
Government Responses to the Recommendations of PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE'S 73rd Report on the 2007-08 Budget Estimates

Pursuant to Section 36 of the *Parliamentary Committees Act 2003*, this paper provides a response to the recommendations contained in the Public Accounts and Estimates Committee's (PAEC) 73rd Report.

Guide for Readers:

Following is the explanation of the format of this paper.

1 Title			
2 Chapter number and topic			
1	2	3	4
PAEC Recommendation	Response	Action Taken to Date	Further Action Planned

Row 1: Indicates the title of this paper.

Row 2: Indicates the number and topic of the response to the PAEC recommendations.

Column 1: Contains the PAEC's recommendations as published in its 73rd Report.

Column 2: Indicates the Government's response to each recommendation (**Accept, Accept in part/principle, Under Review or Reject**).

Column 3: Indicates those actions relevant to the implementation of the recommendation that have been taken to date.

Column 4: Indicates the additional actions planned that are relevant to implementation of the recommendation, together with an explanation of the Government's position concerning the recommendation.

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 3: NATIONAL REFORM AGENDA

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 1 (Page 48)**

<p>The Victorian Government continue to focus on securing the fullest fiscal commitment from the Commonwealth to NRA reforms in order to maximise economic, social and environmental outcomes for Victoria.</p>	<p>Accept</p>	<p>In the lead up to the Council of Australian Governments (COAG) meeting in April 2007, the Victorian Government released three State Action Plans setting out a 10 year reform agenda for early childhood, literacy and numeracy and type 2 diabetes totaling \$597 million in Victorian Government commitments.</p> <p>At the 13 April 2007 COAG meeting, each State and Territory tabled Action Plans in each of these policy areas, with a total indicative investment of \$3 billion. COAG also considered multilateral reform proposals agreed for implementation in all States and Territories.</p> <p>Following the meeting, the Commonwealth Government announced a commitment of \$100 million to combat growth in type 2 diabetes and \$29 million over 4 years for trade measurement in the competition and regulation stream of the National Reform Agenda (NRA).</p> <p>There was no substantial new funding from the Commonwealth Government to help States and Territories implement their Action Plans.</p> <p>A limited number of discussions have taken place at official levels since the April 2007 COAG meeting. These discussions have focused primarily on implementation of the COAG decisions.</p> <p>The COAG meeting held on 20 December 2007 confirmed the NRA. Seven areas were identified for the 2008 COAG work agenda, including: health and ageing; the productivity agenda; climate change and water; infrastructure; business regulation and competition; housing and indigenous reform.</p>	<p>The next COAG meeting will be held on 28 March 2008.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 3: NATIONAL REFORM AGENDA

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 2 (Page 48)**

<p>The role of the National Reform Secretariat established within the Department of Premier and Cabinet be expanded to monitor the progress achieved by departments in terms of implementing the NRA programs and projects and report directly to the Premier on outcomes achieved on an ongoing basis.</p>	<p>Accept in part</p>	<p>The Department of Premier and Cabinet is regularly monitoring the implementation of the Victorian Government's commitments under the National Reform Agenda (NRA), through the policy branches and the Implementation Unit.</p> <p>The Department of Premier and Cabinet has recently provided the Public Accounts and Estimates Committee with a comprehensive update of implementation to date.</p>	<p>The Department of Premier and Cabinet will:</p> <ul style="list-style-type: none"> • continue to periodically monitor the implementation of NRA commitments; • support the Premier in future COAG negotiations including in relation to data required to support the NRA outcomes framework; and • continue to work with the ABS, relevant departments, and the COAG Reform Council to satisfy the data needs to measure the NRA outcomes.
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• **Recommendation 3 (Page 48)**

<p>The Department of Treasury and Finance require departments to disclose in annual reports their performance in achieving agreed outcomes under the NRA, including funding from the Commonwealth to assist Victoria implement the full package of its NRA proposals brought forward to COAG each year.</p>	<p>Accept in principle</p>	<p>Financial Reporting Direction FRD 22B <i>Standard Disclosures in the Report of Operations</i> requires departments to disclose any information in their annual report which may be relevant to the current reporting period.</p> <p>The Department of Treasury and Finance notes that the extent to which details in relation to performance in achieving agreed outcomes under National Reform Agenda and relevant Commonwealth funding is disclosed in department annual reports at the discretion of each department.</p>	<p>The Department of Treasury and Finance will continue to work with departments where necessary to ensure that information disclosure is appropriate and relevant.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 4: IMPACT OF PORTFOLIO SPENDING INCLUDING NEW BUDGET INITIATIVES ON IMPROVING PRODUCTIVITY IN VICTORIA

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 5 (Page 75)**

<p>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.</p>	<p>Reject</p>	<p>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.</p> <p>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.</p>	<p>No further action planned.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 4: IMPACT OF PORTFOLIO SPENDING INCLUDING NEW BUDGET INITIATIVES ON IMPROVING PRODUCTIVITY IN VICTORIA

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 6 (Page 75)**

<p>The Department of Treasury and Finance explain in the budget papers how the budget strategies and associated output and asset initiatives (which extend across government agencies, the Growing Victoria Together vision and goals as well as other key government policies) are designed to improve Victoria's productivity and associated outcomes for the community.</p>	<p>Accept in Principle</p>	<p>Since the 2005-06 Budget, a number of significant enhancements have been made progressively to the budget papers, particularly Budget Paper No. 3 to more clearly articulate the linkages between Government's service delivery (output and asset initiatives) and their contribution to the achievement of Government's desired outcomes.</p> <p>Within the annual suite of published budget papers, there are a number of points of explanation of how the Government's budget strategies are designed to improve productivity and associated outcomes for the community, as articulated within the Government's <i>Growing Victoria Together</i> vision. Examples of these include:</p> <ul style="list-style-type: none"> • Budget Paper No. 2 <i>Strategy and Outlook</i>: <ul style="list-style-type: none"> – Chapter 3 <i>Budget Position and Outlook</i>; and – Chapter 7 <i>The Economic Reform Agenda</i>; • Budget Paper No. 3 <i>Service Delivery</i>: <ul style="list-style-type: none"> – Chapter 1 <i>Service and Budget Initiatives</i>; – Chapter 2 <i>Linking Departmental Outputs to Government Outcomes</i>; – Chapter 3 <i>Departmental Output Statements</i>; and – Appendix B <i>Growing Victoria Together Progress Report</i>. <p>The Department of Treasury and Finance acknowledges that there is scope to continue to improve the way in which these linkages are explained to make the linkages clearer and easier to understand.</p>	<p>The Department of Treasury and Finance and the Department of Premier and Cabinet will continue to work together, in consultation with departments, to develop and improve the outcomes reporting framework.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 4: IMPACT OF PORTFOLIO SPENDING INCLUDING NEW BUDGET INITIATIVES ON IMPROVING PRODUCTIVITY IN VICTORIA

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 7 (Page 75)**

<p>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.</p>	<p>Reject</p>	<p>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.</p> <p>DTF currently publishes, as appropriate, efficiency initiatives and their associated savings targets within the budget papers.</p>	<p>No further action planned.</p>
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• **Recommendation 8 (Page 75)**

<p>Departments disclose in the budget papers key performance measures relating to productivity by the linking of outputs to inputs.</p>	<p>Under review</p>	<p>The Government focuses on linking outputs to outcomes.</p> <p>The Department of Treasury and Finance (DTF) uses Appendix A <i>Output, Asset Investment and Revenue Initiatives</i> (Budget Paper No. 3) to outline the investment in output initiatives as part of each Budget.</p> <p>Appendix A includes a link between output initiatives and their relevant departmental output(s). DTF will consider whether links can be made between assets initiatives and the relevant outputs.</p> <p>Appendix A reinforces the Government's commitment to greater transparency and accountability in the budget papers.</p> <p>Output initiatives are linked by descriptions to the relevant output.</p>	<p>The Department of Treasury and Finance notes the recommendation and will consider further action in consultation with departments.</p>
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CHAPTER 4: IMPACT OF PORTFOLIO SPENDING INCLUDING NEW BUDGET INITIATIVES ON IMPROVING PRODUCTIVITY IN VICTORIA

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• **Recommendation 9 (Page 75)**

<p>The Victorian Government commission a project designed to explore potential areas in the context of micro-economic reform where opportunities exist across government agencies and the non-government sector to improve productivity. Consultation could then occur for such areas to be considered for detailed examination either internally by government departments or by the State Services Authority or the Auditor-General.</p>	<p>Accept in principle</p>	<p>The Department of Treasury and Finance (DTF) through the Economic and Financial Policy division explores micro-economic reform as a core function. Specific programs such as the National Reform Agenda and Savings Strategies are already in place to improve productivity. DTF already has internal review processes in place to monitor productivity. The Government has also invested in the Victorian Competition and Efficiency Commission (as discussed in recommendation 5), which is the Government's foremost body on business regulation reform and for identifying opportunities for improving Victoria's competitive position.</p>	
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CHAPTER 4: IMPACT OF PORTFOLIO SPENDING INCLUDING NEW BUDGET INITIATIVES ON IMPROVING PRODUCTIVITY IN VICTORIA

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• **Recommendation 10 (Page 75)**

<p>As the non-government sector performs a pivotal role in the delivery of services to the Victorian public, departments and non-government organisations need to continuously critically examine ways of improving productivity.</p>	<p>Accept</p>	<p>The size and role of the non-government sector means that government needs to work with the sector to improve its productivity. Two ways that government can contribute are by:</p> <ul style="list-style-type: none"> (a) streamlining regulation of the sector, to minimise the resources that the sector needs to devote to compliance; and (b) by dealing efficiently with the sector when it contracts it to provide services. <p>The Government's commitment to reduce red tape, <i>Reducing the Regulatory Burden</i>, encompasses regulation imposed on the not-for-profit sector as well as the business sector. The Better Regulation Unit within the Department of Treasury and Finance (DTF) is monitoring progress with that commitment, and a reduced burden is being achieved.</p> <p>Through DTF's contribution to the National Reform Agenda and its regular work with budget-funded agencies, it is also keen to pursue options for reform that result in better integration and greater flexibility of government services. Reforms of this type would help to reduce the administrative burden on the not-for-profit sector of working with government, and help to raise its productivity.</p> <p>Other initiatives to improve productivity include harmonisation of payroll tax and occupational health and safety regulations and reducing inter-jurisdictional compliance costs for businesses.</p>	<p>The Department of Treasury and Finance and the Department of Premier and Cabinet will continue its work to improve productivity through the measures outlined.</p>
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CHAPTER 4: IMPACT OF PORTFOLIO SPENDING INCLUDING NEW BUDGET INITIATIVES ON IMPROVING PRODUCTIVITY IN VICTORIA

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• **Recommendation 11 (Page 75)**

<p>In order to clearly establish the link between budget outlays and productivity, departments develop an appropriate range of robust efficiency indicators for reporting in their annual reports the effectiveness of their government funded programs in terms of enhancing productivity according to the three streams of the National Reform Agenda.</p>	<p>Accept in principle</p>	<p>The <i>Standing Directions of the Minister for Finance</i> section 4.2(k) require government departments to report on their performance in delivering outputs and services including a comparison of all output targets specified in the State Budget with actual performance against those targets published in Budget Paper No. 3. The Department of Treasury and Finance is currently in the process of finalising the <i>2007-08 Model Report for Victorian Government Departments</i> and as part of this process will reinforce the requirements of <i>Standing Directions of the Minister for Finance</i> section 4.2(k). Departments productivity and efficiency in delivering services is reflected through these performance measures. Progress on the National Reform Agenda is also reflected in Chapter 7 of Budget Paper No. 2, <i>2007-08 Strategy and Outlook</i>.</p>	<p>The Department of Treasury and Finance (DTF) notes the extent of details in departments' annual report is disclosed at the discretion of each department. The department will consider the need to provide further guidance and clarification in relation to the extent and level of performance information to be provided in the Report of Operations.</p>
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• **Recommendation 12 (Page 76)**

<p>Departments disclose in their annual reports examples of where savings generated through productivity improvement are channeled into service delivery.</p>	<p>Accept in principle</p>	<p>Under the current departmental funding model, the Government pays departments for the provision of outputs. Departments are responsible for achieving productivity within this framework.</p> <p>The <i>Efficient Government</i> policy is to be implemented over a four year period commencing in 2007-08 which will allow departments to realise savings generated through productivity.</p> <p>The <i>Standing Directions of the Minister for Finance</i> section 4.2(k) requires government departments to report on their performance in delivering outputs and services including a comparison of all output targets specified in Budget Paper No. 3 (BP3) with actual performance against targets. Any benefits received from savings and productivity should be reflected in departmental output performance measures in BP3.</p>	<p>The Department of Treasury and Finance will work with departments to progress the implementation of the <i>Efficient Government</i> policy. At this stage, the timeframe for realisation of targeted savings may not necessarily be on an annual basis.</p> <p>The Department of Treasury and Finance (DTF) notes the extent of details in departments' annual report is disclosed at the discretion of each department. The department will consider the need to provide further guidance and clarification in relation to the extent and level of performance information to be provided in the Report of Operations.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 4: IMPACT OF PORTFOLIO SPENDING INCLUDING NEW BUDGET INITIATIVES ON IMPROVING PRODUCTIVITY IN VICTORIA

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 13 (Page 76)</p>			
<p>Using the demonstrated benefits experienced in the agriculture portfolio as a benchmark, departments follow the lead in the budget, which calls for an emphasis to be placed on research and development to improve the national and international competitiveness of Victorian businesses and help foster economic growth.</p>	<p>Accept in part</p>	<p>Government departments continually seek to improve productivity and to encourage an economic framework conducive to improved productivity among Victorian businesses. The Government also supports research and development in universities and research organisations.</p> <p>While the increases in productivity in agriculture have been laudable, it is not clear how they can act as benchmarks for other areas of the economy. Productivity improvement is driven by many factors and many of these are industry specific (e.g. the rate of technology improvement, the degree of exposure to world markets, the structure of the industry).</p>	<p>Research and development activity within government departments is expected to continue to play an important role in fostering growth.</p>

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

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• **Recommendation 14 (Page 76)**

<p>Based on analyses of costs and benefits, governments consider investing more, both statewide and particularly federally, in infrastructure because of the contribution good infrastructure (such as public transport and roads and ports) makes to improving the growth in productivity.</p>	<p>Accept</p>	<p>State government investment in infrastructure has substantially increased in recent years. Cost benefit analysis along with other means of analysis provide guidance for making investment decisions.</p> <p>For example, the Victorian Government has:</p> <ul style="list-style-type: none"> • invested in projects of statewide significance that link and connect the whole state, such as the \$10.5 billion provided under the <i>Meeting Our Transport Challenges</i> statement; • invested \$555 million TEI (total estimated investment) for the first stage of its largest ever school capital program, which will deliver a total investment of \$1.8 billion over the third term of government; • fast-tracked the construction of the Wimmera-Mallee pipeline (\$99 million contribution) as well as establishing two new pipelines between Geelong and Melbourne (\$20 million contribution) and between Hamilton and the Grampians (\$10 million contribution); and • committed to build a new desalination plant in Wonthaggi. <p>While state governments may invest in infrastructure within their jurisdictional responsibilities (including transport, roads and ports) they have limited means of bringing about investment by other state governments and by the Commonwealth government.</p>	<p>The Victorian Government is undertaking significant work to influence and enhance future infrastructure planning and investment. For example:</p> <ul style="list-style-type: none"> • the East-West Link Needs Assessment; • development of the Melbourne Port@L strategy; and • the Rail Freight Network Review. <p>The Government will continue to identify options for infrastructure investment. This will include working with the Commonwealth Government to identify appropriate projects for funding under the AusLink 2 framework.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 5: DEPARTMENTAL ASSET INVESTMENT

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 15 (Page 92)</p>			
<p>The Department of Treasury and Finance disclose in the budget papers how the TEI is determined over the forward estimates period and beyond and its reconciliation to the application of cash resources.</p>	<p>Reject</p>	<p>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.</p>	<p>No further action planned.</p>
<p>• Recommendation 16 (Page 97)</p>			
<p>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.</p>	<p>Accept in part</p>	<p>The water corporations currently provide information on the progress of these projects on their websites.</p> <p>The Department of Sustainability and Environment currently reports the progress of major water supply projects on an annual basis in its annual report.</p>	<p>The Office of Water plans to redevelop its current external website (www.ourwater.vic.gov.au) that provides information on the Government's Water Plan.</p> <p>The updated website will include clearer linkages to water corporation websites and other programs currently being undertaken by the Office of Water to enable the community to obtain up to date information on the progress of each major water supply project and other broader State government initiatives such as water conservation.</p>
<p>• Recommendation 17 (Page 98)</p>			
<p>Asset investment connected with the upgrading and construction of education facilities be monitored from the viewpoint of ensuring that this spend occurs in an equitable manner so that the more disadvantaged areas receive appropriate support to meet their infrastructure and educational needs.</p>	<p>Accept in principle</p>	<p><i>Building Futures</i> provides the planning and approval process guiding capital investment in government school infrastructure in Victoria.</p> <p>Under <i>Building Futures</i>, schools receive funding to improve their facilities only when there is a clear educational link to improving student outcomes, including those in disadvantaged areas.</p>	<p>Continued implementation and monitoring of <i>Building Futures</i> processes.</p>

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 5: DEPARTMENTAL ASSET INVESTMENT

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• Recommendation 18 (Page 99)

<p>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.</p>	<p>Accept</p>	<p>Annual Reports are only one component of a cycle of transparent reports which continually keep the Parliament and the community informed of progress of infrastructure investment. Other public reporting mechanisms include:</p> <ul style="list-style-type: none"> • Budget Papers; • the Annual Financial Report for the State of Victoria; and • Budget Information Paper No. 1 (BIP1). <p>The Government reports expenditure against major asset investments (including existing projects and new projects) for the general government sector and major public non-financial corporations in Budget Information Paper No. 1.</p>	<p>No further action planned as existing reporting mechanisms do report on the status or completion of the government's asset program.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 6: DEPARTMENTAL WORKFORCE – COMPARATIVE ANALYSIS

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 19 (Page 103)</p>			
<p>All departments and their budget funded agencies ensure that complete and accurate information on staffing costs and related productivity benchmarks is available to the Committee in future years.</p>	<p>Accept in principle</p>	<p>Departments and budget funded agencies currently collect and maintain a range of staffing information that is incorporated in annual reports. Department annual reports are prepared in accordance with procedures set by the <i>Standing Directions of the Minister for Finance and Financial Reporting Direction FRD 29 Workforce Data Disclosures in the Report of Operations – Public Service Employees</i>. Departments are committed to providing as complete and accurate information as possible to the Public Accounts and Estimates Committee in regards to staffing costs.</p>	<p>The Department of Treasury and Finance will review existing annual reporting guidance and determine whether further clarification is required or whether additional guidance may be required.</p>
<p>• Recommendation 20 (Page 105)</p>			
<p>For internal management needs and external reporting purposes, all departments maintain core information identifying the impact of achieved savings to 2010-11 on EFT staffing numbers and costs, and the efficiency and quality of services.</p>	<p>Accept in principle</p>	<p>The <i>Efficient Government</i> policy is to be implemented over a four year period commencing in 2007-08. This timetable realises that efficiencies across government generally take some time to fully implement. The importance of <i>Efficient Government</i> is about ensuring the delivery and improvement of front line services.</p> <p>Under the current departmental funding model, the Government pays departments for the provision of outputs. Departments are responsible for achieving productivity within this framework.</p> <p>Departments are required to annually review, develop and report on output performance measures in Chapter 3, Budget Paper No. 3, including quality performance measures. The <i>Standing Directions of the Minister for Finance</i> section 4.2(k) requires government departments to report on their performance in delivering outputs and services including a comparison of all output performance targets specified in Budget Paper No. 3 with actual performance against targets.</p> <p>Departments currently collect and publish staffing numbers and some associated information in their annual reports as required by Financial Reporting Direction FRD 29 <i>Workforce Data Disclosures in the Report of Operations – Public Service Employees</i>. Over time, changes in staffing numbers will, in part, reflect efficiency improvements and will be reflected in annual reports.</p>	<p>The Department of Treasury and Finance will work with departments to progress the implementation of the <i>Efficient Government</i> policy.</p>

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 6: DEPARTMENTAL WORKFORCE – COMPARATIVE ANALYSIS

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 21 (Page 105)**

<p>All departments ensure that their annual reports to Parliament are transparent in their coverage of the achievement of savings targets and the impact on delivery of services to the community.</p>	<p>Accept in Principle</p>	<p>The <i>Efficient Government</i> policy is to be implemented over a four year period commencing in 2007-08. This timetable realises that efficiencies across government generally take some time to fully implement.</p>	<p>The Department of Treasury and Finance (DTF) will work with departments to progress the implementation of the <i>Efficient Government</i> policy, which is focussed on releasing resources for service delivery.</p> <p>DTF notes the extent of details in departments' annual report is disclosed at the discretion of each department. The department will consider the need to provide further guidance and clarification in relation to the extent and level of information to be provided in the Report of Operations.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 7: COMMUNICATION, ADVERTISING AND PROMOTIONAL EXPENDITURE

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 22 (Page 109)</p>			
<p>The government issue the revised guidelines for advertising and communications as soon as possible and that the guidelines be reviewed and updated every four years.</p>	<p>Accept</p>	<p>The Government has committed to reviewing its advertising and communications guidelines. Progress has been made on scoping out a review process and a discussion paper has been prepared and is under consideration.</p> <p>A major development impacting on this process is the Commonwealth Government's undertaking to implement a system of Commonwealth Auditor-General advertising approvals, which is likely to have major implications for government advertising at all levels within Australia.</p>	<p>The Government will develop new guidelines to be implemented in the future.</p>
<p>• Recommendation 23 (Page 110)</p>			
<p>The Auditor-General include, within the scope of performance audits of particular programs, an examination of advertising and communications expenditure and the extent of compliance with the government's guidelines.</p>	<p>Accept in principle</p>		<p>The examination of advertising and communications expenditure and the extent of compliance with the government's guidelines, will be included in audits, where considered appropriate.</p>

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 7: COMMUNICATION, ADVERTISING AND PROMOTIONAL EXPENDITURE

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 24 (Page 112)</p>			
<p>Departments include expenditure on communications, advertising and promotion by all statutory authorities and government entities in future reporting to allow for full reporting and transparency.</p>	<p>Accept in principle</p>	<p>Victorian Government agencies are committed to transparency and strive to ensure that they provide the most accurate possible reporting on communications, advertising and promotion when called upon to do so.</p> <p>However, consistency in reporting is frequently complicated by a number of factors:</p> <ul style="list-style-type: none"> (a) lack of clarity, definition and consistency in requests, both in regard to scope of agencies covered, and scope of activities/ expenditures sought; (b) the high level of autonomy of statutory authorities, which makes it difficult to collate portfolio-wide reports; and (c) a diversity of cost codes and accounts practices across Government which make fully consistent reporting problematic. <p>Against this, whole-of-government contracts (such as the MAMS contract) have greatly improved the Government's ability to track and report spend in the specific areas covered.</p>	<p>Government agencies will continue to strive to provide accurate reporting of communications, advertising and marketing in response to official requests.</p>

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 7: COMMUNICATION, ADVERTISING AND PROMOTIONAL EXPENDITURE

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• Recommendation 25 (Page 113)

<p>The Department of Treasury and Finance ensure, as part of its enhancements to annual reporting practices, that agencies identify and report on performance against advertising budgets, identifying key components of expenditure including government-wide or agency-specific publicity campaigns.</p>	<p>Accept in Principle</p>	<p>Government agencies budget for advertising and communications activities in relation to the outputs they are required to deliver, not as stand alone items.</p> <p>Financial Reporting Direction FRD 22B <i>Standard Disclosures in the Report of Operations</i> requires departments to either disclose any information in their annual report which may be relevant to the current reporting period or provide information on request.</p> <p>This guidance for providing information on request includes:</p> <ul style="list-style-type: none"> • details of publications produced by the entity about itself; • details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services; and • a list of the major committees sponsored by the entity. <p>The Department of Treasury and Finance notes the extent to which details of this expenditure is disclosed at the discretion of each department.</p>	<p>The Department of Treasury and Finance considers current reporting directions provide adequate disclosure. However, such directions are continually reviewed to ensure relevance and appropriateness.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 8: DEPARTMENTAL OUTPUT STRUCTURES AND PERFORMANCE MEASURES

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• Recommendation 26 (Page 119)

<p>The Department of Treasury and Finance incorporate within future budget papers a tabular presentation of annual global movements in new and discontinued output measures, categorised according to quantity, quality and timeliness measures.</p>	<p>Accept in part</p>	<p>The Department of Treasury and Finance considers that sufficient information is already provided in the budget papers.</p> <p>All performance measures that are new for each budget are published in Budget Paper No. 3, Chapter 3. The new performance measures are explained in the individual footnotes at the end of each section. Footnotes also explain key variances in data from previous budgets and any amendments to performance measure titles.</p> <p>Appendix C of Budget Paper No. 3 is a list of all discontinued outputs and performance measures. Appendix C also includes footnotes explaining the reasons for discontinuing each measure.</p>	<p>The Department of Treasury and Finance will constantly monitor the information provided by departments to ensure that Appendix C and footnotes are relevant and robust.</p>
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• Recommendation 27 (Page 119)

<p>The budget papers incorporate a more consistent presentation of each department's policy decisions and directions drawing on the format and content adopted by the Department of Infrastructure.</p>	<p>Under review</p>	<p>The Department of Treasury and Finance provides guidance and templates for departments to use for the departmental narrative component of their output statements, to ensure consistency.</p>	<p>Further changes to the standard template will be considered for the 2009–10 Budget.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 8: DEPARTMENTAL OUTPUT STRUCTURES AND PERFORMANCE MEASURES

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• Recommendation 28 (Page 120)

<p>The recent inclusion in the budget papers of information linking departmental outputs to government outcomes be progressively expanded to provide more performance material on the expected contributions by departmental outputs to meeting objectives and contributing to key government outcomes.</p>	<p>Accept</p>	<p>Budget Paper No 3 <i>Service Delivery</i>, Chapter 2 <i>Linking Departmental Outputs to Government Outcomes</i>, provides a high level overview of the Government's service delivery achievements and the impact they have made towards achieving the Government's long-term vision identified in <i>Growing Victoria Together</i> (GVT).</p> <p>Since the 2005-06 Budget a number of significant enhancements have been made to the budget papers, particularly Budget Paper No. 3 (BP3), to more clearly articulate the linkages between output service delivery and their contribution to the achievement of Government's desired outcomes. These changes include providing greater context around budget priorities in Chapter 1 <i>Service and Budget Initiatives</i>, as well, the introduction of departmental narratives and other improvements to departmental output statements in Chapter 3.</p> <p>Scope exists for further enhancements and improvements to be made to BP3 to continue to reinforce the GVT framework.</p> <p>Any enhancements to be made to BP3 in the future should improve accountability in the document by enabling Government to be more explicit about how it measures its success, as well as enhance the readability, usability and transparency of the document. Any proposed improvements should also be mindful of that the budget papers are forward looking, setting out the planned future activities of the Government.</p>	<p>The Department of Treasury and Finance and the Department of Premier and Cabinet will continue to work together, in consultation with departments, to develop and improve the outcomes reporting framework.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 9: REGIONAL VICTORIAN INITIATIVES AND RELATED ISSUES

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 29 (Page 126)</p>			
<p>The government consider widening presentation in the budget papers or associated materials of information on announced new initiatives for regional and rural development to encompass a dissection of funding allocated to each department for each of the state's designated regions.</p>	<p>Accept in principle</p>	<p>The Department of Treasury and Finance (DTF) supports the presentation of budget information for rural and regional Victoria. The budget papers currently report significant targeted initiatives by the six geographical segments of Victoria and by <i>Provincial Victoria</i> key themes.</p> <p>State-wide initiatives are currently not reported by region as these are funded across Victoria and not specifically to a region. As an example, state-wide initiatives such as agriculture and fisheries research and development are not specific to a region, and through ex-post reporting the take-up of this funding by region is clearly identified.</p> <p>DTF considers the dissection of state-wide initiatives budget funding by regions is only feasible where this information clearly represents the underlying purpose of the initiative.</p>	<p>The Department of Treasury and Finance is currently reviewing its processes for the 2008–09 Budget and the structure and content of the budget papers. Consideration will be given to examine options to expand the presentation of new initiatives for regional Victoria.</p>
<p>• Recommendation 30 (Page 127)</p>			
<p>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.</p>	<p>Reject</p>	<p>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.</p> <p>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.</p> <p>DTF does not consider there is a need to consolidate the funding coordination and reporting role to one single agency.</p>	<p>No further action planned.</p>

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 9: REGIONAL VICTORIAN INITIATIVES AND RELATED ISSUES

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 31 (Page 128)**

<p>The government explore the merits of an associated budget document on funding allocated to programs for regional and rural Victoria, that is, rural Victoria as well as provincial cities.</p>	<p>Under review</p>	<p>The Department of Treasury and Finance supports the presentation of budget information for rural and regional Victoria. The budget papers currently report significant targeted initiatives by the six geographical segments of Victoria and by <i>Provincial Victoria</i> key themes.</p> <p>State-wide initiatives are currently not reported as these are funded across Victoria and not specifically to a region. As an example, state-wide initiatives such as agriculture and fisheries research and development are not specific to a region, and through ex-post reporting the take-up of this funding by region is clearly identified.</p> <p>DTF considers the dissection of state-wide initiatives budget funding by regions is only feasible where this information clearly represents the underlying purpose of the initiative.</p>	<p>The Department of Treasury and Finance is currently reviewing the structure and content of budget papers for the 2008–09 Budget.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 10: MEASURING THE COMMITMENT OF MINISTERS AND DEPARTMENTS IN SERVICING THE PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 32 (Page 133)</p>			
<p>Departments ensure their costing systems readily identify the level and cost of resources allocated to supporting Ministers in their servicing of the Committee's inquiries.</p>	<p>Accept in principle</p>	<p>All areas of departments provide support to Ministers in servicing the Committee's inquiries. Most departments have a planning and reporting unit dedicated to supporting Ministers in their servicing of the Committee's inquiries as well as other accountability responsibilities. However, other technical resources are also often utilised from across department business areas. As such, it is difficult to proportion the resources applied for this activity from other policy advice activities and other accountability activities undertaken by departments.</p> <p>Under the budgeting framework, departmental activities are budgeted in relation to outputs to be delivered. Budget Paper No. 3 <i>Service Delivery</i>, Chapter 3 <i>Departmental Output Statements</i> discloses the outputs (or bundles of goods and services) that government departments intend to deliver in the forthcoming budget year and how those outputs will contribute to the achievement of <i>Growing Victoria Together</i>.</p>	<p>No further action planned.</p>

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 11: OVERVIEW OF LINKAGES BETWEEN THE BUDGET ESTIMATES HEARINGS AND GROWING VICTORIA TOGETHER

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 33 (Page 142)**

<p>The Department of Treasury and Finance clearly disclose in the budget papers the amount of funding allocated to each output on a departmental basis, according to each policy priority and goal articulated in Growing Victoria Together.</p>	<p>Accept in part</p>	<p>Budget Paper No. 3 <i>Service Delivery</i>, Chapter 3 <i>Departmental Output Statements</i> currently discloses the outputs (or bundles of goods and services) that government departments intend to deliver in the forthcoming budget year and how those outputs will contribute to the achievement of <i>Growing Victoria Together</i> (GVT).</p> <p>The current reporting of departmental outputs is consistent with Section 40 of the <i>Financial Management Act 1994</i> which requires that a description of the goods and services provided by each department, together with comparative information, be provided under departmental headings.</p> <p>The total output cost disclosed for each output includes total State appropriation revenue as well as revenue from other sources. This cost information is a more appropriate measure compared with the recommendation to disclose the funding allocated to each output, as it better reflects the true accrual cost of delivering each output by the relevant department.</p> <p>Departmental output statements also clearly show the relationship of each output and their individual contribution to the relevant GVT goal. The Department of Treasury and Finance accepts that the departmental output statements do not indicate, as recommended, outputs according to each policy priority. Such disclosure would be inconsistent with the existing resource allocation framework and the GVT outcomes framework. Within Budget Paper No. 3 other reporting mechanisms exist which aim to make these linkages more appropriately, such as Chapter 1 <i>Service and Budget Initiatives</i> which provides GVT context around the budget priorities. The requirement that departmental outputs demonstrate linkages to policy priorities may also result in the creation of an artificial representation of the outcomes framework.</p>	<p>The Department of Treasury and Finance is committed to continuing to work together with the Department of Premier and Cabinet and departments to improve the accountability and transparency of output information in the budget papers.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 11: OVERVIEW OF LINKAGES BETWEEN THE BUDGET ESTIMATES HEARINGS AND GROWING VICTORIA TOGETHER

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 34 (Page 142)**

<p>Each individual department ensure that consistency and linkages are achieved with the budget papers (Recommendation 33) and the information provided within the operations and output sections of their annual reports.</p>	<p>Accept in principle</p>	<p>Budget Paper No. 3 <i>Service Delivery</i>, Chapter 3 <i>Departmental Output Statements</i> currently discloses the outputs (or bundles of goods and services) that government departments intend to deliver in the forthcoming budget year and how those outputs will contribute to the achievement of <i>Growing Victoria Together</i> (GVT).</p> <p>Budget Paper No. 3 <i>Service Delivery</i>, Appendix B <i>Growing Victoria Together Progress Report</i> reports on progress made to achieve the GVT vision and goals. Multiple departments contribute to each individual GVT goals and it is not consistent with outcomes based reporting to split the reporting of these goals by departmental lines for reporting in department annual reports.</p> <p>Department annual reports are prepared in accordance with the <i>Model Report for Victorian Government Departments</i>. The <i>Standing Directions of the Minister for Finance</i> section 4.2(k) require government departments to report on their performance in delivering outputs and services including a comparison of all output targets specified in the State Budget with actual performance against those targets published in Budget Paper No. 3.</p>	<p>The Department of Treasury and Finance (DTF) notes the extent of details in departments' annual report is disclosed at the discretion of each department. The department will consider the need to provide further guidance and clarification in relation to the extent and level of performance information to be provided in the Report of Operations.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 12: THRIVING ECONOMY

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 35 (Page 145)</p>			
<p>When setting long term targets that can be prone to variations from external factors, the government keep under continual review such targets, particularly if circumstances materially change over time.</p>	<p>Accept</p>	<p>The Department of Primary Industries and the Government continually review targets and factors influencing these targets, within the scope available, depending on the nature of the target and commitment.</p>	<p>The Department of Primary Industries will continue to review targets and factors influencing these targets, within the scope available, depending on the nature of the target and commitment.</p>
<p>• Recommendation 36 (Page 145)</p>			
<p>The Department of Primary Industries review whether there is a need to revise Victoria's food and export target of \$12 billion to be achieved by the year 2010, given that the level of exports in 2006 was \$7.2 billion and that Victoria has been subject to extreme drought and water shortages.</p>	<p>Accept</p>	<p>In the 2006–07 financial year, Victorian food and fibre exports were valued at \$6.9 billion; a level relatively consistent with the value of exports over the past three years. Despite the challenges of drought, a weak global economy, a strong domestic economy and a high exchange rate for the Australian dollar, Victoria has maintained its position as Australia's largest state exporter, with over 26 per cent Australian total food and fibre exports.</p> <p>At this stage it is unlikely that the \$12 billion export target will be met. While international prices are at record highs for grain and dairy commodities, the pressures of climate change and drought will place ongoing constraints on production, which will flow on to affect exports. This is exacerbated by the strength of the Australian dollar, which continues to fluctuate at high levels and by increasing competition from low-cost producers such as China and South America.</p> <p>The confluence of climate change, drought and water allocation has also led to increased scrutiny on agricultural water use and has, in some quarters, lead to some debate about future food security.</p>	<p>The Department of Primary Industries will review and provide advice on factors influencing the \$12 billion export target.</p> <p>DPI will continue to focus its attention on research, development and practice change activities which are aimed at improving productivity growth in Victoria's agriculture sector.</p> <p>DPI will also continue to deliver a targeted market development program to help the Victorian agriculture sector capture market opportunities in key export markets.</p>

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 12: THRIVING ECONOMY

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 37 (Page 147)</p>			
<p>In terms of ensuring that resource allocation decisions promote the efficient movement of freight between Melbourne and regional Victoria with a view to ensuring that the proportion of freight transported to and from ports by rail will increase to 30 per cent by 2010, the government will need to monitor the adequacy of its investment in the rail freight network.</p>	<p>Accept</p>	<p>The State bought back the below rail lease of Victoria's regional intrastate rail network from Pacific National in mid-2007 and has subsequently allocated \$25 million to the Department of Infrastructure to assist with urgent only maintenance. In addition, a comprehensive review of the Rail Freight Network was undertaken by a Committee chaired by the Hon Tim Fischer AC. The Committee has tabled a comprehensive report into the condition of the Network including recommendations regarding further investment and prioritisation of maintenance requirements with the Minister for Public Transport.</p> <p>Department of Infrastructure obtains statistics from the Ports on a bi-annual basis to monitor performance against the Government's policy of increasing the proportion of freight on rail to 30 per cent by 2010.</p> <p>The rail share for the 2006–07 financial year was 16 per cent which is directly related to the severe downturn in transport of bulk grain resulting from the current drought situation.</p>	<p>The Department of Infrastructure will continue to receive statistical data from the Ports bi-annually to monitor ongoing performance against targets.</p>
<p>• Recommendation 38 (Page 147)</p>			
<p>To assess whether rail freight is obtaining efficient access to Victoria's ports, the Department of Infrastructure develop pricing and timeliness indicators and incorporate this information into the appropriate outputs in the budget papers.</p>	<p>Accept in Principle</p>	<p>The Freight, Logistics and Marine Division of the Department of Infrastructure is consulting with port terminal and rail operators to determine the availability of relevant data to support the development of appropriate indicators for pricing and timeliness for port related rail freight.</p>	<p>The Department of Infrastructure will:</p> <ul style="list-style-type: none"> • identify and secure sources of relevant data; and • complete the design and documentation of indicators and incorporate them into appropriate rail freight output reporting.

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 13: QUALITY HEALTH AND EDUCATION

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 39 (Page 152)</p>			
<p>The recently established Department of Education and Early Childhood Development ensure that its future reporting on kindergarten services includes a clear connection between new performance measures developed for the 2007-08 budget initiatives and relevant outcomes.</p>	<p>Accept in principle</p>	<p>The Department of Education and Early Childhood Development has in place a regular reporting process for all budget initiatives.</p> <p>These reports address key project milestones, performance measures and outcomes.</p>	<p>The Department of Education and Early Childhood Development will continue to review the appropriate level of reporting to Government on this initiative.</p>
<p>• Recommendation 40 (Page 155)</p>			
<p>The government ensure that a comprehensive reporting regime is established for the Victorian Schools Plan so that Parliament is adequately informed on the plan's progressive implementation and ultimate effectiveness in delivering on intended educational outcomes.</p>	<p>Accept in principle</p>	<p>The Department of Education and Early Childhood Development regularly reports to Government on its asset investment program.</p>	<p>The Department of Education and Early Childhood Development will review the appropriate level of reporting to Parliament on this initiative.</p>
<p>• Recommendation 41 (Page 155)</p>			
<p>The Department of Education and Early Childhood Development publish at an early date the experience to date with educational outcomes feasibility plans associated with planning for schools modernisation, and include in such a report specific case studies as guidance for schools and school councils seeking to enter the program.</p>	<p>Accept in principle</p>	<p>Upon project completion, capital projects are evaluated to ensure that the capital investment is contributing to improving educational outcomes.</p> <p>These reviews will inform future capital investment.</p> <p>The Department of Education and Early Childhood Development is reviewing the effectiveness of the <i>Building Futures</i> Feasibility Study stage. Decisions arising from this review will inform the type of support material made available to schools and school councils.</p>	<p>Continued implementation and monitoring of <i>Building Futures</i> processes.</p>

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 14: HEALTHY ENVIRONMENT

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 42 (Page 159)**

<p>The report of Professor Garnaut on the national study into the economic impacts of climate change on Australian jobs and the economy be tabled in the Victorian Parliament when completed in 2008.</p>	<p>Accept in principle</p>	<p>N/A</p>	<p>Professor Garnaut is undertaking an independent review. His Terms of Reference require the report in draft form in June 2008, with a final report in September 2008. It is anticipated that the draft and final reports will be publicly available documents.</p>
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• **Recommendation 43 (Page 159)**

<p>To enhance the management of climate change and provide informed input into policy development and resource allocation decisions for Victoria's future prosperity, the Department of Premier and Cabinet keep the Victorian Parliament informed of the applicability and implications of the recommendations to Victoria from the national research into the economic impact of climate change conducted by Professor Garnaut.</p>	<p>Accept</p>	<p>N/A</p>	<p>In order to inform future policy development, the Victorian Government will monitor closely the findings and recommendations of Professor Garnaut's review as well as other national and international developments.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 14: HEALTHY ENVIRONMENT

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 44 (Page 161)**

<p>To ensure that the rock lobster catch is managed on a sustainable basis in Victorian waters, the Department of Primary Industries closely monitor commercial catches of rock lobster over time to assess the overall effect of changed fishing practices and changing environmental conditions and whether there is a need for structural changes to be made to the industry and the quota system.</p>	<p>Accept</p>	<p>The Department of Primary Industries (DPI) has been monitoring the catches of all rock lobster licence holders on a daily basis since quota management was introduced in 2001. Fishers must report their catches by phone to a computerised quota monitoring system every day they fish. Field staff carry out random inspections in port and at sea to verify catch reports.</p> <p>DPI research staff at Queenscliff conduct an annual stock assessment workshop with all stakeholders. In addition to reviewing catch, effort, and catch rate data, the fishery is assessed using biomass estimates derived from a sophisticated computer model of the fishery. This model also has the capability of predicting future trends in biomass estimates under different management regimes.</p> <p>There is a declared management plan for the fishery which contains stock indicators, performance measures and reference points, and agreed management actions in response to changes in stock indicators. The primary management response to changes in stock indicators is to change the total allowable catch (TAC) for the fishery (up or down) for the following year. Other management responses may include closed seasons, changing the minimum size or gear changes.</p> <p>DPI is unable to monitor environmental conditions.</p>	<p>Research and monitoring programs for the fishery and annual stock assessments will continue.</p> <p>The management plan for the fishery is currently being reviewed. A major part of this project is a complete review of the stock indicators and performance measures for the fishery. The review will examine the approaches currently used in other rock lobster fisheries to ensure best practice in the Victorian fishery.</p> <p>A two year project to enhance the model for the Victorian fishery, with the assistance of the CSIRO, has recently been completed. This new model will allow a more detailed examination of the fishery on a finer spatial scale. This is an important improvement because it is known that the biological characteristics of the stocks, and the fishery, vary from region to region across the State.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 14: HEALTHY ENVIRONMENT

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 45 (Page 161)**

<p>The Minister for Agriculture report to Parliament on the outcome of the Department of Primary Industries' assessment of the commercial rock lobster industry.</p>	<p>Accept</p>	<p>The rock lobster fishery is managed in two zones, east and west of Cape Otway. Stock assessments are carried out separately for each zone.</p> <p>Eastern Zone</p> <p>Biomass estimates from the model have been increasing steadily since the introduction of quotas. Catches and catch rates have been steady. For the 2007–08 fishing year, the total allowable catch (TAC) was increased by 10 per cent.</p> <p>There was significant re-structuring in the eastern zone when quota management commenced (with government assistance), and there are now about 30 per cent fewer boats operating in the fishery.</p> <p>Western Zone</p> <p>Biomass estimates from the model initially increased under quotas, but have declined for the past three seasons. Catches and catch rates are falling. The TAC was decreased by 15 per cent for the 2007–08 fishing year. It is now apparent that initial TACs were too high. The introduction of marine park areas and abnormal environmental conditions in the western zone may have compounded the effect of a high initial TAC.</p> <p>There has been very little restructuring in the western zone since quotas commenced, including little interest in the voluntary buy back scheme at the time of quota introduction. Many western zone fishers are now having significant financial difficulties. The situation has been exacerbated by falling prices and increasing exchange rates, and high fuel prices. Quota prices are low and there is little capacity for the industry to re-structure on its own. Fishers wishing to leave cannot sell because there is no market. Further reductions in TAC, whilst needed to rebuild the stocks and provide for a more efficient quota trading, will compound these problems for much of the industry.</p>	<p>The 2007 annual stock assessment and TAC setting process have been conducted recently.</p> <p>Based on the outcomes of the stock assessment, it is likely that the TAC for the eastern zone will remain unchanged for 2008–09.</p> <p>It is likely that a further reduction in the western zone TAC will be necessary for 2008–09 to address a further decline in the fishery.</p> <p>Seafood Industry Victoria, the peak body for commercial fisheries, have advised that they will be seeking government support for restructuring of the western zone fishery. They have engaged an economic consultant to conduct an assessment of the fishery to assist with their submission.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 14: HEALTHY ENVIRONMENT

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
<p>• Recommendation 46 (Page 164)</p>			
<p>The Department of Sustainability and Environment monitor the impact of the government's water saving initiatives on reducing the amount of kilolitres used per household during the mid winter months of the year.</p>	<p>Accept in principle</p>	<p>The Government's <i>Central Region Sustainable Water Strategy</i> (2006) established a new water conservation target for Melbourne of a 30 per cent reduction in total per capita water consumption by 2015 from the 1990s' average and a 30 per cent reduction in residential per capita water consumption by 2015 from the 1990s average.</p> <p>On a per capita basis, total water consumption has continued the general downward trend since the 1990s. In 2006–07 water use decreased by 29 litres per capita per day or 8.8 per cent to 303 litres per capita per day compared to 2005–06. This represents a decrease of 120 litres per capita per day or 28 per cent from the average of the 1990s.</p>	

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 15: CARING COMMUNITIES

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 47 (Page 167)**

<p>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.</p>	<p>Reject</p>	<p>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.</p>	<p>No further action planned.</p>
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• **Recommendation 48 (Page 170)**

<p>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.</p>	<p>Reject</p>	<p>As part of the 2007-08 Budget, \$500 million was provided to increase the supply of social housing.</p>	<p>Future funding decisions will be made as part of the normal budget process.</p>
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• **Recommendation 49 (Page 170)**

<p>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>	<p>Reject</p>	<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</p>	<p>No further action planned.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 15: CARING COMMUNITIES

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
		<p>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>.</p> <p>In order to this 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'. 	

GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 16: VIBRANT DEMOCRACY

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 50 (Page 179)**

<p>Given the downward trend in the number of criminal and non-criminal matters disposed across Victoria's courts, after a sufficient lead time has elapsed, the Auditor-General consider whether there is a need to build on his work covering the Magistrates' Court by undertaking a more targeted approach to examining efficiency aspects relating to the various levels of courts within the judiciary.</p>	<p>Accept</p>	<p>In 2007, the Auditor-General conducted an audit, in accordance with the <i>Audit Act 1994</i>, to examine the administration and (non-judicial) governance arrangements in place at the Magistrates' Court of Victoria.</p>	<p>The need to conduct a more targeted approach to examining efficiency aspects relating to the various levels of courts will be considered by the Auditor-General in future audit program planning.</p> <p>The scope of any future audits should recognise the protocols in place developed by the Attorney-General and heads of jurisdiction.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 16: VIBRANT DEMOCRACY

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 51 (Page 183)**

<p>More frequent surveys of overcrowding using improved methodology be undertaken, including surveys of actual numbers on vehicles/carriages and surveys of stranded passengers. Consideration also be given to including in shift reports of drivers, details of stops that they were forced to bypass because of overcrowding.</p>	<p>Accept in part</p>	<p>Each year during May, passenger counts (load surveys) are undertaken to assess train loadings. The load recorded is the load of each service when it arrives at (morning) or departs from (afternoon/evening) the cordon stations (Richmond, North Melbourne or Jolimont).</p> <p>In addition to the regular train load survey conducted during May 2007, the passenger counts were extended from the cordon stations to include selected stations on every line of the metropolitan train network. The extended surveying conducted in May identified approximate points where the seating capacity is exceeded and passengers are required to stand. In October 2007 another load survey was conducted for trains with the addition of monitoring where passengers were unable to board due to overcrowding. Further morning peak surveying was also undertaken during November 2007.</p> <p>Tram load surveys have been conducted each year during October at multiple points along every route as prescribed in the Franchise Agreement. For trams during October 2007, surveying was extended to cover extra survey points with heavy passenger traffic and also survey times were extended to cover some late night services.</p> <p>An audit of the current tram count methodology was also conducted to assist in improving future data collections.</p> <p>The Department of Infrastructure (DOI) works closely with bus operators to address overcrowding problems on routes. Bus drivers generally notify depots by radio when they are required to bypass stops due to overcrowding. If this occurs on a regular basis the bus operator or DOI will monitor the stop to identify the extent of the problem and appropriate action will be taken if necessary. Remedial measures such as additional buses are introduced to address these instances.</p>	<p>For 2008 for the metropolitan train network, two full cordon station and extended load surveys are currently being planned.</p> <p>Further additional late night and weekend tram surveying is planned for early 2008.</p> <p>The Department of Infrastructure (DOI) in conjunction with Yarra Trams is working to identify stops where bypassing by trams occurs on a regular basis. Additional monitoring of passenger movements at these locations will be undertaken to identify the magnitude of the problem and appropriate remedial actions identified and implemented.</p> <p>DOI will continue to work closely with bus operators to identify and redress overcrowding issues including the bypassing of stops.</p> <p>It is not practical for train, tram or bus drivers to monitor passenger movements or overcrowding at stops. This is due to the inability to determine whether people not boarding the vehicle are waiting for a different service and to accurately differentiate between passengers who have alighted from the vehicle and those waiting to board a vehicle.</p> <p>It is more practical and accurate to identify passenger movements and overcrowding through regular surveying at stops and on-board vehicles augmented by additional surveys in locations that are identified as being of particular concern.</p>
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GOVERNMENT'S RESPONSE TO THE PAEC REPORT NO. 73 2007-08 BUDGET ESTIMATES

CHAPTER 17: QUALITY OF MATERIAL PROVIDED BY MINISTERS AND DEPARTMENTS IN RESPONSE TO QUESTIONS RAISED BY THE COMMITTEE

PAEC Recommendation	Response	Action Taken to Date	Further Action Planned
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• **Recommendation 52 (Page 190)**

<p>To ensure the estimates hearing process is conducted in the most efficient manner and to further improve the quality of information provided to the Committee, the following measures be considered:</p> <p>(a) Ministers place a greater emphasis on the importance of scrutinising the quality of material prepared by departments in response to the Committee's budget estimates questionnaire;</p> <p>(b) Ministers consider utilising senior public servants more in answering detailed technical questions at the estimates hearings;</p> <p>(c) Responses provided by Ministers and departments include examples, technical data and statistical analyses, wherever possible, to uphold or corroborate information of a general nature and provide cogent evidence to support why decisions have been made;</p> <p>(d) Departments access the Committee's website to obtain guidance on best practice in drafting responses to the Committee's questions.</p>	<p>Accept in principle</p> <p>Accept in principle</p> <p>Accept in principle</p> <p>Accept in principle</p>	<p>All Ministers review and sign-off on information prepared by departments on their behalf to the Public Accounts and Estimates Committee.</p> <p>Ministers are accountable to Parliament and therefore are responsible for reporting to the Public Accounts and Estimates Committee. The Government is committed to Ministers remaining accountable in this way. In the past, all Ministers have been supported by senior public servants at the estimates hearing and this approach will continue.</p> <p>The Government places great emphasis on the quality of the materials provided to the Public Accounts and Estimates Committee in response to its budget estimates questionnaire and other enquiries. The Government endeavours to ensure that material provided is comprehensive and accurate.</p> <p>Departments utilise all available information in preparing responses that inform the Public Accounts and Estimates Committee. This includes the Committee's own guidelines on responses.</p>	<p>Ministers will continue to appropriately review information prepared on their behalf by departments to ensure the Committee receives high quality information.</p> <p>Ministers will continue with the existing approach which appropriately engages senior public servants.</p> <p>Consistent with a continuous improvement approach to the PAEC process, Ministers will continue to review materials to be made available to the Committee. Where relevant, technical data and statistical analysis will be included, where the information clearly contributes to better understanding of the responses.</p> <p>Departments will continue to utilise guidelines issued by the Committee.</p>
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