



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**2012-13 BUDGET ESTIMATES QUESTIONNAIRE**

**DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT**

## 1. Strategic priorities

### Question 1.1

- (a) What are the Department's key strategic priorities underpinning its budget for 2012-13 and over the forward estimates to 2015-16?

The Department's output statement now refers to departmental objectives in the place of strategic priorities.

The department's objectives for 2012-13 and over the forward estimates are:

- Effective management of water resources to meet future urban, rural and environmental needs.
- The community benefits from effective management of Victoria's assets.
- Effective environment and climate change policy, investment and regulation.
- Reduced impact of major bushfires and other extreme events on people, infrastructure and the environment.

- (b) If applicable, how do these priorities differ from the previous year?

The Department's objectives largely align with its objectives in 2011-12.

- (c) What are the impacts of any differences in the Department's strategic priorities between 2011-12 and 2012-13 on funding and resource allocation in the 2012-13 Budget?

The Department's objectives largely align with its objectives in 2011-12. As such, there has been no impact on funding and resource allocation as a result of a change in departmental objectives.

- (d) Please identify any programs or initiatives (asset or output) over \$2 million relevant to the Department that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2011-12 and 2012-13. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

There have been no programs or initiatives (asset or output) over \$2 million relevant to the department that have been curtailed, deferred, discontinued or completed as a result of changes in departmental objectives between 2011-12 and 2012-13.

### **Question 1.2**

Please identify any programs or initiatives that have lapsed in 2011-12 (i.e. will not be continued in 2012-13). For each program or initiative, please indicate the impact on the community of the lapsing. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

Programs are funded by an appropriation for a finite period. If a Government decides that a particular measure should be funded permanently, legislative provision can be made accordingly.

Each year some programs cease and other commence. In some instances, the previous Government did not make provision for certain programs to continue in the forward estimates and the details of these can be readily found by comparing the tabled Budget Papers for each financial year.

The Department of Sustainability and Environment has a number of programs that were funded in 2011-12, but that will not receive funding in 2012-13. As these programs were forecast to lapse in 2011-12, ceasing of this funding will have no community impacts.

This is due to a number of factors, such as:

- Once-off output funding – this includes funding which was provided for a specific purpose or a particular activity, usually in response to an external event. For example, funding provided to the Department in response to the 2011 floods is not required on an ongoing basis. The ceasing of this funding will have no community impacts.
- Asset investment – funding is provided for a defined set of works. Once a project is complete, funding is no longer required. The 2012-13 Budget Paper 4 (page 48) lists 13 departmental asset projects which have been completed during 2011-12. Portfolio entities, such as water corporations have numerous other projects that have been completed. The ceasing of this funding will have no community impacts.
- Machinery of Government changes – a number of Machinery Government changes were flagged as part of the 2010 election. The relevant functions, and associated funding, have been transferred to the Department of Primary Industries during 2011-12. As a result, while DSE funding has lapsed, funding for the functions has not.
- The merging of similarly themed output initiatives.

**Question 1.3**

- (a) What are the key sectoral policies applicable to the Department upon which budget allocations to new initiatives are based?

The Department does not have sectoral policies relating specifically to the new budget initiatives. The Department has a range of policies that underpin to our key objectives, such as the Government's Plan for Water and Implementing the Government Response 2009 Victorian Bushfires Royal Commission - May 2011. All policies are publically available on the Department's website.

Budget allocations to new initiatives are based on the Department's key objectives as per these policies. These Department's objectives are stated in the Corporate Plan.

- (b) For the five largest initiatives released for your department in the 2012-13 Budget, please identify:

- (i) to which of the policies detailed above does each initiative relate; and  
(ii) whether linkages are explicitly identifiable in the 2012-13 Budget Papers.

Please ensure that the initiatives are described using the same names as are used in the budget papers.

<b>Initiative</b>	<b>Related policies</b>	<b>Where links are identifiable in the budget papers</b>
Securing Priority Waterways: Regional on-ground works	Plan for Water	This policy is reflected in the departmental objective of "Effective management of water resources to meet future urban, rural and environmental needs". This objective is referenced on page 254 of Budget Paper No. 3.
Management of Environmental Entitlements and onground delivery	Plan for Water	This policy is reflected in the departmental objective of "Effective management of water resources to meet future urban, rural and environmental needs". This objective is referenced on page 254 of Budget Paper No. 3.
Reducing Fire risk: Expanding the Planned burning program to 390,000 hectares	Implementing the Government's Response to the 2009 Victorian Bushfires Royal Commission – May 2011.	This policy is reflected in the departmental objective of "Reduced impact of major bushfires and other extreme events on people, infrastructure and the environment". This objective is reference on page 255 of Budget Paper No.3.

Zoos Victoria’s Asset Management Strategy: Investing for the Future	Zoos Victoria has a range of policies to improve facilities and exhibitions to meet its mission to become the world’s leading zoo-based conservation organisation.	This policy is reflected in the departmental objective of “The community benefits from effective management of Victoria’s land assets”. This objective is reference on page 255 of Budget Paper No.3.
Surface Water Monitoring and Data Management	Plan for Water	This policy is reflected in the departmental objective of “Effective management of water resources to meet future urban, rural and environmental needs”. This objective is referenced on page 254 of Budget Paper No. 3.

**Question 1.4 (Department of Treasury and Finance only)**

Please identify any government-wide programs or initiatives that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2011-12 and 2012-13. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

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**Question 1.5 (Department of Treasury and Finance only)**

Please identify any government-wide programs or initiatives that have lapsed in 2011-12 (i.e. will not be continued in 2012-13). For each program or initiative, please indicate the impact on the community of the lapsing. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

Program or initiative	Impact on the community

**Question 1.6 (Department of Treasury and Finance only)**

Please outline how the recommendations made by the Independent Review of State Finances in its April 2011 Interim Report and 2012 Final Report have been reflected in:

- (a) strategic priority formulation;

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- (b) budget strategies; and

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- (c) the development of the 2012-13 Budget and forward estimates.

**Question 1.7 (Department of Treasury and Finance only)**

In the 2011-12 budget papers,<sup>1</sup> the Government drew attention to a VCEC inquiry to identify the main elements of a state-based reform agenda that would focus on promoting productivity, competitiveness and labour force participation.

Please outline how the recommendations emanating from the VCEC inquiry have been reflected in:

- (a) strategic priority formulation;

- (b) budget strategies; and

- (c) the development of the 2012-13 Budget and forward estimates.

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<sup>1</sup> Budget Paper No.2, *2011-12 Strategy and Outlook*, May 2011, p.16

## 2. Budget preparation

### Question 2.1

Please identify any reviews, inquiries, studies, audits or evaluations specifically requested by the new Government after the 2010 election relating to your department, indicating for each the impact that it has had on the formulation of the 2012-13 Budget for the Department.

Following the 2010 election, the Government requested the department undertake the following reviews, inquiries, studies, audits or evaluations:

Review, inquiry, study, audit or evaluation	Impact
Living Melbourne; Living Victoria Ministerial Advisory Council Roadmap and Implementation Plan.	References to this project can be located in 2012-13 Budget Paper No. 3, <i>Service Delivery</i> , Chapter 1, page 59 and 62.
Victorian Ombudsman's Investigation into the Foodbowl Modernisation Project and related matters - November 2011	References to this project can be located in 2012-13 Budget Paper No. 3, <i>Service Delivery</i> , Chapter 1, page 59 and 63.
Review of the Climate Change Act as required under Section 19(1) of that Act	No direct 2012-13 budget impacts.
VEAC investigation on biodiversity & ecological values of public land within the Yellingbo Investigation Area	No direct 2012-13 budget impacts.
VEAC investigation of the outcomes of the establishment of Victoria's existing marine protected areas	No direct 2012-13 budget impacts.
Alpine grazing study	No direct 2012-13 budget impacts.
Review of Southern Alpine Boards	No direct 2012-13 budget impacts.

### Question 2.2

Please describe the five most significant projects or programs that the Department considers would have been worthwhile to undertake in 2012-13 but which cannot be undertaken due to resources being allocated elsewhere.

There are no projects or programs scheduled to be undertaken in 2012-13 which are required by the Government that will not be undertaken as a consequence of resource re-allocation. Departments do not set work priorities as distinct from those priorities set by the Government of the day, this is consistent with the practice under successive governments.

**Question 2.3 (Department of Treasury and Finance only)**

In the Committee’s *Report on the 2011-12 Budget Estimates — Part Three* (Recommendation 12), the Committee recommended that the Department of Treasury and Finance ‘develop and implement processes for identifying the cost of producing the budget papers in future years’.

(a) What progress has been made in collecting this information?

(b) What is the cost of the development, preparation and publication of the 2012-13 Budget Papers? Please include details of the number of resources employed and hours or work entailed.

(c) What is the Department of Treasury and Finance’s view on publishing in future, as part of the budget papers, the cost of developing, preparing and publishing this key accountability document for the State or the reasons for not doing so?

(d) If cost information is not collected, how is the Department assured that the State Budget is prepared in an efficient manner?

**Question 2.4 (Department of Treasury and Finance only)**

Please detail the economic forecasts which had the most significant impact on framing the 2012-13 Budget, detailing for each the major items in the budget that have been affected.

Economic forecast	Affected items in the budget

**Question 2.5 (Department of Treasury and Finance only)**

In relation to the aggregate level of the operating contingency provision as shown in the line item ‘Contingencies not allocated to departments’ in the notes to the estimated financial statements (estimated operating statement) for the general government sector, please explain the reasons for any movement of greater than \$500,000 between the years 2012-13 to 2015-16.

**Question 2.6 (Department of Treasury and Finance only)**

In relation to the estimated financial statements for the general government sector (estimated operating statement and estimated balance sheet), please explain any variations of more than 10 per cent between the estimates for 2012-13 published in the 2011-12 budget papers, and the budget forecasts for 2012-13 shown in the 2012-13 budget papers.

Line item	Reason for variation

**Question 2.7 (Department of Treasury and Finance only)**

(a) What new features have been incorporated in the budget papers for 2012-13 and why?

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(b) What features have been omitted and why?

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### 3. Spending

#### Question 3.1

For your department, please explain any variations of more than 10 per cent (or greater than \$100 million) between the revised estimate for 2011-12 and the target for 2012-13 for expenses from transactions (as presented in the Department's operating statement in the Statement of Finances budget paper) that relate to the following line items:

- (a) 'Employee benefits';
- (b) 'Grants and other transfers'; and
- (c) 'Other operating expenses'.

The Operating Statement for Sustainability and Environment is outlined on page 134 of the 2012-13 Budget Paper 5 (Chapter 3). The below information is extracted from this Budget Paper.

	<b>2011-12 (Revised estimate)</b>  <b>(\$ million)</b>	<b>2012-13 (Budget)</b>  <b>(\$ million)</b>	<b>Explanation for any variances greater than ±10% (or greater than \$100 million)</b>
Employee benefits	349.4	295.5	The 2011-12 revised target is higher than budgeted primarily due to a range of initiatives that received once-off funding in 2011-12 such as flood recovery and response. When comparing the 2012-13 budget to the 2011-12 budget of \$319.4 million, this difference is less than 10%.
Grants and other transfers	646.8	550.8	This reduction predominantly relates to the timing of milestones in significant projects such as the Northern Victoria Irrigation Renewal Project.
Other operating expenses	414.2	405.0	The variance is less than 10%

**Question 3.2**

As the line item ‘other operating expenses’ in the Department’s operating statement (as presented in the Statement of Finances budget paper) constitutes a large proportion of expenditure, please provide a break-down of the major components of this item, providing for each component:

- (a) the current estimate of expenditure for 2011-12;
- (b) the estimated expenditure for 2012-13; and
- (c) an explanation for any variations greater than  $\pm 10$  per cent (or greater than \$100 million) between the estimated expenditure for 2011-12 and the estimated expenditure for 2012-13.

The expenditure line “other operating expenses” has two major components. These are outlined below.

	<b>2011-12</b>	<b>2012-13</b>	<b>Explanation for any variances greater than <math>\pm 10\%</math> (or greater than \$100 million)</b>
	<b>(\$ million)</b>	<b>(\$ million)</b>	
Operating Supplies and Consumables	394.3	385.2	The variance is less than 10%
Operating Leases	17.6	17.4	The variance is less than 10%

If the Department is unable to provide estimates for the expenditure on these components in 2012-13, please explain how the amount of ‘other operating expenses’ listed for 2012-13 in the budget papers was calculated.

N/A
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**Question 3.3**

For each of the items listed in the table below, please provide details of:

- (a) the current estimate of expenditure for 2011-12;
- (b) the estimated expenditure for 2012-13; and
- (c) an explanation for any variations greater than  $\pm 10$  per cent (or greater than \$100 million) between the expected outcomes for 2011-12 and the estimated expenditure for 2012-13.

Please provide details on the same basis of consolidation as is used to create the departmental operating statement in the budget papers.

The below information is based on Departmental expenditure only. For 2011-12, the estimated expenditure reflects the anticipated year end result.

	2011-12 (\$ million) *	2012-13 (\$ million) *	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
Entertainment expenses	0.0	0.0	The variance is less than 10%
Overseas travel	0.1	0.0	The variance is less than 10%
Legal expenses	0.0	0.0	Legal expenses are included in the 'contractors' line below
Consultants*	0.0	0.0	The variance is less than 10%
Contractors*	143.3	134.4	The variance is less than 10%
Grants to non-government organisations	34.6	21.4	The variation is primarily due to timing of key milestones for individual grants which impacts upon payment schedules.

\* Please note, numbers have been rounded.

\* For the difference between consultants and contractors, please see FRD 22B – Standard Disclosures in the Report of Operations.

If the Department is unable to provide estimates for the expenditure on any of these items, please explain why.

N/A

**Question 3.4**

If there are any output or asset initiatives released in the 2012-13 Budget for the Department where less than 20 per cent of the total funding is to be spent in 2012-13, please explain the reasons in each instance. In describing the initiatives, please use the same names as are used in the budget papers.

<b>Initiative</b>	<b>Explanation</b>
Living Melbourne; Living Victoria	The Office of Living Victoria will be established during 2012-13. Once the Office is established, it will begin to undertake wider planning work.
Breathing life back into the Yarrowee River	The program of works is not scheduled to commence on this initiative until 2013-14.
Mordialloc Creek Dredging	Funding is already available for this initiative in 2012-13. The budget provides funding to undertake dredging from 2013-14.
Securing Priority Waterways - Regional on-ground works	Planning activity is undertaken in the first year of this initiative, with major works scheduled to occur in future years.
Management of Environmental Entitlements and Onground delivery	Planning activity is undertaken in the first year of this initiative, with the majority of work scheduled to occur in future years.
Demonstrating waterway health outcomes	Initial planning and coordination work occurs in the first year of this initiative, with roll out of the full program in subsequent years.
Enhancing the Victorian Water Register	Timing of expenditure relates to the transition of records from the old register to the new Victorian Water Register.
Coordination of Murray-Darling Basin Plan activities	Timing of expenditure is dependent on timing of the Commonwealth Government's process for the Murray-Darling Basin Plan.
Northern Victoria Irrigation Renewal Project Management - ensuring governance and accountability	Project management is currently funded until 2012-13.

**Question 3.5 (Department of Treasury and Finance only)**

With respect to the line item ‘Net cash flows from investments in financial assets for policy purposes’ in the general government sector cash flow statement, please identify:

- (a) the main projects facilitated through this expenditure in 2012-13 and the forward estimates;
- (b) the amount of funding for each of those projects; and
- (c) what policy objectives underlie the choice of investments.

Project	Value of funding (\$ million)	Policy objectives

**Question 3.6 (Department of Treasury and Finance only)**

Please prepare an analysis of the expected growth in public expenditure for the general government sector in 2012-13 and over each of the out-years to 2015-16 compared to the assumed trend growth in Gross State Product (GSP) between each year. Include in your analysis an explanation for any year in which expenditure growth rate exceeds the assumed growth rate in the GSP. For both expenditure and GSP, please provide nominal amounts.

Year	Estimated growth in expenditure (%)	Estimated growth in GSP (%)	Analysis
2012-13			
2013-14			
2014-15			
2015-16			

## **4. Efficiencies and savings**

### ***Question 4.1***

Please outline how the concept of 'operational efficiency' has been addressed in formulating the Department's budget for 2012-13.

The Department continually reviews its procedures to implement operational efficiencies where appropriate. This includes reviewing procurement strategies and utilising state purchasing contracts which aim to maximise group purchasing efficiencies.

**Question 4.2**

For each of the savings initiatives detailed in the table below, please detail (on the same basis of consolidation as the budget papers):

- (a) what actions the Department will take in 2012-13 to meet the savings targets;
- (b) any impact that these actions will have on the delivery of services; and
- (c) please identify the savings target for 2012-13, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released.

<b>Initiative</b>	<b>Actions the Department will take in 2012-13</b>	<b>Impact of these actions on service delivery</b>	<b>Savings target for 2012-13 (\$ million)</b>	<b>Explanation for variances to the original target</b>
General efficiencies (2009-10 Budget)	The Department will continue to implement a range of measure focussed on administrative efficiencies to be apportioned across the portfolio.	N/A	37.4	The Department met its original savings target; therefore there are no variations from the original target.
Government election commitment savings (2011-12 Budget)		N/A	18.4	
Measures to offset the GST reduction (2011-12 Budget)		N/A	9.7	
Capping departmental expenditure growth (2011-12 Budget Update)		N/A	12.2	N/A
Maintain a sustainable public service (2011-12 Budget Update)		N/A	23.0	N/A
Any savings or efficiency initiatives in the 2012-13 Budget		N/A	30.3	N/A

**Question 4.3**

For each of the expenditure areas targeted for savings in the 'Government election commitment savings' initiative released in the 2011-12 Budget, please detail the actual expenditure for 2009-10 and 2010-11 and the estimated expenditure for each year of 2011-12 to 2014-15. Please provide figures on the same basis of consolidation as the budget papers. Please provide explanations for any category that does not decrease by the savings target over the five-year period.

The savings released in the 2011-12 Budget applicable to the Sustainability and Environment portfolio were detailed in the 2011-12 Efficiency savings background brief, page 3. In 2011-12, these savings totalled \$12 million.

The savings focussed on a range of measures, including non-core corporate business services, consultancies and contractors, efficiency savings as a result of structural changes, ICT efficiencies within Land Victoria, and support functions between the EPA and the Department.

These savings were apportioned across the portfolio, based on the specific intent of each savings category. As a result, individual Divisions and portfolio entities were responsible to achieve these savings, as part of managing their broader budgets. Given funding in these categories varies from year to year, for example, contractors are used to assist in fire suppression activities as required, it is not possible to separate out reductions achieved via these savings measures compared to other variations.

## 5. Asset and output initiative funding

### Question 5.1

Please break down the Department's total output funding for 2012-13 (as provided in the Service Delivery budget paper) according to the amounts from:

- (a) output initiatives in the 2012-13 Budget;
- (b) non-ongoing initiatives released in previous budgets; and
- (c) base funding/ongoing funding.

Funding for initiatives released in the 2012-13 Budget	Funding for non-ongoing initiatives released in previous budgets	Base funding/ongoing funding	Total output cost (as in Service Delivery budget paper)
(\$ million)	(\$ million)	(\$ million)	(\$ million)
57.0 <sup>1</sup>	787.0 <sup>2</sup>	541.0	1385.0

<sup>1</sup> This funding excludes the \$9.1 million the Department received in 2012-13 for the Murray Darling Basin Authority payment on behalf of the state as this is an administered item.

<sup>2</sup> Significant infrastructure projects such as the Northern Victoria Irrigation Renewal Project (NVIRP) have been included as non-ongoing initiatives due to the finite nature of their works programs. These projects do not require ongoing funding.

### Question 5.2

If the Department's total output cost (as detailed in the Service Delivery budget paper) differs from the Department's total expenses from transactions (as detailed in the Statement of Finances budget paper), please explain the difference.

The Department's total output cost does not differ from the department's total expenses from transactions.

### Question 5.3

The Department of Treasury and Finance has indicated to the Committee that '*the service benefits delivered through the asset investment are reflected in changes to the Budget Paper 3 Performance Measures*'.<sup>2</sup> Please list all performance measures that have been adjusted in 2012-13 as a result of recent asset investment by the Department.

Funding provided as part of the 2012-13 budget has assisted in increasing the "Fuel reduction burning completed to protect key assets" measure to 250,000 ha in 2012-13.

Funding of \$13.7 million over two years has been provided to Zoos Victoria for significant infrastructure works. However, due to the timing of the construction works, it is not anticipated that the "Visitors to Zoos Victoria at Melbourne, Werribee and Healesville" measure will increase in 2012-13. The measure will be revisited as part of the 2013-14

<sup>2</sup> Department of Treasury and Finance, response on the Committee's 2009-10 and 2010-11 financial and performance outcomes Questionnaire — Part Two, received 24 January 2012, p.9

budget, once works are underway.
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**Question 5.4**

In relation to any unapplied output and asset funding carried forward to 2012-13, please provide:

- (a) a break-down of the carried forward funding for both output and asset initiatives;
- (b) the underlying reasons for the Department's funding carryover for each category; and
- (c) the intended revised timing for use of the carried forward funds, including project-specific details for asset initiatives.

Funding provided to Sustainability and Environment in 2011-12 that is being carried forward into 2012-13 is detailed in the 2012-13 Budget paper 5, Appendix A, page 216. In total \$155 million (both output and asset funding) is being carried forward into 2012-13. The portfolio has a number of projects that require carry forward into 2012-13, due to a range of factors including the diversion of resources to flood response and recovery. A breakdown of those projects with the largest carry forward is provided below.

<b>Category</b>	<b>Initiatives affected</b>	<b>Amount of carryover</b>	<b>Underlying reasons</b>	<b>Intended revised timing for use of the carried forward-funds</b>
Output funding	1. Northern Victoria Irrigation Renewal Project	48.33	NVIRP has advised the Department that the project end date has been revised from 2012-13 to 2017-18 to reflect additional funding being provided by the Commonwealth for Stage 2 of the project.	2012-13 financial year

Asset funding	1. Northern Victoria Irrigation Reconstruction Project	44.1	NVIRP has advised the Department that the project end date has changed from 2012-13 to 2017-18 to reflect additional funding being provided by the Commonwealth for Stage 2 of the project	2012-13 financial year
	2. Country Towns Water Supply	5.9	Carryover is required due to the timing of payments for this initiative.	2012-13 financial year

## 6. Revenue initiatives, departmental income (fees, fines, taxation measures, concessions and subsidies) and tax expenditures

### Question 6.1

In relation to 2012-13, please outline any new revenue-raising initiatives and/or major changes to existing revenue initiatives. For each initiative/change, please explain:

- (a) the reasons for the initiative/change;
- (b) the assumptions underlying the analysis;
- (c) alternative scenarios considered;
- (d) the impact of any changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives);
- (e) any performance measures or targets altered as a result of the initiative/change; and
- (f) the anticipated total value of revenue gained/foregone as a result of the initiative/change.

In describing initiatives, please use the same names as are used in the budget papers where applicable.

Initiative/ change	Reasons for the initiative/ change	Underlying assumptions	Alternative scenarios	Impact of changes on service delivery	Performance measures or targets altered	Anticipated total value of revenue gained/foregone
Environmental Contribution Levy (as per 2012-13 Budget Paper 3, Chapter 1, page 79)	This initiative is an extension of an existing levy for a further four years from 2012-13. The levy collects an annual contribution from Water Authorities for the purposes of funding initiatives that seek to promote the sustainable management of water or address the environmental impacts associated with water use.					\$70.2 million in 2012-13

**Question 6.2**

In relation to 2012-13, please outline any new tax expenditures or concession/subsidy initiatives and/or major changes to existing tax expenditures or concession/subsidy initiatives. For each initiative/change, please explain:

- (a) the reasons for the initiative/change;
- (b) the assumptions underlying the analysis;
- (c) alternative scenarios considered;
- (d) the impact of any initiatives/changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives);
- (e) any performance measures or targets altered as a result of the initiative/change; and
- (f) the anticipated total value of revenue gained/foregone as a result of the initiative/change.

In describing initiatives, please use the same names as are used in the budget papers where applicable.

In relation to 2012-13, the Department does not have any new tax expenditures or concession/subsidy initiatives and/or major changes to existing tax expenditures or concession/subsidy initiatives.

**Question 6.3**

- (a) Please provide a list of any revenue measures (taxation, fees, fines etc.) or any concessions (or subsidies) where the rate has been changed for reasons other than keeping up with inflation.
- (b) Please provide an explanation for the changes.

As part of the 2012-13 budget, the Government has undertaken an once-off increase in littering fines.

**Question 6.4**

For the Department's income categories (as appear in the Department's operating statement in the Statement of Finances budget paper), please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2011-12 and the budget for 2012-13.

Income category	Explanation
Special Appropriations	Once off appropriation provided in 2011-12 for the Northern Victoria Irrigation Renewal Project.
Interest	Expected increase in interest earned on the Environment Protection Fund.
Sale of Goods and Services	Reduction reflects the receipt in 2011-12 of insurance settlements associated with the Victorian floods.
Grants	Reduction reflects the conclusion of the 10 year agreement for State contributions to the Snowy River Joint Government Enterprise and the completion of projects.

**7. Grants from the Commonwealth****Question 7.1**

- (a) What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on the Department's component of the 2012-13 State Budget?

The most significant development at the Commonwealth level that impacts the Department is the introduction of a carbon tax.

As the independent review on the Climate Change Act highlighted, the introduction of a national carbon price is the primary means through which the national emissions target will be met.

- (b) In describing the impact of these developments for 2012-13, please outline the Department's progress to date in transitioning to the COAG Reform Council's new performance reporting framework.

As the impact of the Carbon Tax and associated assistance package is not yet known, the Department has yet to commence transitioning to the COAG Reform Council's performance reporting framework for this program.

**Question 7.2 (Department of Treasury and Finance only)**

Please explain how any major changes between financial agreements with the Commonwealth have impacted on the State's budget for 2012-13, e.g. new national health and hospitals reform.

**Question 7.3 (Department of Treasury and Finance only)**

What has been the impact of any changes to Victoria's share of the GST pool for 2012-13 and beyond?

**8. Net debt**

**Question 8.1 (Department of Treasury and Finance only)**

In relation to the net debt projections for the non-financial public sector for the 2012-13 budget year and over the forward estimates to 2015-16, please provide a break-down of the spread of net debt between the general government sector (GGS) and each of the main public non-financial corporations (PNFCs) concerned.

GGS/PNFC entity	Net debt, 30 June 2012	Net debt, 30 June 2013	Net debt, 30 June 2014	Net debt, 30 June 2015	Net debt, 30 June 2016

**Question 8.2 (Department of Treasury and Finance only)**

- (a) What plans are in place to reduce (in nominal dollar terms) the general government sector's net debt over time?

- (b) Does the Department have a target for the year in which the general government sector's net debt will start reducing (in nominal dollar terms)?

- (c) Does the Department have a target for the year in which there will be no debt for the general government sector?

**Question 8.3 (Department of Treasury and Finance only)**

- (a) What plans are in place to reduce (in nominal dollar terms) the general government sector's total liabilities over time?

- (b) Does the Department have a target for the year in which the general government sector's total liabilities will start reducing (in nominal dollar terms)?

- (c) Does the Department have a long-term target for a sustainable level of total liabilities?

## 9. Geographic considerations

### Question 9.1

Please complete the following table for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria:

The Department has a significant number of projects that benefit regional and rural Victoria. In many cases, a number of smaller projects make up one larger program. For example, the Natural Resources Investment Program provides grants to a number of entities such as Catchment Management Authorities for a range of projects and deliverables.

Project	Budget allocation for 2012-13 (\$ million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2012 dollars), where applicable
DSE's planned burning program	Planned burning is a state-wide program and actual expenditure in rural and regional Victoria is dependent upon the location of burns, which is in turn dependent on weather conditions.	This is an existing project. However additional funding is provided in the 2012-13 Budget (Budget Paper 3, Chapter 1, pages 59 and 65).	DSE's planned burn program is the use of planned fire to protect life, property and the environment, by reducing fuel levels and maintaining the health of plants and animals.	The funding supports the planning, preparation, and delivery of planned burns.	BP3 Performance Measures: "Fuel reduction burning completed to protect key assets" and "Personnel with accreditation in a fire role."	The protection of communities, property and the local environment.	N/A

Securing Priority Waterways: Regional on-ground works	8.4	New, with funding announced as part of the 2012-13 budget (Budget Paper 3, Chapter 1, page 60).	Funding will be used to improve the environmental condition of Victoria's regional rivers, wetlands and estuaries.	On-ground physical works across regional Victoria and statewide policy coordination and planning	<p>BP3 Performance Measures:</p> <p>Length of rivers where works have been undertaken to improve instream health</p> <p>Length of rivers where works have been undertaken, or river frontage protected to improve the vegetation in the streamside zone</p> <p>Length of rivers where works have been undertaken to stabilise bank erosion.</p>	<p>Regional employment</p> <p>More resilient catchments.</p> <p>Improved condition of regional waterways</p> <p>More viable farming enterprises</p>	N/A
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Management of environmental entitlements and onground delivery	6.4	New, with funding announced as part of the 2012-13 budget (Budget Paper 3, Chapter 1, page 59).	This initiative aims to ensure healthy and resilient rivers and wetlands that can meet the diverse needs of Victorian communities.	Work will occur across regional Victoria to ensure effective management, monitoring and reporting of the Environmental Water Reserve to facilitate the sustainable development of water resources.	BP3 Performance Measures: Rivers reaches and wetland systems where environmental water has been delivered to replicate natural flow regimes and meet environmental objectives	Regional employment Healthy and resilient rivers and wetlands Increased community engagement.	N/A
Communities for Nature	5.5	This is an existing project. This initiative was funded as part of the 2011-12 budget.	Funding community groups to undertake: 1) Biodiversity and habitat preservation 2)Threatened species recovery 3) Sustainable management of native wildlife 4)Revegetation 5) Cleaning up waterways 6) Control of weeds and pest animals.	Grants up to \$150,000	Evaluations are conducted upon receipt of individual grant applications to ensure they align with stated project goals.	Support practical community action in the environment.	\$ 20 million (over 4 years)

**Question 9.2**

Please complete the following table for up to five of the Department's largest projects (in terms of expenditure) benefiting metropolitan Melbourne:

<b>Project</b>	<b>Budget allocation for 2012-13 (\$million)</b>	<b>New or existing project?</b>	<b>Purpose of the project</b>	<b>How is the funding to be spent?</b>	<b>What performance measures are in place?</b>	<b>Expected net benefits</b>	<b>Net present value (in 2012 dollars), where applicable</b>
DSE's planned burning program	Planned burning is a state-wide program and actual expenditure in rural and regional Victoria is dependent upon the location of burns, which is in turn dependent on weather conditions.	This is an existing project. However additional funding is provided as part of the 2012-13 Budget (Budget Paper 3, Chapter 1, pages 59 and 65).	DSE's planned burning program is the use of planned fire to protect life, property and the environment, by reducing fuel levels and maintaining the health of plants and animals.	The funding supports the planning, preparation, and delivery of planned burns.	BP3 Performance Measures: "Fuel reduction burning completed to protect key assets" and "Personnel with accreditation in a fire role."	The protection of Melbourne communities, property and the local environment.	N/A

Zoos Victoria asset management strategy	8.7	New, funding is provided as part of the 2012-13 budget (Budget Paper 3, chapter 1, page 65).	Funding will contribute to projects at Melbourne Zoo.	The construction of a rainforest exhibit commemorating the 150th anniversary of the Melbourne Zoo and an upgrade to the lion exhibit. The funding will also contribute to projects at Werribee Open Range Zoo including an expanded safari fleet and upgrading arrival facilities.	BP3 performance measure: "Visitors to Zoos Victoria at Melbourne, Werribee and Healesville."  However, due to the timing of the construction works, it is not anticipated that the "Visitors to Zoos Victoria at Melbourne, Werribee and Healesville" measure will increase in 2012-13. The measure will be revisited as part of the 2013-14 budget, once works are underway.	Enhanced visitor experiences.	NA
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## 10. Performance measures

### Question 10.1

For each initiative (asset or output) in the 2012-13 Budget with a total cost over the forward estimates greater than \$20 million (or a TEI over \$20 million), please list all new and existing performance measures in the budget papers related to the initiative. In describing initiatives, please use the same names as are used in the budget papers.

The following new and existing performance measures relate to new initiatives with a total cost over the forward estimates greater than \$20 million announced, and in the 2012-13 budget

Initiative	Related performance measures
Reducing fire risk - expanding the planned burning program	Fuel reduction burning completed to protect key assets. Personnel with accreditation in a fire role
Securing Priority Waterways: Regional on-ground works	Length of rivers where works have been undertaken to improve instream health Length of rivers where works have been undertaken, or river frontage protected to improve the vegetation in the streamside zone Length of rivers where works have been undertaken to stabilise bank erosion.
Management of environmental entitlements and onground delivery	Rivers reaches and wetland systems where environmental water has been delivered to replicate natural flow regimes and meet environmental objectives

### Question 10.2

Please indicate any changes that the Department has made since the 2011-12 Budget to increase the number of its performance measures that are outcomes-based.

The department has undertaken a review of all performance measures and implemented training to assist with better outcome-based performance measures.

### Question 10.3 (Department of Treasury and Finance only)

In preparing the budget papers, please outline the steps taken by the Department of Treasury and Finance to ensure that performance targets for all departments are appropriately challenging.

**Question 10.4 (Department of Treasury and Finance only)**

Please detail the processes undertaken by the Department of Treasury and Finance to ensure that the '2011-12 expected outcome' for each performance measure published in the budget papers is a reasonable estimate.

**Question 10.5 (Department of Treasury and Finance only)**

In considering targets for performance measures for all departments in the budget papers and assessing the expected outcomes for the previous year to be published in the budget papers:

- (a) describe to what extent the Department considers historical trends of actual results for each performance measure; and

- (b) indicate how many years of data are considered.

## 11. Staffing matters

### Question 11.1

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2011 and estimates of FTE staff numbers (broken down by the categories listed below) at 30 June 2012 and 30 June 2013 for the Department. Please provide figures consolidated on the same basis as the expenditure for the department in the budget papers.

<b>Grade</b>	<b>30 June 2011 (FTE number)</b>	<b>30 June 2012 (FTE number)</b>	<b>30 June 2013 (FTE number)</b>
Secretary	1.0	1 (estimate)	
EO-1	1.0	1 (estimate)	
EO-2	18.0	18 (estimate)	
EO-3	21.0	21 (estimate)	
VPS Grade 7 (STS)	11.5	10 (estimate)	
VPS Grade 6	347.0	330 (estimate)	
VPS Grade 5	519.3	494 (estimate)	
VPS Grade 4	585.3	556 (estimate)	
VPS Grade 3	613.3	583 (estimate)	
VPS Grade 2	260.7	248 (estimate)	
VPS Grade 1	4.9	4 (estimate)	
Government Teaching Service			
Health services			
Police			
Allied health professionals			
Child protection			
Disability development and support			
Custodial officers			
Other	452.3	428 (estimate)	

Total	2835.4	2696 (estimate)	
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Notes:

FTE numbers as at the end of June 2013 cannot be accurately provided at this stage because of progress with the Government's Sustainable Government initiative relating to non-front line staff. These figures will be reported to Parliament in the 2012-13 annual report of the Department.

"Other" includes Fire Crew, Legal Adaptives, Science Adaptives, Cadets and Trainees.

### **Question 11.2**

Please break down the actual staff numbers in your department as at 30 June 2011 and the estimates as at 30 June 2012 and 2013 according to the number of staff that are ongoing, fixed-term or casual

	<b>30 June 2011 (FTE number)</b>	<b>30 June 2012 (FTE number)</b>	<b>30 June 2013 (FTE number)</b>
Ongoing	2480.7	2388 (estimate)	
Fixed-term	333.7	277 (estimate)	
Casual	21.0	31 (estimate)	
Total	2835.4	2696 (estimate)	

Notes:

FTE numbers as at the end of June 2013 divided into ongoing, fixed-term and casual categories cannot be accurately provided at this stage because of progress with the Government's Sustainable Government initiative relating to non-front line staff.

Please note that as per SSA Annual Reporting Standards, Executives are classified as "Ongoing" Staff.

### Question 11.3

Given the Government's 'Maintain a sustainable public service' initiative, which is expected to reduce Victorian public service positions by around 3,600 between 2011-12 and 2014-15,<sup>3</sup> please indicate for each year:

- (a) the number of VPS positions (including VPS Grades 1-6, STS level, EO level and Secretary level) and non-VPS positions that the Department expects to have as at 30 June;

Reduction in VPS positions in the Department to meet the Government's targets will vary over the forward estimates and will be reported to Parliament both in the annual report and the State of the Public Sector Report. It would be inaccurate to provide information at the level of changes in particular grades of FTE staff, as these will change according to the needs of the entity and progress with separations.

- (b) any strategies other than reducing the number of VPS staff that the Department plans to implement in order to meet the savings target established by this initiative, and the amount of savings for each year anticipated to be achieved by these strategies.

Strategy	Description	Anticipated savings (\$ million)		
		2012-13	2013-14	2014-15
Natural attrition	Through retirements, non-renewal of set term contracts	TBD	TBD	TBD
Fixed terms	Non-renewal of some lapsing fixed term positions	TBD	TBD	TBD
Voluntary redundancies	Voluntary redundancies throughout the department	TBD	TBD	TBD

### Question 11.4

Please detail the actual amount that the Department spent on contractors and consultants in 2010-11 and the estimated expenditure in 2012-13 and each of the outyears (for a definition on the difference between consultants and contractors, see FRD 22B – Standard Disclosures in the Report of Operations). Please provide figures on the same basis of consolidation for the Department as used in the budget papers.

The below information is based on Departmental expenditure only.

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	(\$ million)					

<sup>3</sup> 2011-12 Victorian Budget Update, December 2011, p.114

Consultants	0.003	0.000	0.000	0.000	0.000	0.000
Contractors	172.6	143.3	134.4	122.6	124.3	131.6

If the estimates for consultants provided above do not match the estimates provided in response to Question 4.3, please explain why.

## 12. Other

### Question 12.1

For any recommendation from the Committee’s 2011-12 budget estimates reports where the response was that further action would be considered, investigated or reviewed, please provide an update of the results of the consideration, investigation or review.

N/A

**Contact details**

Department: [REDACTED] .....

Contact Officer: [REDACTED] .....

Position: ..... [REDACTED] .....

Contact Numbers: ..... Telephone: [REDACTED] .....

Fax: [REDACTED] .....

E-mail: ... [REDACTED] ...

The completed questionnaire must be returned by:

**5:00pm, Wednesday, 2 May 2012**

Please return the response (**in Word format**) to:

Ms Valerie Cheong

Executive Officer

Public Accounts and Estimates Committee

Level 3, 55 St Andrews Place

EAST MELBOURNE VIC 3002

Telephone: (03) 8682 2863

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For inquiries on this questionnaire, please contact the Executive Officer or:

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