

## **CHAPTER 4: DEPARTMENTAL ASSET INVESTMENT**

### **Key findings of the Committee:**

- 4.1** The budget papers indicate a net investment in fixed assets of \$17.1 billion over the next four years at an average of \$4.3 billion per year. This is a marked increase compared with the 2007-08 Budget which identified an average investment in fixed assets of \$3.3 billion per year over the four out years.
- 4.2** The government's infrastructure investment is funded from surplus cash (20 per cent) generated from operating activities (operating surplus) with the remaining \$3.0 billion to be funded through increased borrowings.
- 4.3** The 2008-09 Budget provides funding for new asset investment projects with a TEI of \$3.2 billion in addition to \$1.1 billion which was provided for infrastructure investment in the 2007-08 Budget Update.
- 4.4** Sixty nine per cent of the Government's investment in new and ongoing capital projects will be delivered by the Department of Infrastructure (\$1.7 billion) and the Department of Human Services (1.4 billion).
- 4.5** The Committee requests that the Government provide further public reporting of the progress and expenditure on major asset initiatives.

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

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

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

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

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

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

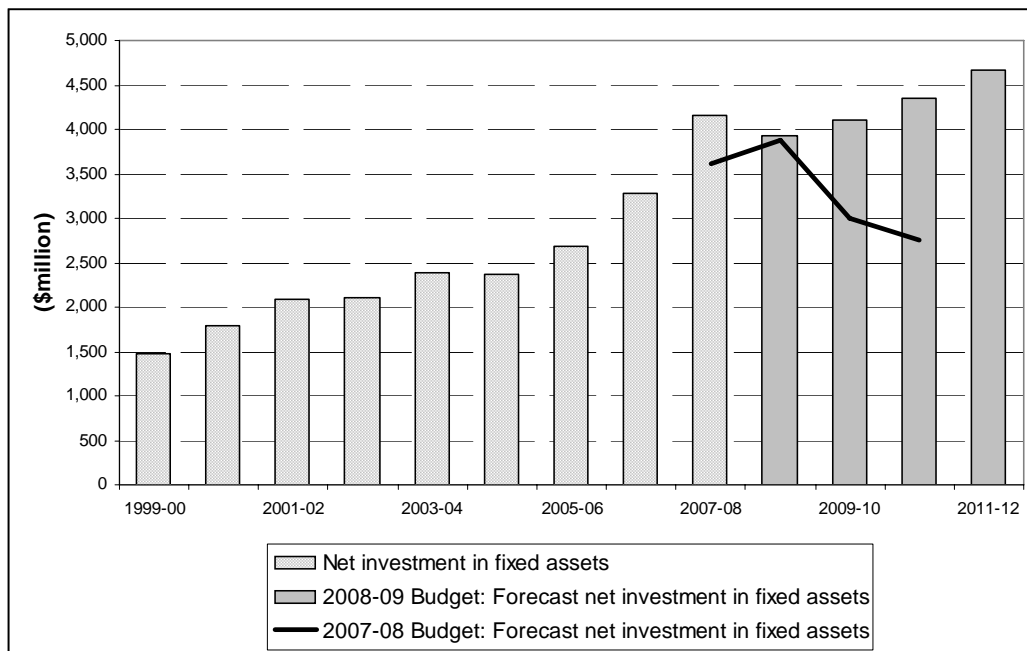
(c) Gross State Product (GSP) is the total market value of goods and services produced in a state or territory within a given period, after deducting the cost of goods and services used up in the process of production, but before deducting allowances for the consumption of fixed capital. Typically, when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

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

## 4.2 Asset investment provisions within the 2008-09 Budget Estimates

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

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



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

<sup>99</sup> Department of Treasury and Finance, 2008-09 Budget Paper No.2 Strategy and Outlook, May 2008, p.6

<sup>100</sup> *ibid.*, p.49

<sup>101</sup> *ibid.*, p.44

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

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

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

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

**Table 4.3: Net Debt Over the Forward Estimates Period**

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

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

*Source: Department of Treasury and Finance, 2008-09 Budget Paper No 4, May 2008, pp.84-85  
Department of Treasury and Finance, 2008-09 Budget Paper No.2, 2008-09 Strategy and Outlook, p.56*

<sup>102</sup> Department of Treasury and Finance, 2008-09 Budget Paper No.2 Strategy and Outlook, May 2008, p.7  
<sup>103</sup> Public Accounts and Estimates Committee, Report on the 2008-09 Budget , May 2008, Treasury Portfolio Verified Transcript, p.3  
<sup>104</sup> Department of Treasury and Finance, 2008-09 Budget Paper No. 2 Strategy and Outlook, May 2008, p.7  
<sup>105</sup> Public Accounts and Estimates Committee, Report on the 2008-09 Budget Paper No.1 Treasurers Speech, May 2008, Treasury Portfolio Verified Transcript, p.3  
<sup>106</sup> Department of Treasury and Finance, 2008-09 Budget Paper No 4, May 2008, p.85

### 4.3 Asset investment funding during 2008-09

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

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

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

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

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

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

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

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

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

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

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

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

## **4.4 Asset Investment Observations**

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

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

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

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

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

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

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

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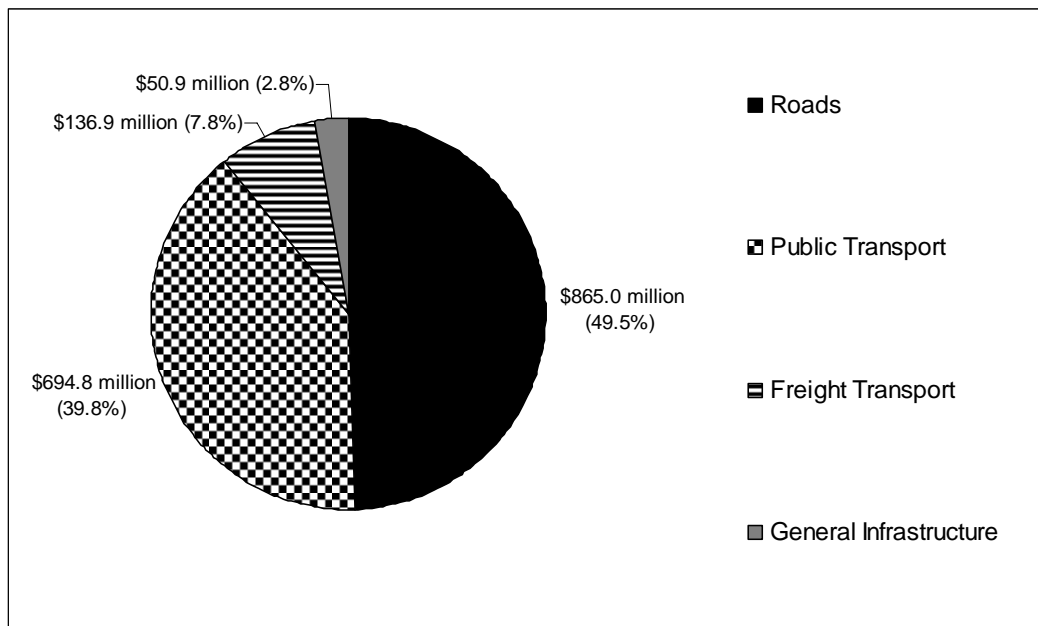
<sup>107</sup> Budget Paper No.2, 2008-09 Strategy and Outlook, p.5



#### 4.4.1 Department of Infrastructure

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

**Figure 4.5: Department of Infrastructure Budgeted expenditure 2008-09**



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

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

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

The Department of Infrastructure identified the following major infrastructure challenges:<sup>108</sup>

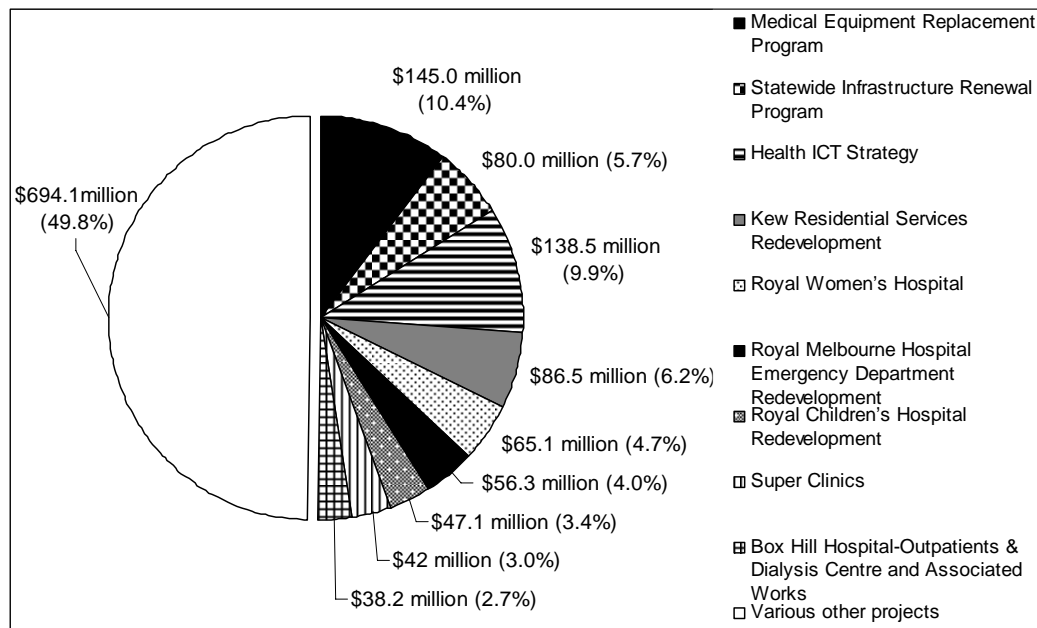
- catering for future transport demand arising from population, economic and jobs growth; and
- catering for different transport needs arising from demographic change, climate change, changes in peoples travel requirements and catering for people with particular transport needs.

<sup>108</sup> Department of Transport, response to PAEC Estimates questionnaire, May 2008, p.6.

### 4.4.2 Department of Human Services

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

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



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

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

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

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

<sup>109</sup> Department of Human Services Response to PAEC Estimates questionnaire, May 2008, p.9

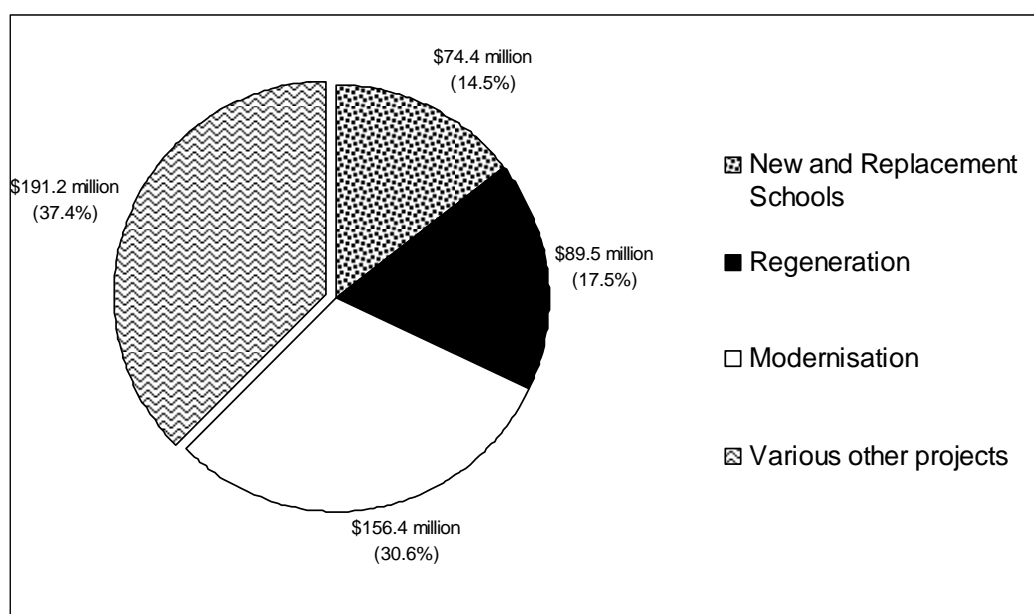
The Department identified four major infrastructure challenges:<sup>110</sup>

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

#### 4.4.3 Department of Education and Early Childhood Development

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

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



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

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

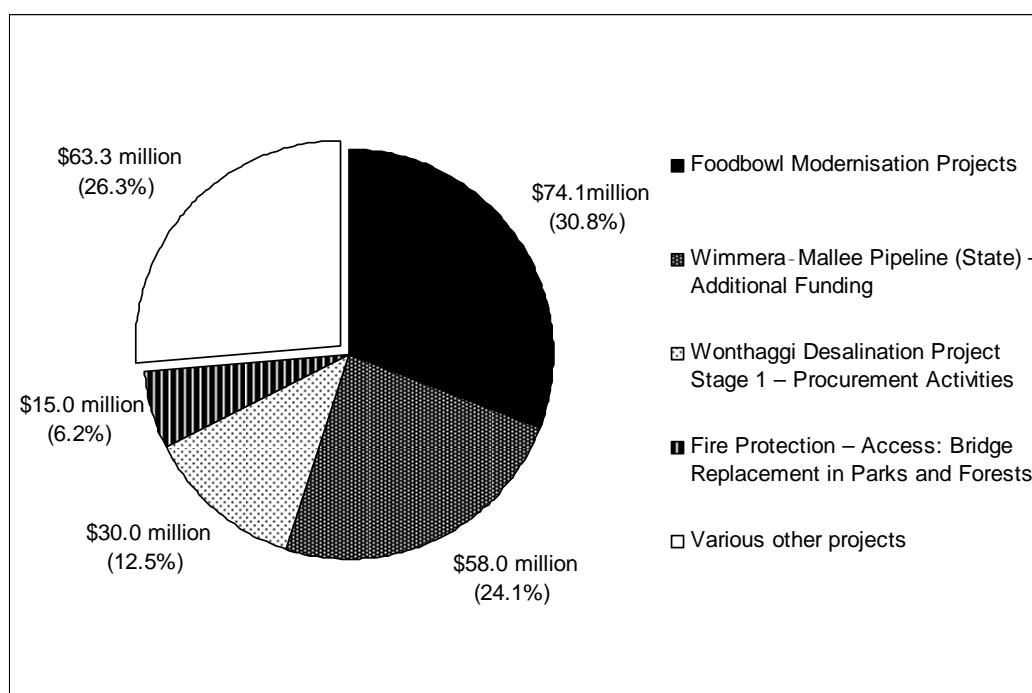
<sup>110</sup> Department of Human Services Response to PAEC Estimates questionnaire, May 2008, pp.7-8.

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

#### 4.4.4 Department of Sustainability and Environment

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

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



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

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

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

<sup>111</sup> Department of Education and Early Childhood Development, response to PAEC Estimates questionnaire, May 2008, pp.4-5.

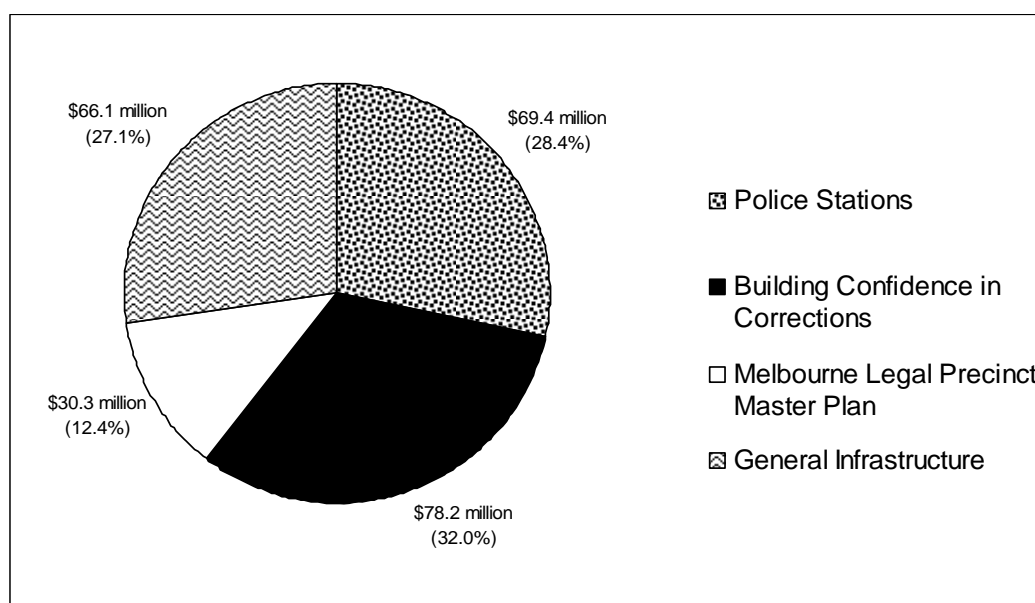
The Department of Sustainability and Environment identified that the two most significant infrastructure challenges currently impacting the department relate to securing Victoria's water supply and addressing climate change.<sup>112</sup>

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

#### 4.4.5 Department of Justice

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

**Figure 4.9: Department of Justice Budgeted expenditure 2008-09**



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

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

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

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

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

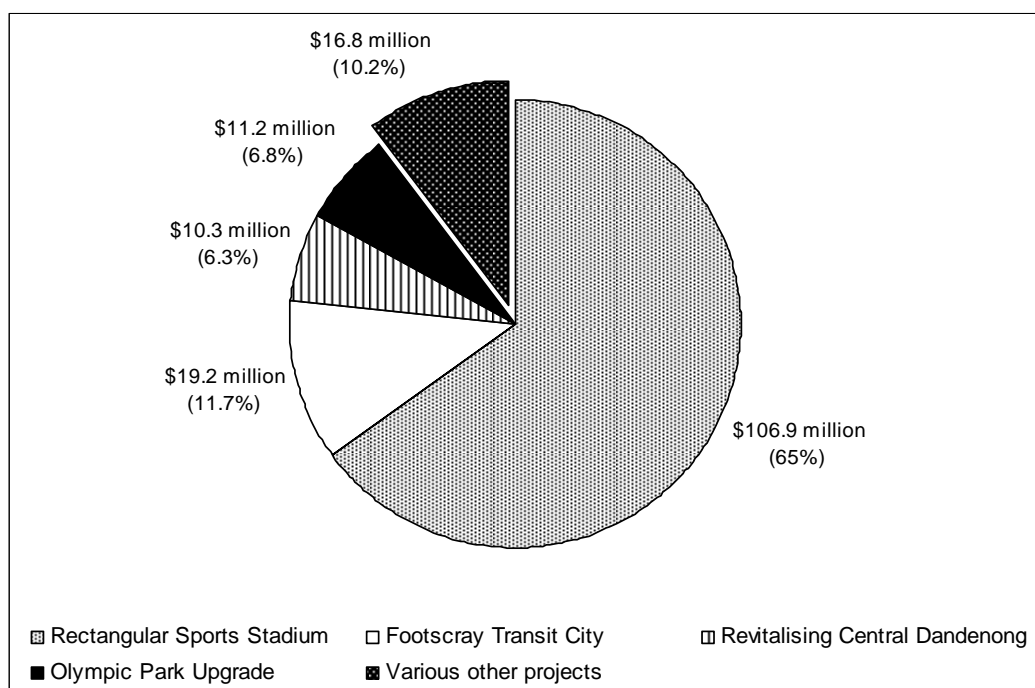
The Department advised the Committee that the immediate and long-term infrastructure challenges include:<sup>114</sup>

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

#### 4.4.6 Department of Planning and Community Development

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

**Figure 4.10 Planning and Community Development Budgeted Expenditure 2008-09**



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

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

<sup>114</sup> Department of Justice response to PAEC Estimates questionnaire, May 2008, p14.

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

The Department identified two key aspects of their strategic direction that are related to asset investment:<sup>115</sup>

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

In relation to these, the Department indicated to the Committee that:<sup>116</sup>

*“Growth and change in rural, regional and metropolitan communities will challenge the full range of infrastructure including housing, utility services (water, energy etc), social (health, education etc), transport (all modes including cycling, walking, personal travel and freight), community infrastructure (libraries, open space, sporting and recreation facilities etc), jobs and services.*

*New infrastructure will be required in growth areas in Melbourne and regional Victorian cities, and infrastructure upgrades and replacement will be required in established urban areas experiencing growth.”*

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

<sup>116</sup> *ibid.*

## 4.5 Reporting by departments on net benefits derived from asset investments

The Committee recommended in its report on the 2007-08 Budget Estimates, that:<sup>117</sup>

*“Recommendation 18.*

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

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

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

### **Recommendation 7:**

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

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

<sup>118</sup> Victorian Government, Response to the Committee’s Report on the 2007-08 Budget Estimates, p.14