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## Government Responses to the Recommendations of

### PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE'S

### Report on the 2017-18 Budget Estimates

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Pursuant to Section 36 of the *Parliamentary Committees Act 2003*, this paper provides a response to the recommendations contained in the Public Accounts and Estimates Committee's (PAEC) Report on the 2017-18 Budget Estimates.

**Guide for readers** - Following is the explanation of the format of this paper.

<b>1</b>		
<b>Title</b>		
<b>2</b>		
<b>Chapter number and topic</b>		
<b>1</b>	<b>2</b>	<b>3</b>
<b>PAEC recommendation</b>	<b>Response</b>	<b>Action taken to date and commitment to further action</b>

Row 1: Indicates the title of this paper.

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

Column 1: Contains PAEC's recommendations as published in its Report on the 2017-18 Budget Estimates.

Column 2: Indicates the Government's response to each recommendation: 'Support', 'Support in principle', 'Not support', or 'Under review'.

Column 3: Provides an explanation of the Government's position on the recommendation, indicates the actions that have been taken to date relevant to the implementation of the recommendation, and outlines commitment to further action relevant to the implementation of the recommendation.

PAEC recommendation	Response	Action taken to date and commitment to further action
RECOMMENDATION 1: The Department of Treasury and Finance undertake intergenerational reporting every five years, to complement departmental long-term planning.	Not support	<p>Long-term modelling is used to inform the economic and fiscal forecasts published in the state budget and budget update. On occasion, these projections are detailed more explicitly, for example, in the 2016-17 Budget, Budget Paper No. 2, Chapter 3, Medium Term Asset Investment Strategy.</p> <p>The decision to publish long-term forecasts or an intergenerational report is a decision for government.</p>
RECOMMENDATION 2: The Department of Economic Development, Jobs, Transport and Resources develop performance measures to assess the performance of the Wander Victoria campaign.	Support in principle	<p>New performance measures relating to intrastate visitation and expenditure in Victoria, to which Regional Victoria campaigns relate, will be considered for inclusion in the 2018-19 Budget.</p>
RECOMMENDATION 3: Future budget papers include a description of transfers of fixed assets that are anticipated between the general government sector and the public non-financial corporations sectors. These descriptions should include what the fixed assets are and why they are being transferred between the sectors.	Support in principle	<p>The Government already provides commentary on the State's capital program in Budget Paper No. 4, Chapter 1, including identifying that some Government Infrastructure Investment results in these assets being accounted for in the PNFC sector (page 17).</p> <p>Anticipated transfers of fixed assets between the general government sector and the public non-financial corporations sectors predominantly relate to Victorian Rail Track Corporation (VicTrack) projects (page 121), the Level Crossing Removal Program and Metropolitan Network Modernisation program (page 27).</p> <p>The transfer of these predominantly rail assets are consistent with established practice for rail and rail infrastructure projects as VicTrack owns Victoria's transport land, assets and infrastructure.</p>
RECOMMENDATION 4: Future budget papers include a list of public entities that are expected to provide payments to the State as 'other contributions and grants' rather than as dividends, together with the amount they are expected to pay.	Support in principle	<p>Where dividends paid by entities are classified as grants in accordance with accounting standards, those amounts will be included as a footnote to Table 1.2.2 <i>Dividends by entity</i> contained in the estimated financial statements, Budget Paper No. 5.</p>



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<p>RECOMMENDATION 7: The Government ensure that the family violence outcomes framework directly links to the performance measures set out in the budget papers.</p>	<p>Support in principle</p>	<p>The Family Violence Outcomes Framework is still under development, with measures to be determined for each indicator. Data collection and reporting against these outcomes will commence when the framework has been finalised. As measures are developed they will be assessed as potential replacements for the current output performance measures.</p> <p>As data collection and reporting against the Outcomes Framework is embedded, in consultation with DTF and any other relevant entities, the performance measures in the budget papers will be further aligned to outcomes, ensuring appropriate accountability within the budget papers.</p>
<p>RECOMMENDATION 8: Where a large public private partnerships project is announced in a budget which is expected to be commissioned beyond the forward estimates period, the budget papers in which it is announced should detail the expected impact of the project on net debt and how the Government intends to manage the debt.</p>	<p>Support in principle</p>	<p>The Government provides commentary on the State's capital program in Budget Paper 4, Chapter 1, including identifying PPPs in construction and procurement. On announcement of new PPPs, the Government typically discloses the total estimated investment (TEI) of the project and separately itemises the annual impact within the forward estimates.</p> <p>Project summaries, which are publicly available on the DTF homepage within sixty days of financial close, also provide further information about the contractual nature of the project, public sector comparator costs, contracted project costs and payment obligations of the State.</p> <p>It is not possible to accurately estimate the annual impact on net debt outside the forward estimates at the time PPPs are announced in a budget because, at this early stage of the procurement process, there are many project planning and development details yet to be settled.</p> <p>The Government's financial management objectives are outlined in annual budget papers in accordance with the <i>Financial Management Act 1994</i>. These objectives are a set of principles that guide the development of State budgets and the State's financial estimates, including the management of net debt.</p>

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<p>RECOMMENDATION 9: The transparency of the Level Crossing Removal Program be enhanced with the regular publication of the latest Australian Level Crossing Assessment Model data on risks by individual level crossings and details of the \$1.4 billion Metropolitan Network Modernisation Program.</p>	<p>Support</p>	<p>The Metropolitan Network Modernisation Program (MNMP) is a program of network improvement works performed in conjunction with level crossing removal projects. The MNMP includes new and upgraded stations, power and other infrastructure works, and future proofing. The scope of the MNMP works is progressively determined as individual work packages under the Level Crossing Removal Program are developed. Details of the scope for individual work packages, including MNMP works, will be published on the Level Crossing Removal Authority website (<a href="http://levelcrossings.vic.gov.au/">http://levelcrossings.vic.gov.au/</a>) following contract award.</p> <p>Public Transport Victoria is planning to release Victorian data contained within the Australian Level Crossing Assessment Model, through the Victorian Government's open data portal.</p>
<p>RECOMMENDATION 10: The Department of Treasury and Finance require entities in the public non-financial corporations sector to include the ratio of 'payments made for infrastructure assets' to 'depreciation on infrastructure assets' as a key performance indicator in the performance report published within the annual report.</p>	<p>Not support</p>	<p>The Government does not support requiring entities in the public non-financial corporations sector to include the ratio of "payments made for infrastructure assets" to "depreciation on infrastructure assets" as a key performance indicator in the performance report published within the annual report.</p> <p>The ratio is not a suitable and meaningful comparative indicator of asset sustainability of different PNFCs nor an appropriate indicator of performance of some PNFCs over time.</p> <p>Comparisons of the rate of spending on infrastructure with depreciation may serve as a very broad, long-term indicator of asset sustainability, but the use of the ratio across different PNFCs has limitations.</p> <p>The use of the ratio as a key performance indicator could be misleading in some PNFCs that have large depreciation expenses from their large asset base but are not funded for depreciation (instead the Government regularly upgrades assets through Budget funded capital projects).</p> <p>Furthermore, capital investment by individual entities tends to vary from year to year relative to depreciation in any single year. A sustained period of capital investment less depreciation may reflect the timing of asset replacement/renewal needs and other factors, including customer demand, government priorities and changes in technology. For example, the rapid decline in this ratio in the water sector since 2010-11 reflects the large amounts of capital expenditure during that period for security and reliability enhancements following the drought years.</p> <p>In addition to capital expenditure, for large asset based PNFCs (including assets like roads and trains), there are very lumpy maintenance costs that are not captured in this ratio.</p>

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RECOMMENDATION 11: The Department of Environment, Land, Water and Planning develop appropriate timeliness and quality measures for the new Suburban Development portfolio	Support in principle	The Department of Environment, Land, Water and Planning (DELWP) supports in principle the addition of new timeliness and quality measures to reflect the successful delivery of the Government's Suburban Development agenda. DELWP will work with all departments through the Suburban Development Interdepartmental Committee to identify and agree appropriate new measures.
RECOMMENDATION 12: The Department of the Treasury and Finance reject the use of 100 per cent targets for performance measures in the next update of the Performance Management Framework for Victorian Government Departments	Not support	The Government recognises there are circumstances in which an output performance target of '100 per cent' sets a reasonable service performance standard. For example, to drive response times for infectious disease outbreaks ( <i>Health Protection</i> output , <i>Department of Health and Human Services</i> ), or the treatment of Category 1 emergency health services ( <i>Emergency Services</i> output).
RECOMMENDATION 13: The Department of Environment, Land, Water and Planning increase the target for the 'Users of the Victorian Energy Compare website who report a better understanding of their usage costs after using the website'.	Support	<p>This is a new measure for 2017-18 that assesses if consumers have a better understanding of their energy usage and costs after using the Victorian Energy Compare website.</p> <p>The target was initially set at 50 per cent as this was deemed adequate to demonstrate that the Victorian Energy Compare website is having a positive net impact on the knowledge of energy users. Research shows that 15 per cent (or more) of users report that they already understand their energy usage and costs, which makes the 50 per cent target carry more weight than it appears.</p> <p>As at December 2017, results are tracking at 61 per cent. The Department of Environment, Land, Water and Planning agrees to increase the target to an appropriate level for 2018-19. Changes will be reflected in the next budget publication.</p>

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<p>RECOMMENDATION 14: The Department of Economic Development, Jobs, Transport and Resources discontinue using ‘Milestones delivered in accordance with agreed budget and timelines’ as the performance measure for asset investment infrastructure projects with a total estimated investment over \$500 million, and develop a set of substantial quantity, quality, timeliness and cost measures that would inform the public as to how these projects are progressing.</p>	<p>Support in principle</p>	<p>The Government supports providing information to the public on how projects are progressing. The existing Budget Paper No. 3 performance measures are in addition to the reporting on the performance of Victoria's capital projects in Budget Paper No. 4 <i>State Capital Program</i>.</p> <p>The Department of Economic Development, Jobs, Transport and Resources regularly publishes progress updates and milestones achieved on project websites. This is updated frequently and provides the public with tailored and comprehensive information about the delivery of the projects and any impacts and disruptions to the community.</p> <p>As these asset projects reach maturity and move into a service delivery phase, the Department will continue to investigate mechanisms for reporting on service improvement, particularly through Budget Paper No. 3.</p>
<p>RECOMMENDATION 15: The Department of Economic Development, Jobs, Transport and Resources and VicRoads develop further road maintenance performance measures that fully respond to the recommendations made in the Victorian Auditor-General's Office 2017 report.</p>	<p>Under review</p>	<p>In 2017-18, the Government introduced a range of new interim measures to report on the condition of roads in Victoria and the impact of maintenance activities (cracking, rutting and roughness measures). VicRoads has developed the Pavement Management Strategic Plan (PMSP) which incorporated these new interim performance measurements (<a href="https://www.vicroads.vic.gov.au/about-vicroads/our-strategy/pavement-management-strategic-plan">https://www.vicroads.vic.gov.au/about-vicroads/our-strategy/pavement-management-strategic-plan</a>). The PMSP underpins better maintenance decisions and enables VicRoads to effectively prioritise available resources.</p> <p>VicRoads has developed an analytics platform that is improving the management and analysis of asset-related data. This will provide a platform to develop, and report on, new performance measurements.</p> <p>VicRoads has commenced a transformation project with a strong emphasis on continuous improvement in asset management. As part of this project, VicRoads has committed to the development of longer term service-based metrics to provide greater transparency about the condition of the arterial road network and better connect pavement performance to service provision. The project is expected to complete in late 2020.</p> <p>VicRoads has a number of additional initiatives underway which are central to its asset management reform program and will fully respond to the Victorian Auditor-General's Office's recommendations.</p>

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RECOMMENDATION 16: The Minister for Finance retain the 16 proposed discontinued performance measures identified in section 8.5.1 of this report.	Under review	The Government will consider the Committee's report ahead of the next budget publication and respond separately to the Committee's recommendation within the legislated timeline. All agreed changes to output performance measures will be reflected in the next budget publication.
RECOMMENDATION 17: Performance measures be included in the budget papers on the myki ticketing system. The measures should capture the key elements of the new Public Transport Victoria myki performance framework.	Support	A new performance measure relating to myki performance will be considered for inclusion in the 2018-19 Budget. Customer satisfaction with myki is already captured as it is one of the components of the existing set of customer satisfaction index output performance measures
RECOMMENDATION 18: The Department of Economic Development Jobs, Transport and Resources include the new performance measure of 'total owned global customer profiles' measuring Visit Victoria's total engaged digital audience for 2017-18.	Support	A new performance measure relating to Visit Victoria's total engaged digital audience will be considered for inclusion in the 2018-19 Budget.
RECOMMENDATION 19: The Department of Health and Human Services increase a target for the measure 'Participation by young people in programs that provide opportunities to be involved in social and economic life in their communities'	Support	The target for the measure 'Participation by young people in programs that provide opportunities to be involved in social and economic life of their communities' was increased from 200 000 to 235 000 in the 2017-18 Budget. The Department of Health and Human Services will undertake work to identify the amount by which the 2018-19 target can be further increased, taking into account the implications for funded sector agencies and funding agreements.

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<p>RECOMMENDATION 20: The performance measures in the budget papers be regularly reviewed to ensure measures and targets: (a) are adjusted to reflected significant increases in funding (b) reflect government expenditure on key services including the public transport ticketing system (c) are formulated and embedded in the design of significant government initiatives such as the Family Violence initiative, rather than at the mid or post implementation stage (d) promote service improvement and are not set artificially low (e) are meaningful (f) capture changes in technology and community engagement, incorporating coverage across social media platforms (g) are adjusted in light of repeated over performance.</p>	<p>Support</p>	<p>Under the current Performance Management Framework, portfolio Ministers are responsible for specifying the impact of outputs through a meaningful mix of quality, quantity, timeliness and cost performance measures.</p> <p>The Department of Treasury and Finance will continue to support departments' compliance with the Framework through the ongoing review, monitoring, and assessment of the relevance of all performance measures.</p>

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<p>RECOMMENDATION 21: Future budget papers include details of the programs from which funding has been reprioritised, including: (a) the name of the program, initiative or project from which funding has been reprioritised; (b) the amount reprioritised from each year of the forward estimates period; and (c) the budget in which the initiative was released (where relevant).</p>	<p>Not support</p>	<p>Departments are funded on a global appropriation basis and Ministers have the ability to reprioritise funding within their portfolio department. If the reprioritisation is anticipated to have a significant impact on service delivery, this is disclosed in Budget Paper No. 3 <i>Service Delivery</i> through changes to performance measures or targets, with commentary in footnotes.</p>
<p>RECOMMENDATION 22: The Government update the 2009 Corporate Planning and Performance Reporting Requirements for Government Business Enterprises document. The updated document should include a more detailed explanation of the Government's dividend policy.</p>	<p>Not support</p>	<p>The Government considers existing requirements in the October 2009 update of the Corporate Planning and Performance Reporting Requirements for Government Business Enterprises (the Requirements) adequately explains the Government's dividend policy.</p> <p>In determining the appropriate dividend amounts/estimates for PNFCs and PFCs, DTF considers the commercial position of each entity (including reported profit, operating cash flow, capital funding requirements, gearing and interest cover). The views of the entity's Board and the portfolio Minister, and the Government's budget position, are also considered in determining an entity's dividend payment.</p> <p>The established dividend policy includes two benchmarks which provide a basis for forecasting dividend payments from individual entities, and a starting point for dividend discussions with entities:</p> <ul style="list-style-type: none"> <li>• Dividends equal to 50 per cent of Net Profit after Tax</li> <li>• Dividends plus Income Tax Equivalent equal to 65 per cent of Pre-tax Profit.</li> </ul> <p>The long-standing dividend policy remains current and is adequately covered and reflected in the Requirements.</p>

PAEC recommendation	Response	Action taken to date and commitment to further action
<p>RECOMMENDATION 23: The Department of Treasury and Finance provide guidance to departments on developing risk management indicators that will objectively measure agencies' risk over time.</p>	<p>Support</p>	<p>The Government supports departments and agencies developing risk management indicators that suit their organisation's risk profile and complexity.</p> <p>DTF has identified improved measurement of the effectiveness of risk management controls as a key risk maturity objective for the public sector. The development of effective measures is likely to be a focus area for the development of the next iteration of the Whole of Victorian Government Risk Management Framework (VGRMF). Consultation on an updated VGRMF is expected to commence in 2018 with a revised framework to be presented to the Minister for Finance in 2019.</p>
<p>RECOMMENDATION 24: As a matter of urgency, agencies finalise the development of risk performance indicators that will objectively measure agencies' risk over time, and will also help track the effectiveness of the Victorian Government Risk Management Framework.</p>	<p>Support in principle</p>	<p>The Government supports the development of appropriate risk performance indicators to assist departments and agencies to understand, assess and improve their risk management performance.</p> <p>However, as each organisation's approach will differ based on its specific risk profile (exposure), risk appetite and capability, the development of performance indicators needs to reflect these differences. As the risk maturity of public organisations improves over time, it is important that performance indicators are able to be revised as appropriate to reflect a more sophisticated approach to risk management.</p>

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<p>RECOMMENDATION 25: In order to improve the integration of risk management guidance, the Department of Treasury and Finance: (a) alter public private partnership guidance and the Victorian Government Risk Management Framework to emphasise the role the VGRMF has in public private partnership procurement (b) alter High-Value, High-Risk projects and gateway review guidance documents to refer users to the Victorian Government Risk Management Framework.</p>	<p>Support</p>	<p>The Department of Treasury and Finance (DTF) has updated its Investment lifecycle and High Value High Risk (HVHR) webpage to include references to the VGRMF.</p> <p>DTF's HVHR website includes a 'Risk management guideline' which refers to the VGRMF. In support of this reference, DTF will include a link to the VGRMF webpage in this section.</p> <p>The Gateway review guidance documents include a reference to the 'Risk management guideline' under the 'Best practice sources' section in each document. The guidance documents will be updated to include reference to the VGRMF in this section also.</p> <p>The Partnerships Victoria Framework for public private partnerships integrates whole-of-government policies and includes specific reference to the High Value High Risk guidance. A requirement in the HVHR guidelines to apply the VGRMF will therefore also be applicable to public private partnerships.</p>
<p>RECOMMENDATION 26: Documentation and programs provided by the Victorian Managed Insurance Authority provide examples of a wider variety of risk types, including the risk factors that cause the most common variances from planned outcomes, and discuss ways of managing these risks.</p>	<p>Support</p>	<p>The Victorian Managed Insurance Authority (VMIA) is dedicated to the ongoing improvement of its guidance documentation and development programs.</p> <p>VMIA will identify the most common types of risks across Government and include these, along with clear guidance on the most effective ways to manage these risks, in our documentation and programs including:</p> <ul style="list-style-type: none"> <li>● Practice Guide.</li> <li>● Risk tools and templates.</li> <li>● Risk in Practice – Introduction workshop.</li> <li>● Any new guidance materials and development programs.</li> </ul> <p>The implementation of this recommendation will strengthen VMIA's support and guidance for clients.</p>

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<p>RECOMMENDATION 27: The Department of Treasury and Finance update the Model Report to require agencies that are involved in the management of interagency and State-wide risks to describe their contribution to the management of these risks as well as to include details of the lead agency.</p>	<p>Support in principle</p>	<p>The next revision of the Victorian Government Risk Management Framework is expected to be completed in 2019. The review will consider interagency risk management issues, including appropriate reporting requirements in the context of the devolved model of risk management. This will include options such as requiring departments to describe their specific approach to managing interagency risk, including the manner in which they interact with other agencies.</p>
<p>RECOMMENDATION 28: All departments and public sector entities strengthen their governance over telecommunications by:</p> <ul style="list-style-type: none"> <li>(a) regularly undertaking internal checks and audits to confirm that their procedures established to manage telecommunications usage and costs are being applied consistently across the organisation</li> <li>(b) monitoring and reporting to their executive management on organisation wide telecommunications use and expenditure.</li> </ul>	<p>Support</p>	<p>The Government supports all departments and public sector entities strengthening their governance over telecommunications.</p> <p>In support of strengthened governance, the Government has negotiated a State Purchase Contract (SPC) under the Victorian Government Telecommunications Purchasing Management Strategy 2025 (TPAMS2025), which came into effect on 1 February 2017. TPAMS2025 provides new contracts for voice, data, mobile and internet services.</p>

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RECOMMENDATION 29: In heavily decentralised agencies, monitoring and oversight of telecommunications usage and expenditure across the various business units be centralised.	Support	<p>The Government supports appropriate monitoring and oversight of usage and expenditure in relation to telecommunications.</p> <p>The TPAMS2025 State Purchase Contract provides centralised procurement arrangements that deliver value for money for Victoria.</p>
RECOMMENDATION 30: The Department of Premier and Cabinet work with departments and public sector entities, including the Metropolitan and Fire Emergency Service Board, to standardise the policies and guidelines governing the allocation and acceptable use of mobile devices and data, in line with the Government's Workplace Environment Statement of Direction for the Victorian Public Service. The policies and guidelines would include the purchase of approved devices, allocation, usage, international roaming rules, security, monitoring and compliance arrangements.	Support	<p>DPC acknowledges that there is opportunity for cost and other savings from some standardisation of policies and guidelines, noting that these benefits may be limited by the legitimate structural, operational and service delivery differences between agencies. Any review will need to be cognisant of these requirements. Work will be scheduled in 2018 to review current policies and practices with a view to providing standardised mobile devices policies across government.</p>

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<p>RECOMMENDATION 31: In relation to cost savings in telecommunications, the Committee recommends that:</p> <p>(a) departments and agencies establish savings targets across specific areas of telecommunications categories and/or within various parts of the organisation and record savings achieved through the application of new technologies and the re-negotiation of telecommunication service arrangements (b) the Department of Premier and Cabinet monitor and report on the savings and benefits achieved by departments and agencies accessing telecommunications services through the state purchase contracts negotiated under the Victorian Government Telecommunications Purchasing Management Strategy 2025 in its annual report.</p>	<p>Support</p>	<p>(a) The Government supports the principle of achieving savings in the area of telecommunications, and this is the aim of the SPC negotiated under TPAMS2025. The Department of Premier and Cabinet will provide a summary of savings achieved under the SPC in its annual report.</p> <p>(b) DPC continues to actively monitor the take up by departments and agencies of the new TPAMS2025 State Purchase Contracts that came into effect on 1 February 2017. As of 12 December 2017:</p> <ul style="list-style-type: none"> <li>• 118 agencies and departments have taken the first step in entering into TPAMS2025 contracts by executing 529 TPAMS2025 Participation Forms across the five TPAMS2025 Service Towers (voice, data, internet, mobile and unified communications).</li> <li>• 97 agencies and departments have completed the engagement process by executing 192 TPAMS2025 Purchase Contracts. The bulk of these TPAMS2025 Purchase Contracts have been executed post 1 September 2017, therefore, savings and benefits are not yet reportable. It is anticipated that by 31 December 2018 reportable data on savings and benefits for the 2017–18 financial year will be available.</li> </ul>

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<p>RECOMMENDATION 32: The Department of Environment, Land, Water and Planning make the findings from the review undertaken at the beginning of Environmental Contribution Levy tranche 4 of including the rates, revenue base and applicable revenue classes, and likely customer impact publicly available.</p>	<p>Not support</p>	<p>The Department of Environment, Land, Water and Planning has now fully implemented all recommendations of VAGO's 2014 Report on the Environmental Contribution. The Department continues to improve its management of the Environmental Contribution and has established improved governance and monitoring of delivery of Environmental Contribution initiatives, beyond the recommendations of VAGO and existing departmental processes for project and funding oversight and reporting.</p> <p>Regarding this specific recommendation, as advised previously to the Committee in response to the 2017-18 Budget Estimates Questionnaire, the Government has reviewed the settings, including the rates, revenue base, applicable revenue classes and likely or estimated customer impacts before making a decision to implement each tranche of the Environmental Contribution. For every tranche, this review has been undertaken through a Cabinet decision and associated papers. Given this, it would be inappropriate to release these documents.</p> <p>However, the outcomes of the decision and much of the information noted by the Committee is made public through gazettal of the ministerial order that establishes revenue collection, public dissemination through water corporation annual reports and the Essential Services Commission's price review process, reporting to the Australian Competition and Consumer Commission (ACCC), and through the Department's website and annual reports.</p> <p>The Department will continue to look at how its website can be improved to provide greater transparency and better communicate the use of the Environmental Contribution to the public.</p>
<p>RECOMMENDATION 33: The cost of the Environmental Contribution Levy to customers be itemised in water bills.</p>	<p>Not support</p>	<p>The Government considers it would not be appropriate to itemise the cost of the Environmental Contribution and any attempt may be inaccurate. As previously advised in response to the PAEC 2017-18 Budget Estimates Questionnaire, the Environmental Contribution is collected based on water entities' revenue and not on a customer, individual service or volumetric basis. In addition, the determination of what is included in a customer's water bill is determined by each water corporation.</p> <p>As the amount collected for any particular authority is spread across their revenue base as a whole rather than attributed to individual customers, any estimate of the contribution by an individual customer would be subject to a range of assumptions, and not an accurate attribution of the cost in a particular bill.</p> <p>Consistent with other expenditures by water corporations, the Environmental Contribution is one of the required costs of undertaking business for water corporations, similar to WorkCover and income tax equivalent payments, which likewise are not separately itemised on bills.</p>

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<p>RECOMMENDATION 34: The Department of Environment, Land, Water and Planning, as part of its annual report, incorporate a section providing details on the activities undertaken, revenue collected, expenditure made, the projects funded and outcomes, including environmental outcomes, achieved during the year through Environmental Contribution Levy funded projects.</p>	<p>Support in principle</p>	<p>The Government supports comprehensive reporting of matters related to the Environmental Contribution, and considers that the intended outcome of public transparency can be achieved through the provision of enhanced information and reporting on the Department's website. The Government believes that online communication and reporting is a better, more accessible and dynamic mechanism for reporting on the Environmental Contribution program. Online information evolves, whereas tabled annual reports are increasingly used to focus on meeting financial management obligations rather than public communication. Given this, the Department specifically agreed with the Victorian Auditor-General's Office during the final stages of conduct of the audit of the Environmental Contribution that enhanced public reporting could be principally carried out through the Department's website. This is reflected in the wording of VAGO's recommendation. The Department believes including the additional information in the annual report when it is already available on the Department's website would be duplicative, and likely to conflict with broader Government guidelines for succinct and financially focussed annual reporting. The Department always includes a reference to further detail on the Environmental Contribution available on its website in its annual report.</p>
<p>RECOMMENDATION 35: The Department of Environment, Land, Water and Planning publish on its website detailed information on the expected and actual outcomes for each of the Environmental Contribution Levy initiatives.</p>	<p>Support</p>	<p>The Department of Environment, Land, Water and Planning currently provides public information on the objectives of all Environmental Contribution funded initiatives, and reports annually on their expenditure, progress and achievements. Under the evaluation framework, all Environmental Contribution investments have prepared evaluation plans which set out the expected outputs and outcomes of each investment. As projects progress, data will be collected to track progress towards these outcomes, which will inform a full evaluation at the end of the program. The Department will work to communicate the results of these evaluations in its online communications.</p>