



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**2015-16 FINANCIAL AND PERFORMANCE OUTCOMES –  
ENTITY-SPECIFIC QUESTIONNAIRE**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Question 1    Program description**

Please provide a list of the Department's major programs, including for each:

- (a) The name of the program
- (b) The name of the Department's output that the program is a part of
- (c) The activities of the Department in providing the program
- (d) The effects on the community the program is intended to achieve
- (e) How the Department measures whether the aims of the program have been fulfilled.

The department has identified its high-level priorities, enablers and key outcomes that underpin implementation of all major programs as per the department's [Strategic Plan](#).

Department of Health and Human Services **priorities:**

1. Support people to live healthier, more active lives and participate in their local communities
2. Empowering patients, clients and carers
3. Build the capacity of universal services to better respond to risk and vulnerability
4. Increase earlier intervention
5. Reduce waits for health and human services
6. Make it easier to access better connected care
7. Improve Aboriginal health and wellbeing
8. Support better, safer care
9. Planning together for the future.

**Enablers** that facilitate implementation of priorities:

1. Leadership
2. Co-design and engagement
3. An operating model that supports our mission and strategic directions
4. People and capability
5. Information and systems
6. Data and evidence
7. Good governance, integrity, planning and risk management.

Department of Health and Human Services **outcomes**:

1. Victorians are healthy and well
  - a. Victorians have good physical health
  - b. Victorians have good mental health
  - c. Victorians act to protect and promote health
2. Victorians are safe and secure
  - a. Victorians live free from abuse and violence
  - b. Victorians have suitable and stable housing
3. Victorians have the capabilities to participate
  - a. Victorians participate in learning and education
  - b. Victorians participate in and contribute to the economy
  - c. Victorians have financial security
4. Victorians are connected to culture and community
  - a. Victorians are socially engaged and live in inclusive communities
  - b. Victorians can safely identify and connect with their culture and identity.

The number and diversity of programs administered by the department are detailed in both the Policy and Funding Plan for community services programs and the Policy and Funding Guidelines for health programs. Each of these documents describes funded 'activities' which are akin to a program, including the purpose of each activity, the funding methodology, the unit prices (where applicable) and the performance monitoring metrics and processes. All activities roll up to Budget Paper No. 3 outputs. These documents codify the complex arrangements for managing service delivery in the health and human services sector. Refer to:

[Department of Health and Human Services Policy and Funding Guidelines](#) (July 2016)  
[Statement of Priorities for 2015-16](#)

## Question 2 Security upgrades

Please advise how much has been spent (both as output expenditure and asset investment) on security upgrades for the Department's premises.

### Department of Health and Human Services (DHHS) office accommodation

The cost of security upgrades to Department of Health and Human Services office accommodation properties for the 2015-16 financial year is \$15,725.

It should be noted that the Security Risk Assessment Project managed by the Department of Treasury and Finance (DTF) finalised risk assessments for all Department of Health and Human Services office accommodation properties in December 2016. Security upgrade of Department of Health and Human Services premises will continue through the 2016-17 and 2017-18 financial years.

Please describe any upgrades that were made during 2015-16, including identification of any (hypothetical or perceived) threats that the previous system would not have prevented that the upgraded system is able to prevent.

### DHHS office accommodation

The risk mitigation rationale for security upgrades of the department's office accommodation completed to date is outlined in the table below.

Item	Supplier	Item	Risk mitigation	Property	Date paid	Cost	Comment
1.	Universal Security Services Pty Ltd	Installation of CCTV cameras at 259 Malvern Rd, Prahran	Minimisation of client related occupational assault.	259 Malvern Rd, Prahran	9 June 2016	\$3,520.00	Within 2015-16
2.	Universal Security Services Pty Ltd	Installation of CCTV cameras and duress system at 120 Clarendon St, South Melbourne	Minimisation of client related occupational assault.	120 Clarendon St, South Melbourne	25 February 2016	\$8,146.00	Within 2015-16
3.	Building Impressions Pty Ltd	Supply of airkeys (remote controllers) for the secured gate at Shepparton	Prevention of unauthorised access to the open car park.	163-167 Welsford St, Shepparton	30 December 2015	\$4,059.00	Within 2015-16
<b>Total</b>						<b>\$15,725.00</b>	<b>Within 2015-16</b>

Note1: The Shepparton State Government Office security upgrade works of securing the perimeter of the onsite car park in June 2015 was paid by DTF as the landlord. Prevention of unauthorised access to the open car park.

Note 2: Data only includes centrally funded works.

In summary, the primary intention of the upgrade works is to reduce the risk of occupational assault.

Please also describe any cost benefit analysis done by the Department in assessing security upgrades.

**DHHS office accommodation**

The process to ascertain the cost benefit for the security upgrades for the department's office accommodation is as follows:

- DTF engaged two security firms to undertake security risk assessments across the entire Victorian Government office accommodation property portfolio inclusive of DHHS properties. The two firms engaged, provided detailed reports on each property inclusive of recommendations to mitigate security risks. The reports did not include indicative costings.
- Subsequently, the department requested DTF provide an estimated cost against each recommendation.
- To ascertain the cost benefit of each recommendation within each property, key stakeholders within each operational division were consulted to determine the appropriateness of the recommendation and its estimated cost, against the benefit considered to be derived from undertaking the upgrade works.

**Question 3 Contractor and consultant costs**

Please detail the actual amount that the Department spent on contractors and consultants in 2014-15 and 2015-16. A definition of the difference between consultants and contractors is contained in FRD 22G – 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.

	2014-15 Actual (\$ million)	2015-16 Actual (\$ million)
<b>Consultants</b>	<b>11.06</b>	<b>17.53</b>
<b>Contractors</b>	<b>549.42</b>	<b>659.22</b>

**Question 4 Departmental expenditure by Government Purpose Classification**

Regarding the department's operating expenses in 2015-16, please compare the budget estimates provided by the Department in its response to the Committee's 2015-16 Budget Estimates Questionnaire (question 12) to the department's actual expenses by government purpose classification, explaining any variances greater than  $\pm 10$  per cent or \$100 million (please fill all blank spaces).

Government purpose classification	Initial budget estimate for 2015-16 (2015-16 Budget Estimates Questionnaire q.12) (\$ million)	Actual for 2015-16 (\$ million)	Variance from budget estimate (per cent)	Explanation for any variance greater than $\pm 10$ per cent or \$100 million
General public services	27.9	12.1	-56.6	The variance relates to a misalignment in the methodology for attributing expected costs between the General Public Services and Safety and Public Order and Safety categories.
Public order and safety	66.7	73.9	10.8	The variance relates to a misalignment in the methodology for attributing expected costs between the General Public Services and Safety and Public Order and Safety categories.
Education	n/a	n/a	n/a	n/a
Health	15,145.0	15,219.5	0.5	n/a
Social security and welfare	4,224.5	4,460.2	5.6	The variance primarily reflects revenues from to Hospital/Health services commercial activities such as private practice arrangements, private clinical services, car-parks, kiosks etc., which are forecast and budgeted against the Health category, while components of the commercial activity actual expenditure are attributable to the Social Security and Welfare category.
Housing and community amenities	484.6	512.5	5.8	n/a
Recreation and culture	69.6	164.1	135.8	Variance relates primarily to an adjustment to the treatment of Non-Government Organisation capital payments for Junction Oval redevelopment and Simonds Stadium. In addition, Community Support Fund budgets were excluded from the 2015-16 Budget.

Government purpose classification	Initial budget estimate for 2015-16 (2015-16 Budget Estimates Questionnaire q.12) (\$ million)	Actual for 2015-16 (\$ million)	Variance from budget estimate (per cent)	Explanation for any variance greater than ±10 per cent or \$100 million
Fuel and energy	n/a	n/a	n/a	n/a
Agriculture, forestry, fishing, and hunting	n/a	n/a	n/a	n/a
Transport and communications	n/a	n/a	n/a	n/a
Other economic affairs	n/a	n/a	n/a	n/a
Other purposes	n/a	n/a	n/a	n/a



**Question 5 Initial budget and actual salaries, health agencies**

The Committee notes the that the *2015-16 Financial Report* explains the variance for the State’s employee expenses as ‘due to higher actual salaries in hospitals to meet higher than expected demand’<sup>1</sup>. Please provide initial budgets (that is, those that were used as an input into the initial 2015-16 Budget) for health agencies, as well as actual 2015-16 employee expenses.

The initial budget figure for Employee Expenses relating to the department’s portfolio entities (primarily public hospitals) was \$8,044,753,600 compared to actual expenses of \$8,266,273,400, a variance of \$221.5 million. The Department of Health and Human Services funds hospitals for activity and as such does not budget for inputs such as employee expenses on an individual hospital basis.

The budget figure of \$8,044,753,600 is the initial budget published in May 2015; it does not represent the final revenue on which the reported expenses are based. The budget figure of \$8,044,753,600 was based on preliminary estimates of service delivery activity. Subsequent service activity exceeded these estimates requiring increased expenditure on employee expenses. Final activity was 1.5 per cent above target. The additional activity attracted an additional contribution from the Commonwealth.

Health agency	Anticipated employee expenses 2015-16 (\$ million)	Actual employee expenses 2015-16 (\$ million)	Variance from anticipated (per cent)	Explanation for significant variances (more than 5 per cent)

<sup>1</sup> Department of Treasury and Finance, *2015-16 Financial Report* (2016), p.114

**Question 6 Forecasting demand and employee expenses in hospitals**

(a) Please advise the level at which demand for hospital services is forecast: State, district, hospital or some other level.

Demand for health services are developed at the individual health service level which allows forecasts to be prepared in multiple ways, i.e. for each hospital, at a metropolitan or regional level, or state level. Forecasts can be prepared flexibly to allow information to be considered at a number of different levels.

(b) Please describe the methods used to forecast demand for hospital services

Population data and various hospital activity data are used to establish demand levels for hospital services. Activity data include Weighted Inlier Equivalent Separations (WIES) for emergency, maternity, elective services as well as weighted bed-days, number of presentations and other activity types. Population data are also used extensively.

Hospital service demand and population information is reviewed through statistical analysis over a number of years to establish the relative activity of all public health services and the changing needs of growing populations. The data utilised, and the changes observed over time, reflect the impacts of population growth and composition, and types of services being demanded.

(c) How do forecasts for demand for hospital services affect forecasts for employee expenses in hospitals?

Increased demand for hospital services directly affects and informs decisions by hospitals to ensure they have adequate staff in place to properly meet changing or increasing patient demands and the capacity to provide services safely. Most employee expenses, such as nursing and medical staff can be linked directly to demand.

Employee expenses comprise approximately 70 per cent of all health service operating expenditure. Growing demand for hospital beds and other services generally results in requiring additional staff, with expenses increasing accordingly.

(d) Apart from forecasts for demand for hospital services, what other factors affect forecasts for employee expenses in hospitals?

Employee entitlements, training and development associated with staff upskilling and retention all have a direct impact on employee costs. Availability of suitably qualified staff can also have a significant impact on forecast, where agency staff and on-call medical officers, whose cost can be significantly higher, may be necessary to meet staffing requirements.

Further, information technology and administration systems can also impact employee costs, as they improve efficiency and influence the demand for specific categories of employees.

**Question 7 Child Protection and Family Services output**

The result for the ‘Number of family services cases provided to Aboriginal families’ performance measure that forms part of the Child Protection and Family Services output for 2015-16 was 2,342, largely unchanged from the 2014-15 result of 2,346. The 2015-16 Annual Report explains that ‘the target increased in line with additional funding’ but that ‘there was a lag effect with the delivery of increased targets’. The Committee notes that the target for the measure had been raised by 6.1 per cent while the budget for the output had been raised by 17.0 per cent. Please explain:

- (a) the rationale for raising the target from 2,400 in 2014-15 to 2,547 in 2015-16

The 17 per cent increase in the budget included additional funding across the entire Child Protection and Family Services output group. The 6.1 per cent increase for this performance measure relates only to services provided to Aboriginal families in family services. The increase of 6.1 per cent is proportionate to the number of Aboriginal families accessing family services in 2015.

- (b) why the provision of additional services has been delayed

The additional services were not delivered in full in the 2015-16 financial year. A submission process was used to ensure that additional services would be appropriately targeted (including to Aboriginal families). Most funding was allocated to service providers in the second quarter of 2015-16. The use of a transparent allocation process was consistent with findings of the Auditor-General’s report entitled, *Early Intervention Services for Vulnerable Children and Families*.

- (c) when additional services are expected to be provided.

Additional services were provided from the beginning of 2016, and it is anticipated that the target will be met in 2016-17.

**Question 8 Healthcare worker immunisation – influenza performance measure**

The ‘Healthcare worker immunisation – influenza’ performance measure was new for 2015-16 and was included in the 2015-16 budget papers.<sup>2</sup> Please advise:

- (a) result, variance and (if applicable) explanations for significant (greater than 5 per cent) variances for this performance measure in the following table:

Performance measure	Target 2015-16	Actual 2015-16	Variance (per cent)	Reason for significant (>5%) variance
Healthcare worker immunisation – influenza	75 per cent	78.7 per cent	3.7 per cent	n/a

- (b) the reason why the measure was not included in the Department’s *2015-16 Annual Report*

Healthcare Worker Immunisation was a new measure in 2015-16. Final data was not available in time for production of the department’s Annual Report.

<sup>2</sup> Department of Treasury and Finance, *Budget Paper No.3, 2015-16 Service Delivery* (2015), p.226

### Question 9 Previous recommendations

For each recommendation in the Committee's *Report on the 2013-14 and 2014-15 Financial and Performance Outcomes* (report 5) or *Report on the 2012-13 Financial and Performance Outcomes* (report 119) that relates to an area relevant to your department or one of its portfolio agencies, please indicate:

- (a) whether or not the action specified in the recommendation has been implemented
- (b) if so, how it has been implemented and what publicly available information (if any) demonstrates the implementation of the recommendation
- (c) if not, why the recommendation has not been implemented, or the intended date of implementation.

Note: recommendations that were not supported by the Government or that have already been determined to be implemented by the Committee have not been included in this list.

Report	Recommendation	Has the action specified in the recommendation been implemented?	If yes:		If no:	
			What action has the Department taken in order to implement the recommendation?	What publicly available information, if any, shows the implementation?	Why not?	When is the intended date of implementation?
5	<p>5</p> <p>Transfers greater than \$10.0 million by departments between capital and operating expenditure should be explained in annual reports, including:</p> <ol style="list-style-type: none"> <li>(a) why the expenditure had been classified as it had been at the time of the budget</li> <li>(b) why that had changed during the year</li> <li>(c) the effect of the change on the department's finances including its net result from transactions</li> </ol>	Partially	<p>The Department of Health and Human Services (the department) has provided an explanation for the total transfer between capital and operating expenditure in Note 3 (a) Summary of compliance with annual parliamentary appropriations (2015-16 Annual Report, Victorian Department of Health and Human Services, p. 171).</p> <p>The explanation is in the commentary section below the table, under Note (iv) for the 2015-16 financial year and Note (v) for the 2014-15 financial year.</p> <p>This explanation was in line with the Department of Treasury and Finance's 2015-16 Model Report for Victorian Government Departments.</p>		<p>The department will update its 2016-17 Annual Report to provide explanations of material transfers between appropriation line items.</p> <p>The update to the department's 2016-17 Annual Report will be in line with the Government Response to the Public Accounts and Estimates Committee's Report on the 2013-14 and 2014-15 Financial and Performance Outcomes paper tabled on 9 November 2016.</p> <p>The department's update will also be in line with the Department of Treasury and Finance's update to the 2016-17 Model Report for Victorian Government Departments in response to the Government Response to the Public Accounts and Estimates Committee's Report.</p>	