



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2012-13 BUDGET ESTIMATES QUESTIONNAIRE

DEPARTMENT OF TRANSPORT

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 strategic priorities for the Department of Transport (DOT) that underpin the 2012-13 State Budget are described in DOT's latest corporate plan, the *DOT Plan 2011*, and the departmental performance statement in the 2012-13 Budget Paper 3. These priorities are:

- Increasing safety on the transport system
- Improving transport services
- Increasing transport system capacity, efficiency and resilience
- Undertaking planning to address current transport deficiencies and provide for future transport demand.

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

The departmental strategic priorities in the 2011-12 State Budget papers reflected four shorter-term strategic priorities defined from early development work of the *DOT Plan 2011*. This was based on the policy announcements of Government and the long-term objectives of the transport system defined by the *Transport Integration Act 2010*.

These previous priorities were then further refined for the *DOT Plan 2011*. This refinement included:

- The previous strategic priority on personal safety was expanded to include all aspects of safety, including transport safety infrastructure and safety accreditation and regulation
- The previous strategic priority on capacity and efficiency was changed to include an explicit reference to resilience, to reflect investment in transport system maintenance, particularly for public transport
- The previous strategic priority on public transport punctuality and reliability was generalised to overall transport system operational efficiency and was included in the current strategic priority about capacity, efficiency and resilience
- The previous strategic priority relating to regional Victoria is now included under the other strategic priorities.

- (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?

None. Funding and resource allocation in both the 2011-12 and 2012-13 State Budgets have been prioritised towards the Government's election commitments, policy announcements and initiatives aligned with the departmental strategic priorities.

- (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 initiatives that have been curtailed, deferred, discontinued or completed because of changes in strategic priorities 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.

In any particular year the Department's funding will vary according to Government priorities which will see some programs merged with other programs or in some circumstances, the funding is varied according to the economic conditions and lower revenue.

Question 1.3

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

The initiatives funded in the 2012-13 Budget are in line with the Government's election commitments, policy announcements and the departmental strategic priorities.

- (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.

Initiative	Related strategic priorities	Where links are identifiable in the budget papers
Dingley Bypass between Warrigal Road to Westall Road	<ul style="list-style-type: none"> • Increasing transport system capacity, efficiency and resilience • Increasing safety on the transport system 	Budget Paper 3 (BP3) p.70, 72 Budget Paper 4 (BP4) p.49
Koo Wee Rup Bypass	<ul style="list-style-type: none"> • Increasing transport system capacity, efficiency and resilience • Increasing safety on the transport system 	BP3 p.70, 72 BP4 p.49

<p>Metropolitan grade separations:</p> <ul style="list-style-type: none"> • Mitcham Road and Rooks Road Rail grade separation project (Mitcham) • Springvale Road rail grade separation project (Springvale) 	<ul style="list-style-type: none"> • Increasing transport system capacity, efficiency and resilience • Increasing safety on the transport system • Improving transport services 	<p>BP3 p.71, 73, 66 BP4 p.49</p>
<p>Regional Rail Network major periodic maintenance (passenger and freight)</p>	<ul style="list-style-type: none"> • Increasing transport system capacity, efficiency and resilience • Improving transport services 	<p>BP3 p.71 BP4 p.124</p>
<p>Regional rolling stock</p>	<ul style="list-style-type: none"> • Increasing transport system capacity, efficiency and resilience • Improving transport services 	<p>BP3 p.71, 74, 66, 298 BP4 p.124</p>

In addition, there are a number of initiatives funded in the 2012-13 Budget which contribute to the planning and development activities to address current transport deficiencies and provide for future transport demand, including East West Link – planning and development.

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.

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.

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;

(b) budget strategies; and

(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,¹ 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.

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.

Review, inquiry, study, audit or evaluation	Impact
Audit of Victorian public transport assets	Public Transport Victoria (PTV), which commenced operations on 2 April 2012, is undertaking an assessment of public transport asset conditions and report on these findings.
Doncaster rail planning	Funding for the study was provided in the 2011-12 State Budget. The study is yet to be completed.

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

Inter capital High Speed Rail planning	The Commonwealth Government is conducting a feasibility study into high speed rail on the east coast of Australia. The Victorian Government is represented on the study's high-level Reference Group through which it advocates for the State's interest.
Melbourne Airport rail link feasibility study	Funding for the study was provided in the 2011-12 State Budget. The study is yet to be completed.
Feasibility study for relocation of car import/export trade to Port of Geelong	Funding for the study was provided in the 2011-12 State Budget. The study has been finalised and the report is available on DOT's website.
Rail revival in Geelong, Ballarat and Bendigo – planning	Funding for the study was provided in the 2011-12 State Budget. The report is currently being finalised.
Rowville rail feasibility study	Funding for the study was provided in the 2011-12 State Budget. The study is yet to be completed.
Taxi Industry Inquiry	Funding for the inquiry was provided in the 2011-12 State Budget. The inquiry is yet to be completed.

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.

The initiatives funded in the 2012-13 Budget are in line with the Government's election commitments, policy announcements and the departmental strategic priorities.

In November 2011, the Victorian Coalition Government released its 2011 Infrastructure Australia priority list, which provides the platform to begin addressing Victoria's infrastructure backlog and delivering the infrastructure capacity to grow Victoria's economy and liveability. These significant infrastructure investments require funding support from the Commonwealth to proceed.

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.

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.

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?

- (b) What features have been omitted and why?

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'.

	2011-12 (Outturn)	2012-13 (Budget)	Explanation for any variances greater than ±10% (or greater than \$100 million)
	(\$ million)	(\$ million)	
Employee benefits	403.6	382.8	Not applicable
Grants and other transfers	2,039.6	2,144.2	Primarily reflects the increase in the capital asset charge as a result of investment in infrastructure projects
Other operating expenses	2,847.7	2,652.0	Reflects prioritisation of expenditure

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 ±10 per cent (or greater than \$100 million) between the estimated expenditure for 2011-12 and the estimated expenditure for 2012-13.

	2011-12	2012-13	Explanation for any variances greater than ±10% (or greater than \$100 million)
	(\$ million)	(\$ million)	

Payments for metropolitan train services*	797.0	850.0	Not applicable
Payments for metropolitan bus services	571.0	600.0	Not applicable
Road asset management	358.0	278.0	The 2011-12 year includes one-off flood recovery works.
Payments for tram services*	341.0	339.0	Not applicable
Payments for school bus services	195.0	202.0	Not applicable
Road network improvements	126.0	94.0	Includes lower level of works undertaken on a fee-for-service basis for external parties such as Local Government.
Payments for regional bus services	124.0	128.0	Not applicable
Multi Purpose Taxi Program	53.0	54.0	Not applicable
Other	282.7	107.0	Reflects the prioritisation of expenditure.
Total	2,847.7	2,652.0	

* These figures exclude capital payments.

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.

Not applicable.

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 ± 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.

	2011-12	2012-13	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
	(\$ million)	(\$ million)	
Entertainment expenses	0.7	0.6	Not applicable
Overseas travel	0.3	0.2	Not applicable
Legal expenses	14.9	16.0	Not applicable
Consultants*	6.7	7.3	Not applicable
Contractors*	48.7	37.9	Reflects savings initiatives.
Grants to non-government organisations	11.4	8.2	Ceasing of one-off programs.

* 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.

Not applicable.

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.

Output Initiatives

Initiative	Explanation
Victoria's Road Safety Action Plan 2012-15	The funding profile reflects the expenditure required for the individual priority safety initiatives in this program over the four years.
Hoon Safe Driving Program	The funding profile reflects the expenditure required for the establishment of the program which commenced in 2011-12.

Asset Initiatives

Initiative	Explanation
Ballarat Western Link Road	The major construction works will be carried out after 2012-13.

Metropolitan grade separations: <ul style="list-style-type: none"> • Mitcham Road and Rooks Road rail grade separation project (Mitcham) • Springvale Road rail grade separation project (Springvale) 	The major construction works will be carried out after 2012-13.
Narre Warren-Cranbourne Road duplication between Pound Road and Thompson Road	The major construction works will be carried out after 2012-13.
Regional Rail Network major periodic maintenance (passenger and freight)	The funding profile reflects the expected spend over the forward estimates period.
Stud Road Improvement Project – Boronia Road to Mountain Highway	The major construction works will be carried out after 2012-13.
Western Highway – Duplication from Beaufort to Buangor	The major construction works will be carried out after 2012-13.

Note:

For asset initiatives, the 20 per cent has been calculated based on the total estimated capital investment.

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.

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.

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.

As part of its annual business planning cycle, the Department reviews its programs and

activities to identify potential savings, reprioritisations and alternative delivery methodologies to ensure operational efficiencies are achieved. A large proportion of the department's budget is committed to contractual public transport payments, high priority services and essential transport infrastructure projects. In general, savings are targeted to areas of discretionary activity that will not impact on service and project delivery.

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.

Initiative	Savings target for 2012-13 (\$ million)	Explanation for variances to the original target
General efficiencies (2009-10 Budget)	48.0	Not applicable
Government election commitment savings (2011-12 Budget)	45.7	Not applicable
Measures to offset the GST reduction (2011-12 Budget)	11.2	Not applicable
Capping departmental expenditure growth (2011-12 Budget Update)	63.8	Not applicable
Maintain a sustainable public service (2011-12 Budget Update)	20.8	Not applicable

Any savings or efficiency initiatives in the 2012-13 Budget	33.0	Not applicable
-------------------------------------------------------------	------	----------------

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.

Area	2009-10	2010-11	2011-12	Explanation for any area which does not decrease by the savings target
	(\$ million)	(\$ million)	(\$ million)	
Ministerial staff	n/a	n/a	n/a	Not applicable
Media and marketing positions	6.5	6.6	5.1	Not applicable
Contractors and consultants	76.4	52.9	55.4	Not applicable
Government advertising	6.6	5.1	3.7	Not applicable
Political opinion polling	0.0	0.0	0.0	Not applicable
External legal advice	11.9	12.4	14.7	Not applicable
Senior public service travel	n/a	n/a	n/a	Not applicable

Government office floor space	16.3	17.8	19.4	Not applicable
Supplies and consumables	2,269.1	2,609.1	2,664.2	Not applicable
Savings from shared services	10.9	13.6	12.1	Not applicable
Head office staff	104.7	111.1	120.8	Not applicable
Total	2,502.4	2,828.6	2,895.5	Not applicable

For any categories for which information is not available, please explain:

- (a) why data are not available; and
- (b) how the Department will monitor whether or not it has achieved its savings target in that category.

A forecast of the expenditure areas for 2012-13 and future years cannot be provided at this stage with a reasonable degree of accuracy. The Department continually reviews its programs and activities to identify potential savings and reprioritisations as part of its annual business planning cycle.

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:

- output initiatives in the 2012-13 Budget;
- non-ongoing initiatives released in previous budgets; and
- 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)
104.3	22.0	5,834.9	5,961.2

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 total expense from transactions in 2011-12 is \$5,934.0 million. This includes an amount of \$27.6 million for assets transferred to other entities outside of government. This has been excluded from the 2011-12 total output cost figure of \$5,906.4 million.

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*'.² Please list all performance measures that have been adjusted in 2012-13 as a result of recent asset investment by the Department.

DOT has adjusted relevant service delivery targets in the 2012-13 Service Delivery Budget Paper No. 3 (BP3) to reflect the service benefits flowing from the completion of projects. The realisation of service benefits can take several years, due to the scale and complexity of projects being delivered.

The 2012-13 targets for the following public transport performance measures in DOT's output performance statement have been adjusted:

Integrated Metropolitan Public Transport Services output

- Total kilometres scheduled: bus

² 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

- Total kilometres scheduled: train

The recent investments that have led to increased kilometres scheduled in 2012-13 include the full implementation of the new Green and Yellow SmartBus Orbital services, South Morang rail extension and the Sunbury electrification project.

Asset investments in roads provide for an expanded road network. The extent of the road network maintained by VicRoads is reflected in the following service output performance measures:

Road Asset Management output

- Road network maintained: metropolitan
- Road network maintained: regional
- Bridges maintained: metropolitan
- Bridges maintained: regional

In 2012-13, the number of bridges and the length of the road network has increased from 2011-12. Some of the recent asset investments leading to this increase include the Geelong Ring Road stage 4A - Geelong Ring Road to Anglesea Road interchange (City of Greater Geelong) and Goulburn Valley Nagambie Bypass (Nagambie).

DOT's output performance statement in BP3 contains a mix of performance measures that describe service outputs as well as measures that describe service outcomes. Two examples of service outcome measures are customer satisfaction with public transport services and number of passengers carried. These outcomes are monitored to gauge improvements in service delivery. Service output and outcome performance measures are currently not separately distinguished in BP3.

DOT will make changes in future budget papers in line with any future Government reforms on performance reporting, including the presentation of outcome based performance measures in BP3. See response to Question 10.2.

Question 5.4

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

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

For Output Purposes:	(\$ million)
Peninsula Link	4.0
Maintaining our Rail Network Fund	3.2
Walking and Cycling Program	2.8
Taxi Rank Safety Program	1.9
Doncaster Rail Planning	1.9
Melbourne Airport Rail Link Feasibility Study	1.5

Avalon Logistic Planning	1.0
Total	16.3

For Capital Purposes:	(\$ million)
Minor Community Commitments	2.1
Public Transport Development Program	0.7
South West Victorian Passing Loop	1.6
Total	4.4

Output carryover

Factors include:

- Changes in project scheduling following stakeholder consultation and contract negotiations, and
- Project payments milestones of successful applicants.

Capital carryover

Factors include:

- Project scope and design further refined, and
- Changes in project scheduling following stakeholder consultation and technical issues.

The carryover funding is intended to be used in 2012-13.

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:

- (d) the reasons for the initiative/change;
- (e) the assumptions underlying the analysis;
- (f) alternative scenarios considered;
- (g) 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);
- (h) any performance measures or targets altered as a result of the initiative/change; and
- (i) 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	Response
Increase in motor vehicle registration fee	<p>The Government has introduced a \$35 increase in the base motor vehicle registration fee from \$191.60 to \$226.60 from 1 April 2012.</p> <p>Following this increase, Victoria's total registration renewal cost (including compulsory third party insurance) for a standard family car remains the third lowest of the Australian states. Ongoing indexation will be applied to the base motor vehicle registration fee from 1 July 2012.</p> <p>Part of the increase in revenue from motor vehicle registration fees will be applied to investment in a new registration and licensing system to be maintained by VicRoads. This system will substantially improve upon the capability, reliability and efficiency of the existing system and provide greater flexibility to update the system in response to regulatory or policy changes.</p> <p>The new registration and licensing system will replace VicRoads' existing systems, which have been the subject of criticism from the Ombudsman with regards to accuracy and security of information. The registration and licensing project commenced in July 2008. Following completion of the design stage, the project was suspended in May 2011 and the business case was subject to review to ensure that any emerging cost pressures could be managed. The implementation of the project will now proceed under the high value/high risk process.</p> <p>Assumptions based on current base motor vehicle registration fee for 2011-12 of \$191.60 and projected motor vehicle volumes.</p> <p>Ongoing indexation will be applied to the base motor vehicle registration fee from 1 July 2012. Total revenue gained is estimated to total approximately \$720 million from 1 April 2012 to 30 June 2016.</p>
Increase in new passenger motor vehicle duty	<p>The Government will also increase the duty rate on new passenger car purchases from 2.5 per cent to 3.0 per cent (from \$5 to \$6 per \$200 or part), commencing 1 July 2012 for cars valued under the Commonwealth's luxury car tax threshold.</p> <p>Assumptions based on current and projected motor vehicle volumes and values.</p> <p>Total revenue gained is estimated to total approximately \$139 million over four years (2012-13 to 2015-16).</p>
Increase in transport infringement fines	<p>Transport infringement fines are expressed in terms of penalty units. The Government will increase the value of a penalty unit by 12.5% (over and above annual indexation) from 1 July 2012. This initiative will deter unlawful behaviour through the imposition of adequate fines. This is consistent with the Government's commitment to law and order and community safety. Total revenue gained is estimated to be approximately \$8 million over four years (2012-13 to 2015-16).</p>

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.

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
n/a						

Not applicable.

Question 6.3

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.

(g) Please provide an explanation for the changes.

Refer to Q6.1 for details of rate changes for motor vehicle registration fees, new passenger motor vehicle duty and transport infringement fines.

On 1 January 2012, public transport fares increased by an average of 8.6 %. The increase took account of the 3.6% rise in the Melbourne consumer price index for the 12 months to September 2011, plus 5% approved in 2009.

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.

	2011-12 (Outturn) (\$ million)	2012-13 (Budget) (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million)
Grants	289.7	231.8	The 2011-12 outturn includes one-off funding for flood recovery works. In addition the outturn includes a higher level of funding from the Transport Accident Commission for road safety projects reflecting an acceleration of the Safer Roads Infrastructure Program.
Fair value of assets received free of charge	23.0	-	This item is variable in nature. It reflects assets received from entities outside of government.
Other income	186.8	146.4	The 2011-12 outturn includes one-off insurance recoveries relating to flood damage

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?

In early 2009, the State and Commonwealth Governments entered into a Memorandum of Understanding (MoU) for agreed road and rail projects to be delivered under the Commonwealth's Nation Building Program (2009-2014). The ongoing roll-out of these

projects is reflected in the 2012-13 State Budget.

As a result of the impacts of natural disasters in 2011, the Commonwealth has re-profiled cashflows for two Victorian projects under the Nation Building Program MoU - the Regional Rail Link and Princes Highway East. The effect of the re-profiling is to push the Commonwealth funding on these projects out beyond the horizon of the current Program.

Also reflected in the 2012-13 State Budget is the Victorian Government's matching funding contribution towards a managed motorways project on the M1 West Gate Freeway, part of the Commonwealth's National Smart Managed Motorways Trial announced in the 2011-12 Federal Budget. The State's funding contribution is contingent on final agreement with the Commonwealth Government. Details for this funding agreement are still to be finalised.

The 2012-13 State Budget provides funding to cover costs to Victoria in transitioning to a national heavy vehicle regulator, and the Victorian Government's contribution to the operation of the national heavy vehicle regulator project office.

- (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.

Ongoing monthly reporting arrangements under the Nation Building Program MoU continue to be smooth, with regular reporting to the Commonwealth Government of projects being delivered in Victoria.

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.

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:

Project	Budget allocation for 2012-13 (\$ million)	New or existing project?	Response
Regional Rail Link	tba*	Existing	<p>This project is a major new rail line running from West Werribee through Deer Park and suburbs, including Sunshine and Footscray, to Southern Cross Station. It will separate regional trains from metropolitan trains, providing Geelong, Bendigo and Ballarat trains their own dedicated tracks. This will increase capacity and reliability of these services. It will also free up space for additional suburban services on the Werribee, Sunbury and Craigieburn lines. Three new stations will be constructed at Wyndham Vale, Tarneit and West Footscray.</p> <p>This project is jointly funded by the State and Commonwealth governments. The funding is for capital expenditure.</p> <p>* Funding details have not been reported in the 2012-13 State Budget due to commercial sensitivities.</p>

Regional Rolling Stock	30.0 for existing project tba for new project*	New and Existing	<p>This initiative addresses the growing demand on the regional passenger rail network and will provide the additional services enabled by the Regional Rail Link project.</p> <p>Funding provides for the purchase of additional carriages, stabling and infrastructure works for the regional rail fleet.</p> <p>The funding is for capital expenditure.</p> <p>* Funding details have not been reported in the 2012-13 State Budget due to commercial sensitivities.</p>
Western Highway Upgrades	125.0	New and Existing	<p>Four projects along the Western Hwy are being delivered to improve the efficiency of freight movements, improve safety for all road users, provide better access to local facilities and reduce traffic volumes on regional roads.</p> <p>Funding delivers:</p> <ul style="list-style-type: none"> • duplication of the Western Hwy from Beaufort to Buangor (new funding); • progressive duplication of the Western Hwy between Ballarat and Stawell; • a new freeway alignment at Anthonys Cutting; and • additional overtaking lanes and rest areas between Stawell and the South Australian border. <p>This project is jointly funded by the State and Commonwealth governments. The funding is for capital expenditure.</p>

Princes Highway West	74.4	Existing	<p>Three projects along Princes Highway West are being delivered to improve the efficiency of freight movements to and through the region, improve safety for all road users and provide better access to local facilities and communities.</p> <p>Funding delivers:</p> <ul style="list-style-type: none"> • duplication of Princes Highway from Waurm Ponds to Winchelsea; • planning studies, site investigations and concept design for the future duplication of the highway from Winchelsea to Colac; and • planning and construction of additional overtaking lanes on the Princes Highway west of Colac. <p>The first two components are jointly funded by the State and Commonwealth Governments.</p> <p>The funding is for capital expenditure.</p>
Country Roads and Bridges	40.0	Existing	<p>Funding is provided for the maintenance and restoration of rural roads and bridges. Forty rural councils will be eligible for funding of up to \$1 million per annum for four years.</p> <p>This initiative will assist rural councils in keeping the communities connected, improving safety and reliability and reducing ongoing maintenance costs.</p>

Note:

This list does not include state-wide initiatives, such as myki (New ticketing solution – technology and installation) and Safer Road Infrastructure Program 3.

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:

Project	Budget allocation for 2012-13 (\$ million)	New or existing project?	Response
Regional Rail Link	tba*	Existing	<p>This project is a major new rail line running from West Werribee through Deer Park and suburbs, including Sunshine and Footscray, to Southern Cross Station. It will separate regional trains from metropolitan trains, providing Geelong, Bendigo and Ballarat trains their own dedicated tracks. This will increase capacity and reliability of these services. It will also free up space for additional suburban services on the Werribee, Sunbury and Craigieburn lines. Three new stations will be constructed at Wyndham Vale, Tarneit and West Footscray.</p> <p>This project is jointly funded by the State and Commonwealth governments. The funding is for capital expenditure.</p> <p>* Funding details have not been reported in the 2012-13 State Budget due to commercial sensitivities.</p>

M80 Upgrade	240.0	Existing	<p>This project delivers a series of capacity and safety improvement works at key locations on the M80 to maximise traffic flow, reduce congestion and improve reliability of travel times.</p> <p>Works include construction of additional lanes, dedicated exit lanes between some interchanges to improve safety by reducing merging and weaving traffic, overhead electronic signs to communicate speed limits and lane availability and traffic lights on entry ramps to create safer merging and reduce congestion.</p> <p>This project is jointly funded by the State and Commonwealth governments. The funding is for capital expenditure.</p>
Metropolitan Rolling Stock (including Stage 1 of the 40 new trains for Melbourne initiative)	269.8	Existing	<p>This project provides additional rolling stock for the metropolitan rail network, as well as new maintenance and stabling facilities to accommodate the new trains and other infrastructure works. The project includes the government's initiative announced in the 2011-12 State Budget for the purchase of seven new X'Trapolis trains as stage 1 of a rolling stock procurement program for 40 new trains.</p> <p>The project will help address demand and improve reliability on the metropolitan rail network.</p> <p>The funding is for capital expenditure.</p>
Tram Procurement and Supporting Infrastructure	186.2	Existing	<p>This project provides 50 new high capacity, low-floor trams and supporting infrastructure, including the redevelopment of the Preston tram workshop and Southbank depot where the new trams will be stored and maintained.</p> <p>The project will boost the capacity of the tram network as well as provide improved accessibility and ride quality for passengers.</p> <p>The funding is for capital expenditure.</p>

Metropolitan Rail Infrastructure Renewal Program	130.0	Existing	<p>This program delivers infrastructure renewal works on the metropolitan rail network to provide a safer and more reliable rail system.</p> <p>The funding is for capital expenditure.</p>
--------------------------------------------------	-------	----------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Note:

This list does not include state-wide initiatives, such as myki (New ticketing solution – technology and installation) and Safer Road Infrastructure Program 3.

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.

Output Initiatives

The following table lists new output initiatives in the 2012-13 Budget with a total cost over the forward estimates greater than \$20 million, and the new and existing performance measures in the budget papers directly related to the initiative in 2012-13.

Name of Output Initiative	Forward estimates (\$ million)	DOT's output where this initiative contributes to	New and Existing Performance Measures
Metcard continuation	60.0	Public Transport Infrastructure Development	Development of new integrated public transport ticketing solution: complete implementation of metropolitan live operations.

Asset Initiatives

The following table lists new asset initiatives in the 2012-13 Budget with a TEI greater than \$20 million, and the new and existing performance measures in the budget papers directly related to the initiative in 2012-13.

Name of Asset Initiative	TEI (\$ million)	DOT's output where this initiative contributes to	New and Existing Performance Measures
Ballarat Western Link Road	38.0 ³	Road Network Improvements	None applicable for 2012-13
Dingley Bypass between Warrigal Road to Westall Road	155.7 ³	Road Network Improvements	None applicable for 2012-13
Local ports critical infrastructure works	22.9	Freight, Logistics, Ports and Marine Development	Number of accessible local ports
Melbourne metro – Planning and development	49.7	Public Transport Infrastructure Development	None applicable for 2012-13
Metropolitan grade separations: <ul style="list-style-type: none"> • Mitcham Road and Rooks Road rail grade separation project (Mitcham) • Springvale Road rail grade separation project (Springvale) 	349.8	Public Transport Infrastructure Development	None applicable for 2012-13
		Road Network Improvements	None applicable for 2012-13

³ TEI includes funding provided in 2011-12 Budget for planning and development.

Narre Warren-Cranbourne Road duplication between Pound Road and Thompson Road	49.0	Road Network Improvements	None applicable for 2012-13
Regional Rail Network major periodic maintenance (passenger and freight)	171.9	Public Transport Infrastructure Development	Major periodic maintenance works completed against plan: regional train network
Regional Rolling Stock	tba	Public Transport Infrastructure Development	Regional train: procurement of new rail carriages – contract awarded
Western Highway duplication - Beaufort to Buangor	42.2	Road Network Improvements	None applicable for 2012-13

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 2011-12 State Budget includes a number of outcomes-based indicators in DOT's set of output performance measures, including public transport punctuality and reliability, and customer satisfaction with public transport services.

No additional outcome-based indicators have been included in the 2012-13 State Budget papers, but DOT will make changes in future budget papers in line with any future Government reforms on performance reporting.

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.

Department of Transport

Grade	30 June 2011	30 June 2012
	(FTE number)	(FTE number estimate)
EO	50	37
STS	13	12
VPS Grade 6	283	173
VPS Grade 5	269	175
VPS Grade 4	233	151
VPS Grade 3	234	164
VPS Grade 2	68	46
VPS Grade 1	4	0
Other	40	23
Total	1195	782

Notes:

A forecast of staffing for 30 June 2013 cannot be provided at this stage with a reasonable degree of accuracy due to the progress of the Government's Sustainable Government initiative.

FTE numbers have been rounded to the nearest whole number.

PTV

Grade	30 June 2011	30 June 2012
	(FTE number)	(FTE number estimate)
EO	n/a	15
VPS Grade 7 (STS)/PS(E)	n/a	23
VPS Grade 6	n/a	131
VPS Grade 5	n/a	112

VPS Grade 4	n/a	74
VPS Grade 3	n/a	69
VPS Grade 2	n/a	6
VPS Grade 1	n/a	3
Other (Ex-Metlink Employees do not align with above classifications)	n/a	82
Total	n/a	515

Notes:

PTV commenced operations on 2 April 2012 with the transfer of staff from DOT, Metlink and Transport Ticketing Authority.

A forecast of staffing for 30 June 2013 cannot be provided at this stage with a reasonable degree of accuracy due to the progress of the Government's Sustainable Government initiative.

FTE estimates do not include casual employees.

FTE numbers have been rounded to the nearest whole number.

VicRoads

Grade	30 June 2011	30 June 2012
	(FTE number)	(FTE number estimate)
EO	73	68
(STS)	13	16
VRO Grade 6	176	166
VRO Grade 5	452	449
VRO Grade 4	832	809
VRO Grade 3	744	731
VRO Grade 2	691	687
VRO Grade 1	26	23
Total	3007*	2949

Notes:

A forecast of staffing for 30 June 2013 cannot be provided at this stage with a reasonable degree of accuracy due to the progress of the Government's Sustainable Government initiative.

*Includes employees on Leave Without Pay.

FTE numbers have been rounded to the nearest whole number.

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

Department of Transport

	30 June 2011	30 June 2012
	(FTE number)	(FTE number estimate)
Ongoing	1089	732
Fixed-term	105	49
Casual	1	1
Total	1195	782

Notes:

A forecast of staffing for 30 June 2013 cannot be provided at this stage with a reasonable degree of accuracy due to the progress of the Government's Sustainable Government initiative.

FTE numbers have been rounded to the nearest whole number.

PTV

	30 June 2011	30 June 2012
	(FTE number)	(FTE number estimate)
Ongoing	n/a	463
Fixed-term	n/a	52
Casual	n/a	-
Total	n/a	515

Notes:

A forecast of staffing for 30 June 2013 cannot be provided at this stage with a reasonable degree of accuracy due to the progress of the Government's Sustainable Government initiative.

initiative.

FTE estimates do not include casual employees.

FTE numbers have been rounded to the nearest whole number.

VicRoads

	30 June 2011	30 June 2012
	(FTE number)	(FTE number estimate)
Ongoing	2965	2927
Fixed-term	42	22
Total	3007*	2949

Notes:

A forecast of staffing for 30 June 2013 cannot be provided at this stage with a reasonable degree of accuracy due to the progress of the Government's Sustainable Government initiative.

*Includes employees on Leave Without Pay.

FTE numbers have been rounded to the nearest whole number.

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 2014-15,⁴ 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;

	30 June 2011	30 June 2012
	(FTE number)	(FTE number estimate)
VPS positions	4202	4164
Non-VPS positions	n/a	82

Notes:

Table includes FTEs from DOT, PTV and VicRoads.

A forecast of staffing for 30 June 2013 and future years cannot be provided at this stage with a reasonable degree of accuracy due to the progress of the Government's Sustainable

⁴ 2011-12 Victorian Budget Update, December 2011, p.114

Government initiative. Reduction in VPS positions will vary over the forward estimates period.

FTE estimates do not include casual employees.

FTE numbers have been rounded to the nearest whole number.

- (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
Nil	DOT intends to meet this specific savings target by reducing staffing numbers.	N/A	N/A	N/A

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.

	2010-11	2011-12	2012-13
	(\$ million)	(\$ million)	(\$ million)
Consultants	1.7	6.7*	7.3*
Contractors	51.3	48.7	37.9

* Includes works for East West Link – planning and development.

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

Not applicable.

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.

1. PAEC 102nd Report – Report on the 2011-12 Budget Estimates Part Two

Recommendation 11:

The Government not discontinue the performance measures listed in Table 3.8.

Comment:

In the 2011-12 State Budget Update published in December 2011, DOT continued to report on the following two measures identified in Table 3.8, “*Disability Discrimination Act* (DDA) compliance for public transport infrastructure: metropolitan train station upgrades” and “*Disability Discrimination Act* (DDA) compliance for public transport infrastructure: regional train station upgrades”.

These measures are proposed to be replaced with improved measures in 2012-13 which will more accurately report on incremental improvements to DDA components at railway stations across the network.

Recommendation 14:

The Department of Treasury and Finance publish on its website the 2011-12 performance targets for the four measures listed as ‘to be advised’ in the 2011-12 budget papers as soon as they can be determined.

Comment:

In the 2011-12 State Budget Update, the Department provided updated targets and commentary to the measures relating to the Regional Rail Link and myki projects.

One of the measures, “Development of new integrated public transport ticketing solution: start regional rail and coach live operations”, is proposed to be replaced in 2012-13 with “Development of new integrated public transport ticketing solution: V/Line commuter belt completion” to reflect the Government’s regional implementation plan for myki.

2. PAEC 102nd Report – Report on the 2011-12 Budget Estimates Part Three

Recommendation 36:

To enhance accountability, the Department of Transport release a timetable disclosing when new trains are to be progressively running on Melbourne’s transport network.

Comment:

Public Transport Victoria (PTV) publishes details of current projects on its website at <www.ptv.vic.gov.au>. The contract for the delivery of 38 new trains is near completion. Delivery of the further seven metropolitan trains funded in the 2011-12 Budget is expected to commence in 2013. PTV will review publication of delivery dates closer to that time.

Recommendation 46:

The Department of Transport provide commentary in its annual report on the status of all asset projects under review, including details relating to funding and re-scheduling where applicable.

Comment:

As part of its contribution to the State's budget papers, the Department will provide details, where necessary, for projects that are under review by Government.

Recommendations 76:

The Department of Transport publish details, as soon as they are known, of the impacts of the deferrals of Commonwealth funding for the Regional Rail Link, including quantifying the additional costs that will be incurred as a result and how those costs will be met.

Comment:

The Regional Rail Link project is now scheduled to be completed in early 2016. The revised forecast cost will be published once approved by the government and the remaining commercial sensitivities are addressed.