

Entity-specific questionnaire – Department of Justice and Regulation

1. Economic Outlook

The 2016-17 Budget notes that “In 2014-15, GSP per capita grew by 0.7 per cent and growth is expected to continue over the forward estimates. Keeping economic growth ahead of population growth is critical to ensuring all Victorians benefit from economic growth, and relies on greater employment and increased productivity.” (2016-17 Budget Paper 2, pp.2-3)

Please outline the measures the Department of Justice and Regulation is taking to increase Victoria’s GSP per capita.

As this question relates to economic policy the Department of Treasury and Finance will respond on behalf of all departments.

2. Ararat Gaol project (Hopkins Correctional Centre)

Please advise the current status of the Hopkins Correctional Centre project (refer to DJR General Questionnaire p.39). The Committee notes that this appeared as a PPP project in the 2015-16 budget papers (2015-16 BP4 p.8).

a) How is this project being procured?

From a procurement perspective, Hopkins Correctional Centre was originally classified as a PPP project. However, the department no longer classifies it as a PPP arrangement for accounting purposes.

The consortium contracted to construct and maintain the Ararat Prison redevelopment entered into voluntary administration on 13 June 2012. The new agreement signed on 3 August 2012 between the State and the project financiers retains the PPP risk allocation agreed under the old contract, however construction was paid in full over two bullet payments rather than a finance lease arrangement over a long term period. Construction was completed in September 2015.

The department received accounting advice from KPMG that was accepted by VAGO outlining that the project was no longer a PPP from an accounting perspective. However, the DTF are still treating Hopkins Correctional Centre as a PPP from a procurement perspective because it still has abatement provisions in place like a traditional PPP contract and the ongoing service and maintenance contract is unchanged from the original PPP agreement.

b) What line items in the budget papers show payments made for this project?

The two bullet payments have been capitalised in previous years and no further capital payments are expected. As the Hopkins Correctional Centre is not a finance lease arrangement, the remaining costs associated with the Correctional Centre are now for the maintenance and upkeep of the facility. The budget allocation for the maintenance of the prison is included in the DJR “Other operating expenses” line in the comprehensive operating statement shown on p.109 of Budget Paper No. 5.

3. Reconciliation between Parliamentary authority for the provision of outputs and total income from transactions

The Department advised the total Parliamentary authority for the provision of outputs (\$6,069.3 million, made up of \$3,351.2 million for the Department and \$2,718.1 million for VicPol) in q.20 of the Committee's General Questionnaire. This compares with total income from transactions **\$6,053.2 million (BP3.p.265)**. Please identify:

a) the sources for differences in these figures

The sources of difference between the Parliamentary Authority for the provision of outputs (POO) (\$6069.3 million) and the revised total income from transactions (\$6053.2) as advised by PAEC are shown in the table below:

Item	In Parliamentary Authority for POO but not in Total Income from Transactions (\$m)	In Total Income from Transactions but not in Parliamentary Authority for POO (\$m)
Entities Administered on behalf of the state*	19.1	0.0
Revenue collected directly by agencies outside the parliamentary authority – Victorian State Emergency Services (VICSES) – Donations and Sale of goods and services	0.0	4.0
Other income – Victoria Police	0.0	-1.0

*The amount shown for entities administered on behalf of the state includes revenue received in administered trust funds including the Public Service Commuter Club, Australia and New Zealand Policing Support Agency Trust Account and a number of Special Appropriations received to support payments made under the Crown Proceedings and to reimburse Citylink and Eastlink for the value of tolls and administration costs that have been collected by the State as part of fine enforcement activities by the State.

b) whether these sources are in or out of the public account

The above sources except for the Revenue collected by VICSES form part of the Public account.

c) where the difference between funds appropriated for the provision of outputs and total income from transactions is intended to be spent.

- Funds collected by the entities administered on behalf of the state are used for meeting expenses incurred for activities funded by the relevant special appropriations or for the specific purposes of individual trust funds as outlined in their governing legislation.
- Donations and revenue collected by the Victorian State Emergency Service (VICSES) outside the grants paid by the department form part of the VICSES operating budget and are included in Emergency Management's total output cost target. The funds are used to meet operational costs for VICSES and to purchase equipment and other assets used in emergency response activities.