

3.5 Department of Innovation, Industry and Regional Development

3.5.1 Departmental assumptions and performance measures

3.5.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008/2009.

Response

The key assumptions that have been used to develop the Department's budget projections for 2008/2009 are as follows:

- Estimated carryover of \$9.2 million;
- Budget escalation factor as applied by the Department of Treasury and Finance;
- New initiatives endorsed by ERC; and
- Savings of \$31.2 million.

3.5.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

The Department has taken into account the Government priorities, Departmental strategies and any savings requirements in developing the Department's budget for the 2008/2009 financial year.

3.5.1.3 Question

What impacts have developments at the Commonwealth level had on preparing the department's component of the 2008/2009 state budget?

Response

Developments at the Commonwealth level have had minimal impact, however there is the potential for future impact in relation to proposed changes to the negotiation of Commonwealth Specific Purpose Payments and changes in relation to Tertiary Education funding.

3.5.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008/2009 (including new and discontinued measures).

Response

The changes in performance measures presented in the budget papers for 2008/2009 are shown in the tables below:

New/Changed Performance Measures:

Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
Innovation				
Develop information resource products, standards and guidelines in response to identified Government requirements	per cent	90	90	Performance measure transferred from the Department of Planning and Community Development as part of machinery of Government changes effective November 2007.
Information Victoria public contact per contact officer per day	number	41	38	
Victoria Online – increase in usage	per cent	20	36	
Timely provision of public information	per cent	95	95	
Assessment of quarterly monitoring reports for grant agreements undertaken	per cent	100	nm	New performance measure established to be consistent with improved grant management practice.
Payments made according to contracts, provided grant recipients meet contract terms	per cent	100	nm	
Science and Technology				
Biotechnology projects and programs underway	number	11	nm	New performance measure is a consolidation of previous measures 'Biotechnology partnerships facilitated' and 'Victorian participation in international biotechnology forums led by Government'.
Operational Infrastructure Support grants under management	number	13	nm	New performance measure established recognising major medical research grants under management.
Assessment of quarterly monitoring reports for grant agreements undertaken	per cent	100	nm	New performance measure established to be consistent with improved grant management practice.
Payments made according to contracts, provided grant recipients meet contract terms	per cent	100	nm	
Strategic Policy				
Development of whole-of-government information and service access strategic directions relating to improvements in service performance and greater public participation	number	1	1	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective November 2007. This performance measure replaces the 2007/2008 performance measure

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Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
				'Development of strategic directions (whole-of-government) relating to improvements in service performance and greater public participation'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for the addition of 'information and service access' and measures the exact same activity as per the performance measure in 2007/2008.
Regional Infrastructure Development				
RIDF projects funded (excluding Small Towns Development Fund)	number	15	36	This performance measure corrects the 2007/2008 performance measure 'RIDF projects funded (excluding Gas Towns Development Fund)'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for the replacement of 'Gas Towns' with 'Small Towns' and measures the exact same activity as per the performance measure in 2007/2008.
Regional Economic Development, Investment and Promotion				
Projects to support growth in Victoria's Food Industry	number	25	nm	New performance measure in 2008/2009 with a focus on the food industry.
Workforce Participation				
Government Youth Employment Scheme – apprenticeships and traineeship commenced	number	450 - 550	450 - 550	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007.
Global Skills for Victoria – average number of unique visitors per month to the Live in Victoria website	number	60000 - 70000	65000	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007. This performance measure replaces the 2007/2008 performance measure 'Skilled Migration Program – average number of unique visitors to the website per month'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for a name change to reflect the new Global Skills for Victoria strategy and measures the exact same activity as per the performance measure in 2007/2008.
New Workforce Partnerships - jobseekers who achieve sustainable employment outcomes (minimum of 16 weeks)	number	350 - 450	nm	New measure replacing 'Workforce Participation Partnerships – job seekers who achieve sustainable employment (minimum of 16 weeks)'. New Workforce

Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
				Partnerships is a new program replacing the Workforce Participation Partnerships program.
Global Skills for Victoria – client satisfaction with services provided	per cent	85	85	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007. This performance measure replaces the 2007/2008 performance measure 'Skilled Migration Program – client satisfaction with services provided'. The 2008/2009 performance measure has a broader scope and includes additional services provided under the new Global Skills for Victoria Strategy.
Client satisfaction with targeted employment initiatives	per cent	80	nm	This new performance measure is a consolidation of existing performance measures capturing client satisfaction across a broad range of programs - Experience Counts Program, Disability Trainee Scheme, Youth Employment Scheme, Moving Forward Skills and Jobs for Disadvantaged Workers.
Global Skills for Victoria – average processing time for state sponsorship applications	working days	25 - 30	25	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007. This performance measure replaces the 2007/2008 performance measure 'Skilled Migration Program – average processing time for state sponsorship applications'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for a name change to reflect the new Global Skills for Victoria strategy and measures the exact same activity as per the performance measure in 2007/2008.
Tourism				
Visitvictoria.com annual visits to site	number ('000)	5400	5200	This performance measure replaces the 2007/2008 performance measure 'Visitvictoria.com annual visitors to site'. The 2008/2009 performance measure is the same as the 2007/2008 measure except for the replacement of the word 'visitors' with 'visits' and measures the same activity as the performance measure in 2007/2008.

Discontinued Performance Measure

Performance Measure	Unit of Measure	2007/2008 Expected Outcome	Explanation
Investment Attraction and Facilitation			
Client satisfaction rating by businesses with investment facilitation services	per cent	n/a	Performance measure discontinued for 2008/2009. Survey was not undertaken for 2006/2007 as survey was unable to provide sufficient sample size to ensure integrity of data.
Science and Technology			
ICT research projects underway	number	1	Performance measure has been consolidated with 'ICT projects and programs underway' measure.
Assessment of quarterly monitoring reports for ICT grant agreements undertaken	per cent	100	Performance measure has been replaced by a performance measure with a broader scope: 'Assessment of quarterly monitoring reports for grant agreements undertaken'.
Payments made according to contracts, provided ICT grant recipients meet contract terms	per cent	100	Performance measure has been replaced by a performance measure with a broader scope: 'Payments made according to contracts, provided grant recipients meet contract terms'.
Biotechnology partnerships facilitated	number	5	Performance measure has been consolidated into 'Biotechnology projects and programs underway' measure.
Victorian participation in international biotechnology forums led by Government	number	6	
Businesses/researchers accessing Science Technology and Innovation (STI) funded infrastructure	number	300	Performance measure discontinued as STI program is ceasing.
STI infrastructure projects under management	number	44	
Value of projects attracted by STI funding	ratio	3.5:1	
Patents sought by STI funded organisations	number	25	
Skills expansion – PhDs commenced in STI funded projects	number	200	
Sector Development			
Attendees at presentations by keynote speakers	number	860	Performance measure discontinued as commercial conference organisers have offset the need for the Department to support to previous levels. The 2007/2008 expected outcome reflects only the Association for Manufacturing Excellence conference which was delayed from 2006/2007.
High performance consortia supported	number	0	Performance measure discontinued in 2008/2009. The Agenda for New Manufacturing programs have been altered to reflect the Department's desire to move from delivering small grants to individual companies in favour of larger grants to service providers.
Participant satisfaction with Advanced Manufacturing programs	per cent	0	
Initiatives completed by Melbourne Centre for Financial Studies	number	6	Performance measure discontinued as the final payment to the Melbourne Centre for Financial Studies (MCFS) under the DIIRD funding agreement took place prior to 30 June 2007. The

Performance Measure	Unit of Measure	2007/2008 Expected Outcome	Explanation	
			agreement specified minimum outcomes in terms of initiatives to be implemented by the MCFS, with no upper limit placed on the actual numbers. This is consistent with the MCFS mission statement.	
Regional Economic Development, Investment and Promotion				
Participant satisfaction with Regional Business Investment Ready program	per cent	75	Performance measure discontinued. As the Regional Business Investment Ready program is in final stages of delivery, this measure can no longer be applied.	
Workforce Participation				
Overseas Qualifications Unit – client services provided (by phone, in person or in writing)	number	4500	Performance measure transferred from the Department of Planning and Community Development as part of machinery of Government changes effective August 2007. Performance measure discontinued as Overseas Qualifications Unit is undergoing program redesign in 2008/2009.	
Workforce Participation Partnerships – job seekers who achieve sustainable employment (minimum of 16 weeks)	number	1500-1550	Performance measure transferred from the Department of Planning and Community Development as part of machinery of Government changes effective August 2007. Performance measure discontinued as Workforce Participation Partnerships Program has been replaced with New Workforce Partnerships Program.	
Experience Counts Program – commencements	number	20	Performance measure transferred from the Department of Planning and Community Development as part of machinery of government changes effective August 2007. Performance measure has been replaced by a consolidated performance measure capturing client satisfaction across a broad range of programs - Experience Counts Program, Disability Trainee Scheme, Youth Employment Scheme, Moving Forward Skills and Jobs for Disadvantaged Workers.	
Disability Trainee Scheme – commencements	number	25		
Government Youth Employment Scheme – participants who completed and are in employment, education or training three months after leaving program	per cent	80		
Employment Initiatives – client satisfaction with services provided through Workforce Participation Partnerships and Moving Forward Skills and Jobs initiative – job seekers and employers	per cent	80		
Experience Counts Program – participants in employment, education or training three months after leaving the program	per cent	55		
Disability Trainee Scheme – participants in employment, education or training three months after leaving the program	per cent	50		
Skills				
Minimum target for TAFE students funded through Youth Pathways Program	number	2100		Performance measure discontinued as program now merged into 'Guaranteed Place for Youth in TAFE'.

3.5.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007/2008 and the target for 2008/2009, please provide the reasons for the variance.

Response

Where there is a variance of over 10 per cent between the expected outcome for 2007/2008 and the target for 2008/2009, the reasons for the variance are shown in the table below:

Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
Sector Development				
Additional employment from production supported by Film Victoria	number of FTEs	2340	5400	2007/2008 expected outcome reflects large scale projects commenced in the second and third quarters of 2007/2008.
Value of film, television and new media production supported by Film Victoria production	\$ million	78	180	
Small Business				
Agencies participating in World Class Service initiative	number	140	80	Increase in 2008/2009 target is consistent with business case and reflects project phasing and maturity.
Business interactions (call, web, in person)	number	180000	140000	Increase in 2008/2009 target in line with business case and reflects increased usage following greater functionality.
Registration for online services	number	50000	30000	
Businesses participating in the My Business My People Program	number	300	200	Increase in 2008/2009 target reflects project phasing and increased activity.
Victorian Small Business Commissioner – proportion of business disputes successfully mediated by Commissioner	per cent	60	78	2007/2008 target exceeded due to the nature of the disputes and the quality of the mediators involved.
Innovation				
Victoria Online – increase in usage	per cent	20	36	The 2008/2009 target and 2007/2008 expected outcome reflects the introduction of citizen-centric content onto the portal.
Design Sector Initiative: Lectures, seminars and workshops held	number	25	20	Machinery of government changes and changes in governance arrangements resulted in late contract finalisation with the service provider. The resultant contract stipulates increased targets for 2007/2008 and 2008/2009.
Design Sector Initiative: People participating in lectures, seminars and workshops	number	2400	1300	
Strategic Policy				
Number of major research and evaluation projects completed	number	12	8	The 2008/2009 target has been increased to reflect additional evaluation activity to be undertaken.

Performance Measure	Unit of Measure	2008/2009 Target	2007/2008 Expected Outcome	Explanation
Exports				
Number of firms participating in individual export specific programs	number	800	700	The 2008/2009 target has been adjusted to reflect both Opening Doors to Export program usage and the additional budget to support the Victorian Export Network (VEN), due for launch in mid 2008.
Trade fairs and missions supported	number	29	37	The 2007/2008 Expected Outcome reflects additional Trade Fairs and Missions supported. Not all Trade Fairs and Missions required full budget in 2007/2008 enabling additional activity.
Regional Infrastructure Development				
RIDF projects funded (excluding Small Towns Development Fund)	number	15	36	The 2007/2008 expected outcome reflects increased activity associated with new RIDF initiatives, such as the Local Roads to Markets Program, that support a higher volume of smaller projects.
Regional Economic Development, Investment and Promotion				
Jobs created in regional Victoria	number	1000	1200	Jobs target in 2007/2008 is expected to be met, although actual result may vary depending on the Department's success in facilitating further investments.
New exports facilitated in regional Victoria	\$ million	150.0	520.0	The 2007/2008 expected outcome reflects a small number of larger export projects.
Projects to support Councils plan for growth and change	number	25	32	The 2007/2008 expected outcome reflects the status of the Planning for Growth initiative, with a number of projects that had previously been under development reaching a stage where they are able to attract funding.
Provincial Economic Partnerships – Projects supported	number	25	35	The 2007/2008 expected outcome reflects greater interest in and focus on the Provincial Economic Partnerships initiative. The 2008/2009 target has been increased to reflect this change.
Number of people assisted by Returning to Earning Program	number	2500 - 3500	2000 - 3000	The 2007/2008 expected outcome and 2008/2009 target reflect the level of current and anticipated program activity.
Tourism				
Value of media coverage generated: International	\$ million	80 - 120	110 - 120	The 2008/2009 Target has been reduced due to Tourism Australia scaling back its Visiting Journalist Program, which significantly reduces the leveraging opportunities for Victoria.

3.5.2 Asset funding

3.5.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008/2009.

Response

The current approved projects for which there is expected to be some expenditure in the 2008/2009 year are listed in the following table.

Gordon Institute of TAFE – Wool Classing
Automotive Centre of Excellence – Kangan Batman Docklands
Nursing Centre of Excellence – Box Hill
Improving TAFE Equipment (Various)
Swinburne University (TAFE) – Wantirna Sustainability and Land Management (Wantirna)
Technical Education Centres (Various)
Ballarat University – School of Mines Amenities and Car Park Redevelopment
Geelong Future City Master Plan – Cultural Precinct Stage 1
Northern Melbourne Institute of TAFE – Epping Campus Redevelopment Stage 1
TAFE Student Management System Replacement
Wodonga Institute of TAFE – National Logistics and Skills Training Centre

3.5.2.2 Question

- (a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities

Response

Asset management challenges within the DIIRD portfolio in the immediate to long-term include:

- Responding to changes in demographic profile with increasing populations in the growth areas of Whittlesea, Werribee, Melton and Pakenham. This requires DIIRD to be pro-active in identifying service demands and Asset/Infrastructure solutions;
- Increasing complex and diverse community needs, desires and service delivery expectations;
- Responding to the Government's policy agenda, particularly in relation to changing rural populations and service delivery needs;
- Responding to, and implementing new technologies to enhance service delivery. These technologies include ICT, equipment, etc;
- The need to be innovative in seeking alternatives to existing delivery of services;
- Improvement in the utilisation of existing facilities; eg TAFE Institutes;
- Occupational health and safety issues which impact on employees and users facilities; and
- Responding to the increasing scarcity of financial and human resources through the exploration of alternative funding sources and reducing asset lifecycle costs.

- (b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department’s operations? If so, please provide details of the findings.

Response

The Department is progressively implementing the requirements of Government’s Asset Management Framework. The strategy is intended to provide Government and Departments with an immediate to long-term view of the strategic options for meeting Government’s desired outcomes and priorities. The scope of the strategic package provides for an Asset Strategy.

The Asset Strategy summarises the direction intended to be taken to drive and steer asset management over a rolling 10 year horizon, provides Government with a preferred direction that identifies what is achievable in asset holdings and advises on their preferred mix over time, given known and emerging constraints; and provides the reference to better identify and develop asset, asset-related and non-asset proposals.

- (c) Please outline any asset investment projects of the Department to be undertaken in 2008/2009 that are linked to whole of government infrastructure initiatives.

Response

There are currently no approved projects that form part of a whole of Government initiative.

3.5.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008/2009, please provide:

- (a) a breakdown of the carried forward funding for both output and asset initiatives;

Response

The estimated carried forward to 2008/2009 of \$9.2 million is made up of the following output initiatives:

Four Seasons Energy Pilot	\$0.4 million
Business Development Regional investment Initiative	\$0.3 million
Living Regions Living Suburbs	\$2.1 million
Farmers Markets	\$0.3 million
CRISP Bushfire	\$0.7 million
Tiger Teams and Victorians Abroad	\$0.2 million
eResearch	\$1.0 million
Connecting Victoria - ICT Business Assistance	\$0.4 million
Connecting Victoria – Innovative Market Solutions	\$0.4 million
Agenda for New Manufacturing	\$0.2 million
Opening Doors Export Plan	\$0.2 million
Trades Bonus	\$2.0 million
Completion Bonus	\$1.0 million

The Department is not estimating any carried over funding for asset initiatives.

(b) the underlying reasons for the department's funding carryover for each category; and

Response

The underlying reasons for the Department's funding carryover for each category; and reasons for the Department's funding carryover are:

- grant recipients not achieving milestones in line with payment schedules;
- delays in finalising grant contracts; and
- delays in starting of new initiatives (relating to recruitment of staff to administer programs, etc).

(c) the intended revised timing for use of the carried forward funds.

Response

It is anticipated that the carry over funding will be used in 2008/2009.

3.5.3 Efficiencies and savings

3.5.3.1 Question

In relation to the estimated efficiencies to be derived in 2008/2009 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007/2008 State Budget), please provide:

(a) a breakdown of the planned efficiency that apply to the department's operations;

Response

The Department's total 2008/2009 savings as presented in the 2007/2008 State Budget was \$16.3 million. A breakdown of these savings is as follows:

Buying Smarter Buying Less	\$3.39 million
Shared Services	\$0.20 million
Grant Administration	\$3.23 million
Fleet Management	\$0.03 million
Advertising and Consultancies	\$0.82 million
Integrated Focus on ICT	\$2.02 million
Grants Duplication	\$5.47 million
VPS Increases	\$1.16 million

(b) an explanation of:

- (i) how decisions regarding applicable savings measures are to be made;

Response

Applicable savings are to be made by way of the following measures:

Buying Smarter, Buying Less

Savings have been applied according to procurement capacity.

Shared Services and Fleet

The 2008/2009 savings are \$199,000 and are being met across the Department.

Grant Administration and Grant Duplication

The Department reviewed the capacity to absorb grant savings across programs while delivering on commitments. Savings have been applied accordingly.

Integrated Focus on IT

These savings are being met from the Innovation and Technology grant programs.

Consultancies & Advertising

Savings on consultancies and advertising have been applied.

- (ii) the nature of their expected impact on programs such programs accelerated or deferred;

Response

There will be no deferral or acceleration of programs as a result of these efficiencies. They will be achieved by a reduction in administrative costs or minor reductions in grant payments to external organisations.

- (iii) the basis for estimating the savings target to be achieved for each measure;

Response

The savings targets above are consistent with the savings levied during the development of the 2007/2008 budget or any changes which have taken place during the 2007/2008 financial year.

- (c) particulars of any changes to the department's allocated savings for 2008/2009 from the data shown in the 2007/2008 Budget.

Response

The savings in 2008/2009 are now \$31.2 million. Changes to the Department's allocated savings for 2008/2009 from the data shown in the 2007/2008 budget is as follows:

State Purchasing Contract	\$1.0 million
Workcover Savings	\$1.1 million
VMIA Insurance	\$0.2 million
Machinery of Government transferred Savings	\$1.6 million
Grants Consolidation Additional savings	\$2.6 million
Efficient Government Policy Additional Savings	\$0.1 million
Further Savings relating to 2008/2009 Budget Initiatives	\$8.3 million

3.5.4 Economic impacts, initiatives and improvements

3.5.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the Department's budget for 2008/2009:

- (a) interest rates:

Response

Interest rates have minimal effect when framing the Department's budget.

- (b) inflation

Response

The Department takes CPI into consideration when preparing for the budget, as some of our longer term contracts have cost increases subject to CPI movements.

- (c) productivity improvement

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

- (d) National Reform Agenda initiatives

Response

DIIRD is involved in three areas related to the National Reform Agenda. These are as follows:

Business Licensing

DIIRD has led work to identify areas on which a review of business licensing in which case there has been marginal impact on the Department's budget.

ABN/Business Names

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

Apprenticeships, Training and Skills Recognition

The Commonwealth committed \$2.747 million (excluding GST) over 3 years to improve skills recognition in Victoria, subject to matched Victorian funding. Victoria matched this funding through its \$23 million Skills Stores initiative announced in the 2006/2007 Victorian Budget. This has seen twelve Skills Stores throughout Victoria during 2007 and 2008. The thirteenth will be open in Central Melbourne in July 2008. The Budget allocation for 2008/2009 is \$7.650 million, which will predominately be used to facilitate the uptake of Recognition of Prior Learning (RPL).

3.5.5 Environmental challenges

3.5.5.1 Question

- (a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008/2009?

Response

The Department recognises a number of environmental challenges that will continue to impact on its operations, including:

- ongoing impact of drought on regional communities and industry;
- climate change;
- water pricing and availability;
- energy pricing, efficiency and emissions;
- waste charges;
- increased environmental legislation; and
- ensuring Victoria has a skilled workforce to fulfil emerging environmental sector needs.

- (b) How have these issues been addressed in the department's budget estimated for 2008/2009?

Response

These issues are being addressed through various ongoing programs aimed at making industry more resource efficient, assisting communities to manage the impact of drought, and positioning Victoria to benefit from the opportunities that will emerge in addressing environmental issues such as climate change. Continuing initiatives include:

- Enhancing Sustainability in New Investment;
- Water for Industry, to support the reduced consumption of town water of key regional industries;
- Biofuels Infrastructure Grants to support implementation of the Biofuels Industry Roadmap, encouraging use of alternative energy;
- Funding through Regional Development Victoria, to support regional communities and industries to plan and manage change associated with drought and climate change;
- Continued focus of the Small Towns Development Funds on locally driven water efficiency initiatives in smaller regional communities; and
- Specialist Centres in Sustainability such as the Green Plumbing Training Centre which will focus providing training on energy saving, waste reduction and water conservation to domestic and international students.

The Department is also ensuring that identified environmental challenges are recognised and addressed as part of its policy development function.

- (c) Please list five projects or programs worth over \$1 million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007/2008 and 2008/2009 for existing projects if applicable).

Response

Initiative	Total Funding	2007/2008 Budget	2008/2009 Budget
Enhancing Sustainability in New Investment	\$3.5 million	1.2 million	1.3 million
Water for Industry	\$10 million	These initiatives are part of the Regional Infrastructure Development Fund. Funding is available until June 2010 unless fully allocated prior to this date.	
Biofuels Infrastructure Grants	\$5 million		
Small Towns Development Fund (drought component)	\$5 million		
Planning for Change	\$2 million	This initiative is part of the Provincial Victoria Growth Fund. Funding is available until June 2010 unless fully allocated prior to this date.	

3.5.5.2 Question

What initiatives are planned to be implemented by the Department in 2008/2009 in order to enhance energy reporting?

Response

DIIRD will be reporting to the revised Financial Reporting Directive (FRD) 24 which now requires the Department to provide additional information on:

- energy consumption trends and targets;
- energy management actions undertaken;
- provision of greater context to the energy data reported; and
- greenhouse emissions associated with energy use, transport activities and waste production.

In addition, DIIRD is also providing input to the development of a whole-of-Government data management and reporting tool to provide greater consistency in energy reporting.

DIIRD will continue to work closely with energy suppliers and building management to maintain and improve information flows. The Department regularly monitors and reports on its energy consumption throughout the year.

3.5.6 Financial information

3.5.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007/2008 and the target for 2008/2009 for individual outputs.

Response

Please refer to the table below:

Output	2007/2008 Revised Outturn	2008/2009 Target	Variance %	Variance \$
Sector Development	35,058,129	33,084,678	-5.63%	-1,973,451
Small Business	28,611,497	24,128,064	-15.67%	-4,483,433
Innovation	83,967,212	39,138,171	-53.39%	-44,829,041
Science and Technology	140,203,779	124,729,663	-11.04%	-15,474,116
Strategic Policy	7,042,771	5,148,511	-26.90%	-1,894,260
Investment Attraction & Facilitation	28,208,593	67,843,286	140.51%	39,634,693
Exports	10,648,692	11,568,365	8.64%	919,672
Regional Infrastructure Development	88,409,679	41,353,890	-53.22%	-47,055,789
Regional Economic Development, Investment and Promotion	49,009,403	48,690,687	-0.65%	-318,716
Skills	1,617,737,625	1,659,922,146	2.61%	42,184,521
Industrial Relations	12,462,110	11,719,195	-5.96%	-742,915
Workforce Participation	28,985,673	18,467,500	-36.29%	-10,518,173
Tourism	69,923,407	79,350,723	13.48%	9,427,316
	2,200,268,571	2,165,144,878		-35,123,693

Notes:

Small Business Output Variance -\$4.5 million (-15.67%)

- Transfer of funding for Koorie Business Network from DPCD \$0.9 million
- Additional funding for Reducing the Regulatory Burden \$0.6 million

Offset by:

- Actual carryover in 2007/2008 -\$2.2 million
- Annual fluctuations of funding for initiatives under Small Business Statement -\$2.7 million
- Annual fluctuations of funding for initiatives under Skills Statement -\$0.5 million
- Savings -\$0.2 million
- Overhead reduction -\$0.4 million

Innovation Output Variance -\$44.8 million (-53.39%)

- New funding for initiatives to be announced post budget \$11 million
- Additional funding for Service Victoria \$2 million

Offset by:

- Cessation of funding for non recurring initiative - \$50 million
- Net effect carryovers \$2.6 million
- Annual fluctuation in funding for e-Research -\$0.8 million
- Annual fluctuation in funding for Treasurer's Advance for Service Victoria -\$2.4 million
- Reduction due to 2008/2009 Savings -\$2 million

Science and Technology Output Variance -\$15.5 million (-11.04%)

- Additional funding for initiatives to be announced post budget \$27 million

Offset by:

- Actual carryover in 2007/2008 -\$18 million
- Annual fluctuation in funding for STI initiative after approved re-phrasings -\$17 million
- Reduction in funding for Vicstart after approved re-phrasings -\$1 million
- Reduction due to 2007/2008 Treasurer's Advance funding for VESKI -\$0.2 million
- Savings -\$4 million
- Overhead reallocation -\$2.3 million

Strategic Policy Output Variance: -\$1.9 million (-26.9%)

- Additional funding for Major Events Post Event Evaluation \$0.3 million

Offset by:

- Actual carryover in 2007/2008 -\$0.2 million
- Funding for IEAB -\$1.1 million
- Corporate overhead reallocation -\$0.9 million

Investment Attraction and Facilitation Output Variance: - \$39.6 million (140.51%)

- Increase in the capability of the Government to position Victoria as a world class investment location. - \$37.1 million
- Additional funding for Greensborough Redevelopment \$2 million
- Additional funding for World Expo Shanghai \$0.5 million

Regional Infrastructure Development Output Variance:-\$47.1 million (-53.2%)

- Annual fluctuation in funding for Regional Infrastructure Development Fund -\$46 million consistent with its budget funding profile and cessation of drought initiative.
- Overhead reallocation -\$1.1 million

Workforce Participation -\$10.5 million (-36.29%)

- Additional funding for New Workforce New Workplace \$5 million
- Additional funding for Indigenous Your Employment Program \$0.5 million

Offset by:

- Cessation of funding for Workforce Participation Partnerships net of savings -\$13 million
- Reduction relating to 2007/2008 carryover -\$3 million

Tourism Output Variance: - \$9.4 million (13.48%)

- Additional funding for Business Events \$2.7 million net impact
- Additional funding for Promoting Tourism, Skills Trade and Investment \$2.8 million
- Additional funding for Australian Tourism Exchange \$3 million
- Additional funding for Regional Marketing \$1 million
- Re-phasing of funding for South Wharf Sheds \$5.4 million

Offset by:

- Reduction in funding for MECC Project management costs -\$1.5 million
- Reduction relating to budgeted expenditure against prior year surplus -\$1.9 million
- Reduction relating to 2007/2008 carryover -\$1 million
- Reduction relating to Major Events Cap – \$0.5 million
- Savings -\$0.4 million
- Overhead reallocation -\$0.2 million

3.5.6.2 Question

In relation to expenses from transactions that relate to 'Employee Benefits', if a variation of more than 10 per cent arises between the Estimated Actual for 2007/2008 and the budget for 2008/2009, please provide an explanation.

Response

The variation in ‘Employee Benefits’ expenses is less than 10 per cent.

3.5.6.3 Question

Please provide a tabular dissection of the department’s 2008/2009 budget and expected expenditure for 2007/2008 under the Government’s key themes presented annually in the Victorian Budget Overview (see pp.5-7 of 2007/2008 document) differentiating between new funding initiatives and outgoing funding.

Response

Please see the table below:

	Total State Appropriation Budget (Output Appropriation) (\$ million)	2008/2009 Output Initiatives (\$ million)	2008/2009 Asset Initiatives (\$ million)
A Competitive Business Environment	1,395,037,223	128,491,000	12,480,000
Provincial Victoria	90,044,577	4,358,000	1,964,000
	1,485,081,800	132,849,000	14,444,000

3.5.7 Regional and rural considerations

3.5.7.1 Question

- (a) What are the critical issues facing regional and rural communities in 2008/2009 that depend on service provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

Critical issues facing regional and rural communities in 2008/2009 include:

- Drought and Climate Change;
- Skills;
- Tourism;
- Industry Development;
- Infrastructure; and
- Growth and Change.

(b) How does the Department's 2008/2009 budget address these issues?

Response

The Department will address these issues in the following ways:

Drought and Climate Change:

The Regional Infrastructure Development Fund (RIDF) will continue to support projects under the "Water for Industry" program, to facilitate more efficient use of water by large regional industries.

The Small Towns Development Fund (STDF) will provide assistance to communities for local water saving initiatives.

The Provincial Victoria Growth Fund (PVGf) includes initiatives to assist regional and rural communities to manage the impact of drought and plan for the future.

Skills:

The budget in 2008/2009 includes initiatives to enable provincial Victoria to capitalise on skilled migration, support industry to train new staff, boost leadership and attract and retain skills in key sectors.

This includes, the Green Plumbing Centre, which will provide a response to an identified gap in the sustainability skills of plumbers. This will enable the plumbing industry to rapidly respond to the challenges of climate change by focusing on energy saving, waste reduction and water conservation to domestic and international students.

In addition to this, the budget will show investment into two key capital development projects to enhance skills infrastructure.

The University of Ballarat's TAFE division will also receive \$3.25 million to upgrade the School of Mines car park.

Tourism:

A Regional Tourism Action Plan (RTAP) is close to completion. Consultation and analysis undertaken in the development of the RTAP has identified the following critical issues:

- Low consumer awareness of regional Victoria: Marketing is a core part of the Department Marketing is a core part of the Department's role and there are a number of on-going activities that address this issue. This was supplemented by a number of initiatives announced in the 2007 Budget that continue in 2008/2009:
- \$5.5 million over 4 years to market Victoria's regions to key established and international markets.
- \$6.3 million over four years to promote nature-based tourism and car touring.
- \$1.2 million over 4 years to promote food and wine interstate.
- In addition to the above, a new two year Regional Marketing Program (RMP) was launched in 2007 and continues in 2008/2009. The \$6.5 million program, largely funded from the *Moving Forward Provincial Victoria Statement*, provides a coordinated and industry approach to regional destination marketing.

- Investment attraction: The Regional Tourism Action Plan (RTAP) 2008-2011 identifies a number of investment and infrastructure priorities across the State. These projects will involve a combination of State Government agencies, Local Government, investors and industry with potential Government funding being assessed on a case by case basis.
- Skills and Service Standards: Part of the 2007/2008 Budget, \$1 million was provided over four years to implement a number of skills and service standards initiatives for the tourism sector. An additional \$1 million over 4 years was also provided to enhance the take up of on-line activities by regional operators.

Industry Development:

The Department will continue to facilitate investment, jobs and exports as part of its 2008/2009 budget and activities.

RDV will increase its focus on assisting regionally based industry to develop new export opportunities, raising its 2008/2009 BP3 export facilitation target from \$100 million to \$150 million as a result.

Infrastructure:

The RIDF will continue to provide funding to address key infrastructure gaps in regional Victoria, with a focus on economic development.

This includes the ongoing implementation of key sub programs that target priority areas, including regional arts infrastructure, dairy, and industry local roads, rural showgrounds and aviation infrastructure.

Growth and Change:

The PVGF will provide funding to assist regional councils and communities to plan and manage growth and change.

- (c) Please provide a table showing for up to ten of the Department's largest projects (in terms of expenditure) the:
- (i) budget allocation for 2008/2009 dissected between new and existing projects
 - (ii) the purpose of each project
 - (iii) how the funding is to be spent
 - (iv) the performance measures in place to assess performance

Response

The Department implements initiatives that focus on development of the whole of the state. In most instances, these initiatives are not divided between regional and non-regional components within the budget papers.

Key DIIRD programs with an exclusive focus on regional development are outlined in the table attached.

Please refer to the following table:

Initiative	2008/09 Budget Estimates	Purpose	Expenditure of Funding	Measures (as per BP3)
Regional Infrastructure Development Fund (RIDF)	\$41 million	To support infrastructure projects that improve the competitive capacity of regional Victoria.	Funding will be spent in accordance with the <i>RIDF Act</i> .	<ul style="list-style-type: none"> • RIDF projects funded • RIDF Committee recommendations accepted by Ministers • Advice to RIDF applicants - after receipt of applications
Provincial Victoria Growth Fund (PVGf)	\$21.5 million	To help communities across provincial Victoria drive economic and population growth, create new opportunities in business and industry, and manage the impacts of growth and change.	The PVGF is made up of various initiatives as identified in " <i>Moving Forward</i> ". Funding will be allocated and spent in accordance with the guidelines of each initiative.	<ul style="list-style-type: none"> • Delivery of Leadership Programs in Provincial Victoria • Enquiries to provincial Councils about living, working and/or investing in their region • Projects to support Councils plan for growth and change • Provincial Economic Partnerships - projects supported • Provincial events held with regional Development Victoria Support • Regional councils satisfied with RDV's delivery of promotion and development programs • Regional councils satisfied with timelines of RDVs response to queries and funding applications
Geelong Future city Master Plan – Cultural Precinct Stage1	\$1.96 million	Development of planning and business cases for an arts centre, library and heritage centre and initial funding for a youth arts centre.	Funding will be in accordance with the project plan	N/A
Tourism				
Marketing Victoria's regions to international markets	\$0.7 million	Market and build awareness of international markets.	To be directed towards a number of activities across the four year program, including working with industry on co-operative campaigns and improving aviation	Contributes to all international visitation measures.

Appendix 3.5: Department of Innovation, Industry and Regional Development

Initiative	2008/09 Budget Estimates	Purpose	Expenditure of Funding	Measures (as per BP3)
			access.	
Natural Attractions and Car Based Touring	\$1.0 million	Encourage more investment and lift the profile of the State's iconic natural attractions. Further promote established touring routes to interstate and international markets.	To be directed towards a number of activities across the four year program, including undertaking activities consistent with the <i>Nature Based Tourism Strategy 2008-2011</i> and leveraging the potential of priority touring routes.	Contributes to all visitation measures.
Skills				
Gordon Institute of TAFE – Wool Classing	\$2.9 million	To complete the transfer of programs from other campuses	Funding will be in accordance with the project plan	N/A
Ballarat University – School of Mines Amenities and Car Park Redevelopment	\$3 million	Upgrade of car park	Funding will be in accordance with the project plan	N/A
Wodonga Institute of TAFE – National Logistics and Skills Training Centre	\$4 million	Relocation and expansion of the Institute	Funding will be in accordance with the project plan	N/A

3.5.8 Communication, advertising and promotion

3.5.8.1 Question

- (a) What is the communication, advertising and promotion budget for 2008/2009? Please also provide the expected actual expenditure for 2007/2008.

Response

The budgets for communication, advertising and promotion for 2008/2009 are not yet finalised and so cannot be reported with great accuracy at this time. Figures provided represent estimates only. The estimate for communication, advertising and promotion for 2008/2009 is \$6.67 million.

The expected actual expenditure for communication, advertising and promotion for 2007/2008 for the Department until 31 March 2008 was \$4.05 million.

It is anticipated that most of the budget of \$6.83 million for 2007/2008 will be fully committed by the end of 2007/2008 financial year. This figure includes ongoing media and marketing expenses, advertising and public relations expenditure, as well as some one-off campaigns to June 2008.

The Tourism Victoria budget for communication, advertising and promotion for 2008/2009 is estimated to be \$34 million.

For 2007/2008, Tourism Victoria's expected actual expenditure on the above activities is \$42.5 million.

- (b) How does the 2008/2009 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007/2008 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

As the budgets for communication, advertising and promotion for 2008/2009 are not yet finalised but are only estimates, comparisons are based on approximate figures only.

The estimated figure of \$6.67 million for 2008/2009 for communication, advertising and promotion is very similar to the budget for 2007/2008 of \$6.83 million.

The Tourism Victoria 2008/2009 estimated budget is lower than the 2007/2008 expected actual expenditure due to the one-off initiative funding ceasing during 2007/2008.

The initiative funding programs which have ceased or reduced between 2007/2008 and 2008/2009 include:

- | | |
|--|----------------|
| • Theatre Productions | \$1.15 million |
| • Bushfire Recovery | \$2.1 million |
| • Flood Recovery | \$0.6 million |
| • 2006/2007 Initiative Program carryover funding expended in 2007/2008 | \$5.3 million |

3.5.9 Non government sector

3.5.9.1 Question

- (a) Please provide a summary of the funding provided through the budget that will be disseminated by the Department through to the non-government sector in 2008/2009.

Response

The total estimated funding to be paid to the non-Government sector in 2008/2009 is \$327 million.

- (b) Please provide a brief description of the performance monitoring framework that will be in place during 2008/2009 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose.

Response

The Department has contracts in place with all organisations that are paid grants by the Department. Contracts specify milestones and deliverables associated with the payments. Payments are not made until grant milestones are reached.

3.5.10 Revenue initiatives/departmental income

3.5.10.1 Question

- (a) In relation to 2008/2009, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

The Department has no new revenue raising initiatives for 2008/2009.

- (b) Please outline the actual and expected financial impact in 2008/2009 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

This is not applicable to DIIRD.

3.5.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007/2008 and the budget for 2008/2009.

Response

The only variation greater than 10 per cent in income categories between the 2007/2008 revised estimate and the 2008/2009 budget relates to the category "Other Grants" The variance of \$4.7 million relates to payments received from other Government Departments in 2007/2008.

3.5.11 Fees, fines, concessions and subsidies

3.5.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

This is not applicable to DIIRD.

3.5.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

Please refer to the table below:

Agency	Name of Concession/Subsidy Arrangement	\$ value of payments made by Agency	Description	Cost
<i>Victorian Skills Commission</i>	Fee concession to TAFEs	\$15,200,000	Ministerial fees and charges dictated that fee exemptions and concessions would apply to students in receipt of a range of Government benefits which would entitle a student to enrol in a TAFE course at a reduced fee. These included unemployment persons, those in receipt of special benefits and allowances and persons in receipt of pensions. In effect, training is being provided which is under funded by Government. The reimbursement of fee concessions for TAFE Institutes was introduced as recognition of this underfunding. The allocation of funding was also extended to include fee concession reimbursement for Private Providers.	TAFEs are not reimbursed the full costs of granting concession and the pool of funding is allocated based on each TAFEs share of total fee concessions granted. Approximately 200,000 students are granted concessions in TAFE
<i>Victorian Skills Commission</i>	Fee concessions to RTOs	\$800,000		Approximately 45,000 students are granted concessions by Private Providers.
<i>Victorian Skills Commission</i>	Apprenticeship	\$2,560,000	All apprentices and new entrant trainees registered under a current training contract in the State of	\$25 per night – 102,400 nights accommodation subsidised.

Agency	Name of Concession/Subsidy Arrangement	\$ value of payments made by Agency	Description	Cost
			Victoria are entitled to an accommodation allowance if they; are attending a TAFE Institute, a Private Registered Training Organisation (RTO) or an Interstate TAFE Institute; and are attending consecutive days of training at the TAFE Institute/RTO and because of the distance between the training venue and the apprentice or trainee's residence, it is impractical to go home and return to the venue on the following day.	

3.5.12 Staffing matters

3.5.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimated of EFT staff numbers (non-executive officers, executive officers and departmental secretary classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Employment — Equivalent Full-Time Staff

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)					30 June 2009 (Estimate) (EFT)
	On-going	Fixed term	Casual	Funded vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total	Total
	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)	(EFT)
VPS CS Grade 1	1.00	5.00		0.50	6.50	1.00			2.00	3.00	
VPS CS Grade 2	43.00	16.80		3.00	62.80	56.30	15.00	1.36	6.90	79.56	
VPS CS Grade 3	125.70	23.00		4.20	152.90	141.33	17.40		10.00	168.73	
VPS CS Grade 4	121.33	23.80		10.70	155.83	143.95	23.20		10.20	177.35	
VPS CS Grade 5	193.86	29.40		11.50	234.76	199.76	25.20		14.60	239.56	
VPS CS Grade 6	204.60	13.40	0.50	10.60	229.10	217.66	17.60		16.20	251.46	
VPS CS Grade 7	6.00	2.00			8.00	5.00	2.00		1.00	8.00	
EO Grade 3		37.00		2.00	39.00		36.00		5.00	41.00	
EO Grade 2		15.00		4.00	19.00		14.00		2.00	16.00	
EO Grade 1		2.00			2.00		2.00		1.00	3.00	
Other	1.00	4.00			5.00	2.00	4.00			6.00	
Total	696.55	171.40	0.50	46.50	914.95	767.06	156.40	1.36	68.90	993.72	993.72

Others include: 30 June 2007 (Actual) and 30 June 2008 (Estimate) Other 'Fixed Term' include: CEO Regional Development (1 FTE); Small Business Commissioner (1 FTE); Workplace Rights Advocate (1 FTE); Agent General London (1 FTE) 30 June 2007 (Actual) Other 'Ongoing' include 1 (FTE) ministerial staff (drivers) and 30 June 2008 (Estimate) include 2 (EFT) for ministerial staff (drivers).

Notes: 30 June 2008 (Actual) staff numbers include Workforce Participation (WP) and Citizen Access and Transformation (CA&T) employees transitioned to the Department as a result of the

Machinery of Government changes. The growth of 78.77 (EFT) staff in the 12 months to June 2008 includes 39.36 (EFT) for WP and 36.21 (EFT) for CA&T not included in the June 2007 figures.

* The Department anticipates the that staff numbers as per 30 June 2009 may change however it is not possible to provide details of overall staff numbers at this point. Does not include most recent machinery of Government change of Major Projects Victoria transfer to DIIRD.