appropriations, \$2,287.3 million; where there is continuing authority derived from specific legislation, agency revenue credited to appropriations, \$2,093.7 million; and prior year appropriations, \$539.8 million, carried over to the budget year.

The 2008-09 Budget Estimates identify that the government expects total income from transactions of around \$37,810.0 million and total expenditure from transactions of \$36,982.4 million. In addition, substantial infrastructure investment is forecast to continue, with a projected net investment of \$4.0 billion in 2008-09.

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

The Public Accounts and Estimates Committee is responsible for undertaking a review of the budget estimates including revenues contained in the budget papers. This review assists Parliament to more effectively scrutinise the activities of government.

This part of the report summarises key matters raised and responded to by ministers for each of the first 16 hearings held up to 16 May 2008. The Hansard record of the hearings is attached at Appendix 1, as the Committee wishes to ensure it is available as soon as possible to inform debate on the budget in the Parliament.

Part two of the report will be presented to the Parliament on the remaining 25 hearings soon after their completion. It will include an index of key matters raised at the remaining 25 budget estimates hearings to 3 June 2008 and a list of further information to be provided and questions on notice for each portfolio.

Part three of the report will contain information relating to responses received to questions taken on notice and further information provided by Ministers; additional information sought by the Committee on departmental responses to the 2008-09 budget estimates questionnaire; and analysis, key findings and recommendations relating to the 2008-09 budget estimates.

The principal intention of the Committee, in presenting early reports to Parliament on the 2008-09 Budget Estimates, is to assist Members of Parliament in their consideration of the appropriation bills and, in turn, to enrich the Parliament's debate on the bills.

1.2.1 Departmental budget estimates questionnaire

Prior to the budget estimates hearings, the Committee sends a questionnaire to each department and the parliamentary departments to obtain information on the likely impact of the budget on their operations and future strategic directions. For the 2008-09 Budget Estimates questionnaire, the Committee focused on the following issues:

- departmental assumptions and performance measures;
- asset funding;
- efficiencies and savings;
- demographic factors;
- economic impacts, initiatives and improvement;
- environmental challenges;
- financial information;
- regional and rural considerations;
- communication, advertising and promotion;
- non government sector;
- revenue initiatives/departmental income;
- fees, fines, concessions and subsidies;
- staffing matters.

Responses received from departments are reproduced in Appendix 3 of this report.

1.2.2 Acknowledgment

The Committee is grateful to the Premier, ministers, Presiding Officers and their accompanying staff for their assistance at the budget estimates hearings held to date.

Ministers also during the hearings or at the end of each session agreed to provide further information or took questions on notice. The report also reproduces responses received from departments to the Committee's 2008-09 budget estimates questionnaire.

1.2.3 *General*

The cost of this inquiry was approximately \$18,450.00.

CHAPTER 2: PARLIAMENTARY DEPARTMENTS

2.1 Introduction

The Committee received evidence from the Hon. Robert Smith, President of the Legislative Council and the Hon. Jenny Lindell, Speaker of the Legislative Assembly, on 15 May 2008. The Presiding Officers provided an overview of the Parliamentary departments at the start of the hearing, assisted by Ray Purdey, Clerk, Legislative Assembly; Wayne Tunnecliffe, Clerk, Legislative Council; and Stephen O’Kane, Secretary, Department of Parliamentary Services. The Committee thanks the Presiding Officers and accompanying officers for their attendance and assistance.

2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the budget estimates proceedings are also accessible on the Committee’s website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 2.5) are available on the Committee’s website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page references refer to the transcript in Appendix 1):

Funding and financial management issues

- reconciliation of the Parliamentary Departments’ output budget for 2008-09 with figures in the Appropriation Bill (p.3);
- subsidies and/or concessions managed within the Parliamentary Departments (p.3);
- funding for select, standing committees and Legislation Committee of the Legislative Council (pp.3-4 and pp. 10-11);
- recommendations in the Committee’s report to Parliament on Strengthening Government and Parliamentary Accountability in Victoria (p.6); and
- redevelopment of the kitchen and potential for its commercial operations (pp.13-14).

Current and planned improvement initiatives for systems and infrastructure in 2008-09

- environmental management system (p.6);
- disability accessibility standards for electorate offices (pp.7-8);
- Parliament Heritage Asset Management Strategy (p.8);
- deployment of wireless broadband service to Members (pp.8-9);
- security infrastructure within the Parliamentary Precinct (pp.9-10);
- Parliamentary Precinct Master Plan (pp.11-12); and

- Legislative Assembly Practice Manual (LAPRAC) publishing, questions on notice database and electronic distribution (pp.12-13).

Other issues

- Electorate Officers' Enterprise Bargaining Agreement (pp.6-7);
- inquiry relating to meeting Melbourne's water supply requirements (p.12); and
- disposal of redundant laptops of Members (p.14).

2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Presiding Officers to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

2.5 Documents tabled at the budget estimates hearing

The Presiding Officers provided a joint introductory slide presentation at the budget estimates hearing. The slides, and an additional document tabled at the hearing reconciling the Parliamentary Departments' output budget for 2008-09 with figures in the Appropriation Bill, are available on the Committee's website

CHAPTER 3: DEPARTMENT OF EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

Review of portfolios

3.1 Education portfolio

3.1.1 *Introduction*

The Committee received evidence from the Hon. Bronwyn Pike, Minister for Education, on 14 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Professor Peter Dawkins, Secretary; Mr Jeff Rosewarne, Deputy Secretary, Office of Resources and Coordination; and Mr Tony Cook, Deputy Secretary, Office of Planning, Strategy and Coordination, all from the Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.1.2 *General comments*

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1, for transcript of proceedings). Transcripts of the budget estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 3.1.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

3.1.3 *Key matters raised at the budget estimates hearing*

Key matters raised included the following (page reference refers to the transcript in Appendix 1):

Revenue foregone, subsidies and concessions addressed in budget

- outline of the revenue foregone, specific subsidies and concessions in the portfolio and any changes to these from prior years (pp. 4 – 5).

Performance measures

- discontinued performance measures on class sizes for years 3-6 and years 7-10 (pp. 27 – 28).

Operational funding arrangements for schools

- school reform resourcing package (pp. 7 – 8);
- funding for Catholic teachers (p. 10);
- equity-based funding for schools (pp. 12 – 13); and
- school voluntary contributions and locally raised funds (pp. 21 – 22).

Teachers' Enterprise Bargaining Agreement

- costings for the Enterprise Bargaining Agreement (EBA) for teachers (pp. 6 – 9); and
- negotiations (p. 8).

School maintenance and capital funding

- funding for schools' maintenance (pp. 13 – 14);
- outline of the Schools Upgrade program (pp. 14 – 15 and pp. 18 - 19);
- relocatable classrooms (p. 16);
- maintenance work backlog at schools (pp. 29 - 30); and
- modernisation of 30 technical wings at secondary colleges, and renewal of equipment at all secondary schools (pp. 30 -31).

Victorian Student Register project

- cost of the Victorian Student Register project for its establishment and over its lifetime (p. 31).

Ultramet project

- progress with the project including tendering arrangements and costings (p. 17).

IT in schools

- computer infrastructure in schools (p. 18); and
- Commonwealth's Computers program, including possible implications for the Victorian budget for maintenance (pp. 23 – 24).

Other issues

- 'full cost' recovery from overseas students (p. 6);
- system reform in schools (pp. 9 – 10);
- school workforce improvements (p. 11);
- interest payments on loans taken out by school councils/co-operatives (p. 20);
- 'regeneration project' as part of the Victorian Schools Package (pp. 20 – 21);
- the Mathematics and Science Education strategy and numeracy and science skills testing (p. 23 and pp. 25 - 26);
- the Refugee Support Strategy (pp. 24 – 25);
- Public Private Partnerships and schools (pp. 26 – 27); and
- 'select entry' schools (p. 29).

3.1.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

3.1.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The Minister also tabled the following documents at the hearing:

- the Department of Education and Early Childhood Development's *Blueprint for Early Childhood Development and School Reform*;
- 'Strengthening Outcomes' – *Refugee Students in Government Schools* – a report by the Department of Education and Early Childhood Development to assist schools in meeting the highly specialised educational and personal support needs of students who are refugees; and
- 'Wannik': *Learning Together – Journey to Our Future* – an Education Strategy for Koori Students, developed in partnership by the Department of Education and Early Childhood Development and the Victorian Aboriginal Education Association Incorporated.

The slides and other documents are available on the Committee's website.

3.2 Children and Early Childhood Development portfolio

3.2.1 Introduction

The Committee received evidence from the Hon. Maxine Morand, Minister for Children and Early Childhood Development, on 16 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Professor Peter Dawkins, secretary; Mr. Michael White, deputy secretary, office for children and early childhood development; and Mr Tony Cook, deputy secretary, office of planning strategy and coordination, all from the Department of Education and Early Childhood Development. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

3.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1, for transcript of proceedings). Transcripts of the budget estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec Documents provided at the hearings of the budget estimates (see 3.1.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

3.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page references refer to the transcript in Appendix 1):

Students with disabilities program

- program for students with disabilities (p. 8);
- complaints lodged with the state and federal anti-discrimination bodies (pp. 8 – 9);
- confidential settlements (pp. 8 – 9); and

- assistance for students with acquired brain injury and autism spectrum disorders (pp. 8 – 9).

Other issues

- key subsidies within the portfolio (pp. 3 – 4);
- increased birth rate and extra funding (pp. 4 – 5);
- \$49 million early childhood package, including implementing regulation and administering capital grants (pp. 5 – 6);
- early childhood intervention services package (p. 6);
- ‘Kindergarten Inclusion Support Scheme’ (pp. 6 – 7);
- Neighbourhood renewal projects, vulnerable families, and supported playgroups (pp. 7 – 8);
- Victorian early childhood initiatives compared with COAG action (pp. 9 – 10);
- comparative data on funding for demand for maternal and child health services (pp. 10 – 11);
- refurbishment and rebuilding of early childhood services (pp. 11 – 12);
- target for the number of prep age students being assessed by school nurses (pp. 11 – 12);
- increased funding for the maternal and child health Young Readers program (p. 12); and
- comparative data on the number of places being offered under the early childhood intervention program and the amount of funding to be allocated to this year and future years (pp. 12 – 13).

3.2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 17 June 2008 and will be considered for publication in its *Report on the 2008-09 Budget Estimates – Part Three*.

3.2.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee’s website.

CHAPTER 4: DEPARTMENT OF HUMAN SERVICES

Review of portfolios

4.1 Community Services portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

4.2 Health portfolio

4.2.1 Introduction

The Committee received evidence from the Hon. Daniel Andrews, Minister for Health, on 13 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Ms Fran Thorn, Secretary of the Department of Human Services; Mr Alan Hall, executive director, financial and corporate services; Mr Lance Wallace, executive director, metropolitan health and aged-care services; and Dr Chris Brook, executive director, rural and regional health and aged-care services. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

4.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 4.2.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

4.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page references refer to the transcript in Appendix 1).

Revenue foregone, subsidies and concessions addressed in the budget

- specifics about revenue foregone, subsidies and concessions within the health portfolio (pp.4-5).

Emergency services

- appropriateness of timeliness targets set for 2008-09 (pp.8-9);
- support provided to emergency departments to meet the growing demand for emergency services (p.22); and
- the development of the emergency presentations target for 2008-09 (p.27-28).

Elective surgery

- expanding elective surgery services as part of the Council of Australian Governments' (COAG) Elective Surgery Waiting List Reduction Plan (pp.14-15);
- clarification of the number of additional elective surgery patients (12,400) to be treated over four years (pp.18-19); and
- urgent (category 1) elective surgery patients admitted within 30 days – effect of hospital initiated postponements on the list (pp.29-30).

Nursing services

- cost of the Nurses Enterprise Bargaining Agreement (pp.10 and 15); and
- the nurse-on-call telephone health line (p.34).

Ambulance services

- the new state-wide ambulance service and funding of ambulance services (pp.10-12);
- role of St John Ambulance (Australia) Victoria (p.12);
- reorganisation of Mobile Intensive Care Ambulance (MICA) services and the provision of additional MICA paramedics (pp.17 and 34-35);
- the replacement rate and source of associated funding for replacing ambulance vehicles (pp.21-22 and pp. 30-31);
- impact of the proposed merger of services on local ambulance auxiliaries and their funds (pp.21-22); and
- heavyweight vehicles to carry obese people (pp.31-32).

Cancer prevention and care

- Victoria's Cancer Plan and cancer research (p.9 and pp.28-29).

Maternity services and obstetric care

- maternity services (p.7);
- professional indemnity insurance for independent midwives (pp.22-23); and
- rural obstetrics service – recruitment incentives (pp.32-33).

HealthSMART Shared Information and Communication Technology (ICT) Operations

- activities under additional funding of \$103.9 million for the Health SMART system (p.24-26).

Public dental service

- proportion of general dental services compared to the provision of emergency-type services (pp.12-13); and
- allocating dental services between general and children's services (pp.13-14).

Asset investment

- health asset investment program (pp.5-6);

- asset initiatives for rural and regional areas (pp.15-17);
- the Kingston Centre Redevelopment Stage 2 (p.18); and
- the redevelopment at the Royal Children’s Hospital, including services and beds (pp.23-24).

Other issues

- the Chronic Disease Program (pp.19-20);
- HIV infection and other sexually transmitted infections (pp.26-27);
- impact of the Immunisation Program (p.32); and
- refugee health nurses under the Refugee Support Strategy (p.30).

4.2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee to these questions is due by 16 June 2008 and will be considered for publication in a further report.

4.2.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee’s website.

4.3 Housing portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

4.4 Mental Health portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 5: DEPARTMENT OF INFRASTRUCTURE

Review of portfolios

5.1 Major Projects portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

5.2 Public Transport portfolio

5.2.1 *Introduction*

The Committee received evidence from the Hon. Lynne Kosky, Minister for Public Transport, on 14 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by the secretary, Jim Betts; Bob McDonald, executive director of corporate resources; Alf Smith, deputy secretary, capital; and Hector McKenzie, director of public transport. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

5.2.2 *General comments*

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 5.2.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

5.2.3 *Key matters raised at the budget estimates hearing*

Key matters raised at the budget estimates hearing included the following (page references refer to the transcript in Appendix 1):

Revenue foregone, subsidies and concessions addressed in budget

- revenue foregone, specific subsidies and concessions in the portfolio and any changes to these from prior years (p. 4).

Acquisition of additional trains and trams to boost services

- leasing arrangements for additional trams from France and timelines for expected roll out of the additional trams services in Melbourne (p. 6);
- additional train sets for the forthcoming grain harvest season and subsidies provided for these trains (p. 9);
- the option to purchase additional/replacement trains (pp. 4 – 5);

- steps in the process for refranchising the rail and tram services and availability of tender documents (pp. 10 – 11);
- renegotiation of existing bus contracts (p. 18); and
- the extension of the OneLink and EOG Metcard program (p. 25).

Bus service arrangements

- key performance indicators for bus operators, and penalties for not meeting set targets (p. 18 - 19);
- bus services in the Doncaster area (p. 20); and
- additional NightRider bus services (p. 22).

The myki ticketing system project

- capital and recurrent expenditure for the myki ticketing system project in 2007-2008 (p. 15 - 16);
- penalty payments for the late delivery of the myki ticketing system (p. 16); and
- timeframe for delivery of the myki ticketing system (p. 25).

Safety at level crossings

- the Level Crossing Safety Package (p. 14);
- risk rating state-wide of crossings from the Australian Level Crossing Assessment Model (ALCAM) (pp. 20 – 21); and
- prioritisation of upgrade works for level crossings (pp. 21 – 22).

Enhancing transport infrastructure and asset maintenance

- the country passenger rail network renewal and maintenance program, and maintenance and operation of the V/Locity cars (p. 5);
- South Morang rail extension and relationship to the Epping and Hurstbridge lines (p. 7);
- Laverton rail upgrade (p. 9);
- stage 2 of the metropolitan park-and-ride program (pp. 11 – 12);
- upgrade of the Noble Park train station (p. 24);
- Dandenong rail corridor project (pp. 26 -27); and
- the public transport service package for South Gippsland and the Bass Coast (p. 28).

Improvements in freight rail services

- improvements in interconnectivity between the rail lines and Melbourne ports, and including the Dynon Port Rail Link and direct loading facilities (pp. 7 – 8);
- the upgrade of the Mildura freight train line (pp. 7 – 8); and
- initiatives to increase rail freight to ports (p. 7 – 8).

Improvements in Taxi services

- investigating complaints by taxi customers (p. 12); and
- funding of security in taxis (pp. 12 – 13).

Other issues

- the Early bird train travel program (p. 17);
- performance penalties for train delays and cancellations (pp. 22 – 23);
- V/Line subsidies and financial results (pp. 27 – 28); and
- output costs for the integrated metropolitan public transport system (\$1.9 billion) and payments to operators (\$970 million) (pp. 28 – 29).

5.2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

5.2.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website.

5.3 Roads and Ports portfolio

5.3.1 Introduction

The Committee received evidence from the Hon. Tim Pallas, Minister for Roads and Ports, on 16 May 2008. The minister provided an overview of his portfolio at the start of the hearing, assisted by Jim Betts, the secretary; Alf Smith, deputy secretary; Bob McDonald, executive director, corporate resources; Gary Liddle, CEO of VicRoads; and Terry Garwood, executive director, freight logistics and marine, from the Department of Transport. The Committee thanks the minister and accompanying officers for their attendance and assistance.

5.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 5.3.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 17 June 2008. These answers will be considered by the Committee for inclusion in a further report.

5.3.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

Roads

- the Monash – West Gate project, including increased costs and projected income on the Monash CityLink section (pp. 4 – 5);
- the Keeping Melbourne Moving Package (pp. 7 – 8 and pp. 12-14);
- travel times on roads in Melbourne’s outer suburbs (pp. 13 – 14);
- AusLink program funding (pp. 15 – 18);
- rural roads program and the regional roads network (pp. 21 – 23);
- initiatives to encourage safer speeds on our roads (pp. 24 – 25); and
- project delays (e.g. Geelong bypass) (p. 26).

Channel Deepening Project

- channel deepening project costs and co-contributions by stakeholders (pp. 18 – 19 and p. 21); and
- legal costs including any forward contingency funds (p. 21).

Other Issues

- portfolio regulatory exemptions (pp. 4 -5);
- improving efficiency and safety in the freight and logistics sector, and ports and marine environment (pp. 19 – 20);
- metropolitan pavement resurfacing, including phasing of funding (pp. 8 – 9);
- ‘Arrive Alive 2’ program (pp. 9 – 10);
- ‘peer passenger number restrictions’ under the new probationary licence regulations (pp. 10 – 12);
- tram super stops and impact on traffic (pp. 14 – 15); and
- expected benefits from rail freight projects (p. 23).

5.3.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the minister to the Committee on these questions is due by 17 June 2008 and will be considered for publication in a further report.

5.3.5 Documents tabled at the budget estimates hearing

The minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee’s website.

CHAPTER 6: DEPARTMENT OF INNOVATION, INDUSTRY AND REGIONAL DEVELOPMENT

Review of portfolios

6.1 Industrial Relations portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.2 Industry and Trade portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.3 Information and Communication Technology portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.4 Innovation portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.5 Regional and Rural Development portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.6 Skills and Workforce Participation portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

6.7 Small Business portfolio

6.7.1 *Introduction*

The Committee received evidence from the Hon. Joe Helper, Minister for Small Business, on 16 May 2008. The minister provided an overview of his portfolio at the start of the hearing, assisted by Justin Hanney, chief executive, Regional Development Victoria, David Hanna, deputy secretary, strategy and coordination and David Latina, executive director of the Office of Small Business, Department of Innovation, Industry and Regional Development. The Committee thanks the minister and accompanying officers for their attendance and assistance.

6.7.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 6.7.5 below) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 17 June 2008. These answers will be considered by the Committee for inclusion in a further report.

6.7.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

- Energise Enterprise Small Business Festival (p. 3);
- regulatory reform and cutting of red tape (pp. 3 - 4);
- automotive exports and support skills among automotive parts suppliers (pp. 5 – 6);
- 'Small Business' output group and funding allocations (pp. 6 – 7);
- performance measure for 'client satisfaction of small business information, referral or mentoring services' (pp. 7 – 8); and
- small business participation in the 'My Business My People Program' (pp. 8 – 9).

6.7.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the minister to the Committee on this question is due by 17 June 2008 and will be considered for publication in a further report.

6.7.5 Documents tabled at the budget estimates hearing

The minister provided an introductory slide presentation at the estimates hearing.

The minister also tabled a document which explained the difference between the 2007-08 expected outcome and the 2008-09 target for the Small Business output.

The slides are available on the Committee's website.

6.8 Tourism and Major Events portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 7: DEPARTMENT OF JUSTICE

Review of portfolios

7.1 Attorney-General's portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

7.2 Consumer Affairs portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

7.3 Corrections portfolio

7.3.1 Introduction

The Committee received evidence from the Hon. Bob Cameron, Minister for Corrections, on 15 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Dr Kelleher, the acting secretary of the department; Kelvin Anderson, acting deputy secretary (daytime position is the corrections commissioner); and Rod Wise, who is the acting commissioner. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.3.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 7.3.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

7.3.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

- growing number of prisoners in Victoria (pp.3-5);
- measures to increase security and detect drugs and other contraband (pp.4-5);
- decisions to significantly expand prison capacity (p.5);
- new graffiti laws and their likely impact (pp.5-6);
- home detention, including breaches and resultant punishments (pp.6-7);

- cost of prisoners, including comparison with other jurisdictions (pp.7-8);
- expansion of prison facilities, in particular at Ararat, Port Phillip and Beechworth and composition of 594 new beds (pp. 3-4 and p.8);
- mental health issues and rates of imprisonment for female offenders (pp.8-9);
- role of inmates at Dhurringile and Beechworth prisons in post bush-fire activities (p.9); and
- drugs in the prison population (p.10).

7.3.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

7.3.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

7.4 Gaming portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

7.5 Police and Emergency Services portfolio

7.5.1 Introduction

The Committee received evidence from the Hon. Bob Cameron, Minister for Police and Emergency Services, on 15 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Dr Roslyn Kelleher, the acting secretary, Department of Justice; Christine Nixon, the chief commissioner, Victoria Police; and Kelvin Anderson, acting executive director, police, emergency services and corrections. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

7.5.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 7.5.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should

be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

7.5.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

Community safety and crime reduction

- measures addressing family violence (pp.5-6);
- reducing the road toll and assisting the government's *Arrive Alive 2* strategy (pp.6-8);
- police numbers and results of an audit conducted on this matter (pp.6-7);
- measures to tackle the rise in alcohol-related assaults in the CBD of Melbourne and in other areas (pp.9-11);
- the Enterprise Bargaining Agreement between force command and the Police Association, and how inherent flexibilities will allow police to increase productivity and reduce crime figures (pp.12-13);
- crime statistics including an increase in assaults against the person (pp.13-15);
- hoon driving (pp.20-21);
- the Purana task force success in dealing with organised crime and expected future use of the task force (p.22); and
- statistical basis for Victoria as the safest state (pp.25-26).

Operational issues in Victoria Police

- the provision of hand guns and equipment to members of Victoria Police (pp.4-5);
- firearm training for recruits at the Police academy (p.6);
- the monitoring of the use of force by members of Victoria Police and on management of the force register (pp.11-12);
- the Police Allocation Model and factors to be taken into account in the allocation of the additional 100 police planned for 2008-09 (pp.15-16 and p.26);
- recruitment strategies particularly in relation to Culturally and Linguistically Diverse (CALD) communities and women (pp.17-18);
- the introduction of digital audio recording equipment within Victoria Police (p.19);
- use of taser guns (pp.21-22);
- the maintenance program for existing firearms and safety issues associated with potential new firearms (pp.22-24);
- health and safety initiatives in Victoria Police and associated savings achieved in WorkCover premiums (pp.24-25);
- incidence and duration of stress-related work claims in Victoria Police (pp.26-27).

Other issues

- outline of concessions and subsidies managed within the portfolio and any changes included in this year's budget (p.4);

- police officers per capita over the forward estimates period (pp.16-17);
- police station upgrades identified within budget (p.20).

7.5.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee to these questions is due by 16 June 2008 and will be considered for publication in a further report.

7.5.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

7.6 Racing portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 8: DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT

8.1 Aboriginal Affairs portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.2 Community Development portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.3 Local Government portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.4 Planning portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.5 Multicultural Affairs portfolio

8.5.1 *Introduction*

The Committee received evidence from the Hon. John Brumby, Minister for Multicultural Affairs, on 12 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Secretary of the Department of Planning and Community Development; Stephen Gregory, chief financial officer; George Lekakis, chairperson of the Victorian Multicultural Commission and James MacIsaac, executive director, and departmental officers. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.5.2 *General comments*

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearing of the budget estimates (see 8.5.5) are available on the Committee's website.

8.5.3 *Key matters raised at the budget estimates hearing*

Key matters raised included the following (page references refer to the transcript in Appendix 1):

- the refugee support strategy (pp.4-5);
- community consultation in relation to the development of ethnic precincts (p.6); and

- content of the *Multicultural Victoria* publication (pp.6-7).

8.5.4 Questions taken on notice at the budget estimates hearing

There were no questions taken on notice by the Minister at the budget estimates hearing.

8.5.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

8.6 Senior Victorians

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.7 Sport, Recreation and Youth Affairs portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

8.8 Veterans Affairs portfolio

8.8.1 Introduction

The Committee received evidence from the Hon. John Brumby, Minister responsible for Veterans Affairs, on 12 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Secretary of the Department of Planning and Community Development; Stephen Gregory, chief financial officer; George Lekakis, chairperson of the Victorian Multicultural Commission and James MacIsaac, executive director, and departmental officers. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.8.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 8.8.5) are available on the Committee's website. The Committee has agreed that written answers to questions taken on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

8.8.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page reference refers to the transcript in Appendix 1):

- initiatives to address the mental health of veterans (p.4);
- programs to support veterans attend medical appointments (p.4); and

- participation in the Spirit of ANZAC Schools Competition (p.5).

8.8.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee to these questions is due by 16 June 2008 and will be considered for publication in a further report.

8.8.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

8.9 Women's Affairs portfolio

8.9.1 Introduction

The Committee received evidence from the Hon. Maxine Morand, Minister for Women's Affairs, on 16 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Mr Terry Healy, Deputy Secretary; Rhonda Cumberland, Director, Office of Women's Affairs; and Kath Kelly, Manager, Policy Development, Office of Women's Affairs. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

8.9.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 8.9.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

8.9.3 Key matters raised at the budget estimates hearing

Key matters raised included the following (page references refer to the transcript in Appendix 1):

- Centenary of Women's Suffrage Celebrations (pp.3-4);
- new family violence legislation (p.4);
- intervention program for men and men's behavioural change (\$6.1 million) (p.4);
- *Prostitution Control Act* (pp. 4-5);
- financial literacy program (p.5);
- timing of introduction of the family violence bill (p.5); and

- occupancy levels at the Queen Victoria Women's Centre (p.6).

8.9.4 *Questions taken on notice at the budget estimates hearing*

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

8.9.5 *Documents tabled at the budget estimates hearing*

The Minister provided an introductory slide presentation at the budget estimates hearing. The slides are available on the Committee's website.

CHAPTER 9: DEPARTMENT OF PREMIER AND CABINET

Review of portfolios

9.1 Arts portfolio

9.1.1 Introduction

The Committee received evidence from the Hon. Lynne Kosky, Minister for the Arts, on 15 May 2008. The Minister provided an overview of her portfolio at the start of the hearing, assisted by Penny Hutchinson, director, Arts Victoria; Greg Andrews, deputy director, policy and programs, Arts Victoria; and Dennis Carmody, deputy director, agencies and infrastructure, and Arts Victoria Departmental officers. The Committee thanks the minister and accompanying officers for their attendance and assistance.

9.1.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 9.1.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 17 June 2008. These answers will be considered by the Committee for inclusion in a further report.

9.1.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page references refer to the transcript in Appendix 1):

- revenue foregone, specific subsidies and concessions in the portfolio (p. 3);
- Australian Centre for the Moving Image (ACMI) - attendances, financial outcomes and future support (p. 3);
- the Centre For Books, Writing and Ideas at the State Library of Victoria (pp. 4 – 5);
- arts in regional Victoria (pp. 5 – 6);
- economic impact of 'blockbuster' exhibitions in Victoria (pp. 6 – 7);
- health of the live music scene and government assistance (pp. 7 – 8); and
- renewal of the permanent exhibitions at Museum Victoria, and extension of funding to e.g. the Immigration Museum and Scienceworks (p. 8).

9.1.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the minister to the Committee on these questions is due by 17 June 2007 and will be considered for publication in a further report.

9.1.5 Documents tabled at the budget estimates hearing

The minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

9.2 Premier's portfolio

9.2.1 Introduction

The Committee received evidence from the Hon. John Brumby, Premier, on 12 May 2008. The Premier provided an overview of his portfolio at the start of the hearing, assisted by the Secretary, Helen Silver; Mark Duckworth; Michael Kane and Adam Fennessy. The Committee thanks the Premier and accompanying officers for their attendance and assistance.

9.2.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget. At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 9.2.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

9.2.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page references refer to the transcript in Appendix 1):

National Reform Agenda and productivity

- intergovernmental relations – examples of engagement between the Victorian and commonwealth governments (pp. 4-5 and p.22);
- planned implementation of the National Reform Agenda (NRA) in the forward estimates (p.24);
- support for working groups under the NRA now known as the COAG Reform Agenda (pp.25-26); and

- new national reform group within the Department of Premier and Cabinet (DPC) (p.26).

Education, skills and lifelong learning, including early childhood development

- role of DPC in assisting the Premier deliver these priorities (p.9);
- machinery of government changes – shift of children’s services (p.11); and
- budget initiatives in relation to skills (p.15).

State debt

- the level of projected state debt (pp.5-7);
- major infrastructure projects assigned to the projected level of debt (pp.15-17);
- implications of public private partnerships (p.24); and
- strategies to repay debt (pp.26-28).

Superannuation plan assets

- decline in the estimate from the December 2007 budget update compared to the opening balance of plan assets for 2008-09 (p.8).

Drought, water supplies and the farming sector

- assumptions regarding the duration and impact of the current drought in formulating the budget (pp.9-10);
- matching announcements concerning drought assistance with actual expenditure (p.20);
- securing Victoria’s water supplies – impact on the cost effectiveness of the food bowl modernisation project of lower than projected water savings (pp.20-22); and
- improving services to farmers – additional funding (pp.19-20).

Cancer and chronic diseases such as diabetes

- explanation of initiatives to tackle these health issues (pp.17-18).

Urban development and planning

- role of DPC in assisting in improving urban development and planning, particularly in the outer suburbs (pp.12-13).

Government information

- action taken to improve the transparency, openness and availability of information about the services available through government (pp.7-8); and
- allocation and disclosure of funding for major advertising campaigns (p.11).

Other issues

- comparison of the movement in total expenditure to services (pp.13-14);
- discussion on budget parameters (e.g. slower economic growth, impact on projected revenue increases) (pp.18-19);
- funding through the budget for the Greens and other parties including the Democratic Labor Party (pp.22-23);
- public private partnerships, value for money and the public sector comparatives (p.25);
- spending from the Tsunami Disaster Reconstruction Fund (pp.28-29); and
- contingent liability – gambling licences (p.29).

9.2.4 *Questions taken on notice at the budget estimates hearing*

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Premier to the Committee on these questions is due by 16 June 2008 and will be considered for publication in a further report.

9.2.5 *Document tabled at the budget estimates hearing*

The Premier and the Secretary, Department of Premier and Cabinet each provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

CHAPTER 10: DEPARTMENT OF PRIMARY INDUSTRIES

Review of portfolios

10.1 Agriculture portfolio

10.1.1 Introduction

The Committee received evidence from the Hon. Joe Helper, Minister for Agriculture, on 16 May 2008. The Minister provided an overview of his portfolio at the start of the hearing, assisted by Mr Richard Bolt, secretary; Mr Dale Seymour, deputy secretary, energy resources and major projects, Dr Bruce Kefford, deputy secretary, agriculture and fisheries, and Mr Chris O'Farrell, chief financial officer, Department of Primary Industries. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

10.1.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 10.1.5) are available on the Committee's website. The Committee has agreed that written answers to questions on notice should be submitted to the Committee by 16 June 2008. These answers will be considered by the Committee for inclusion in its *Report on the 2008-09 Budget Estimates – Part Three*.

10.1.3 Key matters raised at the budget estimates hearing

Key matters raised at the budget estimates hearing included the following (page references refer to the transcript in Appendix 1):

Revenue foregone, subsidies and concessions addressed in the budget

- specific or implicit subsidies, concessions and revenue foregone (pp.4-5).

Future Farming strategy

- *Future Farming* strategy, including funding over the forward estimates and action to improved productivity (pp.8-9 and p. 15); and
- precision agriculture – use of global positioning technology and expected benefits in terms of productivity (p.16).

Drought relief

- measures associated with on-farm productivity grants and the full funding of full-time drought coordinators (pp.9-10); and
- drought-proofing works, future farm productivity, mental health services and sporting grounds (p.13).

Plant pest, disease and residue control programs

- funding and management of weeds and pests (pp.10-12);

- Victoria's grape vine industries e.g. grape vine phylloxera management (pp.17-18);
- fox and wild dog control – reactivation of bounties (p.18); and
- applying lessons learnt from the equine flu campaign to combating the abalone virus (pp.20-21).

Food Bowl Modernisation project

- strategies and funding, including assistance to small irrigators (pp.16-17 and pp. 22-23).

Budget Papers

- key budget assumptions and the Victorian economic projections (p.23);
- reduction in 'general government expenses by purpose' for agriculture, forestry and fishing, including the government's drought response (pp.5-8);
- machinery of government changes (p.6); and
- communicating the specifics of the agriculture budget to the agricultural farming community (p.19); and

Other issues

- industry standards for animal welfare – inspections and prosecutions (p.14); and
- community information regarding genetically modified (GM) technology (pp.19-20).

10.1.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

A written response by the Minister to the Committee on these questions is due by 16 June 2008 and will be considered for publication in its *Report on the 2008-09 Budget Estimates – Part Three*.

10.1.5 Documents tabled at the budget estimates hearing

The Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

10.2 Energy and Resources portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 11: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

Review of portfolios

11.1 Environment and Climate Change portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

11.2 Water portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

CHAPTER 12: DEPARTMENT OF TREASURY AND FINANCE

Review of portfolios

12.1 Finance, WorkCover and Transport Accident Commission portfolio

The report of the hearing on this portfolio will be included in a future report of the Committee.

12.2 Treasury portfolio

12.2.1 *Introduction*

The Committee received evidence from John Lenders, Treasurer, on 13 May 2008. The Treasurer provided an overview of his portfolio at the start of the hearing, assisted by Grant Hehir, secretary; Stein Helgeby, deputy secretary, budget and financial management division; Ms Lynne Williams, deputy secretary, economic and financial policy division; Tony Bates, director, budget and financial management division; and Steve Schinck, director, strategic management division. The Committee thanks the Treasurer and accompanying officers for their attendance and assistance.

12.2.2 *General comments*

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2008-09 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at www.parliament.vic.gov.au/paec. Documents provided at the hearings of the budget estimates (see 12.2.5) are available on the Committee's website. The Committee has agreed that written answers to questions taken on notice should be submitted to the Committee by Monday 16 June 2008. These answers will be considered by the Committee for inclusion in a further report.

12.2.3 *Key matters raised at the budget estimates hearing*

Key matters raised included the following (page references refer to the transcript in Appendix 1):

Taxation, revenue foregone, subsidies and concessions

- revenue foregone, subsidies and concessions contained in the budget and advice on any specific revenue foregone, subsidies and concessions relating to the Department of Treasury and Finance (pp. 4-6);
- concessions to help country Victorians cope with the rising cost of living (pp.11-13);
- initiatives for taxation of business (pp.19-20);
- measures to address housing affordability, specifically by way of grants and/or taxation reform (pp. 22-23); and

- projected payroll tax revenue and payroll tax rates over the forward estimates period (pp.29-31).

Financial management strategies including the management of debt

- level of net debt in the non-financial public sector over the forward estimates period (pp.6-8);
- financial objectives of the budget (pp.8-9);
- possible funding via debt of the desalination plant (pp.16-17); and
- financial management activities to be undertaken by the government (pp.17-18).

Funding of infrastructure projects

- investment in major water projects, especially the desalination plant and the food bowl irrigation infrastructure projects (pp. 16-17 and pp.23-24);
- funding of transport projects and impact on *Meeting our Transport Challenges Reserve* (pp.25-26);
- proposed infrastructure investment program (almost \$30 billion over the next four years) and projected percentage breakdown between traditional procurements and public/private partnerships (pp.27-28); and
- phasing of expenditure under the Regional Infrastructure Investment Fund in terms of the expected outcome for 2007-08 and estimated output cost in 2008-09 (pp.33-34).

Budgetary issues relating to education, children and early childhood development

- the regeneration of facilities and education projects (pp.24-25);
- maternal and child health (pp.26-27);
- assistance to at-risk students and completion rates in Victorian schools (p.34); and
- Improving School Outcomes in relation to the apparent disparity in school performance across the state (pp.35-37).

Budget approach to addressing social, economic and environmental challenges

- global and domestic economic challenges (pp.10-11);
- Victoria's comparative performance against other Australian states in addressing contemporary economic challenges (pp.13-14);
- challenges over the forward estimates period (pp.15-16);
- *A Fairer Victoria* statement, including allocation to continue the reform of disability services (pp.28-29);
- family violence reforms (p.31); and
- assistance to indigenous Victorians (pp.32-33).

Clarification of specific financial data in budget

- impact of the teachers' enterprise bargaining agreement and estimated impact of other enterprise bargaining agreements (pp.18-19);
- estimated fall in value of superannuation assets (\$2.2 billion) between 2007-08 budget update document and 2008-09 budget papers (pp.21-22);

- employee benefit expenses (pp.37-38); and
- estimated general government sector borrowings (pp.38-39).

Victorian Funds Management Corporation

- performance of the Victorian Funds Management Corporation equity investments (pp.9-10); and
- performance bonuses paid to senior staff of the Victorian Funds Management Corporation (pp.31-32).

Other issues

- congestion levy on city car parking spaces (pp.14-15);
- Treasurer's direction on commercial issues to VicForests (p.35); and
- the COAG National Reform Agenda working parties (p.38).

12.2.4 Questions taken on notice at the budget estimates hearing

A number of questions were taken on notice by the Presiding Officers at the budget estimates hearing (see the transcript in Appendix 1 and the further information to be provided and questions on notice for each portfolio listed in Appendix 2).

Written responses by the Treasurer to the Committee on these questions are due by Monday, 16 June 2008 and will be considered for publication in a further report.

12.2.5 Documents tabled at the budget estimates hearing

The Treasurer provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website.

CHAPTER 13: GOVERNMENT RESPONSE TO THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE REPORT ON THE 2007-08 BUDGET ESTIMATES

13.1 Legislative requirement to respond to the Committee's recommendations

Ministers are required by legislation to respond within six months of the report being tabled, to recommendations in the Committee's reports.¹

13.2 Report on the 2007-08 Budget Estimates (Part Three) – previous recommendations

The Committee's *Report on the 2007-08 Budget Estimates* was tabled on 20 September 2007. The government's response was tabled in the Legislative Assembly on 8 April 2008.

Table 13.1: Government response to PAEC recommendations in the Report on the 2007-08 Budget Estimates

Department	Accept	Accept in part	Accept in principle	Under review	Reject	Total
Education	-	-	4	-	-	4
Human Services	-	-	-	-	1	1
Infrastructure	1	1	1	-	-	3
Innovation, Industry and Regional Development	-	-	-	-	-	-
Justice	-	-	-	-	1	1
Premier and Cabinet	1	2	-	-	-	3
Primary Industries	4	-	-	-	-	4
Sustainability and Environment	-	1	1	-	-	2
Treasury and Finance	-	3	3 (a)	-	5	11
Planning and Community Development (previously Victorian Communities)	-	-	-	-	-	-
Parliamentary departments	-	-	-	-	-	-
Victorian Auditor General's Office	1	-	1	-	-	2
Whole of government	6	1	11	3	-	21
Total	13	8	21	3	7	52
Percentage	25	15	40	6	14	100

Note: (a) Recommendation 42 relates to the tabling of the report by Professor Garnaut on the national study into the economic impacts of climate change on Australian jobs and the economy.

For the purposes of this summary, where the government has responded separately to parts of a recommendation, each part has been counted separately. There are 31 recommendations or parts of

¹ *Parliamentary Committees Act 2003, s.36(1)*

recommendations to departments, discounting 21 recommendations which are recommendations to whole of government.

Of the total number of recommendations 80 per cent were accepted, accepted in part or accepted in principle; 14 per cent of recommendations were rejected; and 6 per cent of the recommendations are under review by government.

Recommendations that were rejected

A listing of the recommendations that were rejected by the government is contained in table 13.2.

**Table 13.2: Report on the 2007-08 Budget Estimates
Summary of recommendations rejected by the government**

Chapter	Rec. No.	Recommendation	Action Taken to Date
Chapter 4 – Impact of portfolio spending including new budget initiatives on improving productivity in Victoria	5	A more consistent framework for addressing productivity improvements be articulated by the Department of Treasury and Finance that includes local workplace efficiency gains as well as macro-economic impacts through program initiatives	Productivity improvement may be encouraged or facilitated by government directly and indirectly through many varied instruments including policy positions, funding programs, structured reforms, infrastructure investment and regulatory instruments. Direct improvement occurs when government instigates productivity gains in the services it provides (in schools, hospitals and justice) and indirectly when its policies provide an environment in which private businesses can achieve productivity gain (by encouraging market oriented environments, reducing tax and regulatory burdens, promoting innovation, education and skills, and research and development and so on). The Government has established the Victorian Competition and Efficiency Commission (VCEC), which is the Government's foremost body on business regulation reform and for identifying opportunities for improving Victoria's competitive position. Victoria has an ongoing and diverse program which promotes reform to encourage greater productivity. The National Reform Agenda and the VCEC are examples of this work.
Chapter 4 – Impact of portfolio spending including new budget initiatives on improving productivity in Victoria	7	The Department of Treasury and Finance disclose in the budget papers specific productivity targets to be achieved as a result of the introduction of budget initiatives where considered appropriate.	The Department of Treasury and Finance (DTF) notes that output performance measures in Chapter 3, Budget Paper No. 3 demonstrate the services delivered for the funding provided. Departments report actual service delivery in their annual reports. Performance can be assessed through comparing target service delivery with actual service delivery. DTF currently publishes, as appropriate, efficiency initiatives and their associated savings targets within the budget papers.
Chapter 5 – Departmental asset investment	15	The Department of Treasury and Finance disclose in the budget papers how the Total Estimated Investment (TEI) is determined over the forward estimates period and beyond and its reconciliation to the application of cash resources.	The Department of Treasury and Finance has previously provided the Committee with an explanation of the calculation of unallocated capital and Total Estimated Investment (TEI) over the forward estimates period.
Chapter 9 – Regional Victorian initiatives and related issues	30	Coordination of funding for regional investment initiatives including services and whole of government reporting could be conferred on a central or other appropriate entity to facilitate dedicated streamlined reporting within budget papers.	The Department of Treasury and Finance (DTF) is responsible for budget coordination, and the form and content of budget papers, including whole-of-government reporting on budget initiatives for regional Victoria. Regional Development Victoria (RDV) in DIIRD is the responsible agency to 'facilitate the co-ordinated delivery of government programs, services and resources in rural and regional Victoria' [s.5(1) of the <i>Regional Development Victoria Act 2002</i>]. RDV has responsibility for managing the key regional funding programs, the Regional Infrastructure Development Fund (RIDF) and the Provincial Victoria Growth Fund (PVGf). It is not the role of RDV to coordinate funding for regional elements of state-wide services.

			DTF does not consider there is a need to consolidate the funding coordination and reporting role to one single agency.
Caring communities	47	To determine the extent and underlying causes of deaths on Victorian roads due to suicidal intent and assess whether any budget related strategies need to be formulated to address this issue, the Department of Justice consider commissioning a research project that includes focus on country Victoria and includes pedestrian deaths.	In August 2003, the Monash University Accident Research Centre published a report entitled <i>Suicide and Natural Deaths in Road Traffic – Review</i> . The study found, amongst other things, that road traffic suicides comprise a very minor proportion of both suicide statistics and road fatality statistics. The study also found that general road traffic injury prevention strategies were considered to have application to driver and pedestrian suicides. Significant investment is made in road traffic injury prevention in Victoria and it is not considered that further research on this topic would add to that injury prevention program.
Caring communities	48	As occurred in the 2007-08 budget, consideration should be given in future years to applying a significant portion of any budget surplus in excess of the initial prediction to increase the level of public housing.	As part of the 2007-08 Budget, \$500 million was provided to increase the supply of social housing.
Caring communities	49	To enhance accountability, the government develop quantity and timeliness performance measures concerning housing affordability for inclusion in the budget papers and the Department of Human Services' annual report.	<p>The causes of, and solutions to, housing affordability are complex. Among the issues currently impacting on housing affordability are increases in house prices, interest rates and in the cost of rental accommodation. The Office of Housing is responsible for providing social housing and homelessness assistance to low-income and disadvantaged Victorians. Therefore, addressing the causes of, and solutions to, housing affordability and by extension, the development of quantity and timeliness measures concerning housing affordability, largely falls outside the scope of the Department of Human Services responsibility.</p> <p>Low-income Victorians have access to public housing assistance, and a rental rebate, which ensures that tenants pay no more than 25 per cent of their income in housing costs (one of the measures of housing affordability is that households do not pay 30 per cent or more of income in rent or mortgage repayments).</p> <p>Victoria will pursue broader reforms to Commonwealth Rental Assistance as part of the new <i>National Affordable Housing Agreement</i>. In order to address this issue, in September 2006 the Victorian Government released <i>Towards an Integrated Victorian Housing Strategy</i>, which sets out a suite of integrated actions to:</p> <ul style="list-style-type: none"> • facilitate the efficient operation of the housing market; • ensure housing and residential development supports the Government's wider economic, social and environmental sustainability objectives; and • minimise 'housing stress'.
Chapter 17 – Quality of material provided by Ministers and departments in response	52 (part)	To ensure the estimates hearing process is conducted in the most efficient manner and to further improve the quality of information	Department planning processes assist departments to identify the relationship between Government outcomes and departmental strategic priorities and outputs. Departmental strategic and corporate plans outline how departmental

<p>to questions raised by the Committee.</p>		<p>provided to the Committee, the following measure be considered: (e) departments should include a key result area in their corporate or business plans that aim to obtain favourable feedback from the Committee on the quality of information provided in response to its lines of inquiry.</p>	<p>objectives and outputs align to government outcomes.</p>
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