

PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



2020-21 Budget Estimates General Questionnaire

Department of Treasury and Finance

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2020–21 Budget Estimates questionnaire

Introduction

The Committee's inquiry into the 2020-21 budget estimates examines the Government's expenditure and revenue.

The Committee's budget estimates inquiry aims to benefit the Parliament and the community by:

- promoting the accountability, transparency and integrity of the executive and the public sector
- encouraging effective and efficient delivery of public services and assets
- enhancing the understanding of the budget estimates and the wider economic environment
- assisting members of Parliament in their deliberation on the appropriation bills.

This questionnaire seeks information about how the budget affects each department, including how budget allocations are connected to service delivery, infrastructure projects and assets, and other key economic, financial management and emerging issues.

Timeline and format

Responses to this questionnaire are due by **5.00pm the day after the State Budget is handed down**.

It is essential that the Committee receive responses by this date to allow sufficient time to consider them before the budget estimates hearings.

The completed questionnaire and Excel worksheet in response to Question number 10 should be sent (in the format received) to: paec@parliament.vic.gov.au.

Guidance for questionnaire

Consistency with the budget papers

Whenever referring to an initiative (including output, asset and savings initiatives) that is also referred to in the budget papers, please use the name used in the budget papers. This ensures that the Committee can correlate the information provided by the Department with the information in the budget papers.

Whenever providing details about the Department (including amounts of funding, anticipated expenditure and revenue and savings targets), please provide figures for the Department on the same basis of consolidation as is used in the budget papers, unless otherwise specified.

Specific guidance

Additional guidance is provided for particular questions in the questionnaire.

For any inquiries on this questionnaire, please contact the Committee secretariat:

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Major initiatives

Question 1

What progress has been made in implementing the major initiatives/programs identified in the 2019-20 Budget for the Department. If progress of these programs/initiatives was impacted by COVID-19, please note whether these programs/initiatives will be removed or roll forward to other years. Please identify a minimum of five initiatives/programs.

Response

	Major initiatives/programs	Output	Activities undertaken	Progress against performance measures as at 30 June 2020	Progress achieved against key Government outcomes	Note any COVID-19 impact. Is this removed/rolled over? If rolled over, to which financial year?
1.	Fairer energy regulation	Economic Regulatory Services	The Essential Services Commission (ESC) delivered its 2019-20 Energy Fairness Plan initiatives. This included publishing the Victorian Default Offer (including for embedded networks) and establishing new requirements for energy retailers in billing, marketing and contract terms and conditions. ESC also established a framework to review the efficiency and competitiveness of the energy retail market. In addition, enforcement capabilities were enhanced by creating an enforcement group focused on holding energy companies to account.	Performance measures met.	Implemented the Government's Energy Fairness Plan's reforms to the retail market.	The enhancement to ESC's compliance and enforcement IT system was delayed due to COVID-19. This project has recommenced and is on track to be completed by 30 June 2021.

2.	Review of building and planning approvals processes	Economic Regulatory Services	<p>Activities undertaken include:</p> <ul style="list-style-type: none"> • Mapping of council approval processes • Review of approval processes in other jurisdictions • Extensive stakeholder consultation • Report composition 	This work was completed in the 2019-20 financial year.	<p>This work contributed to delivering the Economic Regulatory services output. Specifically, it assisted to achieve one of the key outcomes relating to the role of the Commissioner (BP3 2019-20 pg. 358):</p> <p><i>Assisting agencies to improve the quality of regulation in Victoria and undertaking research into matters referred to it by the Government.</i></p>	Nil.
3.	Reforming emergency services superannuation	Revenue Management and Administrative Services to Government	This initiative has been implemented via the <i>Superannuation Legislation Amendment Bill 2019</i> which was debated in Parliament in September/October 2019 and received the Royal Assent on 22 October 2019.	All of the DTF's activities in relation to this initiative have been completed.	This initiative has been implemented.	Nil.

4.	State Revenue Office Compliance Program	Revenue Management and Administrative Services to Government	Targeted investigations of customer compliance with revenue legislation were undertaken.	Revenue target achieved.	Revenue target achieved.	Although some compliance programs have been curtailed with the redirection of resources to implement the government's COVID-19 economic relief measures, overall compliance revenue has been maintained with revenue exceeding targets due to strong Landholder Duty activity.
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Strategic issues

Question 2

In order of priority, please list up to 10 strategic issues that were caused by the COVID-19 pandemic that influenced the development of the Department's estimates for the 2020-21 financial year. Please describe how the Department will address these issues in 2020-21.

Response

	Strategic issue	How the Department will address the issue in 2020-21	Progress achieved as at 01 October 2020
1.	Creation of jobs and skills	<p>The following initiatives have been approved:</p> <ul style="list-style-type: none"> • Social and affordable housing • Venture debt facility • Victorian Homebuyer Fund • Investment attraction package • Research and development tax incentive (R&DTI) scheme • Supporting COVID-19 recovery through procurement • Big build apprenticeships model 	<ul style="list-style-type: none"> • Works have commenced to set up the service team and program administration. • Program was only approved on 3 October 2020. • Detailed program report currently being developed. • Program was only approved on 3 October 2020. • Program was only approved on 9 September 2020. • Program was only approved on 6 October 2020. • Program was only approved on 6 October 2020.
2.	Economic stimulus and recovery	<p>The following initiatives have been approved:</p> <ul style="list-style-type: none"> • Social and affordable housing • Venture debt facility • Victorian Homebuyer Fund • Investment attraction package • Economic survival package – implementation • Assistance for the commercial passenger vehicle industry 	<ul style="list-style-type: none"> • Works have commenced to set up the service team and program administration • Program was only approved on 3 October 2020. • Detailed program report currently being developed • Program was only approved on 3 October 2020. • Implementation is ongoing with \$3.7m spent YTD. • Detailed program information is published on the Commercial Passenger Vehicle Victoria's website.

		<ul style="list-style-type: none"> • Research and development tax incentive (R&DTI) scheme • Supporting COVID-19 recovery through procurement • Big build apprenticeships model 	<ul style="list-style-type: none"> • Program was only approved on 9 September 2020. • Program was only approved on 6 October 2020. • Program was only approved on 6 October 2020.
3.	Provision of essential services to the community	<p>The following initiatives have been approved:</p> <ul style="list-style-type: none"> • Social and affordable housing • Community Support Fund (CSF) - Alcohol and Drug Treatment Services Program • Victorian Homebuyer Fund 	<ul style="list-style-type: none"> • Works have commenced to set up the service team and program administration. • Detailed program report currently being developed.

Revenue and expenditure – variances

Question 3

Budget Paper No.5: Statement of Finances provides a comprehensive operating statement that details each department's revenue and expenses on an accrual basis reflecting the cost of providing its output.

For each line item of the comprehensive operating statement if there is a variance of greater than 10 per cent (positive or negative) or greater than \$100 million (positive or negative), please explain the reason for the variance between the budget for 2019-20, the revised estimate for 2019-20 and the budget for 2020-21.

Variances that occurred due to COVID-19, please provide a detailed breakdown of the components that led to the variance.

Guidance

Where the variance is in 'Other operating expenses', please supply the relevant expense category.

Response

Line item	2019-20 Budget (\$ million)	2019-20 Revised budget (\$ million)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
			2019-20 Budget vs. Revised budget

This comparison is not applicable, given that the 20-21 State Budget has been delayed to November 2020 (i.e. no prior disclosure of the 2019-20 revised budget figures).

Line item	2019-20 Revised budget (\$ million)	2020-21 Budget (\$million)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
			2019-20 Revised budget vs. 2020-21 Budget If variances were caused by the COVID-19 response, please provide a detailed explanation

This comparison is not applicable, given that the 2020-21 State Budget has been delayed to November 2020 (i.e. no prior disclosure of the 2019-20 revised budget figures).

Line item	2019-20 actuals (\$ million)	2020-21 Budget (\$million)	Variance (\$million)	Variance (%)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million) 2019-20 Revised budget vs. 2020-21 Budget If variances were caused by the COVID-19 response, please provide a detailed explanation
Income from transactions					
Output appropriations	441	633	192	43%	The increase is mainly driven by the higher output appropriation revenue associated with the new budget initiatives in 2020-21 including the Regulatory Reform package and Investment attraction package. This funding also includes \$40m to repay an advance associated with implementing the Centralised Accommodation Management.
Special appropriations	0	0	0	0%	No significant variance noted
Interest	1	0	0	-74%	The decrease is mainly driven by the lower budgeted interest revenue as a result of lower cash rates forecast for 2020-21.
Sale of goods and services	204	32	-173	-85%	The decrease is mainly driven by the transfer of Cenitex to DPC (as of 1 August 2020).
Grants	9	17	9	101%	The increase is mainly driven by the higher grant revenue associated with Invest Victoria's Illumina Genomics Hub budget initiative in 2020-21.
Fair value of assets and services received free of charge or for nominal consideration	0	0	0	0%	No significant variance noted.
Other income	28	37	9	31%	The variance is mainly due to the higher budgeted rental income from government owned buildings in 2020-21.
Total income from transactions	683	719	36	5%	Sub-total only

Expenses from transactions					
Employee benefits	272	228	-44	-16%	The decrease is mainly driven by the transfer of Cenitex to DPC.
Depreciation	36	28	-8	-22%	The decrease is mainly driven by the transfer of Cenitex to DPC.
Interest expense	1	2	1	154%	The increase is mainly driven by the higher interest expense associated with Invest Victoria's Research & Development tax incentive budget initiative in 2020-21.
Grants and other transfers	63	142	80	127%	The increase is mainly driven by the higher grant budget associated with the new budget initiatives in 2020-21.
Capital asset charge	63	71	9	14%	The increase is mainly driven by the higher CAC budget.
Other operating expenses	254	208	-46	-18%	The decrease is mainly driven by the transfer of Cenitex to DPC (as of August 2020) offset by the higher operating expense budget associated with the new budget initiatives in 2020-21.
Total expenses from transactions	688	678	-10	-1%	Sub-total only
Net result from transactions (net operating balance)	-5	41	46	-868%	Sub-total only

Question 4

Please identify the programs and/or initiatives that were announced as part of the COVID-19 response in the order of the highest amount allocated. For these programs/initiatives, please provide the following details:

- name of the program/initiative
- objective of the program
- amount allocated at the announcement
- recurring expenditure or new/additional expenditure
- budget year (i.e. 2019-20 or 2020-21)
- amount allocated in the budget

g) source of funding

Name of the program/initiative	Objective	Amount at the announcement (\$ million)	Recurring expenditure or new/additional expenditure	Budget year	Amount allocated in the budget (\$ million)	Source of funding
Social and affordable housing	<p>Funding provided to DTF to deliver on the Government's housing vision to expand the supply and diversity of the full continuum of market, affordable and social housing with options for a housing package; and</p> <p>To implement planning reforms to improve housing affordability and unlock construction sector activity. The expected economic activity from a housing package will support Victoria's economic recovery post coronavirus (COVID-19).</p>	1,379.00	new	2020-21	845.00	DTF departmental output and POBOS appropriation
Community Support Fund (CSF) - Alcohol and Drug Treatment Services Program	<p>CSF has not received any cash from electronic gambling machines since April 2020 due to the coronavirus (COVID-19) and the restrictions on hotels.</p> <p>Funding provided to increase</p>	85.00	new	2020-21	85.00	DTF departmental POBOS appropriation

	CSF's current cash balance and to cover the required payments for the program.					
Venture debt facility	<p>coronavirus (COVID-19) has had a significant impact on SMEs from both a revenue and profitability perspective due to the impact of stage 3 & 4 lock-downs. The effects of the coronavirus (COVID-19) are also reflected in decreased venture capital activity, with deals down in both value and volume.</p> <p>Funding provided to DTF to implement alternative funding initiatives for Victorian SMEs and Start-Ups.</p>	25.80	new	2020-21	25.45	DTF departmental output appropriation
Victorian Homebuyer Fund	Funding provided to DTF for setting up and operating the fund. The fund will contribute to the purchase price in exchange for a proportionate equity interest in the property. This reduces the size of the deposit required and will help Victorians buy suitable homes sooner.	100.00	new	2020-21	16.70	DTF departmental output appropriation

	The fund will aid Victoria's economic recovery post the coronavirus (COVID-19) by supporting the purchase of both established and newly built homes. Aboriginal Victorians will also have access to additional supports.					
Investment attraction package	<p>Increased global competition for international investment opportunities, as a result of the coronavirus (COVID-19) pandemic, will require more flexible incentive measures to compete with other jurisdictions in meeting investor needs.</p> <p>Funding provided to DTF to boost Victoria's investment promotion and lead generation activities, establish a suite of targeted financial incentives and strengthen Victoria's ongoing support for investors and returning Australian expatriates.</p>	80.00	new	2020-21	10.00	DTF departmental output appropriation
Economic survival package - implementation	Funding provided to DTF and the SRO to enable them to administer the economic support package announced by the Government	10.00	new	2019-20 2020-21	0.30 9.70	Treasurer's advance

Assistance for the commercial passenger vehicle industry	<p>The Victorian Government announced on 24 July 2020 that it is investing \$22 million to support the commercial passenger vehicle industry and support jobs to ensure the safety of thousands of passengers and drivers relying on the service throughout the coronavirus (COVID-19) pandemic.</p> <p>Funding provided to DTF/SRO to assist with the implementation of the support measures (including providing relief from the \$1 Service Levy owed for the 2019-20 June quarter).</p>	5.00	new	2020-21	5.00	DTF departmental POBOS appropriation
Research and development tax incentive (R&DTI) scheme	<p>The coronavirus (COVID-19) has had an adverse impact on global financial markets, reducing the availability of capital in both debt and equity markets. This has particularly impacted capital availability for SMEs due to higher levels of vulnerability and lower economic resilience due to their size.</p>	13.00	new	2020-21	4.50	DTF departmental output appropriation

DTF

	Funding provided to DTF to provide interest-free loans to Victorian small and medium-sized enterprises that are claiming the Commonwealth Government's R&DTI.					
Supporting COVID-19 recovery through procurement	Funding provided to DTF to better leverage the Government's procurement spend to create jobs for members of the community most disadvantaged by the coronavirus (COVID-19)	3.94	new	2020-21	1.00	DTF departmental output appropriation
Big build apprenticeships model*	Victoria was already struggling with apprentice commencement and completions prior to the coronavirus (COVID-19). Without government support, young people in apprenticeships will bear a significant brunt of the downturn. Funding provided to DTF for a transformative new approach that will expand the opportunities for apprentices and trainees through a flagship 'Big Build' training pathway.	2.20	new	2020-21	0.50	DTF departmental output appropriation
*announced as part of DET's BP3 for the 20-21 State Budget				2019-20	0.30	
Total				2020-21	1,002.85	

Revenue initiatives – new and changed

Question 5

For all new revenue initiatives in the 2020-21 budget papers and for all existing revenue initiatives that have changed in the 2020-21 budget papers as compared to the previous financial year, please provide the:

- name of the initiative as used in budget papers
- reason for the new initiative or change to the initiative
- expected outcome/benefit for the Victorian community of the new initiative/change to the initiative
- anticipated revenue in the financial year 2020-21 and over the forward estimates gained or foregone as a result of the new initiative/change to the initiative.

If the revenue initiatives changed were part of the COVID-19 response or if new revenue initiatives are part of the COVID-19 response, please provide details as to the reasoning behind the initiatives being introduced as part of the COVID-19 response.

Response

Name of the initiative as used in budget papers	Supporting business to recover and create jobs in bushfire-affected areas
Reason for new initiative or change	To help businesses in communities that are the worst-affected by the 2019-20 Victorian bushfires get back on their feet and create jobs.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Regional employers with a registered address in the State of Disaster Local Government Areas - East Gippsland, Mansfield, Wellington, Wangaratta, Towong and Alpine local government areas and four Alpine Resorts will pay payroll tax at a reduced rate of 1.2125 per cent, backdated to 1 July 2019. The revenue foregone is over and above the impacts as reported in the 2019-20 Budget
Anticipated revenue in financial year 2020-21 gained or foregone	-\$4.2 million
Anticipated revenue in financial year 2021-22 gained or foregone	-\$2.4 million
Anticipated revenue in financial year 2022-23 gained or foregone	..

Anticipated revenue in financial year 2023-24 gained or foregone	..
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Name of the initiative as used in budget papers	Supporting business to relocate, expand and recover in bushfire-affected areas
Reason for new initiative or change	Businesses in the defined State of Disaster Local Government Areas and four Alpine Resorts have been significantly affected by the 2019-20 Victorian bushfires.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	By bringing forward land transfer duty concessions for commercial and industrial property transactions in regional Victoria, this initiative is expected to support businesses to open, relocate or expand in areas worst-affected by the 2019-20 Victorian bushfires. The revenue foregone is over and above the impacts as reported in the 2019-20 Budget
Anticipated revenue in financial year 2020-21 gained or foregone	-\$2.0 million
Anticipated revenue in financial year 2021-22 gained or foregone	-\$1.5 million
Anticipated revenue in financial year 2022-23 gained or foregone	-\$1.1 million
Anticipated revenue in financial year 2023-24 gained or foregone	-\$0.3 million

Name of the initiative as used in budget papers	Tax relief for communities affected by the bushfires
Reason for new initiative or change	Businesses, families, and individuals have been significantly affected by the 2019-20 Victorian bushfires.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Tax relief is expected to support businesses, families, and individuals to replace homes or vehicles that were destroyed, or whose properties were substantially damaged as a result of the 2019-20 Victorian bushfires. Owners of properties that provided free accommodation to those displaced by the bushfires will also be eligible for a reduction or full waiver on their 2020-21 land tax.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$1.1 million
Anticipated revenue in financial year 2021-22 gained or foregone	-\$0.2 million
Anticipated revenue in financial year 2022-23 gained or foregone	..
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Support for households and businesses: Commercial passenger vehicle services levy waiver
Reason for new initiative or change	The coronavirus (COVID-19) pandemic has affected the taxi and commercial passenger vehicle industry.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Waiving the commercial passenger vehicle services levy is expected to provide relief to the taxi and commercial passenger vehicle industry, supporting drivers experiencing hardship as a result of the coronavirus (COVID-19) pandemic.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$8.3 million
Anticipated revenue in financial year 2021-22 gained or foregone	..
Anticipated revenue in financial year 2022-23 gained or foregone	..
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Support for households and businesses: Congestion levy waiver
Reason for new initiative or change	The coronavirus (COVID-19) pandemic has caused a reduction in traffic and movement of people, resulting in lesser demand for car park services.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative is expected to provide relief for car park owners and operators by waiving 25 per cent of 2020 congestion levy liabilities and allowing outstanding liabilities to be deferred to 31 March 2021.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$30.0 million
Anticipated revenue in financial year 2021-22 gained or foregone	..
Anticipated revenue in financial year 2022-23 gained or foregone	..
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Support for households and businesses: Extend the regional First Home Owner Grant
Reason for new initiative or change	To provide Victorians more opportunity to live locally.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This extension will give more Victorians the opportunity to live locally and enter the property market for the first time and support new housing construction. .
Anticipated revenue in financial year 2020-21 gained or foregone	-\$23.6 million
Anticipated revenue in financial year 2021-22 gained or foregone	-\$6.0 million
Anticipated revenue in financial year 2022-23 gained or foregone	-\$3.1 million
Anticipated revenue in financial year 2023-24 gained or foregone	-\$0.8 million

Name of the initiative as used in budget papers	Support for households and businesses: Liquor licence renewal fee waivers
Reason for new initiative or change	The coronavirus (COVID-19) pandemic has adversely impacted the operation of pubs, clubs, hotels, and bottle-shops as a result of public health restrictions.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Waivers of liquor licence fees for 2020 are expected to support more than 20,000 affected venues and small businesses. Further waivers will be provided for liquor licence fees 2021 for businesses most heavily affected by public health restrictions.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$19.3 million
Anticipated revenue in financial year 2021-22 gained or foregone	..
Anticipated revenue in financial year 2022-23 gained or foregone	..
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Support for households and businesses: Payroll tax deferral for small and medium businesses, and universities
Reason for new initiative or change	To provide a cashflow boost to small and medium businesses, and universities.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Around 15,000 eligible businesses with annual Victorian payrolls of up to \$10 million have the option to defer their payroll tax for 2020-21, resulting in a total cashflow boost of up to \$1.7 billion in 2020-21. Victorian universities have the option to defer payroll tax liabilities for the first half of 2020-21, resulting in a total cashflow boost of up to \$110 million in 2020-21. Notwithstanding the cashflow benefit to taxpayers, consistent with the relevant accounting principles, the Budget continues to recognise the revenue at the time the liability arises.
Anticipated revenue in financial year 2020-21 gained or foregone	..
Anticipated revenue in financial year 2021-22 gained or foregone	..
Anticipated revenue in financial year 2022-23 gained or foregone	..
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Support for households and businesses: Payroll tax relief for small and medium businesses
Reason for new initiative or change	To assist businesses to keep workers employed throughout the coronavirus (COVID-19) pandemic.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Full payroll tax refunds and waivers for the 2019-20 financial year were provided to 34,000 small and medium-sized businesses with annual Victorian payrolls of up to \$3 million. Refunds and waivers to annual taxpayers and for June monthly tax returns will be recognised in 2020-21. This is in addition to \$672.6 million of refunds and waivers recognised in 2019-20
Anticipated revenue in financial year 2020-21 gained or foregone	-\$327.8 million

Anticipated revenue in financial year 2021-22 gained or foregone	..
Anticipated revenue in financial year 2022-23 gained or foregone	..
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Support for households and businesses: Targeted JobKeeper exemption from payroll tax
Reason for new initiative or change	To complement the Commonwealth's JobKeeper Payment scheme and help businesses retain their employees.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Wages paid to eligible staff who are currently stood down, and wages paid above an eligible employee's usual salary due to the JobKeeper program requiring employers to make a minimum fortnightly payment, are exempt from payroll tax. (The additional payments are also excluded from the relevant remuneration for the purposes of WorkCover Premium.)
Anticipated revenue in financial year 2020-21 gained or foregone	-\$205.3 million
Anticipated revenue in financial year 2021-22 gained or foregone	..
Anticipated revenue in financial year 2022-23 gained or foregone	..
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Support for landlords and tenants: Land tax deferral
Reason for new initiative or change	The coronavirus (COVID-19) pandemic has affected non-residential property tax payers.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative provides a \$76 million cash flow boost to eligible non-residential landowners, and is expected to assist in alleviating financial hardship arising during the pandemic. Notwithstanding the cashflow benefit to taxpayers, consistent with the relevant accounting principles, the Budget continues to recognise the revenue at the time the liability arises.
Anticipated revenue in financial year 2020-21 gained or foregone	..
Anticipated revenue in financial year 2021-22 gained or foregone	..
Anticipated revenue in financial year 2022-23 gained or foregone	..

Anticipated revenue in financial year 2023-24 gained or foregone	..
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Name of the initiative as used in budget papers	Support for landlords and tenants: Land tax relief
Reason for new initiative or change	As part of its response to the coronavirus (COVID-19) pandemic, the Government announced a package to support landlords and tenants through the crisis and alleviate financial hardship.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Tax relief will be provided to commercial and residential landlords that provide eligible tenants with rent relief consistent with the principles of the Support to Landlords and Tenants package, or who are unable to secure a tenant because of public health restrictions during the pandemic.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$299.3 million
Anticipated revenue in financial year 2021-22 gained or foregone	..
Anticipated revenue in financial year 2022-23 gained or foregone	..
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Support for landlords and tenants: Waive 2021 vacant residential land tax
Reason for new initiative or change	The coronavirus (COVID-19) pandemic has led to many properties that would otherwise be occupied remaining vacant, resulting in a rise to vacant residential land tax liabilities for 2021.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative will waive 2021 vacant residential land tax liabilities for landlords, recognising that limitations on travel and onsite property inspections have led to more properties remaining vacant.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$6.1 million
Anticipated revenue in financial year 2021-22 gained or foregone	..
Anticipated revenue in financial year 2022-23 gained or foregone	..
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Big Housing Build: Land tax discount for build-to-rent projects
Reason for new initiative or change	This initiative is a component of the Big Housing Build package.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	A 50 per cent land tax discount for eligible new developments until 2040 and an exemption from the Absentee Owner Surcharge will help establish the build-to-rent (BTR) sector. Investment in the BTR sector will provide greater choice and diversity of housing options for renters and support Victoria's economic recovery.
Anticipated revenue in financial year 2020-21 gained or foregone	..
Anticipated revenue in financial year 2021-22 gained or foregone	-\$19.2 million
Anticipated revenue in financial year 2022-23 gained or foregone	-\$19.2 million
Anticipated revenue in financial year 2023-24 gained or foregone	-\$21.1 million

Name of the initiative as used in budget papers	Big Housing Build: Land transfer duty waiver for residential property transactions of up to \$1 million
Reason for new initiative or change	This initiative is a component of the Big Housing Build package.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative provides a land transfer duty waiver of 50 per cent for new residential properties, and 25 per cent for existing residential properties, for property purchases up to \$1 million for contracts entered into between the day after announcement and 30 June 2021.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$125.9 million
Anticipated revenue in financial year 2021-22 gained or foregone	-\$118.7 million
Anticipated revenue in financial year 2022-23 gained or foregone	-\$24.4 million
Anticipated revenue in financial year 2023-24 gained or foregone	-\$24.1 million

Name of the initiative as used in budget papers	Increase the annual payroll taxpayer threshold
Reason for new initiative or change	To provide targeted cash flow support and reduce administration costs for small businesses.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	From 1 July 2021, up to 7,000 additional employers will be given the option to pay payroll tax annually if their annual Victorian payroll tax liabilities are less than \$100,000 — more than twice the previous threshold of \$40,000.
Anticipated revenue in financial year 2020-21 gained or foregone	..
Anticipated revenue in financial year 2021-22 gained or foregone	-\$291.8 million
Anticipated revenue in financial year 2022-23 gained or foregone	-\$3.8 million
Anticipated revenue in financial year 2023-24 gained or foregone	-\$13.1 million

Name of the initiative as used in budget papers	Land tax exemption for certain not-for-profit clubs
Reason for new initiative or change	To provide support to not-for-profit clubs.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative will provide land tax exemptions for land owned and occupied by clubs that provide for the social, cultural, recreational, literary or educational interests of their members.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$1.7 million
Anticipated revenue in financial year 2021-22 gained or foregone	-\$1.5 million
Anticipated revenue in financial year 2022-23 gained or foregone	-\$1.5 million
Anticipated revenue in financial year 2023-24 gained or foregone	-\$1.7 million

Name of the initiative as used in budget papers	New job tax credit
Reason for new initiative or change	To encourage small and medium sized businesses to re-employ staff, restore staff hours and hire additional staff (as part of Victoria's Jobs Plan).
	Businesses with annual Australian group wages less than \$10 million will receive a non-refundable payroll tax credit of 10 cents for every dollar of Victorian wages paid in 2020-21 and 2021-22 above the previous year's wages. This relief measure is expected to provide tax relief to 14 000 businesses in 2020-21 and 21 000 businesses in 2021-22 as they recover from the effects of the coronavirus (COVID-19) pandemic.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$224.6 million
Anticipated revenue in financial year 2021-22 gained or foregone	-\$441.7 million
Anticipated revenue in financial year 2022-23 gained or foregone	-\$169.4 million
Anticipated revenue in financial year 2023-24 gained or foregone	..

Name of the initiative as used in budget papers	Supporting businesses to open, relocate and expand in regional Victoria
Reason for new initiative or change	To support regional businesses to open, relocate or expand, and assist regional Victoria to recover from the effects of the coronavirus (COVID-19) pandemic.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative will reduce the burden on commercial and industrial land transfer duties for eligible properties, by providing a 50 per cent land transfer duty concession from 1 January 2021, assisting businesses in opening, relocating or expanding. The revenue foregone is over and above the impacts as reported in the 2019-20 Budget
Anticipated revenue in financial year 2020-21 gained or foregone	-\$3.9 million
Anticipated revenue in financial year 2021-22 gained or foregone	-\$17.2 million

Anticipated revenue in financial year 2022-23 gained or foregone	-\$13.5 million
Anticipated revenue in financial year 2023-24 gained or foregone	-\$5.0 million

Name of the initiative as used in budget papers	Deferred introduction of the increased landfill levy
Reason for new initiative or change	In February 2020, the Government announced increases to Victoria's landfill levy in order to support recycling reforms and provide a stronger incentive to invest in resource recovery and alternatives to landfill. However, due to the coronavirus (COVID-19) pandemic, the first scheduled increase has been deferred by 12 months.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative is expected to provide stronger incentives to invest in resource recovery and alternatives to landfill, as well as bring Victorian landfill levy rates more into line with neighbouring states. The 12-month deferral on the first scheduled increase is to support the economic recovery.
Anticipated revenue in financial year 2020-21 gained or foregone	..
Anticipated revenue in financial year 2021-22 gained or foregone	\$160.8 million
Anticipated revenue in financial year 2022-23 gained or foregone	\$238.3 million
Anticipated revenue in financial year 2023-24 gained or foregone	\$231.8 million

Name of the initiative as used in budget papers	Distance-based charge for zero and low-emission vehicles
Reason for new initiative or change	To implement a distance-based charging regime for all Victorian registered zero and low-emission vehicles not predominantly powered by fuel sources subject to Commonwealth Government fuel excise.
Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative balances the need for these zero and low emission vehicles to make a fair contribution to Victoria's road network, while recognising their environmental and health benefits. The net revenue raised over the forward estimates period will be used to support measures to incentivise uptake of low emission vehicles, including new electric vehicle charging infrastructure and reforms to enable electric vehicle-ready new buildings.
Anticipated revenue in financial year 2020-21 gained or foregone	-\$1.9 million
Anticipated revenue in financial year 2021-22 gained or foregone	\$9.1 million
Anticipated revenue in financial year 2022-23 gained or foregone	\$9.9 million
Anticipated revenue in financial year 2023-24 gained or foregone	\$10.7 million

Expenditure – new programs and initiatives (output and asset)

Question 6

For all new programs and initiatives (output and asset) in the 2020-21 budget papers, please provide the:

- name of the program/initiative
- budgeted expenditure in financial year 2020-21 on the program/initiative
- amount expended as at 01 October 2020
- details of how it will be funded (i.e. through new output appropriation, Commonwealth funding, internal reprioritisation etc.).

Response

Name of the program/initiative	Budgeted expenditure in financial year 2020-21 on the program/initiative (\$ million)	Amount expended as at 01 October 2020 (\$ million)	Details of how it will be funded
Regulatory Reform Package (output only)	27.53	0.00	DTF departmental 2020-21 output appropriation only
Investment attraction package (output only)	10.00	0.00	DTF departmental 2020-21 output appropriation only
Economic survival package - implementation (output only)	9.70	3.75	DTF departmental 2020-21 output appropriation only
Greener Government Buildings (asset only)	5.00	0.00	DTF departmental 2020-21 capital funding only
Research and development tax incentive (R&DTI) scheme (output only)	4.50	0.00	DTF departmental 2020-21 output appropriation only
CAM Accommodation Densification (output and asset)	6.28	1.57	DTF departmental 2020-21 output appropriation (\$3.7m) DTF departmental 2020-21 asset funding (\$2.6m)
Victorian Digital Asset Strategy (output only)	2.55	0.00	DTF departmental 2020-21 output appropriation only

DTF

Offsite Construction (output only)	2.30	0.00	DTF departmental 2020-21 output appropriation only
Procurement Reform - Lapsing Program (output only)	1.84	0.35	DTF departmental 2020-21 output appropriation only
Social and affordable housing (output only)	845.00	0.00	DTF departmental 2020-21 output appropriation only
Victorian Homebuyer Fund (output and asset)	66.70	0.00	DTF departmental 2020-21 output appropriation
Supporting COVID-19 recovery through procurement (output only)	1.00	0.00	DTF departmental 2020-21 output appropriation only
Expanded Procurement Reforms - Maximising value from the Government's procurement spend (output only)	0.53	0.00	DTF departmental 2020-21 output appropriation only
Illumina Genomics Hub (output only)	0.52	0.00	DTF departmental 2020-21 output appropriation only
Big build apprenticeships model (output only)*	0.50	0.06	DTF departmental 2020-21 output appropriation only
Venture debt facility (output only)	25.45	0.00	DTF departmental 2020-21 output appropriation only
Total	1,009.40	5.72	

*announced as part of DET's BP3 for the 20-21 State Budget

Expenditure – lapsing programs (output initiatives including grants)

Question 7

For all programs (output initiatives including grants) with total funding of equal to or greater than \$5 million, that were to lapse in financial year 2019-20, where funding is to be extended in the 2020-21 Budget, please provide the:

- a) name of the program
- b) expenditure in the financial years 2019-20 and 2020-21 (and where relevant, future years)
- c) details of how the program will be funded (i.e. through new output appropriation, Commonwealth funding, internal reprioritisation etc.)
- d) evidence of the continued need for the program, and Government's role in delivering it
- e) evidence of the program's progress toward its stated objectives and expected outcomes, including an alignment between the program, its output (as outlined in *Budget Paper No.3: Service Delivery*), departmental objectives and any government priorities
- f) evidence of the program being delivered within its scope, budget, expected timeframe and in line with appropriate governance and risk management practices
- g) extent and level of efficiencies realised in the delivery of the program
- h) information about what the nature of the impact of the program ceasing would be and what strategies have been identified to minimise any negative impacts
- i) evidence that the further funding reflects the actual cost required to deliver the program.

Guidance

Lapsing program – The Committee uses the definition of lapsing program as set out in the Department of Treasury and Finance, *Performance Management Framework – For Victorian Government Departments*: 'A program where funding is provided for a specified period only and for which funding is scheduled to conclude by the end of the current financial year'.

Response

Funding was extended on this program in the 20-21 budget.

Procurement reform – lapsing program: approved output funding of \$7.0m over four years and \$2.1m ongoing.

a)	Name of the program	2018-19 Procurement Reform lapsing program	
b)	Expenditure in the financial years 2019-20 and 2020-21 (and where relevant, future years)	2019-20	2020-21
		\$2.07m	\$1.84m
c)	Details of how the program will be funded	The program will be primarily funded through DTF's departmental output appropriation.	
d)	Evidence of the continued need for the program and the Government's role in delivering it	<p>Government's role in delivering the program DTF is delivering a reform program that is focused on streamlining and simplifying the procurement landscape for both buyers and suppliers, improving procurement technology and leveraging the Government's \$32 billion annual procurement spend to achieve greater value.</p> <p>Evidence of the continued need for the program A number of problems have been identified in different audits/reviews over the last few years, that limit the value government is extracting from its buying activity/power. Further activity is required to fully realise the benefits.</p>	
e)	Evidence of the program's progress toward its stated objectives and expected outcomes	The current Procurement Reform program has delivered significant achievements over the last two years, including delivering the Social Procurement Framework (SPF), the Uniforms and Personal Protective Equipment (PPE) Policy, three new procurement guides, a harmonisation framework to streamline goods and services and construction procurement processes, an e-procurement strategy, the Buying for Victoria website and a procurement capability framework.	

f)	Evidence of the program being delivered within its scope, budget, expected timeframe and in line with appropriate governance and risk management practices	<p>Over the remaining funded period to June 2020, DTF continued to progress the Program by:</p> <ul style="list-style-type: none"> • continuing to support the implementation of and reporting against the SPF in around 275 agencies subject to the Standing Directions of the FMA; • supporting core departments during calendar year 2020 in meeting and reporting against the Government’s Aboriginal procurement target; • developing a reporting technology solution to capture progress of SPF and Local Jobs First contractual commitments, with phases 1 and 2 released in July and October 2020 and phase 3 expected to be released in March 2021; • commencing the Master Supplier Database pilot; • expanding the data classification pilot to phase 2; and • commencing activities to prepare for the expansion of the goods and services Supply Policy framework to an additional 150 agencies.
g)	Extent and level of efficiencies realised in the delivery of the program	<p>The main anticipated benefits and level of efficiencies in delivering the program are:</p> <ul style="list-style-type: none"> • better oversight of purchasing activity; • better oversight over the State’s supplier base; • improved procurement governance; • reduced unnecessary burden on suppliers; and • implementation, adoption and measurement of the SPF.
h)	Nature of the impact of the program ceasing and what strategies have been identified to minimise any negative impacts	<ul style="list-style-type: none"> • The cessation of the program would limit the value that the Government is able to extract from its procurement spend and reduce the potential for future savings. • There have been no negative impacts to date.

i)	Evidence that the further funding reflects the actual cost required to deliver the program	<p>DTF was able to deliver the significant achievements outlined in section (e) within the approved funding profile for the past two years. Refer to the following analysis.</p> <table border="1" data-bbox="1104 277 2112 427"> <thead> <tr> <th>Financial year</th> <th>Approved funding (asset and output)</th> <th>Actual expenditure</th> </tr> </thead> <tbody> <tr> <td>2018-19</td> <td>\$3.8m (including \$1m asset funding*)</td> <td>\$1.7m</td> </tr> <tr> <td>2019-20</td> <td>\$2.1m</td> <td>\$2.1m</td> </tr> <tr> <td>Total</td> <td>\$5.9m</td> <td>\$3.8m</td> </tr> </tbody> </table> <p>*The \$1m of asset funding was carried over to 2019-20, however it was not required.</p> <p>When preparing the costing information for the extended program, actuals costs from the prior years as well as future costs expected to deliver the program were taken into consideration.</p>	Financial year	Approved funding (asset and output)	Actual expenditure	2018-19	\$3.8m (including \$1m asset funding*)	\$1.7m	2019-20	\$2.1m	\$2.1m	Total	\$5.9m	\$3.8m
Financial year	Approved funding (asset and output)	Actual expenditure												
2018-19	\$3.8m (including \$1m asset funding*)	\$1.7m												
2019-20	\$2.1m	\$2.1m												
Total	\$5.9m	\$3.8m												

Question 8

For all programs (output initiatives including grants) with total funding of equal to or greater than \$5 million that are to lapse in 2019-20, please provide the:

- a) name of the program
- b) expenditure in the financial year 2019-20
- c) reasons why the program was established
- d) details of who (describe the type of users for example, health care providers, families, volunteers etc.) and how many used the program, and evidence of the outcomes achieved
- e) reasons why further funding is not being sought
- f) nature of the impact of ceasing the program
- g) strategies that are being implemented to minimise any negative impacts.

Response

The Department does not have programs with total funding of equal to or greater than \$5 million that are to lapse in 2019-20.

a)	Name of the program	<i>Nil</i>
b)	Expenditure in the financial year 2019-20	
c)	Reasons why the program was established	
d)	Details of who and how many used the program and evidence of the outcomes achieved	
e)	Reasons why further funding is not being sought	
f)	Nature of the impact of ceasing the program	
g)	Strategies that are being implemented to minimise any negative impacts	

Question 9

For grant programs announced as part of the COVID-19 response during March to June 2020 and July to October 2020, please provide:

- a) name of the program
- b) objective of the program
- c) estimated expenditure for the budget year and forward estimates
- d) actual expenditure as at 30 June 2020 and 01 October 2020-21
- e) source of funding
- f) number of applications received and number of total eligible applicants as at 30 June 2020 and 01 October 2020
- g) number of successful applicants
- h) the status of the program
- i) outcomes achieved as at 30 June 2020 and 01 October 2020

2019-20

a)	Name of the program	HomeBuilder			
b)	Objective of the program	<p>To support the recovery of the residential construction sector from the coronavirus (COVID-19) crisis.</p> <p>On 4 June 2020, the Australian Government announced HomeBuilder to provide eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home, substantially renovate an existing home or buy an off-the-plan home/new home.</p> <p>Refer to the 2020-21 table for more information.</p>			
c)	Estimated expenditure for 2019-20 and forward estimates	2019-20	2020-21	2021-22	2022-23
		Nil	\$108,375,000	\$97,537,500	\$10,837,500
d)	Actual expenditure as at 30 June 2020	Nil			

e)	Source of funding	HomeBuilder Grants will be funded via Payments on Behalf of the State. It is expected the Commonwealth will reimburse the Victorian Government for payments to successful applicants in arrears.		
f)	Number of applications received and number of total eligible applicants	Number of applications received as at 30 June 2020		Number of total eligible applicants as at 30 June 2020
		As at 30 June 2020, no applications had been received as HomeBuilder applications did not open until 10 August 2020.		
g)	Number of successful applicants	n/a		
h)	Status of the program	n/a		
i)	Outcomes achieved as at 30 June 2020	n/a		

2020-21

a)	Name of the program	HomeBuilder			
b)	Objective of the program	To support the recovery of the residential construction sector from the coronavirus (COVID-19) crisis.			
c)	Estimated expenditure for 2020-21 and forward estimates	2020-21	2021-22	2022-23	2023-24
		\$108,375,000	\$97,537,500	\$10,837,500	Nil
d)	Actual expenditure as at 01 October 2020	As at 1 October 2020, Victoria had paid 73 HomeBuilder Grants, totalling \$1.825m.			
e)	Source of funding	HomeBuilder Grants have been funded via Payments on Behalf of the State. It is expected the Commonwealth will reimburse the Victorian Government for payments to successful applicants in arrears.			

		Number of applications received as at 30 June 2020	Number of total eligible applicants as at 30 June 2020
f)	Number of applications received and number of total eligible applicants	<p>As at 30 June 2020, no applications had been received as HomeBuilder applications did not open until 10 August 2020.</p> <p>As at 6 November 2020, Victoria has received 6,123 applications. A significant number of these applications (approx. 3800) are pending the submission of one or more supporting documents from the applicant such as evidence of commencement of construction, which is required before the application can be fully assessed and considered eligible for payment¹.</p>	As at 30 June 2020, no applicants had been identified as eligible and therefore received payment of the grant. This was because HomeBuilder applications did not open until 10 August 2020.
g)	Number of successful applicants	As at 6 November 2020, 471 grants have been approved.	
h)	Status of the program	Under the current National Partnership Agreement (NPA), HomeBuilder is available to eligible contracts entered into between 4 June and 31 December 2020, and applications must be entered into by no later than 31 December 2020. Accordingly, unless the NPA were to be amended/extended, the program will be closed to new applications as at midnight 31 December 2020.	
i)	Outcomes achieved as at 01 October 2020	HomeBuilder appears to have been well received by industry. This is particularly so in Victoria, which, according to data on the Commonwealth Treasury website has received the most number of applications of any jurisdiction by a considerable margin.	

¹On 29 November 2020, the Federal Government announced an extension to the HomeBuilder program to 31 March 2021

Capital assets

Question 10a

Budget Paper No.5: Statement of Finances provides cash flow statements for departments.

Budget Paper No.4: State Capital Program provides the capital projects undertaken by departments.

For the 'Payments for non-financial assets' line item in the 2020-21 cash flow statement, please provide a breakdown of these costs and indicate which capital project they relate to.

Please differentiate the capital projects that were announced as part of Building Works Package and/or any other COVID-19 related response.

If any other line items in the cash flow statement comprises expenditure on Public Private Partnerships (PPPs), please list the PPP it relates to and the cost.

Guidance

Capital projects extracted from the cash flow statements are expected to correspond to capital projects listed in *Budget Paper No.4: State Capital Program* as 'New projects', 'Existing projects', or 'Completed projects'.

Question 10b

Please provide the following details for those capital projects identified as part of the post-COVID-19 economic repair/recovery.

- i) Name of the projects
- ii) Total estimated investment
- iii) Project commencement date
- iii) Estimated expenditure 2020-21
- iv) Source of funding
- v) Expenditure incurred as at 01 October 2020
- vi) Number of jobs estimated to create - 2020-21 & 2021-22

Response

Please see Excel Worksheet for response

Public Private Partnerships – expenditure

Question 11

Budget Paper No.5: Statement of Finances provides a comprehensive operating statement that details each department's revenue and expenses on an accrual basis reflecting the cost of providing its output.

- a) In the 2020-21 comprehensive operating statement please identify all expenditure on Public Private Partnerships (PPP) by line item and provide a breakdown of these costs and indicate to which project they relate.

Guidance

If the line item 'Other operating expenses' in the comprehensive operating statement comprises expenditure on PPPs, please also list the PPP it relates to and the cost.

- b) Please also provide the estimated/forecast expenditure for all PPPs across forward estimates.

Response

- a) The Department of Treasury and Finance is not a contracting department for any Public Private Partnership projects.

Line item	2018-19 Actual (\$million)	2019-20 Budget (\$million)	2019-20 Actual (\$million)	2020-21 Budget (\$million)
Total	N/A	N/A	N/A	N/A

- b) The Department of Treasury and Finance is not a contracting department for any Public Private Partnership projects.

PPPs	2018-19 Actual (\$ million)	2019-20 Budget (\$ million)	2019-20 Actual (\$million)	2020-21 Budget (\$ million)	2021-22 Estimated/Forecast (\$ million)	2022-23 Estimated/Forecast (\$ million)
Total	N/A	N/A	N/A	N/A	N/A	N/A

Carryover funding for payments for non-financial assets

Question 12

For the line item 'payments for non financial assets' for 2020-21 in the departmental cash flow statement in *Budget Paper No. 5: Statement of Finances* budget paper, please identify the amount that is expected to be funded using funds carried over from 2019-20.

Response

Payments for non-financial assets	\$ amount expected to be funded
Better revenue management system	1,236,719
Greener Government Buildings *	13,530,000
State Revenue Office Land Tax Compliance Program	136,659
SRO Compliance Program	1,108,220

* State-wide program funded from the sustainability Fund

Treasurer's advances

Question 13

Appropriation (Interim) Bill 2020 outlined a total draw down of additional advances to the Treasurer in the following:

- 1 Jan 2020 to 30 June 2020 (2nd half of 2019-20) – \$10.0 billion
- 1 July 2020 to 30 December 2020 (1st half of 2020-21) – \$14.5 billion

For the Budgets related to the two financial years 2019-20 and 2020-21, please identify all output(s) and portfolio(s) (and relate them to departmental programs) for which the department received additional funding through the Treasurer's Advances under the Appropriation (Interim) Bill 2020.

Please identify if the programs were announced as part of the COVID-19 response, bushfire response or if other please state 'other'.

2019-20

Output(s) and portfolio(s)	Program	Recurrent program or new program	COVID-19 response, bushfire response or other	Funding received under the Treasurer's Advances – 2019-20 (\$ million)	Amount expended as at 30 June 2020 (\$ million)	Reasons why additional funding was required
DTF controlled						
Services to Government	Cenitex working from home (WFH) arrangements	New program	COVID-19 response	13.0	2.8	funding required to support Whole of Government WFH arrangements
Economic and Policy Advice	Implementation of Economic Survival Package	New program	COVID-19 response	0.3	0.3	funding required to enable DTF to administer the economic support package announced by the Government
Commercial and Infrastructure Advice	Land remediation	Recurrent program	Other	5.0	5.0	funding required to fund land remediation works

DTF

Revenue Management and Administrative Services to Government	Legal costs relating to tax decision	New program	Other	0.4	0.4	funding required to fund legal costs relating to tax decision
Commercial and Infrastructure Advice	Office of Projects Victoria (OPV) complementary funding	New program	Other	0.4	0.4	funding required for OPV's complementary funding program from client departments
Commercial and Infrastructure Advice	Commercial advice relating to reform opportunities	Recurrent program	Other	5.0	5.0	funding required to commercial advice relating to reform opportunities
Commercial and Infrastructure Advice	Suburban railway loop (SRL)	Recurrent program	Other	5.8	5.1	funding required to fund the finance strategy of the SRL project
DTF controlled - subtotal				29.8	18.9	
DTF administered	Legal costs relating to tax decision	New program	Other	1.7	1.7	funding required to fund legal costs relating to tax decision
DTF administered	SRO refund of liquor licence fees	Recurrent program	COVID-19 response	30.0	22.6	funding required to issue licence fee refunds to businesses impacted by COVID-19
DTF administered - subtotal				31.7	24.3	
Total 2019-20				61.5	43.2	

2020-21

DTF

Output(s) and portfolio(s)	Program	Recurrent program or new program	COVID-19 response, bushfire response or other	Funding received under the Treasurer's Advances – 2020-21 (\$ million)	Amount expended as at 01 October 2020 (\$ million)	Reasons why additional funding was required
DTF controlled	None					
DTF administered	CSF - Alcohol and Drug Treatment Services Program	Recurrent program	Other	85.0	21.3	CSF has not received any cash from electronic gambling machines since April 2020 due to COVID-19 and the fund's current cash balance is insufficient to cover the required payments.
DTF administered	CSF - Gambling Harm Prevention Program	Recurrent program	Other	29.5	1.2	CSF has not received any cash from electronic gambling machines since April 2020 due to COVID-19 and the fund's current cash balance is insufficient to cover the required payments.
Total 2020-21				114.5	22.5	

*CSF = Community Support Fund

Savings initiatives from past budgets

Question 14

For each of the savings initiatives detailed in the 2017-18 Budget, 2018-19 Budget, 2019-20 Budget and 2020-21 Budget, please detail (on the same basis of consolidation as the budget papers):

- how the Department will meet the various savings targets in 2020-21
- the nature of the impact that these actions will have on the delivery of services and assets/infrastructure during 2020-21
- the Department's savings target for 2020-21, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released. If the change in Government affected the implementation of these measures, please provide a more detailed explanation.

Response

Initiative	Actions the Department will take in 2020-21	Impact of these actions on service delivery in 2020-21	Savings target for 2020-21 (\$million)	Explanation for variances to the original target
Savings and efficiencies and expenditure reduction measures in 2017-18 Budget*	The Department will take the following actions: <ul style="list-style-type: none"> • reduce purchase of supplies and services by finding further efficiency measures such as better use of technology and systems; and • building in-house capability to reduce expenditure on consultants and contractors. 	There will be no impact of these actions on service delivery in 2020-21.	4.196	n/a
Savings and efficiencies and expenditure reduction measures in 2018-19 Budget	n/a	n/a	n/a	n/a

Savings and efficiencies and expenditure reduction measures in 2019-20 Budget	The Department will take the following actions: <ul style="list-style-type: none"> • reduce purchase of supplies and services by finding further efficiency measures such as better use of technology and systems; and • building in-house capability. 	There will be no impact of these actions on service delivery in 2020-21.	1.30	n/a
Savings and efficiencies and expenditure reduction measures in 2020-21 Budget	The Department will reduce the cost of accommodation management.	There will be no impact of these actions on service delivery in 2020-21.	1.02	n/a

*The 2017-18 budget savings were distributed to departments in two tranches across 2017-18 and 2018-19.

Use of funds saved from other programs or initiatives

Question 15

In relation to any programs or initiatives that have been reprioritised, curtailed or reduced for 2020-21 (including lapsing programs), please identify:

- the amount expected to be spent under the program or initiative during 2020-21 at the time of the 2019-20 Budget
- the amount currently to be spent under the program or initiative during 2020-21
- the use to which the funds realised by this reduction will be put. Please include the name(s) of any program or initiative that will be funded or partially funded.

Response

Program/initiative that has been reprioritised, curtailed or reduced	The amount expected to be spent under the program or initiative during 2020-21		The use to which the funds will be put
	At the time of the 2019-20 Budget	At the time of the 2020-21 Budget	
The Department does not have any programs/initiatives that have been reprioritised, curtailed or reduced.	N/A	N/A	N/A

Performance measures – new

Question 16

For all new performance measures in the 2020-21 *Budget Paper No.3: Service Delivery*, please provide:

- a) a description/purpose of the measure
- b) the assumptions and methodology underpinning the measure (including how the supporting data is calculated or derived, source and frequency of data collection, as well as any other business rules and assumptions)
- c) how the target was set
- d) the shortcomings of the measure
- e) how the measure will enable the Committee to assess the impact of the service

	Performance measure	Wages generated from international investment secured through Government facilitation services and assistance
a)	Description/purpose of the measure	Total wages expected to be generated from foreign direct investment (FDI) attraction and facilitation activities of Government. Comprises the aggregate value of annual wages for full time equivalent jobs expected to result from FDI projects secured and confirmed to be proceeding in the current financial year.
b)	Assumptions and methodology underpinning the measure	<p>The wages are calculated as an annual figure for full time equivalent (FTE) jobs expected to be created at full realisation of the project (i.e. total annual wages expected once the project is fully realised). FTE jobs are defined by the weekly working hours specified in the relevant award (generally 38 hours per week).</p> <p>Part-time and casual employees can be converted to an equivalent number of full-time employees. Contractor wages are generally not counted as they are not directly employed by the investor.</p>
c)	How target was set	The last full three years' performance in securing jobs from investment projects was analysed to determine the average contribution of FDI projects to overall jobs outcomes. This proportion was then applied to the current jobs target and multiplied by the annual average ordinary time earnings for full-time adults in Victoria.
d)	Shortcomings of the measure	The main shortcoming of this measure is that the timing of job creation is not considered. The time to fully realise an investment and hence the creation of all of the expected jobs varies, typically within 3 to 5 years, however some may reach full realisation within 12 months.

e)	How the measure will enable the committee to assess the impact of the service	This measure is intended to enhance the previous jobs measure by introducing a quality component. This reflects one of Invest Victoria's strategic priorities of attracting high-skilled jobs.
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	Performance measure	Innovation expenditure generated from international investment secured through Government facilitation services and assistance.
a)	Description/purpose of the measure	<p>The level of innovation expenditure expected to be created from foreign direct investment (FDI) attraction and facilitation activities of Government, for projects secured and confirmed to be proceeding in the current financial year.</p> <p>Innovation expenditure is expenditure expected at full realisation of the project and comprises expenditure relating to the development or introduction of new or significantly improved goods, services, processes or methods to the State. The definition aligns with that adopted by the Australian Bureau of Statistics (ABS) and originates from the Organisation for Economic Cooperation and Development's (OECD) Oslo Manual; an international standard for measuring innovation.</p>
b)	Assumptions and methodology underpinning the measure	<p>Innovation expenditure is calculated once a project is considered to meet at least one of two innovation thresholds:</p> <ol style="list-style-type: none"> 1. Novelty test – the project is developing or introducing a type of service, product or process (or combination thereof) that is new to the State; 2. Innovative business activity test – at least 25% of a project's total expenditure (operational expenditure and capital expenditure, but excluding real estate) relates to activities that are intended to develop new types of services, products or processes with the aim of increasing capability, improving efficiency, effectiveness or competitive advantage of an organisation. These activities are specified as research and development; engineering and design (including software development); prototyping; trialling, testing and pilots; and feasibility studies. <p>Including the total project cost (operational expenditure and capital expenditure) recognises that innovation requires business support functions to be successfully implemented. This approach aligns with the broader definitions of innovation expenditure used by the OECD (The Oslo Manual) and the ABS.</p>
c)	How target was set	Targets are based on average outcomes over the past three years for FDI projects that have been internally assessed as being innovative (meeting the threshold criteria for innovative activity). Historically, detailed

		<p>project costs (beyond jobs and capital expenditure) have not been recorded, as capturing this level of detail has not been a requirement during engagement.</p> <p>In the absence of this information, targets for innovation expenditure have been calculated as the sum of wages (annual, at full realisation of the project), on-costs (20% of the wages figure) and capital expenditure reported in investment outcomes.</p>
d)	Shortcomings of the measure	<p>As with the wages measure, the timing of expenditure is not considered. The time to fully realise an investment varies, typically within 3 to 5 years, however some may reach full realisation within 12 months.</p> <p>Projects are classified as either innovative or non-innovative; the degree of novelty of the innovation is not considered.</p>
e)	How the measure will enable the committee to assess the impact of the service	<p>Innovation is a key contributor to productivity and therefore economic growth. Measuring innovation expenditure reflects a key priority for Invest Victoria to attract investment in new capabilities that require high-skilled jobs and will grow sectors and industries that contribute to the State's long-term economic growth.</p>

	Performance measure	Develop and implement training to build capability to deliver infrastructure
a)	Description/purpose of the measure	Number of training days delivered through the development programs Office of Projects Victoria (OPV) offers. Training days are an indication of the direct capability building activity OPV is delivering to government project delivery professionals.
b)	Assumptions and methodology underpinning the measure	A training day is defined as 6-8 hours of trainer led education, delivered in person or via a virtual classroom. Training may be delivered as a full day session, or a series of shorter sessions spread over multiple days.
c)	How target was set	The target was set based on the performance metric agreed in the June 2020 Operating Framework between Department of Treasury and Finance and OPV.
d)	Shortcomings of the measure	<p>The measure does not capture the following:</p> <ul style="list-style-type: none"> - How many participants attended each day of training, which varies depending on the specific cohort or program. - The effectiveness of the training.
e)	How the measure will enable the committee to assess the impact of the service	By understanding the number of training days OPV deliver, the committee will get a view of OPV's reach and impact in building capability of government employees to deliver major infrastructure projects.

	Performance measure	Undertake independent project assurance reviews to support the governments assurance program in the delivery of public infrastructure projects
a)	Description/purpose of the measure	Project Assurance Reviews (PARs) are part of the Governments' overall assurance process comprising High Value High Risk (HVHR) framework and Gateway Review Process. PARs enable an independent assessment of performance of select projects during delivery stage.
b)	Assumptions and methodology underpinning the measure	DTF has committed to at least annually undertake PARs on all HVHR projects and programs during delivery. The number of PARs undertaken varies each year and is dependent on the confirmation of project entity on project readiness.
c)	How target was set	The target is based on an approximate calculation of HVHR projects that will be in delivery stage each year and considers the numerous additional independent project processes driven by project entities.
d)	Shortcomings of the measure	The measure doesn't assess perceived value of the PAR.
e)	How the measure will enable the committee to assess the impact of the service	It will enable the committee to assess OPVs capacity to deliver. The next stage will involve a measure of effectiveness by tracking the adoption of recommendations made by PARs.

	Performance measure	Conduct surveys on the stakeholder experiences of OPV initiatives to determine the effectiveness of project system initiatives, technical advice and trainings provided to internal government clients
a)	Description/purpose of the measure	The measure is based on the average stakeholder rating collected through surveys conducted after a service is provided by OPV. Most notably, OPV run feedback surveys after each training activity. The measure is an indication of how effective stakeholders found the service they have received.
b)	Assumptions and methodology underpinning the measure	Stakeholder surveys are tailored to the specific service delivered by OPV, with various measurement scales used across different surveys. The measure reported will be based on average feedback across all surveys conducted over the period, with "satisfactory" representing scores of 75 per cent of the scale, or 3 out of 4. A score of 75 per cent or above is assumed to indicate the service was viewed by stakeholders as effective.
c)	How target was set	The target was set to capture stakeholder feedback collected through various surveys in a combined and clear way.
d)	Shortcomings of the measure	Inconsistencies between survey instruments and scales mean combining all feedback into a single measure will not capture the breadth of feedback collected by OPV. Positive ratings may be an indication of satisfaction, not effectiveness.

e)	How the measure will enable the committee to assess the impact of the service	By understanding whether stakeholders rated a service as satisfactory, the committee will be able to assess whether OPV's services are well received and effective.
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	Performance measure	Develop and implement reporting to ensure the effective monitoring of the delivery of HVHR public infrastructure commitments
a)	Description/purpose of the measure	OPV will develop the MPPR at the end of every quarter, as mandated in DTF's Investment Lifecycle Guidelines and High Value High Risk (HVHR) framework. The MPPR is the only report that assesses HVHR performance and provides portfolio analysis of all publicly funded HVHR projects.
b)	Assumptions and methodology underpinning the measure	OPV will work with delivery agencies and departments to prepare the quarterly report for the Government on the performance of major projects, tracking cost, time, scope and risk areas. The methodology focusses on portfolio analysis across the infrastructure program to identify trends and causes of project delivery success and challenges.
c)	How target was set	The target was set to empower OPV to monitor the performance of the State's HVHR infrastructure projects and provide strategic advice to project teams and the Government.
d)	Shortcomings of the measure	The coverage of the MPPR is limited to HVHR projects only.
e)	How the measure will enable the committee to assess the impact of the service	It will enable the committee to assess how effectively OPV has delivered its remit to enhance HVHR project monitoring and reporting tools and provide early advice to the Government on emerging issues in Victoria's infrastructure program.

Performance measures – modifications

Question 17

For all existing performance measures with an associated target that has been modified in the 2020-21 *Budget Paper No.3: Service Delivery*, please provide:

- a) a description/purpose of the measure
- b) the previous target
- c) the new target and how it was set
- d) the justification for changing the target
- e) an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 expected outcome
- f) the methodology behind estimating the expected outcome in the 2020-21 Budget.

Response

	Performance measure	Number of funding reviews contributed to by DTF
a)	Description/purpose of the measure	Number of completed Funding Review Reports submitted to ERC or the DPC/DTF Secretary.
b)	the previous target	8
c)	the new target and how it was set	3, the target was set by estimating the number of review activities in 2020-21.
d)	the justification for changing the target	The lower 2020-21 target reflects expected review activity.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 8
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	Annual financial management compliance report for the previous financial year is submitted to the Assistant Treasurer.
a)	Description/purpose of the measure	DTF monitors department and agency compliance with the Standing Directions of the Assistant Treasurer. DTF provides a brief and report to the Assistant Treasurer on levels of compliance across departments and agencies.
b)	the previous target	By end Feb 2020

c)	the new target and how it was set	By end 15 Dec 2020, the target was updated to reflect the Department's legislative obligation to deliver the report to the Assistant Treasurer by 15 December.
d)	the justification for changing the target	The 2020-21 target has been amended to better reflect the timing of its expected submission to the Assistant Treasurer.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: By end Feb 2020
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	Conduct an annual survey to assess the impact of changes to Victorian regulations on business
a)	Description/purpose of the measure	Surveys are completed as required by government policy.
b)	the previous target	2
c)	the new target and how it was set	1, the target is based on the decrease in reporting frequency.
d)	the justification for changing the target	The lower 2020-21 target reflects survey frequency changing to annual to reduce administrative burden on businesses responding.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	The target was not met in 2018-19 as a decision was made to undertake the survey annually. 2019-20 actual: 1
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	New or revised regulatory instruments issued
a)	Description/purpose of the measure	Number of rules or guidelines necessary to support the Act and operation of the target scheme.
b)	the previous target	7
c)	the new target and how it was set	9, the target is based on the increased amount of funding received for the fairer energy regulation initiative in 2019-20.
d)	the justification for changing the target	The higher 2020-21 target reflects funding received in 2019-20 for fairer energy regulation. This will result in an increase in 2020-21 in the issue of new or revised regulatory instruments.

e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 6
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	Performance reports for regulated businesses or industries
a)	Description/purpose of the measure	Number of reports issued in relation to the performance of a regulated business or industry.
b)	the previous target	7
c)	the new target and how it was set	13, the target is based on forecasts of additional surveys and reports in 2020-21.
d)	the justification for changing the target	The higher 2020-21 target reflects the introduction of new quarterly water customer perception surveys during this year as well as the release of biennial Local Government outcome and compliance reports in 2020-21.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 11
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	Performance reviews and compliance audits of regulated businesses
a)	Description/purpose of the measure	Number of regulated businesses that are subject to compliance audits and performance reviews.
b)	the previous target	144
c)	the new target and how it was set	143, the revised target is based on the projected number of performance reviews and compliance audits.
d)	the justification for changing the target	The lower 2020-21 target reflects a reduction in the expected amount of performance reviews and compliance audits.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 140
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	The 2020-21 budget papers will not contain a 2020-21 expected outcome for this performance measure.

	Performance measure	Price approvals of regulated businesses
a)	Description/purpose of the measure	Number of regulated businesses that are expected to submit annual or periodic prices or tariffs, consistent with a Determination made by the Commission.
b)	the previous target	22
c)	the new target and how it was set	20, the target is based on an anticipated decrease in capping applications.
d)	the justification for changing the target	The lower 2020-21 target reflects a reduction in the expected number of Local Government fee capping applications.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	The lower 2018-19 actual was due to a lesser requirement to perform local government fee capping applications than anticipated 2019-20 actual: 21
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	Reviews, investigations or advisory projects
a)	Description/purpose of the measure	Number of reviews, investigations or advisory projects undertaken, either initiated by relevant Ministers or by the Commission directly.
b)	the previous target	2
c)	the new target and how it was set	3, the target is based on the increased amount of funding received for the fairer energy regulation initiative in 2019-20.
d)	the justification for changing the target	The higher 2020-21 target reflects the funding received in 2019-20 for fairer energy regulation. This will result in an increase in 2020-21 in the number of reviews.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 4
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	Compliance and enforcement activities – energy
a)	Description/purpose of the measure	Number of compliance and enforcement activities undertaken in the energy sector.
b)	the previous target	30

c)	the new target and how it was set	36, the target is based on an expected increase in activities.
d)	the justification for changing the target	The higher 2020-21 target reflects the anticipated passage of the Essential Services Commission (Compliance and Enforcement Powers) Amendment Bill 2019. Once it is in effect it will result in changes to the nature and number of activities undertaken.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 154
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	Setting of regulated price and tariffs
a)	Description/purpose of the measure	Number of times a price or tariff is set for the Victorian Default Offer each year.
b)	the previous target	1
c)	the new target and how it was set	6, the target is based on revised Victorian Default Offer estimates.
d)	the justification for changing the target	The higher 2020-21 target is due to the Victorian default offer for electricity being separate determinations rather than the one originally envisaged.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 13
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	The 2020-21 budget papers will not contain a 2020-21 expected outcome for this performance measure.

	Performance measure	Develop and implement policy guidance and infrastructure investment frameworks to govern and build capability to deliver infrastructure
a)	Description/purpose of the measure	The number of new and revised infrastructure policies, technical notes guidelines or research papers published.
b)	the previous target	116
c)	the new target and how it was set	58, the new target is based on the OPV's past performance of non-training related activities.
d)	the justification for changing the target	The lower 2020-21 target reflects the new separate reporting of OPV's contribution to this performance measure (which was previously included as part of this measure). The performance measure has been renamed to remove reference to training, now that whole of

		government training is largely managed through OPV and reported through a new standalone measure.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 86
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	Credit agencies agree that the presentation and information provided support annual assessment
a)	Description/purpose of the measure	The measure seeks to assess the Credit Rating agencies satisfaction with the management presentation, in particular the content, the delivery and timeliness of any follow up queries as well as the ongoing management of the relationship with the Credit Rating agencies.
b)	the previous target	70
c)	the new target and how it was set	80, the new target was developed based on the actual performance in 2019-20.
d)	the justification for changing the target	The higher 2020-21 target reflects recent performance.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 100
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

	Performance measure	Analysis and review of corporate plans within two months of receipt
a)	Description/purpose of the measure	Completion of the analysis and review of Government Business Enterprise (GBE) corporate plans within two months of receipt.
b)	the previous target	90
c)	the new target and how it was set	95, the new target was developed based on the actual performance in 2019-20.
d)	the justification for changing the target	The higher 2020-21 target reflects recent performance.
e)	an explanation of why the target was not met in 2018-19, if applicable and the 2019-20 actual	N/A 2019-20 actual: 100
f)	the methodology behind estimating the expected outcome in the 2020-21 Budget	Due to the timing of the 2020-21 Budget, 2019-20 actuals have been provided.

Employees

Question 18

Please provide the Department's (actual/expected/forecast) Full Time Equivalent (FTE) staff numbers for the financial years ending 30 June 2019, 30 June 2020 and 30 June 2021:

- broken down into employee classification codes
- broken down into categories of on-going, fixed term or casual
- according to their gender identification
- for employees identifying as Aboriginal or Torres Strait Islander or having a disability.

Guidance – In responding to this question please provide details about the Department on the same basis of consolidation as is used in the comprehensive operating statement audited by the Victorian Auditor-General's Office in the Department's Annual Report.

Response

a) DTF, SRO, ESC

Classification	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Secretary	1.00	0.08%	1.00	0.07%	1.00	0.06%
EO-1	6.00	0.45%	8.00	0.53%	9.00	0.55%
EO-2	19.60	1.48%	33.50	2.20%	38.90	2.36%
EO-3	59.10	4.46%	62.00	4.07%	73.20	4.44%
VPS Grade 7.3	2.80	0.21%	3.00	0.20%	3.00	0.18%
VPS Grade 7.2	3.20	0.24%	4.20	0.28%	5.20	0.32%
VPS Grade 7.1	7.70	0.58%	8.60	0.56%	8.54	0.52%
VPS Grade 6.2	134.83	10.17%	155.43	10.21%	177.42	10.77%
VPS Grade 6.1	123.49	9.32%	132.49	8.70%	146.99	8.92%
VPS Grade 5.2	176.17	13.29%	207.27	13.61%	225.87	13.71%

VPS Grade 5.1	138.75	10.47%	179.84	11.81%	193.84	11.77%
VPS Grade 4	261.28	19.71%	284.00	18.65%	301.80	18.32%
VPS Grade 3	265.09	20.00%	299.48	19.66%	301.28	18.29%
VPS Grade 2	93.11	7.03%	109.90	7.22%	111.30	6.76%
VPS Grade 1	5.00	0.38%	5.80	0.38%	15.91	0.97%
Government Teaching Service						
Health services						
Police						
Allied health professionals						
Child protection						
Disability development and support						
*Youth Justice Workers						
*Custodial officers						
Other (Please specify) Legal Officers, SRA, Casual	28.26	2.13%	28.40	1.86%	33.79	2.05%
Total	1,325.38	100.00%	1,522.91	100.00%	1,647.04	100.00%

*Please provide a breakdown for Youth Justice and Custodial officers by level (for example, YW1, YW2, YW3, YW4, YW5 and YW6).

b)

Category	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Ongoing	1,233.98	93.10%	1,395.96	91.66%	1,492.95	90.64%
Fixed-term	90.34	6.82%	126.95	8.34%	152.10	9.23%
Casual	1.06	0.08%	0.00	0.00%	1.99	0.12%
Total	1,325.38	100.00%	1,522.91	100.00%	1,647.04	100.00%

c)

Identification	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Men	669.30	50.50%	762.12	50.04%	814.12	49.43%
Women	655.08	49.43%	760.79	49.96%	830.92	50.45%
Self described	1.00	0.08%	0.00	0.00%	2.00	0.12%
Total	1,325.38	100.00%	1,522.91	100.00%	1,647.04	100.00%

d)

Identification	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
People who identify as Aboriginal or Torres Strait Islander	6.00	0.45%	7.79	0.51%	37.00	2.25%
People who identify as having a disability	4.00	0.30%	11.20	0.74%	28.00	1.70%
Total	10.00	0.75%	18.99	1.25%	65.00	3.95%

*June 2021 forecast reflects the government targets of 4% Aboriginal and Torres Strait Islander staff and 6% staff with a disability.

a) ESSSuper

Classification	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Secretary						
EO-1					1.00	0.71%
EO-2	1.00	0.65%	2.00	1.18%	2.00	1.41%
EO-3	4.00	2.60%	5.00	2.96%	2.00	1.41%
VPS Grade 7.3	26.60	17.30%	33.00	19.52%	22.00	15.54%
VPS Grade 7.2	50.74	32.99%	54.48	32.23%	49.20	34.75%
VPS Grade 7.1	37.90	24.64%	38.2	22.60%	36.90	26.06%
VPS Grade 6.2	33.56	21.82%	36.35	21.51%	28.50	20.13%
VPS Grade 6.1						
VPS Grade 5.2						
VPS Grade 5.1						
VPS Grade 4						
VPS Grade 3						
VPS Grade 2						
VPS Grade 1						
Government Teaching Service						
Health services						
Police						
Allied health professionals						
Child protection						
Disability development and support						
*Youth Justice Workers						
*Custodial officers						

Other (Please specify)						
Total	153.80	100.00%	169.03	100.00%	141.60	100.00%

*Please provide a breakdown for Youth Justice and Custodial officers by level (for example, YW1, YW2, YW3, YW4, YW5 and YW6).

b)

Category	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Ongoing	147.46	95.88%	150.85	89.24%	141.6	100.00%
Fixed-term	6.3	4.10%	17.60	10.41%	0.00	0.00%
Casual	0.04	0.03%	0.58	0.34%	0.00	0.00%
Total	153.80	100.00%	169.03	100.00%	141.60	100.00%

c)

Identification	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Men	76.04	49.44%	86.88	51.40%	70.20	49.58%
Women	77.76	50.56%	82.15	48.60%	71.40	50.42%
Self described	0.00	0.00%	0.00	0.00%	0.00	0.00%
Total	153.8	100.00%	169.03	100.00%	141.60	100.00%

d)

Identification	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
People who identify as Aboriginal or Torres Strait Islander	0.00	0%	0.00	0%	0.00	0%
People who identify as having a disability	0.00	0%	0.00	0%	0.00	0%
Total	0.00	0%	0.00	0%	0.00	0%

a) CenITex

Classification	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Secretary						
EO-1			1.00	0.20%		
EO-2	2.00	0.38%	4.00	0.79%		
EO-3	2.00	0.38%	1.00	0.20%		
VPS Grade 7.3	1.00	0.19%	1.00	0.20%		
VPS Grade 7.2	6.00	1.14%	11.00	2.16%		
VPS Grade 7.1	17.80	3.39%	21.80	4.28%		
VPS Grade 6.2	63.00	11.98%	59.80	11.75%		
VPS Grade 6.1	89.52	17.03%	83.20	16.35%		
VPS Grade 5.2	69.00	13.12%	56.00	11.01%		
VPS Grade 5.1	76.20	14.49%	76.93	15.12%		
VPS Grade 4	81.20	15.45%	70.59	13.87%		
VPS Grade 3	110.03	20.93%	115.46	22.69%		
VPS Grade 2	7.98	1.52%	7.00	1.38%		

VPS Grade 1						
Government Teaching Service						
Health services						
Police						
Allied health professionals						
Child protection						
Disability development and support						
*Youth Justice Workers						
*Custodial officers						
Other (Please specify)						
Total	525.72	100.00%	508.78	100.00%	*	

*CenITex were part of a MOG change to DPC as of 1 August 2020.

b)

Category	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Ongoing	461.19	87.73%	439.78	86.44%		
Fixed-term	64.53	12.27%	69.00	13.56%		
Casual	0.00	0.00%	0.00	0.00%		
Total	525.72	100.00%	508.78	100.00%		

c)

Identification	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Men	420.03	79.90%	398.34	97.21%		
Women	105.69	20.10%	110.44	2.79%		
Self described	0.00	0.00%	0.00	0.00%		
Total	525.72	100.00%	508.78	100.00%		

d)

Identification	As at 30-06-2019		As at 30-06-2020		As at 30-06-2021	
	(Actual FTE Number)	(% of total staff)	(Actual FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
People who identify as Aboriginal or Torres Strait Islander	0.00	0.00%	0.00	0.00%		
People who identify as having a disability	1.00	0.19%	1.00	0.24%		
Total	1.00	0.19%	1.00	0.24%		

Contractors, consultants, labour hire arrangements and professional services

Question 19

- a) What are the main gaps in the Department's capability and capacity identified in the 2019-20 financial year, and expected in the 2020-21 and 2021-22 financial years?
- b) For the 2018-19 financial year, please detail:
 - i. the (actual/expected/forecast) Full Time Equivalent (FTE) numbers of contractors, consultants and labour hire arrangements
 - ii. the corresponding expense(s)
 - iii. the relevant occupation category for the contractors, consultants or labour hire arrangements (for example human resources, executive management, technology).
- c) Where the 2018-19 financial year actual for contractors, consultants and labour hire arrangements, differs by greater than 5 per cent (positive or negative) compared to the estimate/forecast provided in response to the Committee's previous Budget Estimates questionnaires, please explain the reason for this variance.
- d) In light of the new Administrative Guidelines on Engaging Labour Hire and Professional Services for the Victorian Public Service, for the 2019-20 and 2020-21 financial years, please detail:
 - i. the estimated/forecast Full Time Equivalent (FTE) numbers of labour hire and professional services arrangements
 - ii. the corresponding estimated/forecast expense(s)
 - iii. the relevant occupation category for the labour hire and professional services arrangements (for example human resources, executive management, technology).

Guidance – for definitions of labour hire and professional services arrangements please refer to the Victorian Government, *Administrative Guidelines on Engaging Labour Hire in the Victorian Public Service, 2019*; and the Victorian Government, *Administrative Guidelines on Engaging Professional Services in the Victorian Public Sector, 2019*.

Guidance – In responding to this question please provide details about the Department on the same basis of consolidation as is used in the comprehensive operating statement audited by the Victorian Auditor-General's Office in the Department's Annual Report.

Response**a)**

In its People Strategy 2018-20 and People Matter Action Plan 2019-20, the Department of Treasury and Finance (DTF) has identified the following areas for capability uplift; managing wellbeing and workplace stress, leadership, diversity and inclusion, flexible work practices and respectful workplace culture. These are being developed in many ways including training, toolkits, resources and re-alignment of policy and processes.

In 2019-20, the Department has focused on managing wellbeing and workload stress, offering training to build leadership capability to lead teams remotely, and staff capability to manage mental health and wellbeing, and work remotely with others. The DTF intranet hosts a Staff Hub which provides links and resources to support staff with wellbeing strategies and remote development opportunities during coronavirus (COVID-19).

The Department also offers training in workplace flexibility, bullying and sexual harassment, career planning, building positive workplace relationships, performance management, Aboriginal and Torres Strait Islander cultural awareness, LGBTIQ awareness, the Human Rights Charter and workload management.

The Department continues to deliver a tailored and contemporary leadership development program for all VPS6, VPS7 and Senior Executive Service (SES) employees. This comprehensive program develops leadership capability in the areas of leading self, leading others and leading the organisation. A new wellbeing module was introduced in 2019-20 to build capability of leaders to support the wellbeing of themselves and their teams. This leadership program will continue to build leadership capability in 2020-21 and 2021-22.

In 2019-20 significant work has been undertaken to support diversity and inclusion, particularly regarding Aboriginal and Torres Strait Island staff and those with a disability. The department has implemented a Diversity and Inclusion framework and an All Abilities action plan, which supports the VPS Getting to Work strategy. Additional diversity and inclusion plans will be developed in the future for LGBTIQ, culturally and linguistically diverse (CALD) and workplace equality and respect.

During 2020-21 and 2021-22, the Department will implement the new VPS capability framework, which is an important tool for the Department to assess future capability gaps and the learning and development needs of staff, which will in turn build capability.

The Department closely monitors capacity gaps and uses internal mobility processes to meet capacity needs. The Department will also support and embed performance development, workforce planning, talent management, learning and development, career development, and capability development to address capacity gaps and needs.

b)

	Contractors	Consultants	Labour Hire Arrangements
FTE Number	Not available *	Not available **	63.05
Corresponding expense	\$15,085,160	\$20,909,999	\$12,194,456
Occupation category	n/a	n/a	Includes a range of categories including, IT, telecommunications, HR, accounting, admin support, Project and Change Managers

* explanation Mainly outsourced services from Cenitex, eduPay, property /facilities management and ad hoc legal services and not practical to calculate FTEs. Any estimate of FTE would produce a subjective result.

** explanation Consultancies are engaged for the delivery of specialist expertise and advice to inform decision making, generally for a fixed price and not tied to FTE equivalents. Any estimate of FTE would produce a subjective result.

c)

Expense type	Estimated/forecast costs for 2018-19 financial year	Actual costs for 2018-19 financial year	Variance	Explanation
Contractor	\$14,166,833	\$15,085,164	(6.5%)	The increase is predominantly related to the provision of accommodation services (Jones Lang Lasalle Australia Pty Ltd).
Consultant	\$23,781,833	\$20,909,999	12.1%	Primarily related to the requirements for consultancies within the department.
Labour Hire Arrangement	\$11,896,500	\$12,194,456	(2.5%)	

Expense type	Estimated/forecast costs for 2019-20 financial year	Actual costs for 2019-20 financial year	Variance	Explanation
Contractor	\$15,583,517	\$24,740,914	(58.8%)	The increase is related to the provision of accommodation services (Jones Lang Lasalle Australia Pty Ltd) and Information and Communication Technology support (through Cenitex and Deloitte).
Consultant	\$20,541,833	\$23,675,475	(15.3%)	The increase is a combination of the timing and requirement for consultancies within the department and a number of new consultancy engagements including the development and delivery of the Australian Major Project Leadership Academy program for the Office of Projects Victoria \$2.5m.
Labour Hire Arrangement	\$13,301,150	\$12,930,767	2.8%	

d)

2019-20	Labour hire	Professional services
FTE Number	63.23	n/a
Corresponding actual	\$12,930,767	\$48,416,389
Occupation category	Includes a range of categories including, IT, telecommunications, HR, accounting, admin support, Project and Change Managers.	Includes IT, HR /Payroll, Property Management and legal services contractors.
2020-21	Labour hire	Professional services
FTE Number	63.5	n/a
Corresponding estimated/forecast expense	\$12,565,000	\$53,646,667
Occupation category	as above	as above

Enterprise Bargaining Agreements

Question 20

- a) Please list all Enterprise Bargaining Agreements (EBAs) that are expected to be completed during the 2020-21 year that affect the Department, along with an estimate of the proportion of your Department's workforce (Full Time Equivalent) covered by the EBA.
- b) Please describe the effect the EBAs listed above have had on estimates of 2020-21 employee benefits.

Response

- a) Below is a list of EBAs in the Department of Treasury and Finance's portfolio that have been or are expected to be completed in the 2020-21 year.

Table 1: Enterprise Bargaining Agreements in the DTF portfolio

	<i>FTE</i>	<i>Nominal Expiry date</i>
Emergency Services and State Super	144	30/06/2019
State Trustees Limited	405	30/09/2020
Victorian Public Service	1 419	20/03/2024
Total	1 968	

Source:

(a) *ESSSuper Annual Report 2020*

(b) *State Trustees Annual Report 2018-19. The 2019-20 Annual Report scheduled to be tabled on 26 November 2020*

Below is an estimate of the DTF's workforce in FTE covered by the VPS EBA.

Table 2: Department of Treasury and Finance FTE June 2020

The Department of Treasury and Finance	659
Essential Services Commission	130
State Revenue Office	631
Total	1 419

Source: *Department of Treasury and Finance 2019-20 Annual Report.*

- b) The VPS Enterprise Agreement 2020 has no net impact on the Victorian Budget at the aggregate level. The costs of the VPS Enterprise Agreement 2020 are offset by Departmental indexation and other offsets over the life of the agreement.

The remaining agreements are expected to be finalised this financial year in line with the Government's Wages Policy, where the costs of the agreements are fully funded from indexation and appropriate offsets.

Advertising – expenditure

Question 21a

Please provide a list of forecast/budgeted advertising expenditure (excluding COVID-19 advertising campaign) for the Department and its portfolio agencies in 2020-21 and across the forward estimates, including the following:

- a) total expenditure
- b) breakdown of expenditure by medium (for example, radio/TV/print/social media etc.)
- c) campaign title and date
- d) objectives and outcomes
- e) global advertising costs for recruitment (i.e. it is not necessary to breakdown costs for recruitment of every vacancy).

Response

The Department of Treasury and Finance (DTF), the State Revenue Office and Infrastructure Victoria do not have any advertising campaigns planned for 2020-21 and the forward estimates period. The Essential Services Commission has planned the 'It's Your Energy' Phase 3 campaign, which will be undertaken in 2020-21 from 15 November 2020 to 20 December 2020. The 'It's Your Energy' campaign aims to empower and educate Victorians to make informed decisions with their current energy provider. The third phase of this campaign seeks to focus on empowering Victorians to act now – especially in this time of economic uncertainty. The total cost of this campaign is forecast to be \$168,500 (exclude GST) via the medium of television (\$15,995), digital (\$55,410), out of home (\$27,900), print (\$40,305) and radio (\$28,890).

DTF and its agencies have forecast the advertising costs for recruitment totalling approximately \$50,000 per year for 2020-21 and the forward estimates period, primarily via online media.

To ensure expenditure data is accurate and useful, DTF's annual advertising expenditure is published at the end of each year in the annual report (for campaigns greater than \$100,000), only after advertising expenditure is confirmed and finalised.

Question 21b

Please provide details of advertising costs related to COVID-19 including:

- i) the budget allocated to the department in 2019-20 and 2020-21
- ii) actual cost as at 30 June 2020 (from the 2019-20 budget)

iii) actual cost as at 01 October 2020 (from the 2020-21 budget)

iv) outcomes achieved

Please provide the same information for CALD communities advertising expenditure relating to COVID-19.

	Budget allocated	Actual cost	Outcomes achieved
2019-20 As at 30 June 2020	n/a	n/a	n/a
2020-21 As at 1 October 2020	n/a	\$102	DTF placed a statutory notice on the Victoria Government Gazette: The Assistant Treasurer directed the Victorian Managed Insurance Authority to provide medical indemnity insurance and other insurance as required to eligible entities as per the Victorian Private Hospital Funding - Heads of Agreement or Victorian Private Hospital Funding (COVID-19) Agreement (from April 2020 until the conclusion of all treatments of all public patients in private hospitals), pursuant to Section 25A of the <i>Victorian Managed Insurance Authority Act 1996</i> .
CALD communities			
2019-20	n/a	n/a	n/a
2020-21	n/a	n/a	n/a

Relationship between the Commonwealth, National Cabinet and Victoria

Question 22

- a) What impact have developments at the Commonwealth level had on the Department's 2020-21 Budget?
- b) What impact have developments at the National Cabinet level had on the Department's 2020-21 Budget?

Response

The release of the Commonwealth's 2020-21 Budget had an impact on the *2020-21 Victorian Budget*. In its budget papers the Commonwealth provided information on its estimated payments to Victoria over the budget and forward estimates period. These estimated payments included both general revenue assistance and tied grants. DTF manages the distribution of some of these payments while other payments are made directly to departments including DHHS and DOT.

One specific program is the Commonwealth Government's HomeBuilder program. This is a Commonwealth scheme administered by the SRO. It provides eligible owner-occupiers (including first home buyers) with a grant of \$25,000 for certain arrangements concerning home construction. The Commonwealth Government reimburses any grants paid by the SRO to successful applicants, on a monthly basis.

Service delivery

Question 23

Budget Paper No.3: Service Delivery presents departmental performance statements that state the Department's outputs by departmental objectives.

Please provide by ministerial portfolio, the relevant output(s), objective(s), objective indicator(s) and performance measure(s) as provided in the 2020-21 Budget.

Please also indicate in the response where changes have occurred in the output structure since the 2019-20 Budget.

Response

Minister	Treasurer	Changes (if any) since 2019-20 Budget
Portfolio	Treasurer	N/A
Output(s)	Budget and Financial Advice	N/A
Objective(s)	Optimise Victoria's fiscal resources	N/A
Objective indicator(s)	<ul style="list-style-type: none"> general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term. 	This objective indicator has been updated from 'general government net debt as a percentage of Gross State Product (GSP) to be maintained at a sustainable level' to 'general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term'. This has been updated to reflect the impacts of the coronavirus (COVID-19) pandemic on the State's finances.
	<ul style="list-style-type: none"> fully fund the unfunded superannuation liability by 2035; 	New objective indicator for 2020-21.
	<ul style="list-style-type: none"> a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID-19) pandemic. 	This objective indicator has been updated to reflect the impacts of the coronavirus (COVID-19) pandemic on the State's finances.
	<ul style="list-style-type: none"> general government interest expense as a percentage of revenue to stabilise in the medium term. 	New objective indicator for 2020-21.

DTF

	<ul style="list-style-type: none"> agency compliance with the Standing Directions under the Financial Management Act 1994; and 	N/A
	<ul style="list-style-type: none"> advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	N/A

Performance measure(s)	Number of funding reviews contributed to by DTF	N/A
	Variance of the revised estimate of general government budget expenditure	This performance measure has been renamed from 'Variance of the revised estimate of State budget expenditure' to reflect the nature of controlled expenditure across the Victorian Public Sector.
	Unqualified audit reports/reviews for the State of Victoria Financial Report and Estimated Financial Statements	N/A
	Annual Budget published by date agreed by Treasurer	N/A
	Budget Update, Financial Report for the State of Victoria, Mid-Year Financial Report, and Quarterly Financial Reports are transmitted by legislated timeline	N/A

Minister	Treasurer & Assistant Treasurer	Changes (if any) since 2019-20 Budget
Portfolio	Treasurer & Assistant Treasurer	N/A
Output(s)	Budget and Financial Advice	N/A
Objective(s)	Optimise Victoria's fiscal resources	N/A
Objective indicator(s)	<ul style="list-style-type: none"> general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term. 	This objective indicator has been updated from 'general government net debt as a percentage of Gross State Product (GSP) to be maintained at a sustainable level' to 'general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term'. This has been updated to reflect the impacts of the coronavirus (COVID-19) pandemic on the State's finances.
	<ul style="list-style-type: none"> fully fund the unfunded superannuation liability by 2035. 	New objective indicator for 2020-21.
	<ul style="list-style-type: none"> a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID-19) pandemic. 	This objective indicator has been updated to reflect the impacts of the coronavirus (COVID-19) pandemic on the State's finances.
	<ul style="list-style-type: none"> general government interest expense as a percentage of revenue to stabilise in the medium term. 	New objective indicator for 2020-21.
	<ul style="list-style-type: none"> agency compliance with the Standing Directions under the Financial Management Act 1994. 	N/A
	<ul style="list-style-type: none"> advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	N/A

Performance measure(s)	Recommendations on financial management framework matters made by PAEC and VAGO and supported by Government are actioned	N/A
	Delivery of advice to Government on portfolio performance within agreed timeframes	N/A
	Total output cost	N/A

Minister	Assistant Treasurer	Changes (if any) since 2019-20 Budget
Portfolio	Assistant Treasurer	N/A
Output(s)	Budget and Financial Advice	N/A
Objective(s)	Optimise Victoria's fiscal resources	N/A
Objective indicator(s)	<ul style="list-style-type: none"> general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term. 	This objective indicator has been updated from 'general government net debt as a percentage of Gross State Product (GSP) to be maintained at a sustainable level' to 'general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term'. This has been updated to reflect the impacts of the coronavirus (COVID-19) pandemic on the State's finances.
	<ul style="list-style-type: none"> fully fund the unfunded superannuation liability by 2035. 	New objective indicator for 2020-21.
	<ul style="list-style-type: none"> a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID-19) pandemic. 	This objective indicator has been updated to reflect the impacts of the coronavirus (COVID-19) pandemic on the State's finances.
	<ul style="list-style-type: none"> general government interest expense as a percentage of revenue to stabilise in the medium term. 	New objective indicator for 2020-21.
	<ul style="list-style-type: none"> agency compliance with the Standing Directions under the Financial Management Act 1994. 	N/A

	<ul style="list-style-type: none"> advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	N/A
Performance measure(s)	VPS stakeholder feedback indicates delivery of advice and information sessions supported the financial reporting framework across the VPS and supported the VPS to understand the financial management framework	N/A
	Annual financial management compliance report for the previous financial year is submitted to the Assistant Treasurer	N/A

Minister	Treasurer	Changes (if any) since 2019-20 Budget
Portfolio	Treasurer	N/A
Output(s)	Revenue Management and Administrative Services to Government	N/A
Objective(s)	Optimise Victoria's fiscal resources	N/A
Objective indicator(s)	<ul style="list-style-type: none"> general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term. 	This objective indicator has been updated from 'general government net debt as a percentage of Gross State Product (GSP) to be maintained at a sustainable level' to 'general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term'. This has been updated to reflect the impacts of the coronavirus (COVID-19) pandemic on the State's finances.
	<ul style="list-style-type: none"> fully fund the unfunded superannuation liability by 2035; 	New objective indicator for 2020-21.
	<ul style="list-style-type: none"> a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID-19) pandemic. 	This objective indicator has been updated to reflect the impacts of the coronavirus (COVID-19) pandemic on the State's finances.
	<ul style="list-style-type: none"> general government interest expense as a percentage of revenue to stabilise in the medium term. 	New objective indicator for 2020-21.

	<ul style="list-style-type: none"> agency compliance with the Standing Directions under the Financial Management Act 1994. 	N/A
	<ul style="list-style-type: none"> advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	N/A
Performance measure(s)	Revenue collected as a percentage of State budget target	This performance measure renames the 2019-20 measure 'Revenue collected as a percentage of budget target' for clarity.
	Cost to collect \$100 of tax revenue raised is less than the average of State and Territory Revenue Offices	N/A
	Compliance revenue assessed meets target	This performance measure renames the 2019-20 measure 'Revenue assessed from compliance projects meets estimates' to better reflect the intent of the measure.
	Customer satisfaction level	N/A
	Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	N/A
	Ratio of outstanding debt to total revenue (monthly average)	N/A
	Objections received to assessments issued as a result of compliance projects	N/A
	Revenue banked on day of receipt	N/A
	Timely handling of objections (within 90 days)	N/A
	Timely handling of private rulings (within 90 days)	N/A
	Total output cost	N/A

Minister	Treasurer	Changes (if any) since 2019-20 Budget
Portfolio	Treasurer	N/A
Output(s)	Economic and Policy Advice	N/A
Objective(s)	Strengthen Victoria's economic performance	N/A
Objective indicator(s)	<ul style="list-style-type: none"> Economic growth to exceed population growth as expressed by Gross State Product (GSP) per capita increasing in real terms (annual percentage change) Total Victorian employment to grow each year (annual percentage change) Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes. 	N/A
Performance measure(s)	Economic research projects and papers completed that contribute to deeper understanding of economic issues and development of government policy	N/A
	High level engagement with non-Victorian Public Service stakeholder groups that contributes to public policy debate	N/A
	Conduct an annual survey to assess the impact of changes to Victorian regulations on business	N/A
	Accuracy of estimating State taxation revenue in the State budget	N/A
	Accuracy of estimating the employment growth rate in the State budget	N/A
	Accuracy of estimating the gross state product growth rate in the State budget	N/A
	Better Regulation Victoria's support for preparing Regulatory Impact Statements or Legislative Impact Assessments was valuable overall, as assessed by departments	This performance measure renames the 2019-20 measure 'The Office of the Commissioner for Better Regulation's support for preparing Regulatory Impact Statements or Legislative Impact Assessments was valuable overall, as assessed by departments' to reflect the name

		change to 'Better Regulation Victoria', as agreed by the Treasurer.
	Proportion of people making inquiries to the Red Tape Unit who found it responsive and helpful	N/A
	Briefings on key Australian Bureau of Statistics economic data on day of release	N/A
	Better Regulation Victoria's advice on Regulatory Impact Statements or Legislative Impact Assessments was timely, as assessed by departments	This performance measure renames the 2019-20 measure 'The Office of the Commissioner for Better Regulation's advice on Regulatory Impact Statements or Legislative Impact Assessments was timely, as assessed by departments' to reflect the name change to 'Better Regulation Victoria', as agreed by the Treasurer.
	Total output cost	N/A

Minister	Treasurer	Changes (if any) since 2019-20 Budget
Portfolio	Treasurer	N/A
Output(s)	Economic Regulatory Services	N/A
Objective(s)	Strengthen Victoria's economic performance	N/A
Objective indicator(s)	<ul style="list-style-type: none"> Economic growth to exceed population growth as expressed by Gross State Product (GSP) per capita increasing in real terms (annual percentage change) Total Victorian employment to grow each year (annual percentage change) Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes 	N/A

Performance measure(s)	New or revised regulatory instruments issued	N/A
	Performance reports for regulated businesses or industries	N/A
	Performance reviews and compliance audits of regulated businesses	N/A
	Price approvals of regulated businesses	N/A
	Registration and accreditation decisions/approvals in relation to the Victorian Energy Efficiency Target Scheme	N/A
	Reviews, investigations or advisory projects	N/A
	Compliance and enforcement activities – energy	N/A
	Setting of regulated price and tariffs	N/A
	Decisions upheld where subject to review, appeal or disallowance	N/A
	Delivery of major milestones within agreed timelines	N/A
	Total output cost	N/A

Minister	Minister for Economic Development	Changes (if any) since 2019-20 Budget
Portfolio	Minister for Economic Development	N/A
Output(s)	Invest Victoria	N/A
Objective(s)	Strengthen Victoria's economic performance	N/A
Objective indicator(s)	<ul style="list-style-type: none"> • Economic growth to exceed population growth as expressed by Gross State Product (GSP) per capita increasing in real terms (annual percentage change) • Total Victorian employment to grow each year (annual percentage change) • Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes • 	N/A
Performance measure(s)	Jobs resulting from government investment facilitation services and assistance	
	New investment resulting from government facilitation services and assistance	
	Wages generated from international investment secured through Government facilitation services and assistance	New performance measure for 2020-21 reflects whole-of-government targets for foreign direct investment attraction.
	Innovation expenditure generated from international investment secured through Government facilitation services and assistance	New performance measure for 2020-21 reflects whole-of-government targets for foreign direct investment attraction.
	Total output cost	N/A

Minister	Treasurer	Changes (if any) since 2019-20 Budget
Portfolio	Treasurer	N/A
Output(s)	Commercial and Infrastructure Advice	N/A
Objective(s)	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	N/A
Objective indicator(s)	<ul style="list-style-type: none"> • High Value High Risk (HVHR) projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope • Government Business Enterprises performing against agreed financial and non-financial indicators • Advice contributes to the achievement of Government policies and priorities relating to Victoria's balance sheet, commercial activities and public sector infrastructure • Quality infrastructure drives economic growth activity in Victoria 	The Objective indicator 'Quality infrastructure drives economic growth activity in Victoria' was transferred to the Department as a result of Infrastructure Victoria machinery of government changes.
Performance measure(s)	Gateway reviews undertaken	N/A
	Provision of PNFC/PFC financial estimates and actuals, along with commentary and analysis, for the State budget papers and financial reports	N/A
	Number of HVHR project assurance plans in place	N/A

	Credit agencies agree that the presentation and information provided support annual assessment	N/A
	Senior responsible owner agrees Gateway review was beneficial and would impact positively on project outcomes	N/A

Question 24

Please provide by ministerial portfolio a list of the agencies/entities/bodies and their category (for example statutory/administrative office/authority) to which the information contained in this questionnaire relates.

Response

Ministerial Portfolio	Name of agency/entity/body	Category of agency/entity/body
Treasury and Finance	Department of Treasury and Finance (DTF)	Statutory
Treasury and Finance	Essential Services Commission (ESC)	Statutory
Treasury and Finance	State Revenue Office (SRO)	Unincorporated administrative entity
Treasury and Finance	Infrastructure Victoria	Statutory
Treasury and Finance	Cenitex (up to 31 July 2020)	Statutory
Treasury and Finance	Invest Victoria	Administrative office
Treasury and Finance	Office of Projects Victoria	Administrative office

Social procurement

Question 25

- What Social Procurement Framework objectives is the Department prioritising and what progress has been made toward improving the Department's performance against these objectives?
- What opportunities have been identified in the Department's Social Procurement Strategy (SPS) for increasing its direct social procurement and what progress has been made to implement these opportunities?
- What social outcomes will be measured by the Department to assess the benefits of its SPS?
- How are employees informed about the Department's SPS and how does the Department record and track social procurement employee education?

Response

a)

SPF objective prioritised	Progress toward objective
Opportunities for Victorian Aboriginal people	An Aboriginal Procurement Policy has been implemented and integrated into DTF's Procurement Strategy. In 2019-20, DTF procured goods and services from eight Aboriginal business valued at nearly \$72,000.
Opportunities for Victorians with disability	Direct procurement from disability enterprises is encouraged where opportunities exist. In 2019-20, DTF procured more than \$24,000 of goods and services from Victorian Social Enterprises and Victorian Disability Enterprises.
Women's equality and safety	Women's equality and safety is one of the key priorities that has been used in developing selection criteria for larger procurements designed to drive indirect social procurement opportunities. The procurement approval process includes checking that social procurement is considered as part of the approach to market planning.
Supporting safe and fair workplaces	DTF has responsibility for implementation and oversight of the Victorian Supplier Code of Conduct. The code is currently being reviewed with a view to further drive safe and fair workplaces. In 2019-20, DTF procured goods and services from six Social Enterprises led by a mission for disadvantaged groups (hence promoting fair workplaces) valued at \$240,000.
Sustainable Victorian social enterprises and Aboriginal business sectors	In 2019-20, DTF's total expenditure with 29 Victorian Social Enterprises and Victorian Aboriginal businesses was \$858,000. In addition, as a new feature of the renewal of State Purchase Contracts, suppliers are required to outline their commitments to social procurement.

b)

Opportunity identified in SPS	Progress toward implementing opportunity
Catering	A policy has been implemented to require catering to be provided by an Aboriginal business or Social Enterprise where possible.
Print services	The production of published products has included procurement of printing services from social enterprises.
Stationery	The Stationery and Workplace Consumables State Purchase Contract includes products from Aboriginal owned businesses which are included in DTF's requirements.
Communications	The Strategic Communications Group in DTF has engaged Social Enterprises for creative services associated with published products as well as licencing to use indigenous artwork.
Seminars, conferences and training	DTF has engaged Social Enterprises and Aboriginal businesses for specific staff training opportunities.
Fruit box and milk	Social Enterprises have been used for deliveries of milk (while staff were accommodated in central offices).
Group training	Group Training services from Social Enterprises continue to provide a significant number of opportunities for trainees.
Land and property management	DTF has engaged an Aboriginal business to perform cultural assessments as part of Crown land sale negotiations.

c)

Social outcomes that will be measured to assess the benefits of its SPS
<p>Social outcomes used for measuring the benefits of the Strategy include</p> <ul style="list-style-type: none"> • Purchasing from Victorian Aboriginal business • Purchasing from Victorian social enterprises and Australian disability enterprises • Purchasing from Victorian social enterprises led by a social mission for disadvantaged cohorts <p>DTF is contributing to the establishment of the Local Jobs First and Social Procurement Framework Reporting Solution that will assist in measuring non-financial social outcomes in the future.</p>

d)

How employees are informed about the Department's SPS and how SPS employee education is tracked

Employees are informed about the Department's SPS via the Intranet with supporting information and awareness raising articles from time to time. They are also informed by direct contact from the central procurement team where relevant to individual procurements, as evidence for planning of social procurement is required as part of procurement documentation. Employee education has not been tracked.

Implementation of previous recommendations made by the Committee

Question 26

Please provide an update on the status of the implementation of each of the below:

- a) Committee recommendations that were made in the *Report on the 2017-18 Budget Estimates* and supported by the Government but had not been fully implemented at the time of the 2019-20 Budget Estimates questionnaire.
- b) Committee recommendations that were made in the *Report on the 2018-19 Budget Estimates* and supported by the Government.

Response

Update on the implementation of recommendations made in the *2017–18 Budget Estimates Report*

Department	Recommendation supported by Government	Actions taken at the time of 2019-20 Budget estimate questionnaire	Update on status of implementation
Department of Transport	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	The Public Transport Victoria (PTV) is currently in the process of preparing the Australian Level Crossing Assessment Model (ALCAM) data for publication via the Data Vic website. PTV has reviewed similar data published by other jurisdictions and has reviewed the current data sets to ensure that they are fit for purpose. Discussions have also taken place with the Department of Premier and Cabinet (DPC) Open Data Team regarding requirements to enable publishing on the Data Vic website. It is anticipated that the data will be available for publication by the end of 2019.	

Department of Treasury and Finance	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.	A review of the Victorian Government Risk Management Framework (VGRMF) has commenced which, among other things, will include the consideration of framework revisions aimed at improving guidance on the management of interagency risk and its potential reporting in the Model Report, and the use of key risk indicators and related analytics to help departments identify risks and the effectiveness of risk controls. The review findings, including any revisions to the VGRMF, are planned to be provided to the Assistant Treasurer for his consideration during the 2019–20 Financial Year.	The Government supports departments and agencies to develop risk management indicators that suit their organisation's risk profile. The updated Victorian Government Risk Management Framework (VGRMF) which takes effect from 1 July 2021 includes guidance on the development of indicators. The VMIA also provides additional information.
Department of Treasury and Finance	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		Government supports departments and agencies to appropriately manage shared risks. The updated Victorian Government Risk Management Framework (VGRMF) will require agencies to identify and manage shared risks through communication, collaboration and/or coordination when it takes effect from 1 July 2021. Under the updated VGRMF shared risks need an agreed lead agency and responsibilities or shared risks are escalated to the State Significant Risk IDC to determine the lead agency.

Update on the implementation of recommendations made in the 2018–19 Budget Estimates Report

Department	Recommendation supported by Government	Actions taken at the time of 5 March 2019	Update on status of implementation
Department of Education and Training/ Department of Environment, Land, Water and Planning/Department of Justice and Community Safety/ Parliamentary Departments	<p>RECOMMENDATION 2: Departments begin collecting data on the proportion of their workforce who have a disability based on their own payroll and human resources systems, in order to establish baseline data and meet the recruitment targets set out in the Government’s Every Opportunity: Victorian economic participation plan for people with disability 2018-2020.</p>	<p>The Government supports this recommendation. Departments will enhance reporting systems to meet the recruitment targets set out in the Government’s <i>Every Opportunity: Victorian economic participation plan for people with disability 2018-2020</i>.</p>	
Department of Treasury and Finance	<p>RECOMMENDATION 5: The Department of Treasury and Finance introduce guidelines to increase uniformity in defining and applying labour hire requirements clearly across all departments</p>	<p>The Department of Treasury and Finance (DTF) notes that the labour hire (Staffing Services) State Purchasing Contract and its associated User Guide currently provides departments with instructions and guidance on the use of labour hire. Further work is being undertaken by the Department of Premier and Cabinet, with support from DTF, to increase uniformity of labour hire requirements for all departments. In addition, DTF is also investigating options to establish a standard methodology for collection of labour hire data across departments and is currently pursuing technology improvements to achieve this.</p>	<p>In 2019, the Department of Premier and Cabinet released the Administrative Guidelines on Engaging Labour Hire in the Victorian Public Service. This document provides: a definition for <i>labour hire</i>, and specific advice and guidelines relating to the use of labour hire for all public service bodies and entities defined under the <i>Public Administration Act 2004</i>.</p> <p>DTF considers the implementation of this recommendation complete.</p>

Department	Recommendation supported by Government	Actions taken at the time of 5 March 2019	Update on status of implementation
Department of Jobs, Precincts and Regions	RECOMMENDATION 11: The performance measure identifying attendance at creative facilities be amended to allow for attendance at individual facilities to be identified.	The Department of Jobs, Precincts and Regions supports this recommendation.	
Department of Treasury and Finance	RECOMMENDATION 13: Departments should review their performance measures to ensure they give a balanced and complete performance picture of what the output is trying to achieve.	Under the current Performance Management Framework, Ministers have responsibility for the quantum and scope of the output performance measures relevant to their portfolio, including the mix of quality, quantity, timeliness and cost performance measures. The Department of Treasury and Finance will continue to work with departments to support portfolio Ministers to comply with the Framework through the ongoing review, monitoring, and assessment of the relevance of all performance measures.	The Department of Treasury and Finance, in conjunction with departments, is continuing to review performance measures to improve quality, currency and reliability.

Department	Recommendation supported by Government	Actions taken at the time of 5 March 2019	Update on status of implementation
Department of Treasury and Finance	<p>RECOMMENDATION 14: The Department of Treasury and Finance review all performance measures with a target of 100 per cent and, where appropriate, work with relevant departments to replace these in the 2019-20 Budget with more meaningful and challenging performance metrics that drive continuous improvement.</p>	<p>The current Performance Management Framework provides guidance to departments that targets of 0 or 100 per cent should not be used in most cases as they have no capacity to demonstrate continuous improvement from year to year and may not be sufficiently challenging. The Department of Treasury and Finance, jointly with departments, undertakes annual reviews of departmental objectives, outputs and performance measures for continued relevance and robustness. The Department of Treasury and Finance will work with departments to review all performance measures with a target of 100 per cent and, where appropriate, make recommendations to the relevant portfolio to ensure that the performance measures are meaningful, relevant and robust.</p>	<p>The Department of Treasury and Finance, in conjunction with departments, is continuing to review performance measures with a target of 100 per cent with a view to ensuring more meaningful performance metrics that drive ongoing improvement.</p>
Department of Transport	<p>RECOMMENDATION 15: The Department of Economic Development, Jobs, Transport and Resources include additional performance measures in the budget papers that more comprehensively capture the key elements of the latest myki contract and performance regime.</p>	<p>The Department of Transport will consider new performance measures relating to the myki ticketing system to ensure key elements of myki operations are evaluated.</p>	

Department	Recommendation supported by Government	Actions taken at the time of 5 March 2019	Update on status of implementation
Department of Treasury and Finance	<p>RECOMMENDATION 16: The Department of Treasury and Finance work with departments to review and strengthen the comprehensiveness of performance measures in the budget papers to ensure they provide balanced insights into the performance of all material aspects of funded activities.</p>	<p>Under the current Performance Management Framework, Ministers have responsibility for the quantum and scope of the output performance measures relevant to their portfolio, including the mix of quality, quantity, timeliness and cost performance measures.</p> <p>The Department of Treasury and Finance will continue to work with departments to support portfolio Ministers to comply with the Framework through the ongoing review, monitoring, and assessment of the relevance of all performance measures.</p>	<p>The Department of Treasury and Finance, in conjunction with departments, undertake ongoing review of performance measures to ensure the right mix of quality, quantity, timeliness and cost performance measures and appropriate targets.</p>
Department of Treasury and Finance	<p>RECOMMENDATION 17: The Department of Treasury and Finance review the performance measures in the budget papers and consider establishing a system for certifying targets proposed by departments to assure they are sufficiently challenging, and that the basis for these decisions is documented in the budget papers.</p>	<p>The Government remains committed to ensuring public money is spent in an accountable and transparent manner and is focused on improving the return Victorians receive from existing programs. A key mechanism to achieve this is through the departmental performance statement.</p> <p>The departmental performance statement is an agreement between Portfolio Ministers and the Assistant Treasurer (on Government's behalf). It certifies the goods and services the Government intends to deliver in the coming financial year.</p> <p>For new funding decisions made during the annual budget process, performance measures and targets are agreed</p>	<p>The Department of Treasury and Finance undertakes ongoing review of existing performance targets, as well as assessing new performance measures through the budget and annual review processes.</p>

Department	Recommendation supported by Government	Actions taken at the time of 5 March 2019	Update on status of implementation
		<p>between Portfolio Ministers and the Government. Improving the extent to which new funding impacts performance measures has been an area of focus for Government in recent budgets. For existing programs, performance measures and targets are reviewed and agreed (effectively certified) by Portfolio Ministers and the Assistant Treasurer through the development of the departmental performance statement, supported by advice from departments. To support improved accountability for performance, the Government will consider strengthening departmental requirements for setting output performance measures and targets, to ensure targets are realistic and achievable and better inform Government and the Parliament.</p>	
Department of Treasury and Finance	<p>RECOMMENDATION 18: That the Department of Treasury and Finance, in consultation with all other departments and the Victorian Auditor-General, establish arrangements for systematically reviewing and assuring the adequacy of controls in place within agencies for reporting relevant, appropriate and accurate performance information to</p>	<p>The Government has well established arrangements for the review and approval by Portfolio Ministers of performance measures and targets through the annual budget process. For example, departmental performance statements are prepared by departments on behalf of Portfolio Ministers, and in consultation with the Department of Treasury and Finance. The Assistant Treasurer endorses departmental performance statements and provides</p>	<p>The Department of Treasury and Finance is continuing to review departmental performance statements in consultation with departments with a view to improving the quality and currency of performance measures. The Department will also continue to monitor departmental compliance with the standards set out in the</p>

Department	Recommendation supported by Government	Actions taken at the time of 5 March 2019	Update on status of implementation
	Parliament against targets set in the budget papers.	suggested improvements. Variations against the targets are reported in budget papers and departmental annual reports. The Model Report for Victorian Government Departments establishes minimum disclosure requirements for the reporting of performance measures in departmental annual reports. Supporting these disclosure requirements, the Standing Directions under the <i>Financial Management Act 1994</i> , specifically Direction 3.4, require the accountable officer (the Secretary) of a department to establish an effective internal control system to produce reliable internal and external reports, including of performance in the annual report of operations. This ensures performance information is accurate and free from error. Before its publication, the performance information contained within the annual report of operations is approved by the accountable officer of a department, with a formal declaration included in the report. The Government will continue to provide support to Portfolio Ministers and departments through these established processes.	<p><i>Financial Management Act 1994</i> relating to departmental control systems to support reliable and accurate internal and external reports, including performance reports.</p> <p>The Victorian-Auditor General is currently conducting a review of the departmental performance measures published in the annual budget papers. This review is expected to be completed in February 2021.</p>
Department of Treasury	RECOMMENDATION 20: The Department of Treasury and Finance in conjunction with the	The Department of Treasury and Finance will work with the Department of Justice and Community Safety and the	The Department of Treasury and Finance is reviewing these measures as part of its broader

Department	Recommendation supported by Government	Actions taken at the time of 5 March 2019	Update on status of implementation
	Victorian Commission for Gambling and Liquor Regulation and Major Projects Victoria review and where necessary strengthen existing performance measures in the budget papers so that they provide transparent insights into the performance of all projects and/or funded activities.	Department of Jobs, Precincts and Regions to review and where necessary strengthen existing performance measures to improve transparency of these measures, consistent with the current Performance Management Framework.	performance measure review process. Victorian Commission for Gambling and Liquor Regulation introduced a number of new performance measures as part of the 2019-20 Budget to address this recommendation. The new measures better articulate the range of functions of the VCLGR and strengthen existing performance measures to provide greater clarity and more transparent insights into its overall performance.

DTF/DOT only – Large scale infrastructure projects

Question 27

For the North East Link, Melbourne Airport Rail, West Gate Tunnel, Suburban Rail Loop and the Level Crossing Removal Program please provide the information requested in the tables below regarding expenditure and outcomes.

Response

Expenditure

Project name	Suburban Rail Loop - Initial Works and Early Works package
TEI at announcement	\$2200.0 million
Actual cost of the program to date (i.e. cost since announcement)	N/A
The amount allocated to the project/program in the 2020-21 Budget	\$420.0 million
Amount forecast for the project/program in 2021-22	\$667.0 million
Amount forecast for the project/program in 2022-23	\$811.0 million
Amount forecast for the project/program in 2023-24	\$302.0 million
How the Department will report on expenditure in relation to the project/program as it progresses	Program expenditure reporting will occur via established SRL governance arrangements, via Suburban Rail Loop Authority (SRLA) and Department of Transport (DoT).

Outcomes

Project name	Suburban Rail Loop – Initial Works and Early Works package
The outcomes achieved by the project/program to date	SRLA has been established to lead the design and delivery of the program. Detailed development work, including a full investment case, is expected to be delivered in 2021.
The anticipated outcomes of the project/program in 2020-21 and across the forward estimates	The Suburban Rail Loop – Initial Works and Early Works package will commence a range of preparatory works. The scope of preparatory works includes project development, initial land assembly, construction power works, utility relocation and protection work, geotechnical investigations and precinct activation measures.

How the Department will report on the outcomes achieved by the project/program as it progresses.	<ul style="list-style-type: none"> • Department of Transport Annual Report • Budget papers • Program outcome reporting will be provided by SRLA and DoT via the SRL Program governance arrangements, including provision of program updates to government.
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North East Link

The funding profile is not reported at this time due to commercial sensitivity of the live tender process.

Expenditure

Project name	North East Link Project
TEI at announcement	The Victorian Government committed \$15.8 billion for North East Link, with current funded capital expenditure of \$15.5 billion and operating expenditure of \$0.3 billion.
Actual cost of program to date (i.e. cost since announcement)	TBC
The amount allocated to the project/program in the 2020-21 Budget	TBC
Amount forecast for the project/program in 2021-22	TBC
Amount forecast for the project/program in 2022-23	TBC
Amount forecast for the project/program in 2023-24	TBC
How the Department will report on expenditure in relation to the project/program as it progresses	<ul style="list-style-type: none"> • Department of Transport Annual Report • Budget papers • Project outcome reporting is provided by the Major Transport Infrastructure Authority and Department of Transport via the North East Link Project governance arrangements, including provision of project updates to government.

Outcomes

Project name	North East Link Project
The outcomes achieved by the project/program to date	<p>The key project milestones achieved for 2019-20 include:</p> <ul style="list-style-type: none"> - Contract Award for the Early Works Package; - Released the Primary Package Request for Proposal; - Received Minister for Planning's Assessment of Environment Effects Statement; - Project Area designation under the <i>Major Transport Projects Facilitation Act 2009</i>; - Environmental Management Framework approval; - Urban Design Strategy approval; - Cultural and Heritage Management Plan approval; - Environment Protection Authority Works approval; - Commenced Early Works; - Voluntary Purchase Scheme approval; and - Commenced land acquisition.
The anticipated outcomes of the project/program in 2020-21 and across the forward estimates	<p>The key project milestones in 2021-21 and across the forward estimates include:</p> <ul style="list-style-type: none"> - Primary Package contract award; - Completion of Early Works construction; - Finalisation of planning approvals; - Release the Independent Reviewer and Environmental Auditor Request for Proposal; - Commencement of major construction; and - Procurement of secondary packages.
How the Department will report on the outcomes achieved by the project/program as it progresses.	<ul style="list-style-type: none"> • Department of Transport Annual Report • Budget papers • Project outcome reporting is provided by the Major Transport Infrastructure Authority and Department of Transport via the North East Link Project governance arrangements, including provision of project updates to government.

Melbourne Airport Rail

Expenditure

Project name	Melbourne Airport Rail
TEI at announcement	TEI is not yet identified as a business case is being developed for 21/22 budget consideration. The Commonwealth and the State have each allocated \$5 billion towards the project, with initial funds released for project development.
Actual cost of program to date (i.e. cost since announcement)	\$93.7 million (as at end-September 2020).
The amount allocated to the project/program in the 2020-21 Budget	Commonwealth government allocation is \$70.68m. State funding has not been released and will be finalised as part of business case consideration.
Amount forecast for the project/program in 2021-22	Current Commonwealth allocation is \$180 million. State funding has not been released and will be finalised as part of business case consideration.
Amount forecast for the project/program in 2022-23	Current Commonwealth allocation is \$400 million. State funding has not been released and will be finalised as part of business case consideration.
Amount forecast for the project/program in 2023-24	Current Commonwealth allocation is \$900 million. State funding has not been released and will be finalised as part of business case consideration.
How the Department will report on expenditure in relation to the project/program as it progresses	Subject to approval of a business case and a TEI, progress and expenditure will be reported to the Commonwealth through established governance and reporting structures and: <ul style="list-style-type: none"> • Department of Transport Annual Report • Budget papers • Major Transport Infrastructure Authority and Department of Transport via the Rail Projects Victoria governance arrangements, including provision of project updates to government.

Outcomes

Project name	Melbourne Airport Rail
The outcomes achieved by the project/program to date	A concept design has been completed and a reference design is approximately 40 percent complete. Site investigations and ecological studies are underway. A business case is in development.

The anticipated outcomes of the project/program in 2020-21 and across the forward estimates	Reference design work will continue, the business case will be completed and work to obtain relevant planning approvals will commence. Subject to relevant approvals, construction is anticipated to commence in 2022. Full funding is being targeted for the 2021-22 budget cycle.
How the Department will report on the outcomes achieved by the project/program as it progresses.	Reporting will occur through the established State and Commonwealth governance and reporting structures, including: <ul style="list-style-type: none"> • Department of Transport Annual Report • Budget papers • Major Transport Infrastructure Authority and Department of Transport via the Rail Projects Victoria governance arrangements, including provision of project updates to government .

West Gate Tunnel

Expenditure

Project name	West Gate Tunnel
TEI at announcement (\$ million) (*)	\$6,344.4 million
Actual cost of program to date (i.e. cost since announcement) (\$ million)	\$3,045.0 million
The amount allocated to the project/program in the 2020-21 Budget (\$ million)	\$891.8 million
Amount forecast for the project/program in 2021-22 (\$ million)	\$1,162.9 million
Amount forecast for the project/program in 2022-23 (\$ million)	\$1,162.9 million
Amount forecast for the project/program in 2023-24 (\$million)	\$48.5 million
How the Department will report on expenditure in relation to the project/program as it progresses	<ul style="list-style-type: none"> • Department of Transport Annual Report • Budget papers • Project outcome reporting is provided by Major Transport Infrastructure Authority and Department of Transport via the West Gate Tunnel Project governance arrangements, including provision of project updates to government.

Outcomes

Project name	West Gate Tunnel
The outcomes achieved by the project/program to date	<p>Over 18 million work hours have gone into the project so far to widen the West Gate Freeway, prepare for tunnelling, build a bridge over the Maribyrnong River and an elevated road above Footscray Road. Major construction milestones so far include:</p> <ul style="list-style-type: none"> • Relocation of 600 metres of the North Yarra Main Sewer • Completed the launch site for the two tunnel boring machines • Built the site, including a massive shed, that will be the operations hub for the removal of rock and soil from tunnelling • Started construction of the southern tunnel entries and exits • Installed two new pedestrian bridges over the West Gate Freeway • Installed bridge beams and new decks for bridges on the West Gate Freeway to take the new lanes • Assembled two tunnel boring machines, and the launching gantry that will build the elevated road • Built the foundations for the new bridge over the Maribyrnong River.
The anticipated outcomes of the project/program in 2020-21 and across the forward estimates	<p>Construction continues in 2020-21 with the launching gantry starting to build the elevated road above Footscray Road. The ramps connecting the West Gate Freeway to Hyde Street will also start taking shape. Widening the West Gate Freeway continues with new lanes being added to the middle of the Freeway. Work will also start in 2020-21 on the Wurundjeri Way extension over Dudley Street to create a city bypass. The project parties are working together on securing a disposal site for tunnel soil and the relevant planning and environmental approvals, to allow tunnelling to start as soon as possible.</p> <p>Once complete, the West Gate Tunnel Project will deliver real improvements to Melbourne's transport network by enhancing transport performance in the heavily used M1 corridor and building an alternative to the West Gate Bridge. The Project will expand travel choices for motorists and reduce travel times across one of Melbourne's main cross-city road corridors. Businesses will have a faster and more direct freeway route to the Port of Melbourne and regional centres including Geelong. The Project also allows long awaited truck bans to be</p>

	introduced in Melbourne's inner west, reducing the number of trucks using local roads, improving safety and liveability for communities.
How the Department will report on the outcomes achieved by the project/program as it progresses.	<ul style="list-style-type: none"> • Department of Transport Annual Report • Budget papers • Project outcome reporting is provided by the Major Transport Infrastructure Authority and Department of Transport via the West Gate Tunnel Project governance arrangements, including provision of project updates to government .

Level Crossing Removal Project

Expenditure

Project name	Level Crossing Removal Project
TEI at announcement	<p>\$5-6 billion for 50 level crossing removals in the 2015-16 State Budget.</p> <p>This TEI has since been adjusted to \$6.9 billion for the Level Crossing Removal Program in the 2017-18 State Budget following release of the Level Crossing Removal Program business case in 2017.</p> <p>An additional \$1.4 billion for the Metropolitan Network Modernisation Program of works associated with level crossing removals was allocated in the 2017-18 State Budget.</p> <p>An additional \$6.6 billion for the inclusion of 25 additional level crossing removals was allocated in the 2019-20 State Budget.</p>
Actual cost of program to date (i.e. cost since announcement)	\$6.3 billion
The amount allocated to the project/program in the 2020-21 Budget	\$2.3 billion
Amount forecast for the project/program in 2021-22	TBD
Amount forecast for the project/program in 2022-23	TBD
Amount forecast for the project/program in 2023-24	TBD
How the Department will report on expenditure in relation to the project/program as it progresses	<ul style="list-style-type: none"> • Department of Transport Annual Report • Budget Papers

Outcomes

Project name	Level Crossing Removal Project (LXRP)
The outcomes achieved by the project/program to date	<p>43 level crossings removed 18 new train stations have been opened 15 level crossing removals are now in construction VAGO's October 2020 <i>Follow up of Managing the Level Crossing Removal Program</i> found, among other things, that LXRP is:</p> <ul style="list-style-type: none"> a) using its benchmarking tools effectively to manage costs.; and b) is incentivising the program alliances to share lessons learnt to achieve cost savings across the whole project. <p>The VAGO report also noted that MTIA (on behalf of DoT) has developed a project-wide benefits framework that progressively monitors program outcomes. VAGO noted that according to the framework's annual reports, the LXRP is on track to achieve slightly more benefits than the original business case anticipated.</p>
The anticipated outcomes of the project/program in 2020-21 and across the forward estimates	<p>End 2020 - 44 level crossings removed</p> <p>Despite the introduction of health and safety protocols and restrictions in response to the coronavirus (COVID-19) pandemic, significant construction milestones continue to be achieved.</p> <p>75 level crossing removals are expected to be removed by 2025 consistent with the Government's commitment.</p>
How the Department will report on the outcomes achieved by the project/program as it progresses.	<p>Publicly</p> <ul style="list-style-type: none"> • Budget Papers • Department of Transport Annual Report <p>Cabinet</p> <ul style="list-style-type: none"> • The Minister for Transport Infrastructure reports biannually to a Cabinet Committee with advice on the status of the program and key outcomes.

	<ul style="list-style-type: none">• MTIA and DoT provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the LXP.
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DTF only – General government asset contingencies not allocated to departments

Question 28

- a) In the 2019-20 revised budget, the general government asset contingencies not allocated to departments was \$3,125 million. Please provide the actual total general government asset contingencies as at 30 June 2020 and please state which departments received funding through the asset contingencies during the 2019-20 financial year, if any.

2019-20 Revised Budget	\$3 204 million (2019-20 Budget Update)
2019-20 Actual	\$1 983 million drawn down
Departments that received contingency funding if any	Department of Transport - \$1 854.9 million Department of Justice and Community Safety - \$82.3 million Department of Education and Training - \$19.1 million Department of Jobs, Precincts and Regions - \$12.7 million Department of Environment, Land, Water and Planning - \$7.3 million Department of Health and Human Services - \$6.6 million

- b) Please provide a detailed explanation for the year on year variances occurring in the amounts allocated under the 'decisions made but not yet allocated' line item in the general government asset contingencies.

	2020-21 budget	2021-22 estimate	2022-23 estimate	2023-24 estimate
Decisions made but not yet allocated	\$6 240.8 million	\$9 118.7 million	\$9 517.2 million	\$11 697.9 million
Explanation for year on year variance	The year-on-year variance reflects the approved expenditure profile of capital projects held in contingency yet to be allocated to departments including projects announced in the 2020-21 Budget.	The year-on-year variance reflects the approved expenditure profile of capital projects held in contingency yet to be allocated to departments including new projects announced in the 2020-21 Budget.	The year-on-year variance reflects the approved expenditure profile of capital projects held in contingency yet to be allocated to departments including new projects announced in the 2020-21 Budget.	The year-on-year variance reflects the approved expenditure profile of capital projects held in contingency yet to be allocated to departments including new projects announced in the 2020-21 Budget.

	The increase includes the carryover of contingency for asset policy decisions for which funding has yet to be allocated to departments.	Details of the specific contingencies are considered commercial in confidence given they relate to projects which are yet to be contracted and may impact on achieving value for money of the state's capital program.	Details of the specific contingencies are considered commercial in confidence given they relate to projects which are yet to be contracted and may impact on achieving value for money of the state's capital program.	Details of the specific contingencies are considered commercial in confidence given they relate to projects which are yet to be contracted and may impact on achieving value for money of the state's capital program.
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DTF only – Economic forecast

Question 29

Budget Paper No.2: Strategy and Outlook, Table 2.1, provides forecasts for the following indicators:

- real gross state product
- employment
- unemployment rate
- consumer price index
- wage price index
- population.

Variance analysis

- a) For each of the above indicators, please provide a detailed explanation for the variance when comparing the same year in the 2019-20 Budget and the 2020-21 Budget, including the assumptions used to forecast the specific indicator.

Trend analysis

- b) For each of the above indicators, when comparing one year to the next in the 2020-21 Budget, please explain the reason for the variance and provide details for any improvement or deterioration for the indicator.

a)

Economic indicator	Real Gross State Product			
	2019-20	2020-21	2021-22	2022-23
Year for which variance relates	2019-20	2020-21	2021-22	2022-23
Forecast/projection in 2019-20 (%)	2.75	2.75	2.75	2.75
Forecast/projection in 2020-21 (%)	-0.25 (forecast)	-4.00	7.75	3.25
Variance (ppt)	-3.00	-6.75	5.00	0.50
Reason for variance	<p>The coronavirus (COVID-19) pandemic has resulted in the largest global recession since the Great Depression and is severely affecting the Australian and Victorian economies. This has materially lowered growth forecasts in 2019-20 and 2020-21, and raised forecasts from 2021-22 onwards, when the economy is forecast to be recovering from the downturn.</p> <p>Victoria's gross state product (GSP) is forecast to contract by 4.0 per cent in 2020-21, following a small fall of 0.25 per cent in 2019-20. Victorian GSP is estimated to have fallen moderately further than the national average. This larger impact is likely due to the State economy's larger share of consumer services. Of the major components of GSP, all categories of private demand are forecast to detract from growth in 2020-21 in year-average terms, while public demand and net trade are forecast to make sizeable contributions to GSP growth.</p> <p>In quarterly terms, the June, September and December quarters in 2020 are expected to be the periods of greatest weakness for the economy. A rebound is expected from early 2021 as most domestic public health restrictions are unwound and consumer confidence rises, and this recovery will gain traction over the course of 2021. Real GSP is forecast to grow at above-trend rates over the forward estimates, as spare capacity in the economy is further absorbed.</p> <p><i>Assumptions:</i></p> <p>The key assumptions that underpin the economic forecasts are:</p> <ul style="list-style-type: none"> • Victorian public health restrictions continue to ease over the remainder of 2020, to be at COVID Normal by the end of 2020. • Any further localised outbreaks, in Victoria and nationally, are contained and do not lead to any further city or state-wide restrictions. • Australian borders remain closed to most major markets, and international travel remains at current low levels, until at least mid-2021. • There is a gradual return of international students and overseas migrants as borders reopen. A significant return of international students does not occur until the 2022 academic year. 			

Economic indicator	Employment			
Year for which variance relates	2019-20	2020-21	2021-22	2022-23
Forecast/projection in 2019-20 (%)	2.00	1.75	1.75	1.75
Forecast/projection in 2020-21 (%)	1.25 (actual, rounded)	-3.25	3.50	2.25
Variance (ppt)	-0.75	-5.00	1.75	0.50
Reason for variance	The coronavirus (COVID-19) pandemic has resulted in the largest global recession since the Great Depression and is severely affecting the Australian and Victorian economies. This has materially lowered actual employment growth in 2019-20 and forecast growth in 2020-21, and raised forecasts from 2021-22 onwards when employment, along with the economy, is forecast to be recovering from the downturn.			

Economic indicator	Unemployment rate			
Year for which variance relates	2019-20	2020-21	2021-22	2022-23
Forecast/projection in 2019-20 (%)	4.75	5.00	5.25	5.50
Forecast/projection in 2020-21 (%)	5.40 (actual)	7.75	7.00	6.25
Variance (ppt)	0.65	2.75	1.75	0.75
Reason for variance	<p>The coronavirus (COVID-19) pandemic has resulted in the largest global recession since the Great Depression and is severely affecting the Australian and Victorian economies. Unemployment has risen since early 2020.</p> <p>The unemployment rate is forecast to peak at 8.25 per cent in the December quarter 2020 and remain elevated for some time. As employment recovers, job seekers are expected to return to the labour market, which will keep the official unemployment rate elevated. For 2020-21, the unemployment rate is forecast to average 7.75 per cent, before declining over the following years.</p>			

Economic indicator	Consumer price index			
Year for which variance relates	2019-20	2020-21	2021-22	2022-23
Forecast/projection in 2019-20 (%)	2.00	2.25	2.50	2.50
Forecast/projection in 2020-21 (%)	1.68 (Actual)	0.75	1.50	1.75
Variance (ppt)	-0.32	-1.50	-1.00	-0.75
Reason for variance	<p>The Melbourne consumer price index (CPI) fell by a record 1.8 per cent in the June quarter 2020. This was due to a number of large temporary price changes, notably free childcare and a sharp fall in fuel prices, as global demand for oil dropped amid widespread public health restrictions. Housing rents also fell as the supply of rental properties increased: closed national borders prompted some landlords to put their short-term holiday rentals up for longer term rental. With this fall in the June quarter, for 2019-20 as a whole, the CPI rose by 1.7 per cent.</p> <p>The outlook for inflation from 2020-21 onwards has been revised lower compared with the forecasts in the 2019-20 Budget, amid the broader economic effects of the coronavirus (COVID-19) pandemic. This largely reflects the downward revision to forecast wages growth, as well as weak inflation expectations and subdued global inflation pressures. The appreciation of the Australian dollar in recent months will also put downward pressure on inflation in the near term.</p> <p>Inflation is expected to gradually rise in line with the forecast increase in wage growth over the forward estimates.</p>			

Economic indicator	Wage price index			
Year for which variance relates	2019-20	2020-21	2021-22	2022-23
Forecast/projection in 2019-20 (%)	3.00	3.25	3.50	3.50
Forecast/projection in 2020-21 (%)	2.41 (Actual)	1.00	1.75	2.00
Variance (ppt)	-0.59	-2.25	-1.75	-1.50
Reason for variance	<p>Wages growth has been revised lower compared with forecasts in the 2019-20 Budget. The subdued outlook for the labour market is expected to put downward pressure on wages growth for some time. Victorian wages fell by 0.1 per cent in the June quarter, as falls in the professional, scientific and technical services, other services and transport, postal and warehousing sectors offset mostly small rises in other industries. For 2019-20 as a whole, wages rose by 2.4 per cent.</p> <p>As the economy recovers and spare capacity in the labour market is gradually reduced, wages growth is expected to increase moderately over the remainder of the forecast period.</p>			

Economic indicator	Population			
	2019-20	2020-21	2021-22	2022-23
Year for which variance relates	2019-20	2020-21	2021-22	2022-23
Forecast/projection in 2019-20 (%)	2.00	1.90	1.90	1.80
Forecast/projection in 2020-21(%)	1.60 (forecast)	0.20	0.40	1.10
Variance (ppt)	-0.40	-1.70	-1.50	-0.70
Reason for variance	<p>The coronavirus (COVID-19) pandemic has significantly affected the outlook for population growth. Australia's border closure, which came into effect in March 2020, is expected to lead to negative net overseas migration for the next two years. Net interstate migration to Victoria has also been strong in recent years, and this is also likely to be lower. Likewise, the fertility rate is expected to be slightly lower due to the weaker economic environment, resulting in a slower rate of natural increase.</p> <p><i>Assumptions:</i></p> <ul style="list-style-type: none"> • Australian borders remain closed to most major markets, and international travel remains at current low levels, until at least mid-2021. • There is a gradual return of international students and overseas migrants as borders reopen. A significant return of international students does not occur until the 2022 academic year. 			

b)

	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 projection	2023-24 projection
Real gross state product (%)	3.02	-0.25 (forecast)	-4.00	7.75	3.25	3.00
Variance (ppt)		-3.25	-3.75	11.75	-4.50	-0.25
Explanation for any variance year over year		Impact of the coronavirus (COVID-19) on activity in the June quarter.	Persistent weakness in the second half of 2020, stemming from coronavirus restrictions, lower population growth and a higher unemployment rate.	High growth as the economy recovers off a low base with significant pent-up demand, and restrictions (including borders) are eased.	Economy returning to trend growth, albeit still above trend by 2022-23.	Economy returning to trend growth, albeit still above trend by 2023-24.
Employment (%)	3.38	1.25 (actual, rounded)	-3.25	3.50	2.25	2.00
Variance (ppt)		-2.25	-4.50	6.75	-1.25	-0.25
Explanation for any variance year over year		Negative impact of public health restrictions and lower sentiment on labour demand.	Persistent weakness in labour demand relative to 2019-20.	Improvement in the unemployment rate as conditions improve and demand for labour returns.	Labour market returning to equilibrium, growth still above trend.	Labour market returning to equilibrium, growth still above trend.
Unemployment rate (%)	4.64	5.40	7.75	7.00	6.25	5.75
Variance (ppt)		0.75	2.35	-0.75	-0.75	-0.50
Explanation for any variance year over year		Higher unemployment in the June quarter of 2020, due to impacts of the	Assumed to remain high over 2020-21, reflecting low labour demand and recovering participation.	Improved economic conditions to support labour demand, despite higher participation.	Labour market returning to equilibrium, unemployment rate still above trend.	Labour market returning to equilibrium, unemployment rate still above trend.

	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 projection	2023-24 projection
		coronavirus (COVID-19) pandemic.				
Consumer price index (%)	1.71	1.68	0.75	1.50	1.75	2.00
Variance (ppt)		-0.03	-0.93	0.75	0.25	0.25
Explanation for any variance year over year		Similar to previous year.	The forecast decline in inflation is partly driven by the impact of free childcare on inflation. The appreciation of the Australian dollar in recent months will also put downward pressure on inflation in the near term.	As the economy and labour market recover, inflation is forecast to gradually increase.	As the economy and labour market recover, inflation is forecast to gradually increase.	As the economy and labour market recover, inflation is forecast to gradually increase.
Wage price index (%)	2.69	2.41	1.00	1.75	2.00	2.25
Variance (ppt)		-0.28	-1.41	0.75	0.25	0.25
Explanation for any variance year over year		Economic impacts of coronavirus (COVID-19) on wage growth in the June quarter weighed on the annual result.	Weak labour market will weigh further on wages growth.	Gradual recovery in wages growth in line with economic recovery and reducing spare capacity in the labour market.	Gradual recovery in wages growth in line with economic recovery and reducing spare capacity in the labour market.	Gradual recovery in wages growth in line with economic recovery and reducing spare capacity in the labour market.

	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 projection	2023-24 projection
Population (%)	2.10	1.60	0.20	0.40	1.10	1.70
Variance (ppt)		-0.50	-1.40	0.20	0.70	0.60
Explanation for any variance year over year		Slowing population growth in mid-2020 due to international and state border closures.	Continued lower population growth due to international and state border closures.	Gradual recovery in population growth reflecting re-opening of borders and rising net overseas migration.	Further recovery in population growth reflecting re-opening of borders and rising net overseas migration.	Population growth returning to around trend rates.

Question 29 continued

Impact of economic emergency and recovery initiatives

Deloitte Access Economics modelled the economic impact of the COVID-19 response initiatives. In August 2020 the results showed that the Victorian Government's response initiatives are expected to partly offset some of the large negative impacts on the Victorian economy and jobs from the COVID-19 crisis relative to a 'no additional initiatives scenario'.

Please provide the following information.

- a) the assumed total amount of government expenditure to respond to COVID-19 – year breakdown by 2019-20 and 2020-21
- b) the actual total government expenditure on COVID-19 responses – year breakdown 2019-20 and 2020-21
- c) the updated GSP and number of jobs protected to reflect the COVID-19 roadmap to reopening

Response

- a. The modelling undertaken showed that Victorian Government support for the June quarter of 2019-20, of approximately \$6 billion, was expected to help protect about 81,000 jobs and \$7.5 billion in economic activity in that quarter relative to a scenario of no additional Victorian Government support. The modelling reported did not include estimates of spending in 2020-21
- b. The 2019-20 Annual Financial Report (AFR) identified \$2.424 billion in net additional 2019-20 funding to departments via Treasurer's Advance for direct responses to the coronavirus (COVID-19) (AFR page 166-167 – Table 8.2.14 Payments from advance to the Treasurer attributable to coronavirus (COVID-19) for the financial year ended 30 June).

The 2019-20 AFR also identified that the State had refunded and waived \$673 million of payroll tax for the 2019-20 financial year to small and medium-sized businesses and refunded \$23 million of liquor licencing fees for affected venues and small businesses as part of the Economic Survival Package COVID-19 response (AFR page 45 - Table 2.1 Taxation revenue, footnote a).

Actual government expenditure on the coronavirus (COVID-19) responses for 2020-21 is not yet reported.

- c. The Jobs Plan, as well as other initiatives announced since the 2019-20 Budget Update, will support around 125 000 jobs over the life of these initiatives. Deloitte Access Economics estimates that the Government's expenditure and revenue decisions will result in a cumulative \$43.9 billion increase to GSP over the budget and forward estimates period.

DTF only – Macro-economic impacts on the State’s fiscal aggregates 2020-21

Question 30

Please quantify the impacts of COVID–19 and the bushfires December-January 2019-20 on the State’s fiscal aggregates in 2020-21. Please provide details on the increase/decrease in net result from transactions, government infrastructure investment, and net debt.

Response

The Governments coronavirus COVID-19 and bushfire output policy, revenue policy and asset initiatives and their impacts on the fiscal aggregates in 2020-21 year are listed in Budget Paper 3 Chapter 1.

The 2020-21 Budget does not distinguish changes to revenue forecasts (including State taxation, GST, fees and fines) for the impact of bushfires or the coronavirus (COVID-19).

DTF only – Grants

Question 31

Budget Paper No.5: Statement of Finances, Table 4.4², details the expected total grant revenue to be received by Victoria in 2019-20 by grant type.

For the ‘General purpose grants – goods and services tax’ line item if there is a variance:

- a) between the 2019-20 budget figure in the 2019-20 Budget and the 2019-20 revised figure in the 2020-21 Budget, please explain the:
 - i. reason for the variance
 - ii. impact of the variance on Victoria
 - iii. action taken in response to expected changes in the value of general purpose grants.

- b) from year to year in the 2020-21 Budget please explain the:
 - i. reason for any variance
 - ii. impact of the variance on Victoria
 - iii. action taken in response to expected changes in the value of general purpose grants.

Response

a)

Line item	2019-20 budget	2019-20 actual	Variance 2019-20 budget vs. 2019-20 actual	Reason for Variance	Impact on Victoria	Action taken
General purpose grants - goods and services tax	\$17 535 m	\$15 370 m	-\$2 165 m	The variance in 2019-20 GST revenue is driven by a reduction in the national GST pool owing largely to the onset of the coronavirus (COVID-19)	Lower-than-expected GST revenue has a negative impact on Victoria’s revenue and the net operating balance.	The cause of the decrease in GST revenue in 2019-20 has been incorporated into the budget and forward estimates.

² Assuming the table numbers have changed in the 2020-21 Budget, this is referring to the grant revenue table equivalent to the 2019-20 Budget Paper 5, Table 4.4: Grant revenue, pg. 172.

				pandemic, which resulted in a reduction in GST-liable household consumption and dwelling investment.		
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b)

	2019-20 actual	2020-21 budget	2021-22 estimate	2022-23 estimate	2023-24 estimate
General purpose grants - goods and services tax	\$15 370 m	\$15 259 m	\$15 923 m	\$18 285 m	\$19 604 m
Variance	N/A	-\$111 m	\$664 m	\$2 362 m	\$1 319 m
Reason for any variance year over year	N/A	The variance from 2019-20 largely reflects a decrease in Victoria's assessed relativity from 0.98273 in 2019-20 to 0.95992 in 2020-21. This was primarily driven by changes in GST distribution methodology as published in the Commonwealth Grants Commission's 2020 Review. The national GST pool is also expected to decline in 2020-21 from the 2019-20 level.	A recovery in national household consumption and dwelling investment is expected to support growth in the national GST pool in 2021-22. This is partially offset by an expected decrease in Victoria's assessed relativity from 2020-21 to 2021-22.	The national GST pool is expected to grow in line with the expected recovery in the Australian economy. Victoria's relativity is forecast to increase from 2021-22 to 2022-23, reflecting lower assessed revenue in 2020-21 compared to other states and territories. Victoria is also expected to receive additional funding from the Commonwealth reflecting the "no-worse-off" guarantee, as Western Australia's GST assessed relativity is expected to fall below 0.70 in 2022-23 due to	The national GST pool is expected to grow in line with the expected recovery in the Australian economy. Victoria's relativity is forecast to increase from 2022-23 to 2023-24, reflecting lower assessed revenue in 2020-21 compared to other states and territories.. Victoria is also expected to receive additional funding from the Commonwealth reflecting the "no-worse-off" guarantee, as Western Australia's GST assessed relativity is expected to fall below 0.70 in 2023-24 due to

				strength in iron ore prices in 2020-21.	strength in iron ore prices in 2020-21.
Impact of the variance on Victoria	N/A	The lower revenue negatively impacts Victoria's total state revenue and net operating balance.	The additional revenue relative to the previous year positively impacts Victoria's total state revenue and net operating balance.	The additional revenue relative to the previous year positively impacts Victoria's total state revenue and net operating balance.	The additional revenue relative to the previous year positively impacts Victoria's total state revenue and net operating balance.
Action taken in response to expected changes in the value of general purpose grants	N/A	The cause of the decrease in GST revenue in 2020-21 has been incorporated into the budget and forward estimates. Victoria will continue to work with other state governments and the Commonwealth to ensure Victoria receives its fair share of GST.	GST revenue is used to fund service delivery in Victoria.	GST revenue is used to fund service delivery in Victoria.	GST revenue is used to fund service delivery in Victoria.

Question 32

Budget Paper No.5: Statement of Finances, Table 4.6,³ lists Commonwealth grants for specific purposes, with detailed tables by expenditure category, Tables 4.7 to 4.13.⁴

For each line item of the detailed tables by expenditure labelled 'Other' in the 2020-21 Budget, for both years listed (2019-20 revised and 2020-21 budget) that has a value exceeding \$10 million, please provide details of the grants to which they relate.

Response

Table number	Grant details	2020-21 budget paper
4.8 – Payments for community services	Funding for the Commonwealth's Own-Purpose Expenditures related to its Continuity of Support Programme.	\$12 million
4.13 – Payments for Contingent Services	<u>Health and hospitals</u> Includes payments from the Commonwealth to hospitals including for the Pharmaceutical Benefits Scheme (PBS) and residential aged care. Also includes estimates of additional Commonwealth contributions to support service delivery requirements as Victoria transitions to COVID Normal.	\$2,060 million
4.13 – Payments for Contingent Services	<u>Capital Works</u> Includes Commonwealth funding for commuter carparks, targeted road safety works, and suburban and local road upgrades.	\$373 million
4.13 – Payments for Contingent Services	<u>Other general purpose grants</u> Includes Commonwealth Own Purpose Expenditure Payments for a number of initiatives, Disaster Recovery Funding Arrangements, and grants from other states, territories and local governments.	\$180 million

Note: A '2019-20 revised' figure for these grants is not reported in the 2020-21 Victorian Budget and has been excluded from this table. The 2019-20 actual is consistent with Victoria's 2019-20 Financial Report.

³ Assuming the table numbers have changed in the 2020-21 Budget, this is referring to the table equivalent to the 2019-20 Budget Paper 5, Table 4.6: Grants for specific purposes, pg. 176.

⁴ Assuming the table numbers have changed in the 2020-21 Budget, this is referring to the tables equivalent to the 2019-20 Budget Paper 5, Table 4.7: Payments for affordable housing, pg. 176, Table 4.8: Payments for community services, pg. 177, Table 4.9: Payments for education services, pg. 178, Table 4.10: Payments for environment services, pg. 178, Table 4.11: Payments for health services, pg. 179, Table 4.12: Payments for infrastructure services, pg. 179, Table 4.13: Payments for contingent and other services, pg. 180.

DTF only – Equity funding

Question 33

Does the Government expect to receive equity funding as an alternative to traditional grant payments made by the Commonwealth over 2020-21 and the forward estimates? If so, please detail which projects will receive this funding and the amount.

Response

The Government does not expect to receive equity funding as an alternative to traditional grant payments made by the Commonwealth over 2020-21 and the forward estimates.

DTF only – Land transfer duty

Question 34

Budget Paper No.5: Statement of Finances, Table 4.2, provides taxation revenue forecasts across the forward estimates broken down by source.

For the 'Land transfer duty' line item if there is a variance greater than 5 per cent (positive or negative) or greater than \$50 million (positive or negative) when comparing:

Variance analysis

- a) the same year in the 2019-20 Budget and the 2020-21 Budget, please explain the reason for the variance for each year.

Trend analysis

- b) one year to the next in the 2020-21 Budget please explain the reason for the variance.

Response

a)

Year for which variance relates	2019-20
Budget/estimate in 2019-20 Budget	\$5896.0 m
Budget/estimate in 2020-21 Budget	\$6142.6 m
Variance	\$246.7 m
Reason for variance	Revenue in 2019-20 was higher than expected as a result of an improvement in Victorian dwelling prices before the onset of the coronavirus (COVID-19) pandemic. Due to the lag associated with property settlements, land transfer duty collections in 2019-20 were not materially affected by the coronavirus (COVID-19) pandemic or public health restrictions.

Year for which variance relates	2020-21
Budget/estimate in 2019-20 Budget	\$6245.0 m
Budget/estimate in 2020-21 Budget	\$4554.4 m
Variance	-\$1690.6 m
Reason for variance	Due to a reduction in transaction volumes as a result of public health restrictions in response to the coronavirus (COVID-19) pandemic, a deterioration in economic conditions and heightened uncertainty over the economic outlook. Land transfer duty revenue is also expected to be dampened by a fall in property prices since the onset of the coronavirus (COVID-19) pandemic, as well as land transfer duty relief provided in the <i>2020-21 Budget</i> .

Year for which variance relates	2021-22
Budget/estimate in 2019-20 Budget	\$6612.5 m
Budget/estimate in 2020-21 Budget	\$5563.8 m
Variance	-\$1048.7 m
Reason for variance	The <i>2020-21 Budget</i> incorporates a weaker outlook for Victoria's residential property prices compared with the <i>2019-20 Budget</i> forecast, consistent with a weaker outlook for the economy and slower population growth. The outlook for non-residential land transfer duty revenue has also been revised lower, as well as land transfer duty relief provided in the <i>2020-21 Budget</i> .

Year for which variance relates	2022-23
Budget/estimate in 2019-20 Budget	\$7029.2 m
Budget/estimate in 2020-21 Budget	\$6617.1 m
Variance	-\$412.0 m
Reason for variance	The <i>2020-21 Budget</i> incorporates a weaker outlook for Victoria's residential property prices compared with the <i>2019-20 Budget</i> forecast, consistent with a weaker outlook for the economy and slower population growth. The outlook for non-residential land transfer duty revenue has also been revised lower, as well as land transfer duty relief provided in the <i>2020-21 Budget</i> .

b)

	2019-20 revised	2020-21 budget	2021-22 estimate	2022-23 estimate	2023-24 estimate
Land transfer duty	\$6142.6 m	\$4554.4 m	\$5563.8 m	\$6617.1 m	\$ 6998.7 m
Variance	N/A	-\$1558.3 m	\$1009.4 m	\$1053.4 m	\$381.6 m
Explanation for the variance year over year	N/A	Largely due to a reduction in transaction volumes as a result of public health restrictions in response to the coronavirus (COVID-19) pandemic, a deterioration in economic conditions and heightened uncertainty over the economic outlook. Land transfer duty revenue is also expected to be dampened by a fall in property prices since the onset of the coronavirus (COVID-19) pandemic and land transfer duty relief provided in the 2020-21 Budget.	Land transfer duty is forecast to recover in 2021-22, as transaction volumes are expected to recover from low levels in 2020-21. The increase also reflects an expected recovery in property prices.	The increase in land transfer duty is driven by an expected recovery in property prices.	The increase in land transfer duty is driven by an expected recovery in property prices.

DTF only – Public Private Partnerships – modifications and accountability

Question 35

Please detail all Public Private Partnerships (PPP) currently under construction in the 2020-21 year as per the 2020-21 Budget, which in comparison to the 2019-20 Budget have changed their:

- name
- scope
- Total Estimated Investment (by greater than 5 per cent (positive or negative))
- timelines (including estimated completion date and key stages/milestones of the project)
- which government entity and portfolio is responsible for delivery of the project or components of the project.

Please provide an explanation for these changes.

Response

	2019-20 Budget	2020-21 Budget	Explanation for change
Name	Western Roads Upgrade		N/A
Scope	N/A		N/A
Total Estimated Investment	\$936 million	TBC	A revised TEI will be disclosed following the settlement of outstanding contractual claims and execution of settlement documentation.
Timelines	Commercial Acceptance – Q 2 2020	Commercial Acceptance expected in Q2 2021	The PPP consortium (Netflow) and its subcontractor (WBHO) have experienced delays to the contract date for Commercial Acceptance (30 June 2020). The individual projects will now be progressively completed from

			2020 with Commercial Acceptance now expected in Q2 2021.
Government entity and portfolio responsible for delivery	Major Road Projects Victoria, Major Transport Infrastructure Authority, Department of Transport		N/A
Name	Northern Roads Upgrade	Suburban Roads Upgrade Program	The projects will no longer be delivered under a Public Private Partnership model but as part of the Suburban Roads Upgrade Program.
Scope	N/A		N/A
Total Estimated Investment	N/A		N/A
Timelines	N/A		N/A
Government entity and portfolio responsible for delivery	Major Road Projects Victoria, Major Transport Infrastructure Authority, Department of Transport		N/A
Name	South Eastern Roads Upgrade	Suburban Roads Upgrade Program	The projects will no longer be delivered under a Public Private Partnership model but as part of the Suburban Roads Upgrade Program.
Scope	N/A		N/A
Total Estimated Investment	N/A		N/A
Timelines	N/A		N/A
Government entity and portfolio responsible for delivery	Major Road Projects Victoria, Major Transport Infrastructure Authority, Department of Transport		N/A

DTF only – Net Debt

Question 36

Budget Paper No.2: Strategy and Outlook, Table 1.1, provides general government fiscal aggregates for net debt and net debt to gross state product (GSP).

Variance analysis

- a) For the 'Net debt' and 'Net debt to GSP' line items, please explain the reason for the variance when comparing the same year in the 2019-20 Budget and the 2020-21 Budget.

Trend analysis

- b) For the 'Net debt' and 'Net debt to GSP' line items, when comparing one year to the next in the 2020-21 Budget, please explain the reason for the variance, including the major projects that contributed to any variance in net debt.

Response

At the *2019-20 Budget Update*, the general government sector's net debt at June 2020 was forecast to be \$49.272 billion or 9.9 per cent of gross state product (GSP). Net debt in June 2021 is now forecast in the *2020-21 Budget* to be \$86.735 billion or 19.5 per cent of GSP.

The \$37.463 billion increase in net debt is due to four key factors:

- Policy decisions: expenditure on output, revenue policy and asset decisions which are set out in Budget Paper No.3 Chapter 1;
- Economic / demographic variations: principally a downgrade to forecast State taxation revenue;
- Commonwealth grant variations: principally a downgrade to general purpose grants (GST); and
- Administrative variations: including the flow through of the Annual Financial Report impacts, interest, changes to contingencies, and changes to the timing of activity across major departments.

At the *2019-20 Budget Update* net debt was forecast to grow to \$57.830 billion by June 2023 or 10.5 per cent net debt to GSP. The *2020-21 Budget* forecasts net debt to grow to \$132.884 billion or 26.0 per cent of gross state product. The increase in debt over this period is attributable to the same factors articulated above.

Please refer to *Budget Paper No. 2, Chapter 4* for more information on net debt movements.

Question 37

The Treasury Corporation Victoria (TCV) forecast a funding requirement of \$20-24 billion in the 2020-21 Budget. The funding requirement comprises of \$10-14 billion in additional funding and \$10.2 billion in prior commitments.⁵

- a) Please provide the following details for the funding requirement – 2020-21 Budget:
 - a. the funding requirement for 2020-21
 - b. the amount allocated to fund COVID-19 measures by department
 - c. the amount allocated to fund infrastructure program by department
 - d. the amount allocated to fund other activities by department
 - e. the total funding allocated to the department

Response:

In late April TCV indicated that it anticipated a funding requirement of between \$20-24 billion for the 2020-21 year, representing a combination of \$10-\$14 billion in additional funding and the previously advised 2020-21 funding task of \$10.2 billion.

Following the release of the 2020-21 Budget, TCV provided a funding program update to financial markets. The forecast funding requirement for 2020-21 is \$45.8 billion. TCV reported that over the financial year to 24 November, TCV had completed \$26.3 of the required task.

TCV's forecast funding program comprises the general government and non-financial public corporation sectors funding requirements.

- a) Budget Paper No.2, Chapter 4, Table 4.6 outlines the annual movements in net debt. General Government sector net debt is forecast to increase by \$42.423 billion in 2020-21 and increase by an average \$22.677 billion per year over the forward estimates. Budget Paper No.5 Chapter 1, Table 1.5.1 sets out the general government sector borrowings. Much of the increase in net debt is sourced from TCV (a sub part of current and non-current domestic borrowings). TCV will release an update of their forecast 2020-21 funding requirement following the release on the *2020-21 Budget*.
- b) Borrowings contribute to the overall funding requirements of government. No component is specifically allocated to a specific program or project.

⁵ Treasury Corporation Victoria, *Funding Update*, <https://www.tcv.vic.gov.au/tcv-bonds/funding/funding-requirement> accessed 11 September 2020

- c) Borrowings contribute to the overall funding requirements of government. No component is specifically allocated to a specific program or project.
- d) Borrowings contribute to the overall funding requirements of government. No component is specifically allocated to a specific program or project.
- e) Borrowings contribute to the overall funding requirements of government. No component is specifically allocated to a specific program or project.

Please refer to response a) above for the impact of the funding requirement of 2020-21 on both GGS and NFPS net debt.

- a) The TCV's total debt outstanding as at July 2020 is at a historical high at \$57.1 billion.⁶ Please provide the Victorian Government's ability to service the outstanding debt and TCV's outlook on when or if debt would reach pre-pandemic levels.

Interest expense as a share of general government sector total revenue is used as a measure to assess capacity to meet borrowing costs. Budget Paper No. 2 Chapter 4, Chart 4.1 maps interest expense as a share of total revenue, both historically and over the budget and forward estimates.

As part of the *2020-21 Budget*, the Government has updated its long-term financial management objectives and its financial measures and targets to better reflect the current economic and fiscal conditions. Budget Paper No.2 Chapter 4, Table 4.2 sets out the financial measures and targets for the 2020-21 Budget including the target to stabilise net debt as a percentage of GSP and a new measure – General government interest expense as a percentage of revenue to stabilise in the medium term.

⁶ Treasury Corporation Victoria, *Funding Update*, <https://www.tcv.vic.gov.au/tcv-bonds/outstanding-borrowing/total-outstandings> accessed 11 September 2020

Question 38

Budget Paper No.2: Strategy and Outlook, Table 1.3, provides financial measures and targets that support the Government's long-term financial management objectives.

The target for the financial measure of net debt in the 2019-20 Revised Budget, is 'General government net debt as a percentage of GSP [gross state product] be maintained at a sustainable level over the medium term'.⁷

In the 2019-20 Revised Budget, net debt is projected to be \$57.8 billion by 2022-23, \$2.9 billion (or 5.3%)⁸ higher than projected in the 2019-20 Budget.

- a) Please provide the definition of 'sustainable debt' used in 2019-20 Budget.
- b) How will general government net debt as a percentage of GSP be maintained at a sustainable level?

Response

In the *2019-20 Budget* the Government expected to achieve a net operating surplus (net result from transactions) consistent with maintaining general government net debt at a sustainable level over the medium term (*Budget Paper No.2, Chapter 1 Economic and Fiscal Overview*).

For the *2019-20 Budget*, the Government set its sustainability objectives in *Budget Paper No.5, Chapter 1, Page 20* as:

- Net operating surpluses in each year over the next four years;
- Expenditure growth will be no greater than revenue growth, on average, over the next four years; and
- Net debt to gross state product will be no greater than 12 per cent over the medium term.

The headline measure of a state's ability to sustainably borrow is its ability to service its debt. With interest rates at historic lows, Victoria is well positioned to increase borrowing while maintaining debt service payments at modest levels.

⁷ Department of Treasury and Finance, *Budget Paper No.2: 2019-20 Strategy and Outlook*, Melbourne 2018, p. 7.

⁸ Department of Treasury and Finance, *Budget update 2019-20*, Melbourne 2019, p. 4 (Committee calculation)

Ratings agencies measure sustainability by assessing the size of the debt but also the cost of servicing that debt by assessing interest expense as proportion of total revenue. Debt is unsustainable if Government is required to utilise a large portion of its total revenue to service the debt, diverting funds away from delivery of Government services and infrastructure.

As part of the *2020-21 Budget*, the Government has updated its long-term financial management objectives and its financial measures and targets to better reflect the current economic and fiscal conditions. The Government's long-term financial management objectives are set out in Budget Paper No.2 Chapter 1, Table 1.2. Progress toward these longer-term financial management objectives is supported by measures and targets set out in Budget Paper No.2 Chapter 1, Table 1.3. Budget Paper No.4, Chapter 1 sets out the Government's sustainability objective for the 2020-21 Budget.

DTF only – 2019-20 Budget revenue initiatives

Question 39

Regarding the revenue generating initiatives announced in the 2019-20 Budget please provide an explanation for the variances (5 per cent positive or negative) between the budget estimates and current estimates and any costs anticipated/forecast/incurred by the State in relation to legal proceedings concerning the initiatives.

Response

	2019-20 (\$million)	2020-21 (\$million)	2021-22 (\$million)	2022-23 (\$million)	Costs anticipated/forecast/incurred for legal proceedings
Harmonisation of foreigner property surcharges – absentee landowner surcharge	\$45.7 (anticipated revenue)	\$45.7 (anticipated revenue)	\$49.7 (anticipated revenue)	\$55 (anticipated revenue)	
	\$39.7 (current estimate)	\$43.6 (current estimate)	\$40.3 (current estimate)	\$40.3 (current estimate)	
Explanation for variance	<p>The original estimates were based on 2017-18 actual land tax data and land tax revenue forecast estimates as at the 2019-20 Budget. The property market has since softened and as a result, the recent land tax actual data and revised land tax estimates are lower than were anticipated at the 2019-20 Budget.</p> <p>The revised estimate for 2019-20 reflects natural variation in year-to-year absentee owner liabilities. The revised revenue over the forward estimates reflects updated expectations regarding the number and value of foreign purchaser transactions as a result of the coronavirus (COVID-19) pandemic.</p>				

Expand the qualifying provisions for the corporate reconstruction duty relief	\$36 (anticipated revenue) \$8.6 (current estimate)	\$36 (anticipated revenue) \$36 (current estimate)	\$36 (anticipated revenue) \$ 36 (current estimate)	\$36 (anticipated revenue) \$36 (current estimate)	
Explanation for variance	The current estimates reflect that it takes a long time for a corporate reconstruction to take place as there is a significant delay between when a corporate reconstruction commences and when it is finally executed. The coronavirus (COVID-19) pandemic slowed down business activity in 2019-20 and therefore corporate reconstruction activity.				
Motor vehicle duty – luxury vehicles	\$61 (anticipated revenue) \$39 (current estimate)	\$64.1 (anticipated revenue) \$37 (current estimate)	\$66.5 (anticipated revenue) \$41 (current estimate)	\$69.1 (anticipated revenue) \$42 (current estimate)	
Explanation for variance	The current estimates are based on updated data which reflects a reduction in dutiable transactions, partly in response to the coronavirus (COVIC -19) Pandemic, leading to downgrades to forecasts of transaction volumes over the forward estimates.				

Removing the exemption for gold from royalties	\$8 (anticipated revenue)	\$16 (anticipated revenue)	\$16 (anticipated revenue)	\$16 (anticipated revenue)	
	\$19 (current estimate)	\$38 (current estimate)	\$36 (current estimate)	\$35 (current estimate)	
Explanation for variance	<p>The current estimates reflect a sustained increase in gold prices which have recently reached record highs. The original estimates also incorporated conservative assumptions about Victorian gold production over the forward estimates and have since been revised upwards, reflecting that the removal of the gold royalty exemption has not prevented an increase in gold production.</p> <p>DTF notes that the gold royalty is a newly introduced initiative for which there is no previous state-collected data before 2019-20.</p>				
Harmonisation of foreigner property surcharges – land transfer duty surcharge	\$23.2 (anticipated revenue)	\$32.9 (anticipated revenue)	\$36.2 (anticipated revenue)	\$39.6 (anticipated revenue)	
	\$13.5 (current estimate)	\$24.0 (current estimate)	\$24.9 (current estimate)	\$39.3 (current estimate)	
Explanation for variance	<p>The coronavirus (COVID-19) pandemic and associated border closures resulted in fewer foreign purchaser transactions occurring in 2019-20 than expected at the time of the original costing.</p> <p>Ongoing uncertainty surrounding the reopening of international borders, and reduced transaction activity in 2019-20 is expected to result in fewer foreign purchaser transactions settling in 2020-21.</p> <p>A slow recovery of net overseas migration, and reduced transaction activity in 2020-21 is expected to result in fewer foreign purchaser transactions settling in 2021-22.</p>				

Remove the land tax exemption for contiguous land in metropolitan areas	\$10.9 (anticipated revenue)	\$10.9 (anticipated revenue)	\$10.9 (anticipated revenue)	\$10.9 (anticipated revenue)	
Explanation for variance	\$3.5 (current estimate)	\$3.8 (current estimate)	\$3.5 (current estimate)	\$3.5 (current estimate)	<p>The current estimates reflect:</p> <ul style="list-style-type: none"> a) A decline in average site values within Greater Melbourne for the 2020 land tax year; b) Some properties with contiguous principal place of residence (PPR) exemptions remaining entitled to exemptions for 2020 because the PPR and contiguous PPR exemption are on the same title; c) Some properties with contiguous PPR exemptions remaining entitled to exemptions because the PPR dwelling is located on both the PPR and contiguous PPR titles; d) Some owners potentially having consolidated the PPR and contiguous PPR properties into a single title before 31 Dec 2019; and e) Some owners potentially having divested the contiguous PPR title before 31 Dec 2019.

Question 10a - Capital Assets

2020-21 State Budget Paper No. 5

Line item (\$ mil)	2018-19 actual (\$ million)	2019-20 budget (\$ million)	2019-20 revised (\$ million)	2019-20 actual (\$ million)	2020-21 budget (\$ million)
Payment for non financial assets	33.30	32.85	n/a	36.50	138.25
Total	33.30	32.85		36.50	138.25

2020-21 State Budget Paper No. 4

Capital projects	2018-19 actual (\$ million)	2019-20 budget (\$ million)	2019-20 revised (\$ million)	2019-20 actual (\$ million)	2020-21 budget (\$ million)
New					
CAM Accommodation Densification ¹		-			2.64
Greener Government Buildings		-			5.00
Existing					
Better revenue management system	2.68	2.40	n/a	0.67	2.70
Greener Government Buildings ²	-	17.10	n/a	6.47	13.53
State Revenue Office Land Tax Compliance Program	1.10	1.30	n/a	1.33	
SRO Compliance Program	-			0.09	3.50
Other capital expenditure ³	29.53	28.15	n/a	34.41	127.05
Procurement Reforms ⁴	-	1.00	n/a	-	-
Completed					
	-			-	-
Sub total	33.30	32.85		36.50	138.25

¹ Excluded from the total as funding of \$2.64m for this project has been withheld centrally.

² Excluded from the total as this project is a statewide program and has been funded from the Sustainability Fund.

³ Other capital expenditure includes funding for building acquisition, ongoing DTF owned buildings capital maintenance, Infrastructure Victoria capital works, replacement of IT assets, property plant and equipment including vehicles and Cenitex capital works (one month only following Machinery of Government changes).

⁴ Capital expenditure funding was not required for this project.

Capital projects - COVID-19 response				2019-20 actual (\$ million)	2020-21 budget (\$ million)
Building works package					
n/a	n/a	n/a	n/a	n/a	n/a
Insert capital project name here					
Insert capital project name here					
Any other capital projects					
n/a	n/a	n/a	n/a	n/a	n/a
Insert capital project name here					
Insert capital project name here					
Insert capital project name here					
Sub total					

Line item	2018-19 actual (\$ million)	2019-20 budget (\$ million)	2019-20 revised (\$ million)	2019-20 actual (\$ million)	2020-21 budget (\$ million)
Insert line item					
Insert line item					
Insert line item					
Sub total					

PPPs	2018-19 actual (\$ million)	2019-20 budget (\$ million)	2019-20 revised (\$ million)	2019-20 actual (\$ million)	2020-21 budget (\$ million)
Insert PPP name here					
Insert PPP name here					
Insert PPP name here					
Sub total					

Total Payment for non financial assets	33.30	32.85	0.00		138.25
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Correct

Correct

Correct

Correct

Please note the total of capital projects for each year is expected to reconcile to the total payments for non financial assets
Please insert lines as required