



PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee

2019-20 Budget Estimates General Questionnaire

Department of Treasury and Finance

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2019-20 Budget Estimates questionnaire

Introduction

The Committee's inquiry into the 2019-20 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 on Wednesday 1 May 2019 (amended to 28 May 2019 as a result of the change in budget date)**.

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

In responding to questions, where directed, please use the relevant Excel worksheet in the attached document.

The completed questionnaire and Excel worksheets should be sent (in the format received) to: paec@parliament.vic.gov.au.

A signed copy of the completed questionnaire should also be provided to:

Dr Caroline Williams, Executive Officer
Public Accounts and Estimates Committee
Level 3, 55 St Andrews Place
EAST MELBOURNE VIC 3002

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 same name as is 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.

Specific guidance

Additional guidance is provided for particular questions in the questionnaire.

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

Jessica Strout, Lead Analyst (03) 8682 2870

Alanna Symons, Analyst (03) 8682 2996

Krystle Gatt Rapa, Research Assistant (03) 8682 2871

Revenue and expenditure

Question 1

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 driver for the variance for the following 5 comparatives:

- a) 2017-18 revised (2018-19 budget paper) compared to the 2017-18 actual (2019-20 budget paper)
- b) 2017-18 budget (2018-19 budget paper) compared to the 2017-18 actual (2019-20 budget paper)
- c) 2018-19 budget (2018-19 budget paper) compared to the 2018-19 revised (2019-20 budget paper)
- d) 2018-19 revised (2019-20 budget paper) compared to the 2019-20 budget (2019-20 budget paper)
- e) 2017-18 actual (2019-20 budget paper) compared to the 2018-19 revised (2019-20 budget paper).

Guidance

Variance – refers to the change in value, whether it be year on year or from one set of budget papers to the next.

Driver – refers to the main reason for the variance.

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

Response

Please see Excel Worksheet for response

Revenue – new and existing initiatives

Department of Treasury and Finance – please also provide this information in relation to new and existing tax expenditure, concession or subsidy initiatives that have changed since the previous financial year.

Question 2

For all new and existing revenue initiatives that have changed in the 2019-20 budget papers as compared to the 2018-19 budget papers, for the 2019-20 year, please provide the:

- a) name of the initiative and any sub-programs
- b) reason for the new initiative and any sub-programs/change to the initiative and any sub-programs
- c) expected outcome/benefit for the Victorian community of the new initiative and any sub-programs/change to the initiative and any sub-programs
- d) nature of the impact on service delivery
- e) performance measures and targets altered as a result of the new initiative and any sub-programs/change to the initiative and any sub-programs
- f) anticipated revenue in financial year 2019-20 and over the forward estimates (2020-21, 2021-22 and 2022-23) gained or foregone as a result of the new initiative and any sub-programs /change to the initiative and any sub-programs.

Response

Please see Excel Worksheet for response

Expenditure – new programs and initiatives (output and asset)

Question 3

For all new programs and initiatives (output and asset) in the 2019-20 budget papers, (that were not in the 2018-19 budget papers), please provide the:

- a) name of the program/initiative and any sub-programs
- b) expenditure in financial year 2019-20 on the program/initiative and any sub-programs
- c) details of how it will be funded (i.e. has the Department applied for additional funding or will there be an internal trade-off of existing capabilities?).

Response

Please see Excel Worksheet for response

Expenditure – lapsing programs (output initiatives including grants)

Question 4

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 2018-19, where funding is to be extended in the 2019-20 Budget, please provide the:

- a) name of the program and any sub-programs
- b) expenditure in the financial years 2018-19 and 2019-20 (and where relevant, future years)
- c) details of how the program and any sub-programs will be funded (i.e. has the Department applied for additional funding or will there be an internal trade-off of existing capabilities?)
- d) evidence of the continued need for the program and any sub-programs, and the role for Government in delivering it
- e) evidence of the program's progress toward its stated objectives and expected outcomes, including an alignment between the program and any sub-programs, its output (as outlined in *Budget Paper No.3: Service Delivery*), departmental objectives and any government priorities
- f) evidence of the program and any sub-programs 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 and any sub-programs
- h) information about what the nature of the impact of the program and any sub-programs ceasing would be and what strategies have been identified to minimise negative impacts
- i) evidence that the extended funding reflects the true cost required to deliver the program and any sub-programs.

Response

Please see Excel Worksheet for response

Question 5

For all programs (output initiatives including grants) with total funding of equal to or greater than \$5 million that are to lapse in 2018-19, please provide the:

- a) name of the program and any sub-programs
- b) expenditure in the financial year 2018-19
- c) reasons why the program and any sub-programs were 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 any sub-programs, and evidence of the outcomes achieved
- e) reasons why further funding is not being sought
- f) nature of the impact of ceasing the program and any sub-programs
- g) strategies that are being implemented to minimise negative impacts.

Response

Please see Excel Worksheet for response

Advertising – expenditure

Question 6

Please provide a list of forecast/budgeted advertising expenditure for the Department and its portfolio agencies in 2019-20 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 (DTF) and its agencies do not have any advertising campaigns planned for 2019-20 and the forward estimates period. 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.

Capital assets

Question 7

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 cash flow statement, please provide a breakdown of these costs and indicate to which capital project they relate.

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'.

Response

Please see Excel Worksheet for response

Public Private Partnerships – expenditure

Question 8

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.

In the 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.

Response

Please see Excel Worksheet for response

Carryover funding for payments for non-financial assets

Question 9

For the line item 'payments for non financial assets' for 2019-20 in the departmental cash flow statement in the Statement of Finances budget paper, please identify the amount that is expected to be funded using funds carried over from 2018-19.

Response

\$1 million carryover of Addition to the Net Asset Base (ATNAB) appropriation has been identified for the Procurement Reform project from 2018-19 to 2019-20.

Savings initiatives from past budgets

Question 10

For each of the savings initiatives detailed in the 2016-17 Budget, 2017-18 Budget, 2018-19 Budget and 2019-20 Budget, please detail (on the same basis of consolidation as the budget papers):

- a) how the Department will meet the various savings targets in 2019-20
- b) the nature of the impact that these actions will have on the delivery of services during 2019-20
- c) the Department's savings target for 2019-20, 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

Please see Excel Worksheet for response

Use for funds saved from other programs or initiatives

Question 11

In relation to any programs or initiatives that have been reprioritised, curtailed or reduced for 2019-20 (including lapsing programs), please identify:

- a) the amount expected to be spent under the program or initiative during 2019-20 at the time of the 2018-19 Budget
- b) the amount currently to be spent under the program or initiative during 2019-20
- c) the use to which the funds freed by this reduction will be put. Please include the name(s) of any program or initiative that will be funded or partially funded.

Response

Please see Excel Worksheet for response

Performance measures – new

Question 12

For all new performance measures in *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) the methodology behind estimating the expected outcome for the 2019-20 year, in the 2019-20 budget paper.

Response

Please see Excel Worksheet for response

Performance measures – modifications

Question 13

For all existing performance measures with an associated target that has been modified in *Budget Paper No.3: Service Delivery*, in the 2019-20 budget papers as compared to the 2018-19 budget papers, 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 last year, if applicable
- f) the methodology behind estimating the expected outcome in the 2019-20 Budget.

Response

Please see Excel Worksheet for response

Performance measures – annual review and assessment

Question 14

What is the process undertaken:

- a) internally by the Department in performing the annual review and assessment of objectives, outputs, performance measures and targets
- b) with the Department of Treasury and Finance to ensure departmental objectives, outputs, performance measures and targets continue to be relevant and robust.

Response

- (a) The Performance Management Framework mandatory requirement 3.3.1a (to be superseded by the Resource Management Framework from 1 July 2019) requires that departments undertake an annual review and assessment for continued relevance and robustness of the department's objectives, output structures and associated performance measures.

As part of the DTF process, the Department conducts inter-jurisdictional research, consults internally across DTF's divisions, seeks sign off by the DTF Board, seeks Ministerial approval and provides statements to DTF's Portfolio Analysis team.

- (b) The Department of Treasury and Finance has well established arrangements for the review and approval of departmental objectives, outputs, performance measures and targets as part of the annual budget process.

The Performance Management Framework mandatory requirement 3.3.2 (to be superseded by the Resource Management Framework from 1 July 2019) requires that departments and DTF conduct a joint review of departmental objectives, outputs and performance measures for continued relevance and robustness.

As part of the process, 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 suggested improvements. Variations against the targets are reported in budget papers and departmental annual reports.

Employees

Question 15

Please provide the Department's (actual/expected/forecast) Full Time Equivalent (FTE) staff numbers for the financial years ending 30 June 2018, 30 June 2019 and 30 June 2020:

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

Response

Please see Excel Worksheet for response

Contractors, consultants and labour hire arrangements

Question 16

- a) What are the main gaps in the Department's capability and capacity identified in the financial years 2018-19, 2019-20 and expected in 2020-21?
- b) For the financial years ending 30 June 2018, 30 June 2019 and 30 June 2020, 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).

Guidance

Please refer to the following definitions provided in Financial Reporting Direction 22H:

Consultant – A consultant is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through:

- provision of expert analysis and advice; and/or
- development of a written report or other intellectual output.

Contractor – A contractor is an individual or organisation that is formally engaged to provide works or services for or on behalf of an entity. This definition does not apply to casual, fixed-term or temporary employees directly employed by the entity.

For further guidance please see: Department of Treasury and Finance, *Guidance Note to Financial Reporting Direction (FRD) 22H: Guidance on the definition of consultant*, <<https://www.dtf.vic.gov.au/sites/default/files/2018-02/Guidance-note-to-financial-reporting-direction-FRD-22H.docx>> accessed 19 March 2019.

For the **occupation category** please refer to Government of Victoria, *Careers*, <careers.vic.gov.au> accessed 19 March 2019.

For **expected FTE as at 30 June 2019, and forecast FTE as at 30 June 2020**, please provide FTE numbers that are active on that date, that is, if zero FTE is expected as at 30 June 2019, it would infer that all existing contractors, consultants and labour hire arrangements expire on 29 June 2019 and new contracts commence on 1 July 2019.

- c) Where the 2018 actual costs (in total) for the financial year ending 30 June 2018 provided in this questionnaire and the 2019 expected costs (in total) for the financial year ending 30 June 2019 provided in this questionnaire, differ by greater than 5 per cent (positive or negative) compared to what was provided in response to the Committee's 2018-19 Budget Estimates questionnaire, please explain the reason for this variance. If the Department is new or no response was provided last year, please detail the forecasting methodology.

Response

Please see Excel Worksheet for response

Public Private Partnerships – labour costs

Question 17

For all Public Private Partnerships (PPPs), please detail the total labour costs (actual/expected/forecast) in PPPs for the financial years ending 30 June 2018, 30 June 2019 and 30 June 2020.

Response

Please see Excel Worksheet for response

Enterprise Bargaining Agreements

Question 18

- a) Please list all Enterprise Bargaining Agreements (EBAs) that are expected to be completed during the 2019-20 year that affect the Department, along with an estimate of the proportion of your Department's workforce (Full Time Equivalent) covered by the EBA.

Guidance

Please include in your response all affected portfolio and Department agencies.

- b) Please describe the effect the EBAs listed above have had on estimates of 2019-20 employee benefits.

Response

- a) The current Victorian Public Service (VPS) Enterprise Agreement reaches nominal expiry date on 31 December 2019. It is expected that bargaining for a new VPS agreement will be finalised in the 2019-20 financial year.

The new VPS Enterprise Agreement will affect approximately 510 Full Time Equivalent staff (based on the Department of Treasury and Finance Annual Report 2017-18).

- b) The DTF financial statements have built in the final salary increase of the current agreement effective from 1 July 2019. The forward estimates provide for the impact of the new VPS agreement in line with indexation.

Relationship between the Commonwealth and Victoria

Question 19

What impact have developments at the Commonwealth level had on the 2019-20 Budget?

Response

The release of the Commonwealth's 2019-20 Budget had an impact on the *2019-20 Victorian Budget*. In its budget papers the Commonwealth provides information on its estimated payments to Victoria over the budget and forward estimates period. These estimated payments include both general revenue assistance and tied grants.

The Commonwealth entered its caretaker period in April 2019 prior to the Federal election. During this time there was a hiatus on the renewal and negotiation of a number of key national agreements. Given that the agreements relate to ongoing service delivery, provision has been made in Victoria's *2019-20 Budget* as if existing parameters continue. With the conclusion of the 2019 Federal election, these negotiations can now continue.

Commonwealth election commitments that were not funded through its 2019-20 Budget are not included in Victoria's *2019-20 Budget*. These commitments are either subject to the outcome of negotiations or there is insufficient information regarding the quantum, timing or conditions of funding from the Commonwealth.

Appropriation and funding

Question 20

For the financial year ending 30 June 2019 how many of the Department's funding applications that were rejected by the Expenditure Review Sub-Committee were funded by other sources (to date)? If any, please detail the total funding amount.

Response

The information requested falls within the scope of matters pertaining to executive privilege and in particular would reveal the deliberative processes of Cabinet.

Financial authorisations

Question 21

- a) How are employees with financial authorisations educated regarding their role in:
 - i. authorising the expenditure of funds
 - ii. managing non-compliance with authorisations
 - iii. responding to suspected fraud.
- b) Is the concept of fiduciary duty explained to employees who have financial authorisation responsibilities, and is there an acknowledgement/acceptance obtained from these employees about fiduciary duty?
- c) How does the Department record and track employee education provided to authorised persons? Please provide details of the internal control systems that are in place.
- d) Are employees with financial authorisation responsibilities required to provide a compliance affirmation periodically?

Response

- i. All new staff joining the Department of Treasury and Finance (DTF) are required to attend Corporate Induction Training. A module in the Executive Officers' training covers financial delegations and the responsibilities of financial delegates. All new staff (VPS and Executive Officers) are directed to TreasuryNet, DTF's internal intranet communication portal.

TreasuryNet covers the financial delegations policy, including the following:

- Authority to authorise/incur expenditure;
- Delegates' responsibilities;
- Purchasing requirements; and
- Ariba (DTF's invoicing and receivables system); and
- Information on contract management.

A new financial delegate receives notification from the Financial Operations team on their financial amount limit and receives guidance materials on the authorisation process.

In addition, the Procurement Resourcing Unit (PRU) provides information to staff engaging in procurement, which includes the requirement to obtain the relevant financial delegate's approval for any procurement. Any procurement over \$10 000 requires formal processes and are reviewed by the PRU to ensure appropriate processes are followed. TreasuryNet contains detailed information on the DTF procurement processes.

- ii. TreasuryNet outlines the requirements of financial delegates and requires all delegates to be aware of their obligations under the Standing Directions 2018 of the *Financial Management Act 1994*. This requirement is included in the delegation agreement signed by the financial delegate on accepting financial delegation responsibilities. Contractors are ineligible to be financial delegates.

DTF Finance have regular meetings with groups and encourages Financial Delegates to follow up unexpected or unusual expenditures. Unusual or unexpected expenditure is compared to procurement documents to ensure that appropriate approvals have been obtained.

In addition, annual internal audit reviews include compliance of authorisations. These outsourced internal audit reviews have not found any instance of compliance breaches to date.

- iii. DTF has an integrity framework published on TreasuryNet. Included in this framework is a fraud, corruption and other losses policy. The policy includes definitions of fraud, corruption and other losses, together with a matrix that identifies roles of staff in detecting and reporting on fraud.

If fraud is suspected the Financial Delegate would act to remediate the issue and to institute proper controls in place to mitigate re-occurrences. The Financial Delegate then reports this to the Corporate Finance compliance team and informs them of the remedial action taken.

Corporate Finance provides the Financial Delegate advice on any further actions required. The Chief Financial Officer is responsible for recording the report and outcomes and escalating further reporting in compliance with the Standing Directions.

Internal audits also consider control weaknesses that may lead to potential fraud possibilities.

For more information please refer to question 23, which deals specifically with the integrity framework and fraud.

- b. DTF requires financial delegates to agree and understand the requirements of accepting the fiduciary duty associated with a financial delegation, represented by completing the *Financially delegated officers' signatory form - Responsibilities agreement and acknowledgement* form. The Standing Directions adopt the principle of fiduciary duty and by accepting the role of financial delegate staff are required to adhere to the principle.

In addition, DTF has a number of forms that it requires all employees with fiduciary duties to complete and sign, including conflict of Interest and declarations of private interests.

The receipt of signed delegation forms indicate that the Financial Delegates understand their responsibilities. Financial delegations are approved by the Secretary based on business need.

- c. DTF maintains a Financial Delegation Database that lists all delegations and is updated as changes occur.

DTF is installing an enterprise-wide financial system. As part of the systems upgrade DTF is updating financial and procurement policies and procedures. This is an area that could be improved in this upgrade process.

- d. While there are no specific attestation or financial affirmation processes in DTF, the suite of policies and processes outlined above guide financial delegates in carrying out their roles and obligations. This will be considered in DTF's financial policy with the introduction of the new financial system.

Governance

Question 22

Has the Department sought an exemption from compliance with specific or all requirements in the Standing Directions 2018 under the Financial Management Act 1994 (Standing Directions 2018) or the Instructions supporting the Standing Directions 2018? If so, please provide details, including whether the exemption was granted.

Response

The Department of Treasury and Finance has not sought any exemptions from compliance with the Standing Directions 2018.

Fraud and corruption

Question 23

- a) Has the Department been made aware of an actual or suspected significant or systemic fraud, corruption or other loss in the last financial year? If so, please provide details including the remedial action taken.
- b) What work has been undertaken by the Department to mitigate against significant or systemic fraud, corruption or other loss?
- c) What further steps will be undertaken by the Department in 2019-20 and over the forward estimates period to mitigate against significant or systemic fraud, corruption or other loss?
- d) Does the Department's budget include an allocation for the costs of fraud, corruption and other losses?
 - i. If so, please provide details, including how the allocation was calculated/forecast.
 - ii. If not, how does the Department manage resources to cover the costs?

Guidance

Please refer to the definition of 'other loss' provided under the Standing Directions 2018 under the Financial Management Act 1994, Direction 1.6:

Other loss – a loss caused by any intentional or negligent act or omission, including theft, vandalism and arson and excluding acts of God.

For further guidance please see: Department of Treasury and Finance, *Guidance supporting the Standing Direction of the Minister for Finance* 2016, June 2016 (Updated July 2018)

<<https://www.dtf.vic.gov.au/sites/default/files/document/Standing-Directions-2016-Guidance%20%28updated%20July%202018%29.pdf>> accessed 19 March 2019.

Response

- a) In September 2018 Cenitex identified a loss of 44 Cisco Wireless Access Point (WAP) Units following a stocktake, the missing WAPs had a total value of \$36,631.76. The WAP units were procured as part of an asset refresh project in March 2017. As the project was postponed, the WAP units were warehoused in the Cenitex store room longer than anticipated. During this time, they were repurposed to ease technical issues and were meant to be replenished by the borrowing parties.

Recovery activities were conducted to locate the 92 missing WAPs. Cenitex located and replenished 48 WAPs, leaving 44 WAPs unlocated.

Cenitex have since overhauled their asset control environment. Control changes include:

- Restricting access to the store room to asset management staff; and
- Establishing a register of project hardware transfers/loans.

In accordance with the 2018 Standing Directions under the Financial Management Act 1994, Cenitex has reported this loss to the Minister for Finance, its Audit and Risk Committee, the Department of Treasury and Finance and the Victorian Auditor-General's office. The DTF Secretary, has requested Cenitex to continue to keep all parties informed of subsequent actions taken to mitigate future losses.

(b) DTF conducts regular reviews of the controls addressing fraud and corruption risk. For example, there are regular reviews of the use of corporate cards to identify misuse, and reviews have to date revealed little misuse. There are also regular reviews of controls to address fraud and corruption risks relating to human resources and recruitment, e.g. application of the VPS Executive Officer Pre-employment Screening Policy. DTF also employs the services of an outsourced internal auditor to conduct audits with many of these audits involving the review of controls that address fraud and corruption risk e.g. review of HR core controls, information technology systems, and financial controls. All new staff are required to attend an induction session, which covers a number of topics including integrity.

DTF's Audit and Risk Committee reviews and assesses various high-risk systems to ensure adequate controls and mitigation strategies are in place to prevent fraud and corruption. These systems include, for example, those supplied and supported by Cenitex.

(c) To further mitigate against the risk of significant or systemic fraud, corruption or other loss, DTF will enhance its Integrity Framework. This includes a review of the department's "speak up program." More emphasis will be put into introducing continuous monitoring routines to monitor key fraud risks and the effectiveness of associated controls.

Furthermore, the expected implementation of a new financial system within DTF presents an opportunity to consider the use of data to develop reporting as a control to detect potential fraud risks and/or as a means to monitor the effectiveness of controls in place to manage fraud risks.

(d) DTF's budget does not include an allocation for the cost of fraud and corruption. Controls that address the risk of fraud, corruption and other losses are expected to mitigate the costs. Various insurance arrangements are also expected to offset the costs of fraud, corruption and losses.

Service delivery

Question 24

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

Please provide by portfolio, the relevant outputs, objective(s), performance measure(s), objective indicator(s) and indicate whether the measure is generated internally to the Department or externally.

Guidance

Internally – is where the data is collected and reported by the Department.

Externally – is where the data is collected and reported from an external source, such as from the Report on Government Services by the Productivity Commission.

Response

Please see Excel Worksheet for response

Question 25

Please provide a list of the agencies, entities and bodies to which the information contained in this questionnaire relates.

Response

Department of Treasury and Finance (DTF)

Essential Services Commission (ESC)

State Revenue Office (SRO)

Cenitex

Economic forecast

Department of Treasury and Finance only

Question 1 DTF

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, if there is a variance when comparing the same year in the 2018-19 Budget and the 2019-20 Budget, please explain the driver for the variance.

Trend analysis

- b) For each of the above indicators, if there is a variance when comparing one year to the next in the 2019-20 Budget, please explain the driver for the variance.

Guidance

Variance – refers to the change in value, whether it be year on year or from one set of budget papers to the next.

Driver – refers to the main reason for the variance.

Response

Please see Excel Worksheet for response

Grants

Department of Treasury and Finance only

Question 2 DTF

Budget Paper No.5: Statement of Finances, Table 4.3, 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 2018-19 budget figure in the 2018-19 Budget and the 2018-19 revised figure in the 2019-20 Budget, please explain what is the:
 - i. driver for the variance
 - ii. impact of the variance to Victoria
 - iii. action taken in response to expected changes in the value of general purpose grants
- b) from year to year in the 2019-20 Budget please explain what is the:
 - i. driver for the variance
 - ii. impact of the variance to Victoria
 - iii. action taken in response to expected changes in the value of general purpose grants.

Guidance

Variance – refers to the change in value, whether it be year on year or from one set of budget papers to the next.

Driver – refers to the main reason for the variance.

Response

Please see Excel Worksheet for response

Question 3 DTF

Budget Paper No.5: Statement of Finances, Table 4.5, lists Commonwealth grants for specific purposes, with detailed tables by expenditure category, Tables 4.6 to 4.12.

For each line item of the detailed tables by expenditure labelled 'Other' in the 2019-20 Budget, for all four years listed (2019-20, 2020-21, 2021-22 and 2022-23) that has a value exceeding \$10 million, please provide details of the grants to which they relate.

Response

Please see Excel Worksheet for response

Equity funding

Department of Treasury and Finance only

Question 4 DTF

Does the Government expect to receive equity funding as an alternative to traditional grant payments made by the Commonwealth over 2019-20 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 2019-20 and the forward estimates.

Land transfer duty

Department of Treasury and Finance only

Question 5 DTF

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 2018-19 Budget and the 2019-20 Budget, please explain what is the driver for the variance for each year.

Trend analysis

- b) one year to the next in the 2019-20 Budget please explain what is the driver for the variance.

Guidance

Variance – refers to the change in value, whether it be year on year or from one set of budget papers to the next.

Driver – refers to the main reason for the variance.

Response

Please see Excel Worksheet for response

Question 6 DTF

Budget Paper No.5: 2018-19 Statement of Finances, provides that: ‘Land transfer duty revenue is expected to grow by 3.8 per cent to \$7.1 billion in 2018-19, and is expected to increase by 3.2 per cent a year on average over the forward estimates, following estimated growth of 11 per cent in 2017-18.’¹

- a) Why did the 2018-19 Budget increase estimates of land transfer duty revenue?

The land transfer duty base increased to \$6.9 billion in 2017-18, an increase of \$1.1 billion in the base from what was forecast in the *2016-17 Budget*. In the *2018-19 Budget*, DTF revised down land transfer duty growth rates from 5.4 per cent (the *2017-18 Budget*) to 3.8 per cent (the *2018-19 Budget*). As foreshadowed, “Forecasts for the *2018-19 Budget* anticipate a stable economic backdrop that will support an orderly moderation in the housing market in Victoria.” (the *2018-19 Budget*, Budget Paper No. 5, Statement of Finances, Chapter 4 *State revenue*, Page 146). However, the downgrade to growth did not fully offset the impact of the higher base in 2017-18. This led to a \$568 million increase in the 2018-19 level published in the *2018-19 Budget* relative to the *2017-18 Budget* forecast for the same year.

- b) What is the learning derived from this outcome?

DTF evaluates historical forecast performance prior to each forecasting round and takes all information known at the time to derive a balanced forecast. Nonetheless, land transfer duty is a particularly volatile revenue line and the rate of annual change has fluctuated between -25 and 46 per cent. Transaction taxes are particularly difficult to forecast with accuracy, given both price and volume effects, as well as compositional changes such as the share of residential and non-residential property transactions. Past forecast errors are examined with a view to identifying revenue lines that require the highest priority for further review.

- c) Has forecasting methodology for land transfer duty revenue changed as a result of this outcome?

DTF continues to invest significant resources to better understanding the property market. DTF invested resources to refine and develop new models to improve forecast accuracy. DTF developed new techniques to interrogate available data, to assist in identifying trends in the property market (see the *2018-19 Budget*, Budget Paper No. 5, Statement of Finances, Chapter 4 *State revenue*, Box 4.2, Page 145). The forecasting methodology for land transfer duty revenue has not changed specifically because of this recent example.

¹ Department of Treasury and Finance, *Budget Paper No. 5: 2018-19 Statement of Finances*, Melbourne, 2018, p. 141

Question 7 DTF

What were the anticipated savings/benefits from the proposed appropriations reforms contained in Financial Management and Constitution Acts Amendment Bill 2017, which lapsed at the end of the 58th Parliament?

Response

The reforms included in the Financial Management and Constitution Acts Amendment Bill 2017 were not intended to deliver quantifiable savings. They were designed to complement other reforms in financial management to enable government to make better-informed resource allocation decisions. The Bill's reforms were intended to deliver greater clarity and certainty for departments and agencies regarding financial management, to streamline unnecessarily complicated procedures, and to cover gaps in existing legislation.

It was expected that these reforms would result in staff of DTF and other departments being able to reduce considerably the amount of time and effort spent in ensuring that financial management is consistent with legislative requirements, and so free them to direct their attention to more productive activities.

Public Private Partnerships – modifications and accountability

Department of Treasury and Finance only

Question 8 DTF

Please detail all Public Private Partnerships (PPP) currently under construction in the 2019-20 year as per the 2019-20 budget papers, which in comparison to the 2018-19 budget papers have changed their:

- name
- scope
- Total Estimated Investment (by greater than 5 per cent (positive or negative))
- timelines (including completion – Estimated Completion Date)
- which government entity or portfolio is responsible for delivery of the project or components of the project.

Please provide an explanation for these changes.

Response

Please see Excel Worksheet for response

Net Debt

Department of Treasury and Finance only

Question 9 DTF

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, if there is a variance when comparing the same year in the 2018-19 budget papers and the 2019-20 budget papers, please explain the driver for the variance.

Trend analysis

- b) For the 'Net debt' and 'Net debt to GSP' line items, if there is a variance when comparing one year to the next in the 2019-20 budget papers, please explain the driver for the variance.

Guidance

Variance – refers to the change in value, whether it be year on year or from one set of budget papers to the next.

Driver – refers to the main reason for the variance.

Response

As outlined in the *2019-20 Budget*, the general government sector's net debt at June 2018 was \$20.0 billion, or 4.6 per cent of gross state product (GSP). The net debt outcome was \$0.4 billion higher than the revised 2017-18 estimate published in the *2018-19 Budget* reflecting differences in the timing of activity across the major departments.

Nominal net debt is expected to increase by \$19.8 billion at June 2022 compared with the *2018-19 Budget*.

Since the *2018-19 Budget Update*, the increase in net debt is primarily due to the recognition of the impact of accounting standards changes and the three major projects outlined in *Labor's Financial Statement 2018 (LFS)*, being the North East Link, Melbourne Airport Rail and the removal of an additional 25 level crossings by 2025.

The two accounting standards that have the most significant impact on net debt in the general government sector are: AASB 16 *Leases* and AASB 1059 *Service Concession Arrangements: Grantor (Service Concession Arrangements)*:

- Under AASB 16, most operating leases are now required to be recognised as lease liabilities on the balance sheet, where previously they were recognised by an annual expense through the operating statement; and
- AASB 1059 introduces the requirement to recognise a service concession asset and a financial liability for arrangements that require an operator to provide public services on behalf of the State, using a service concession asset (predominantly social infrastructure public private partnerships (PPPs) such as transport infrastructure). The timing and recognition under the new standards is earlier and requires the recognition of the asset and the liability progressively during the construction period of a project. This change has the impact of increasing net debt in earlier years.

By June 2023, net debt is projected to be 10.0 per cent of GSP. The impact of additional borrowings to fund the three major projects and changes in accounting standards account for 4.0 percentage points of this increase.

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

Question 10 DTF

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 2018-19 Budget, is 'General government net debt as a percentage of GSP [gross state product] be maintained at a sustainable level over the medium term'.²

In November 2018, the Treasurer announced that the Government intended to increase the level of acceptable debt from 6 per cent of GSP to 12 per cent, mainly to cover the cost of Victoria's infrastructure program.³

- a) Please detail the circumstances (economic, financial etc.) that led the Government to change its position on the level of acceptable/sustainable net debt.
- b) Given the change in the Government's position on debt how will general government net debt as a percentage of GSP be maintained at a sustainable level?
- c) How does the Government's position on debt compare with other like jurisdictions? Please explain the characteristics of the like jurisdictions identified that make them comparable to Victoria.
- d) Please provide the definition of 'sustainable debt' used in 2018-19 and the definition of 'sustainable debt' that applies in 2019-20?

Response

In the *Labor Financial Statement 2018*, the Government has committed to stabilise net debt as a proportion of GSP at 12 per cent over the medium term, including the impact of accounting standards changes. As set out in Budget Paper No. 2, Chapter 3, the decision to increase net debt target over the medium term reflects the need to prudently expand capacity to fund a multi-generational infrastructure build and respond to the needs of a growing population.

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

When two rating agencies, Standard & Poor's (S&P) and Moody's Investor Services (Moody's) assess a jurisdiction, and its ability to service its debt, they have regard to a range of qualitative and quantitative factors.

Victoria is currently only one of 10 comparable sub-sovereign jurisdictions that are rated triple-A by both Standard & Poor's (S&P) and Moody's Investor Services (Moody's). Both S&P and Moody's have consistently highlighted Victoria's record of strong financial management, responsible fiscal targets and action to meet them. Since the Government was re-elected, Moody's Investor Services has confirmed that the proposed increase in net debt to 12 per cent of GSP is manageable within Victoria's current triple-A credit rating.

² Department of Treasury and Finance, *Budget Paper No.2: 2018-19 Strategy and Outlook*, Melbourne 2018, p. 6.

³ Patrick Durkin, 'Victorian Election 2018: Debt to double as big-spending Labor drops cap', *Australian Financial Review*, 22 November 2018.

In the 2018-19 Budget, the sustainability objective for net debt was set out in Budget Paper No. 5, Chapter 1 was “net debt to gross state product will be no greater than its peak over the past five years by the end of the forward estimates.”

The sustainability objective for net debt has been updated to reflect the Government’s new medium-term commitment to stabilise net debt at 12 per cent of GSP, including accommodating the impact of accounting standards changes. In the 2019-20 Budget, the sustainability objective has been updated accordingly in Budget Paper No. 5, Chapter 1 to: “net debt to gross state product will be no greater than 12 per cent over the medium term.”

As set out in Budget Paper No. 2, Chapter 3, net debt to GSP is projected to reach 10.0 per cent by June 2023. The two accounting standards that have the most significant impact on net debt in the general government sector are: AASB 16 *Leases* and AASB 1059 *Concession Arrangements: Grantor (Service Concession Arrangements)*. The recognition of lease liabilities and service concession arrangements on the balance sheet increases net debt by around 2 percentage points, on average, over the budget and forward estimates. These changes do not impact the underlying fundamentals of the State’s financial sustainability or its cost of borrowing; rather they reflect variations in the composition and timing of recognition of certain transactions in published financial statements.

We understand that, at this stage, Victoria is the only jurisdiction to fully recognise the impact on net debt of the two accounting standards AASB 16 and AASB 1059 in current Budget publications. As a result, net debt to GSP will not be comparable until all comparable jurisdictions have adopted these accounting standards.

Budget Paper No. 2, Chapter 3 contains further information regarding the Government’s plans to sustainably increase net debt as a share of GSP while maintaining Victoria’s triple-A credit rating.

Output performance and revenue certification

Department of Treasury and Finance only

Question 11 DTF

Please detail any instances in the current financial year (2018-19), where a department's request for revenue has been adjusted upon receipt of invoice by the Department of Treasury and Finance (either in the six months ended December or in the 12 months ended June) in the revenue certification process of output performance reporting (to date).

Response

Please see Excel Worksheet for response

Implementation of previous recommendations made by the Committee

Department of Treasury and Finance only

Question 12 DTF

In its *Report on the 2018-19 Budget Estimates* the Committee found that the following supported recommendations to government that were made as part of its *Report on the 2017-18 Budget Estimates* had not yet been implemented:

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.

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.

Please provide an update on the status of the implementation of these recommendations.

Response

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.

Question 1 - Revenue and expenditure

a)

Line item	2017-18 revised, 2018-19 budget paper	2017-18 actual, 2019-20 budget paper	Variance	Explanation for variance/ change
Interest	1.06	1.49	41%	The variance was mainly due to better than expected returns from investments held by Cenitex.
Grants	1.27	1.88	48%	The variance is mainly due to higher than anticipated grants from DELWP related to land remediation works.
Other income	31.50	28.28	-10%	The variance is mainly due to slightly lower than expected rental income from government owned buildings.
Grants and other transfers	6.82	7.71	13%	The variance is mainly due to higher payments to State Trustees for the establishment of the <i>HomesVic Shared Equity</i> initiative.

b)

Line item	2017-18 budget, 2018-19 budget paper	2017-18 actual, 2019-20 budget paper	Variance	Explanation for variance/ change
Interest	1.23	1.49	21%	The variance is mainly due to better than expected returns from investments held by Cenitex.
Grants	0.00	1.88	100%	The variance is mainly due to new grants allocated to Buying for Victoria as part of the Victorian Jobs Partnership.
Other income	31.50	28.28	-10%	The variance is mainly due to slightly lower than expected rental income from government owned buildings.
Grants and other transfers	6.02	7.71	28%	The variance is mainly due to higher payments to State Trustees for the establishment of the <i>HomesVic Shared Equity</i> initiative.

c)

Line item	2018-19 budget, 2018-19 budget paper	2018-19 revised, 2019-20 budget paper	Variance	Explanation for variance/ change
Output appropriations	349.15	416.59	19%	The variance is mainly due to the transfer of Invest Victoria from the former DEDJTR to DTF as part of a MoG change which increased DTF's overall income and expenses.
Interest	1.06	1.60	52%	The variance is mainly due to better than expected returns from investments held by Cenitex.
Other income	32.16	36.34	13%	The variance is mainly due to the higher administration fees as a result of increased vehicle numbers under Vicfleet.
Depreciation	37.36	29.48	-21%	The variance is mainly due to lower than originally forecasted depreciation expenses on buildings.
Grants and other transfers	42.59	51.52	21%	The variance is mainly due to the transfer of Invest Victoria from the former DEDJTR to DTF as part of a MoG change, and includes grant funding to the private sector. The increase is partially offset by the reclassification of grant expense to other operating expenses relating to the purchase of property valuations from the Valuer-General Victoria.
Other operating expenses	196.89	246.56	25%	The variance is mainly due to the higher purchase of supplies and consumable relating to the transfer of Invest Victoria from the former DEDJTR to DTF. The variance is also due to the reclassification of the purchased property valuation services from grant expense to other operating expenses.

d)

Line item	2018-19 revised, 2019-20 budget paper	2019-20 budget, 2019-20 budget paper	Variance	Explanation for variance/ change
Output appropriation	416.59	493.94	19%	The variance is mainly due to the full year budget transferred from the former DEDJTR for Invest Victoria. In addition, there are also new funding from 2019-20 Budget initiatives, including the <i>Victorian Jobs and Investment Fund</i> and <i>State Revenue Office Compliance Program</i> .
Interest	1.60	1.30	-19%	The variance is mainly due to the lower investment balance and returns held by Cenitex.
Grants	2.87	8.06	180%	The variance is mainly due to the contribution from other departments and agencies for inter-departmental collaborative projects.
Employee benefits	246.91	276.79	12%	The variance is mainly due to the full year budget transferred from the former DEDJTR for Invest Victoria. In addition, there are also new funding from 2019-20 Budget initiatives, including <i>Fairer energy regulation</i> and <i>State Revenue Office Compliance Program</i> .
Depreciation	29.48	49.50	68%	The variance is mainly due to the introduction of the new AASB 16 Leases accounting standard, which requires most operating leases to be brought onto the balance sheet, increasing depreciation and interest expense.
Interest expense	0.20	3.26	1532%	The variance is mainly due to the introduction of the new AASB 16 Leases accounting standard, which requires most operating leases to be brought onto the balance sheet also increasing depreciation and interest expenses.
Grants and other tra	51.52	119.13	131%	The variance is mainly due to the full year budget transferred from the former DEDJTR for Invest Victoria, including grants to the private sector.
Other operating exp	246.56	222.00	-10%	The variance is mainly due to the introduction of the new AASB 16 Leases accounting standard, which requires most operating leases to be brought onto the balance sheet which removes operating lease expenses.

e)

Line item	2017-18 actual, 2019-20 budget paper	2018-19 revised, 2019-20 budget paper	Variance	Explanation for variance/ change
Output appropriations	299.79	416.59	39%	The variance is mainly due to the half year budget transferred from the former DEDJTR for Invest Victoria. In addition, there are also new funding from 2018-19 Budget initiatives, including <i>Essential Services Commission Enhanced Regulatory Activity</i> and <i>Annual land Valuations</i> .
Grants	1.88	2.87	53%	The variance is mainly due to additional grants allocated to Buying for Victoria (DTF) from DPC as part of the Victorian Jobs Partnership.
Other income	28.28	36.34	28%	The variance is mainly due to the higher administration fee as a result of increased vehicle numbers under Vicfleet.
Depreciation	47.56	29.48	-38%	The variance is mainly due to the amortisation of municipal land valuation used in 2017-18. From 1 July 2018, the centralised property valuations model was established where the purchase is fully expensed in the same year under other operating expenses.
Grants and other transfers	7.71	51.52	568%	The variance is mainly due to the half year budget transferred from the former DEDJTR for Invest Victoria, including grants to the private sector.
Capital asset charge	22.00	62.98	186%	The variance is mainly due to the 2017-18 asset revaluation which increased the asset based for DTF and led to additional capital asset charges from 2018-19 onwards.
Other operating expenses	212.12	246.56	16%	The variance is mainly due to the half year budget transferred from the former DEDJTR for Invest Victoria. In addition, there is new funding from the <i>2018-19 Budget</i> initiatives, including <i>Essential Services Commission Enhanced Regulatory Activity</i> and <i>Annual land valuations</i> .

Question 2 - Revenue - new and existing initiatives

a)	Name as used in budget papers	Harmonisation of foreigner property surcharges – absentee landowner surcharge
b)	Reason for new initiative or change	Aligns Victoria's absentee owner surcharge rate with New South Wales.
c)	Expected outcome/benefit for community	Increase the contributions made by absentee owners who benefit from Government investment through the increased value of their property but largely do not contribute to a wide range of taxes and charges paid by local property owners.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	\$45.7 million
	Anticipated revenue in financial year 2020-21 gained or foregone	\$45.7 million
	Anticipated revenue in financial year 2021-22 gained or foregone	\$49.7 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$55.0 million

a)	Name as used in budget papers	Expand the payroll tax exemption to all types of parental leave
b)	Reason for new initiative or change	This provides a fair tax treatment for employers that offer any type of parental leave and encourages employers to give parents more time to spend with their children.
c)	Expected outcome/benefit for	Provide non-discriminatory benefits to new parents.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	-\$1.7 million
	Anticipated revenue in financial year 2020-21 gained or foregone	-\$1.8 million
	Anticipated revenue in financial year 2021-22 gained or foregone	-\$1.8 million
	Anticipated revenue in financial year 2022-23 gained or foregone	-\$1.9 million

a)	Name as used in budget papers	Expand the qualifying provisions for the corporate reconstruction duty relief
b)	Reason for new initiative or change	To promote business efficiency, the qualifying provisions for corporate reconstruction relief under the <i>Duties Act 2000</i> will be expanded. This is expected to facilitate business restructuring and reduce compliance costs.
c)	Expected outcome/benefit for community	The three year post association requirement will be removed, allowing more businesses to benefit from stamp duty relief. A concessional duty rate of 10 per cent on all duties otherwise payable will be introduced. This is expected to support greater business efficiency by enabling corporations to more efficiently structure their business.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	\$36 million
	Anticipated revenue in financial year 2020-21 gained or foregone	\$36 million
	Anticipated revenue in financial year 2021-22 gained or foregone	\$36 million

Anticipated revenue in financial year 2022-23 gained or foregone	\$36 million
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a)	Name as used in budget papers	Motor vehicle duty – luxury vehicles
b)	Reason for new initiative or change	This initiative promotes the progressivity of motor vehicle duty rates. Introduction of two new luxury tax thresholds.
c)	Expected outcome/benefit for community	This initiative improves equity through more targeted taxation of high value motor vehicles.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	\$61.0 million
	Anticipated revenue in financial year 2020-21 gained or foregone	\$64.1 million
	Anticipated revenue in financial year 2021-22 gained or foregone	\$66.5 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$69.1 million

a)	Name as used in budget papers	Motor vehicle duty – luxury vehicles concession for green cars and primary producers
b)	Reason for new initiative or change	To provide a concession for primary producers and low emission vehicles valued above the luxury threshold.
c)	Expected outcome/benefit for community	A concession for primary production passenger vehicles to reduce the impact on the business costs of primary production. A concession for low emission 'green' vehicles to reduce the impact of the high costs of green vehicles.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	-\$3.4 million
	Anticipated revenue in financial year 2020-21 gained or foregone	-\$3.6 million
	Anticipated revenue in financial year 2021-22 gained or foregone	-\$3.7 million
	Anticipated revenue in financial year 2022-23 gained or foregone	-\$3.8 million

a)	Name as used in budget papers	Removing the exemption for gold from royalties
b)	Reason for new initiative or change	Victoria is the only jurisdiction in Australia that does not currently apply a gold royalty.
c)	Expected outcome/benefit for community	Increase Victoria's resource royalties. Given the resources are owned by the State, it is appropriate for the Victorian Government to receive a return from the depletion of non-renewable resources.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	\$8 million
	Anticipated revenue in financial year 2020-21 gained or foregone	\$16 million
	Anticipated revenue in financial year 2021-22 gained or foregone	\$16 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$16 million

a)	Name as used in budget papers	Harmonisation of foreigner property surcharges – land transfer duty surcharge
b)	Reason for new initiative or change	Aligns Victoria's foreign buyer land transfer duty surcharge with New South Wales.
c)	Expected outcome/benefit for community	Increase the contributions made by foreign purchasers who benefit from Government investment through the increased value of their property but largely do not contribute to a wide range of taxes and charges paid by local property owners.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	\$23.2 million
	Anticipated revenue in financial year 2020-21 gained or foregone	\$32.9 million
	Anticipated revenue in financial year 2021-22 gained or foregone	\$36.2 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$39.6 million

a)	Name as used in budget papers	Remove the land tax exemption for contiguous land in metropolitan areas
b)	Reason for new initiative or change	This measure will promote the efficient use of land and discourage land banking.
c)	Expected outcome/benefit for community	This initiative potentially increases housing supply and improves housing affordability.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	\$10.9 million
	Anticipated revenue in financial year 2020-21 gained or foregone	\$10.9 million
	Anticipated revenue in financial year 2021-22 gained or foregone	\$10.9 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$10.9 million

a)	Name as used in budget papers	Motor vehicle duty – service demonstrator vehicles exemption
b)	Reason for new initiative or change	Currently licenced motor car traders (LMCT) carrying on the business of wholesale or retail dealings in motor vehicles are entitled to a duty exemption when purchasing trading stock and/or demonstrator vehicles used predominantly for either or both of these purposes. This exemption reflects the essence of the business of LMCTs – the acquisition and sale of motor vehicles.
c)	Expected outcome/benefit for community	The expanded exemption will provide further support to licenced motor car traders.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	-\$3 million
	Anticipated revenue in financial year 2020-21 gained or foregone	-\$3 million
	Anticipated revenue in financial year 2021-22 gained or foregone	-\$3 million

Anticipated revenue in financial year 2022-23 gained or foregone	-\$3 million
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a)	Name as used in budget papers	Investing in our regions - further reduction to regional payroll tax
b)	Reason for new initiative or change	The eligibility rules for the regional rate will be simplified by removing the 'business location test' that required an employer to have their registered business address in regional Victoria.
c)	Expected outcome/benefit for community	To further encourage regional employment and encourage both local and international investment in Victoria.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	..
	Anticipated revenue in financial year 2020-21 gained or foregone	-27.2 million
	Anticipated revenue in financial year 2021-22 gained or foregone	-56.6 million
	Anticipated revenue in financial year 2022-23 gained or foregone	-89.4 million

a)	Name as used in budget papers	Investing in our regions - land transfer duty concession for commercial and industrial properties in regional Victoria
b)	Reason for new initiative or change	To provide support to regional businesses and encourage businesses to locate in regional areas.
c)	Expected outcome/benefit for community	To further encourage regional employment and encourage both local and international investment in Victoria.
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	-4.9 million
	Anticipated revenue in financial year 2020-21 gained or foregone	-12.4 million
	Anticipated revenue in financial year 2021-22 gained or foregone	-21.1 million
	Anticipated revenue in financial year 2022-23 gained or foregone	-31.0 million

a)	Name as used in budget papers	Payroll tax – increase the payroll tax free threshold
b)	Reason for new initiative or change	The current payroll tax-free threshold of \$650 000 will be increased to \$700 000 by 2022-23, with increases of \$25 000 from 1 July 2021 and a further \$25 000 from 1 July 2022.
c)	Expected outcome/benefit for community	It will reduce the payroll tax for all businesses and reduce the number of businesses paying payroll tax from the current 38 000 by around 700 in 2021-22 and a further 700 in 2022-23
d)	Nature of the impact on service delivery	N/A
e)	Performance measures and targets altered	N/A
f)	Anticipated revenue in financial year 2019-20 gained or foregone	..
	Anticipated revenue in financial year 2020-21 gained or foregone	..
	Anticipated revenue in financial year 2021-22 gained or foregone	-28.3 million
	Anticipated revenue in financial year 2022-23 gained or foregone	-58.4 million

Question 3- Expenditure - new programs and initiatives (output and asset)

a) Program/initiative name	b) Expenditure in financial year 2019-20 \$ Million	c) Details of how it will be funded
Fairer Energy Regulation	\$6.036	New output funding provided
State Revenue Office Compliance Program	\$13.812	New output funding provided
Component of the WoVG Victorian Jobs and Investment fund (Invest Victoria)	\$35.000	\$30m New output funding provided \$5m rephased from 2018-19 to 2019-20
Reforming Emergency Services Superannuation	\$11.000	Funding sourced from internal reprioritisation utilising existing employer superannuation contributions and scheme assets.
Review of building and planning approvals processes	\$0.824	Funding sourced from internal reprioritisation.

Questions 4 and 5 - Expenditure - lapsing programs (output initiatives including grants)

Question 4 - For all lapsing programs (output initiatives including grants) where total funding with total funding of equal to or greater than \$5 million that are to be extended in the 2019-20 Budget

DTF does not have programs with total funding of equal to or greater than \$5 million, lapsing in 2018-19 financial year.

a)	Name	n/a
b)	Expenditure in financial years 2018-19 and 2019-20 (and where relevant, future years)	n/a
c)	Details of how the program will be funded	n/a
d)	Evidence of the continued need for the program and the role for Government in delivering it	n/a
e)	Evidence of the program's progress towards its stated objectives/expected outcomes	n/a
f)	Evidence of the program being delivered within its scope, budget, expected timeframe, and in line with appropriate governance and risk management practices	n/a
g)	Extent and level of efficiencies realised in the delivery of the program	n/a
h)	What the nature of the impact of the program ceasing would be and what strategies have been identified to minimise negative impacts	n/a
i)	Evidence that the extended funding reflects the true cost required to deliver the program	n/a

Question 5 - For all programs (output initiatives including grants) with total funding of equal to or greater than \$5 million that are to lapse in 2018 19

DTF does not have programs with total funding of equal to or greater than \$5 million, lapsing in 2018-19 financial year.

a)	Name	n/a
b)	Expenditure in financial year 2018-19	n/a
c)	Reasons why the program was established	n/a
d)	Details of who and how many used the program and evidence of the outcomes achieved	n/a
e)	Reasons why further funding is not being sought	n/a
f)	Nature of the impact of ceasing the program is	n/a
g)	What strategies are being implemented to minimise negative impacts	n/a

Question 7 - Capital Assets

Line item	2017-18 actual	2018-19 budget	2018-19 revised	2019-20 budget
Payment for non financial assets	28,300,000	36,561,000	34,307,400	32,847,400
Total	28,300,000	36,561,000	34,307,400	32,847,400

Capital project	2017-18 actual	2018-19 budget	2018-19 revised	2019-20 budget
Better revenue management system	2,304,000	4,144,000	2,187,000	2,400,000
Procurement reform ¹	N/A	1,000,000	-	1,000,000
State Revenue Office Land Tax Compliance Program	61,000	1,365,000	1,264,000	1,300,000
Total	2,365,000	6,509,000	3,451,000	4,700,000

Line item	2017-18 actual	2018-19 budget	2018-19 revised	2019-20 budget
Other capital expenditure ²	25,935,000	30,052,000	30,856,400	28,147,400
Total	25,935,000	30,052,000	30,856,400	28,147,400

Note:

1. Funding for the Procurement reform project has been carried over from 2018-19 to 2019-20.
2. Other capital expenditure includes funding for ongoing DTF owned buildings capital maintenance; Cenitex capital works; the SRO compliance program; replacement of IT assets and property, plant and equipment including vehicles.
3. The Greener Government Buildings project published in Budget Paper No. 4 is a whole of government initiative funded through the Sustainability Fund and is not included in DTF's estimates for capital expenditure.

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

Question 8 - Public Private Partnerships – expenditure

Line item	2017-18 actual	2018-19 budget	2018-19 revised	2019-20 budget
PPP projects	NIL	NIL	NIL	NIL
Total				

PPPs	2017-18 actual	2018-19 budget	2018-19 revised	2019-20 budget
Insert PPP name here	NIL	NIL	NIL	NIL
Total				

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

Question 10 - Savings initiatives from past budgets

Initiative	Actions the Department will take in 2019-20	Impact of these actions on service delivery in 2019-20	Savings target for 2019-20 (\$ million)	Explanation for variances to the original target
Savings and efficiencies and expenditure reduction measures in 2016-17 Budget	n/a	n/a	Nil	n/a
Savings 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 2019-20.	3.09	n/a
Any efficiency and expenditure reduction measures in 2018-19 Budget	n/a	n/a	n/a	n/a
Any efficiency 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 2019-20.	1.30	n/a

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

Question 11 - Use for funds saved from other programs or initiatives

Program/initiative that has been reprioritised, curtailed or reduced	The amount expected to be spent under the program or initiative during 2019-20		The use to which the funds will be put
	at the time of the 2018-19 Budget	at the time of the 2019-20 Budget	
Implementation of Major Infrastructure Capability and Capacity (Lapsing Program)	0.8	0.8	N/A
Procurement Reform (Lapsing Program)	2.1	2.1	N/A
Department of Treasury and Finance owned buildings capital maintenance funding (asset initiatives) (Lapsing Program)	3.1	3.1	N/A

Programs listed are all lapsing in 2019-2020, no other reprioritised, curtailed or reduced programs have been identified for 2019-20

Question 12 - Performance measures – new

	Performance measure	Compliance revenue assessed meets target	Performance measure	Setting of regulated price and tariffs	Performance 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	Performance 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	Performance measure	Proportion of people making inquiries to the Red Tape Unit who found it responsive and helpful
a)	Description/purpose of the measure	New performance measure for 2019-20 to reflect new funding for the SRO Advanced Compliance Program	Description/purpose of the measure	New performance measure for 2019-20 to reflect new funding for the Energy Fairness Plan initiative.	Description/purpose of the measure	New performance measure for 2019-20 to reflect the quality of the Office of the Commissioner for Better Regulation's support.	Description/purpose of the measure	New performance measure for 2019-20 to reflect the timeliness of advice provided by the Office of the Commissioner for Better Regulation.	Description/purpose of the measure	New performance measure for 2019-20 to reflect quality of service provided by the Red Tape Unit.
b)	Assumptions and methodology underpinning the measure	Risks to revenue are reviewed and strategies to mitigate the risk are determined	Assumptions and methodology underpinning the measure	Assumes setting and publishing the Victorian Default Offer price. Counted when a final determination has been made by the commission.	Assumptions and methodology underpinning the measure	This measure draws on a question from the OCBR's feedback survey of agencies preparing a RIS or LIA. The survey is sent to an agency once a RIS or LIA is complete to obtain feedback on the quality of the OCBR's advice and usefulness of preparing a RIS or LIA. This performance measure is calculated as the proportion of respondents that agree or strongly agree that "Overall, OCBR's support was valuable".	Assumptions and methodology underpinning the measure	This measure draws on a question from the OCBR's feedback survey of agencies preparing a RIS or LIA. The survey is sent to an agency once a RIS or LIA is complete to obtain feedback on the quality of the OCBR's advice and usefulness of preparing a RIS or LIA. This performance measure is calculated as the proportion of respondents that agree or strongly agree that "OCBR provided timely responses to queries and drafts".	Assumptions and methodology underpinning the measure	This performance measure draws on a short web-based survey sent to people who make inquiries to the Red Tape Unit (RTU) (the RTU sits within the OCBR). The survey provides feedback to the RTU about how responsive and helpful it was.
c)	How target was set	Known Internal and External Factors are given consideration ie Historical and previous years' revenue results, strike rates of investigation projects, market place activity of high value transactions, uncertainties of investigative outcomes etc	How target was set	One Victorian Default Offer price determination is made per year.	How target was set	The target was set at 90 per cent based on responses to the OCBR's RIS/LIA feedback survey in recent years.	How target was set	The target was set at 90 per cent based on responses to the OCBR's RIS/LIA feedback survey in recent years.	How target was set	A conservative target of 80 per cent was set for the RTU because it receives inquiries about red tape from people who are often frustrated with government processes or decisions. The RTU cannot help all people who make inquiries. A conservative target has also been set because this measure is based on a new survey.
d)	Shortcomings of the measure	Historical trends provide useful insights but there could be several economic and market factors that could impact on case selection and investigation outcomes, some of which are factors outside of our control	Shortcomings of the measure	Details are subject to a final Order in Council.	Shortcomings of the measure	This measure is based on feedback from a policy officer/officers preparing a RIS or LIA. Their feedback might not reflect the value of support to the broader agency. There might be other shortcoming related to the feedback being provided after the RIS/LIA is completed.	Shortcomings of the measure	This measure is based on feedback from a policy officer/officers preparing a RIS or LIA. There might be shortcomings related to the officers providing feedback being unable to clearly remember how timely the OCBR's advice was. Feedback might be based on the timeliness of advice at the end of the project rather than general timeliness through the different stages of the project.	Shortcomings of the measure	Not all people who make inquiries will respond to the survey. Typically, inquiries are from private individuals or businesses, so response rates are likely to be lower than for survey of a government agency. Those who respond to the survey might not be representative of the broader group that make inquiries (i.e. those who respond might, on average, find the RTU more or less helpful than those who make inquiries).
e)	Methodology behind estimating expected outcome for 2019-20 in the 2019-20 budget paper	The 2019-20 budget papers will not contain a 2019-20 expected outcome for this performance measure.	Methodology behind estimating expected outcome for 2019-20 in the 2019-20 budget paper	The 2019-20 budget papers will not contain a 2019-20 expected outcome for this performance measure.	Methodology behind estimating expected outcome for 2019-20 in the 2019-20 budget paper	The 2019-20 budget papers will not contain a 2019-20 expected outcome for this performance measure.	Methodology behind estimating expected outcome for 2019-20 in the 2019-20 budget paper	The 2019-20 budget papers will not contain a 2019-20 expected outcome for this performance measure.	Methodology behind estimating expected outcome for 2019-20 in the 2019-20 budget paper	The 2019-20 budget papers will not contain a 2019-20 expected outcome for this performance measure.

Please repeat table as required

Question 13 - Performance measures – modifications

	Performance measure	New or revised regulatory instruments issued	Performance measure	Price approvals of regulated businesses	Performance measure	Registration and accreditation decisions/approvals in relation to the Victorian Energy Efficiency Target Scheme (now called the Victorian Energy Upgrades program)	Performance measure	Compliance and enforcement activities – energy
	Description / purpose of the measure	Number of rules or guidelines necessary to support the Act and operation of the target scheme.	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.	Description / purpose of the measure	Registration and accreditation of participants, power stations and small generation units.	Description / purpose of the measure	Number of compliance and enforcement activities undertaken in the energy sector.
a)	Previous target	6	Previous target	39	Previous target	6000	Previous target	15
b)	New target and how it was set	7, increased by 1 based on increasing regulatory reforms in the energy sector	New target and how it was set	22, based on number of businesses required to submit price or tariff proposals in 2019-20.	New target and how it was set	5000, based on current year outcomes and estimates provided by stakeholders	New target and how it was set	30, based on estimate of increased enforcement action once the Energy Fairness Plan is implemented.
c)	Justification for changing the target	The higher 2019-20 target reflects new funding in the 2019-20 Budget for the Energy Fairness Plan initiative.	Justification for changing the target	The lower 2019-20 target reflects the number of businesses required to submit annual price or tariff proposals, consistent with the 2013 Determinations made by the Commission	Justification for changing the target	The lower 2019-20 target reflects the change in the Victorian Energy Upgrade market resulting in fewer activities being submitted for approval which is consistent with 2017-18 and 2018-19.	Justification for changing the target	The higher 2019-20 target reflects new funding in the 2019-20 Budget for the Energy Fairness Plan initiative.
d)	If the target was not met last year, why?	Met, expected outcome: 12	If the target was not met last year, why?	Not met, the 2018-19 expected outcome is: 22 The 2018-19 expected outcome is lower than the 2018-19 target due to a lesser requirement to perform price approvals of regulated businesses than originally anticipated (Lesser number of Local Government fee capping applications).	If the target was not met last year, why?	Not met, the 2018-19 expected outcome is: 4400. The lower 2019-20 target reflects the change in the Victorian Energy Upgrade market resulting in fewer activities being submitted for approval which is consistent with 2017-18 and 2018-19.	If the target was not met last year, why?	Met, the 2018-19 expected outcome is: 15
e)	Methodology behind estimating expected outcome	New or revised regulatory instruments are approved by the Commission. Some are tabled in Parliament and gazetted.	Methodology behind estimating expected outcome	Number of approvals that are advised to regulated businesses and approved by the Commission.	Methodology behind estimating expected outcome	Number of registrations and accreditations approved by the Commission.	Methodology behind estimating expected outcome	Number of breaches requiring a penalty notice to be issued.
f)								
	Performance measure	Develop and implement policy guidance and training, and infrastructure investment frameworks to govern and build capability to deliver infrastructure	Performance measure	Revenue from sale of surplus Government land including Crown land	Performance measure	Total accommodation cost	Performance measure	Workspace ratio
	Description / purpose of the measure	The number of new or revised infrastructure policies, technical notes guidelines or research papers published and forums or training sessions including Gateway training provided to support smarter investment decisions.	Description / purpose of the measure	The BP3 output measure is a measure of DTF's Land and Property group's activity in achieving contracted land sales in a financial year. It reflects the value of contracts signed in a financial year.	Description / purpose of the measure	The average rental and outgoings cost of providing office accommodation across Victoria expressed as a cost per square metre of office area occupied.	Description / purpose of the measure	The average area occupied by each full time equivalent person in government offices expressed in square metres.
	Previous target	83	Previous target	200	Previous target	395	Previous target	14.4
	New target and how it was set	116, (a) For 2019-20 Infrastructure Policy and Assurance (IPA) and Partnerships Victoria (PV) expect a similar workload for their respective teams in 2019-20 year (total 60). However, PV do consider there could be 10 per cent decrease from their 2018-19 output result of 21. Therefore, the PV estimate has been decreased by 3 to 18. IPA/PV total target of 58 is derived from original 60 then deducting 2 (i.e. PV's 10% above, rounded). (b) For 2019-20 the Office of Projects Victoria (OPV) expect to: - enrol and commence 2 cohorts for the Victorian Major Projects Leadership Academy (1 point per day, 21 days per cohort = target of 42); - run 8 courses of Commercial Capability Training (1 point per day, 2 day course = target of 16) OPV total target of 58 is derived from 42 + 16. Therefore, the overall 116 target is derived from IPA/PV and OPV targets of 58 and 58 respectively.	New target and how it was set	150, based on the value of surplus government properties expected to be contracted for sale by DTF's Land and Property group in 2019-20.	New target and how it was set	397. The target was set based on the current portfolio taking into account CPI increases in the rent expense.	New target and how it was set	12. The target was set based on the target workspace density ratio for the Victorian Government of 12 sqm per FTE, and taking into account the result of the most recent annual workspace ratio for the portfolio.
	Justification for changing the target	The higher 2019-20 target reflects additional project management and leadership training sessions managed by the Office of Projects Victoria.	Justification for changing the target	The lower 2019-20 target reflects the value of sites expected to be contracted in that financial year, based on identified surplus properties owned by government departments.	Justification for changing the target	The higher 2019-20 target reflects the cost estimate for 2019-20.	Justification for changing the target	The lower 2019-20 target reflects the standard as outlined in the Victorian Office Accommodation Guidelines.
	If the target was not met last year, why?	Met, the 2018-19 expected outcome is: 94	If the target was not met last year, why?	Not met, the 2018-19 expected outcome is: 150. The 2018-19 expected outcome is lower than the 2018-19 target due to re-profiling of the land sales program between financial years.	If the target was not met last year, why?	Exceeded, the 2018-19 expected outcome is: 385 The 2018-19 expected outcome is lower than the 2018-19 target due to a timing issue in the data. The figure is calculated using the actual rent expense and the actual total portfolio net lettable area (NLA). There has been a significant increase in the NLA that may not yet be reflected in the rent expense (due to lease incentives that can include rent-free periods and rent reductions).	If the target was not met last year, why?	Exceeded, the 2018-19 expected outcome is: 11.9 sqm per FTE. The lower 2018-19 expected outcome of 11.9 sqm per FTE was sourced from the annual workspace ratio audit in May 2018. This result is consistent with the Victorian Office Accommodation Guidelines which recommends a maximum workspace density ratio of 12 sqm per FTE.
	Methodology behind estimating expected outcome	The number of policies and procedures completed are counted and added to the number of training days run by the group.	Methodology behind estimating expected outcome	Revenue from sale of surplus Government land including Crown land from DTF portfolio.	Methodology behind estimating expected outcome	The expected outcome is calculated using the annualised year to date actual rent expense and the actual portfolio NLA.	Methodology behind estimating expected outcome	The average area occupied by each full time equivalent person in government offices expressed in square metres.

DTF

Performance measure	Client agencies' satisfaction with the service provided by the Shared Service Provider
Description / purpose of the measure	The SSP Client Satisfaction survey measures the respondents average satisfaction with SSP services.
Previous target	78
New target and how it was set	70. The 70 per cent client satisfaction target was set based on a return to the overall percentage methodology and to retain consistency with previous targets.
Justification for changing the target	The lower 2019-20 target reflects the decision to revert to the previous methodology of measuring the result as an overall percentage rather than a weighted average. The change in methodology from percentage to weighted average occurred in 2018-19. Following a review of the revised methodology, it is considered more accurate to use an overall percentage and maintain the previous target of 70 per cent.
If the target was not met last year, why?	Met, the 2018-19 expected outcome is: 78
Methodology behind estimating expected outcome	Results are obtained from the SSP client satisfaction survey, an annual survey with results obtained after Q4 but collected as part of the Q4 output reporting process. The overall client satisfaction is calculated based on responses to a five-point qualitative rating scale, ranging from "Very Dissatisfied" to "Very Satisfied".

Performance measure	Number of funding reviews contributed to by DTF
Description / purpose of the measure	To highlight DTF's contribution to Funding Reviews undertaken across government.
Previous target	3
New target and how it was set	8. The upcoming Base Review program encompasses reviews for the eight departments.
Justification for changing the target	The 2019-20 target has increased to encompass the upcoming program of departmental base reviews.
If the target was not met last year, why?	Exceeded, the 2018-19 expected outcome is: 3
Methodology behind estimating expected outcome	The upcoming Base Review program encompasses reviews for the eight departments. DTF expects to be involved with all these reviews; commensurately, the target is 8.

Performance measure	Reviews, investigations or advisory projects
Description / purpose of the measure	Number of reviews, investigations or advisory projects undertaken, either initiated by relevant Ministers or by the Commission directly.
Previous target	1
New target and how it was set	2. Increased by 1 to include new ongoing function in the review of competitiveness of the energy market
Justification for changing the target	The higher 2019-20 target reflects new funding in the 2019-20 Budget for the Energy Fairness Plan initiative.
If the target was not met last year, why?	Met, the 2018-19 expected outcome is: 2
Methodology behind estimating expected outcome	Number of final reports released or provided to relevant Ministers in response to a request for advice and approved by the Commission.

Performance measure	Number of HVHR project assurance plans in place
Description / purpose of the measure	The number of Project Assurance Plans developed to provide tailored assurance by DTF for High Value or High Risk (HVHR) projects. This measure reflects the project assurance workload of the branch.
Previous target	15
New target and how it was set	14. Align with the number of new HVHR projects provided in the Budget.
Justification for changing the target	The lower 2019-20 target reflects the number of HVHR projects approved in the 2019-20 budget.
If the target was not met last year, why?	Met, the 2018-19 expected outcome is: 15
Methodology behind estimating expected outcome	Aggregate number of HVHR project assurance plans completed during the financial year.

Question 15 – Employees

a) DTF, SRO, ESC

Classification	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Secretary	1.00	0.08%	1.00	0.07%	1.00	0.07%
EO 1	5.00	0.40%	7.00	0.51%	7.00	0.48%
EO 2	23.30	1.87%	23.40	1.71%	26.40	1.80%
EO 3	66.26	5.31%	64.26	4.68%	66.36	4.53%
VPS Grade 7.3	2.80	0.22%	2.80	0.20%	2.80	0.19%
VPS Grade 7.2	2.00	0.16%	4.00	0.29%	4.00	0.27%
VPS Grade 7.1	8.70	0.70%	7.70	0.56%	7.70	0.53%
VPS Grade 6.2	120.53	9.66%	134.22	9.78%	136.32	9.31%
VPS Grade 6.1	95.28	7.64%	137.10	9.99%	137.90	9.41%
VPS Grade 5.2	159.95	12.82%	169.54	12.36%	171.54	11.71%
VPS Grade 5.1	131.48	10.54%	166.95	12.17%	178.95	12.22%
VPS Grade 4	252.39	20.23%	263.71	19.22%	281.71	19.23%
VPS Grade 3	262.00	21.00%	281.70	20.53%	337.70	23.05%
VPS Grade 2	88.89	7.12%	79.41	5.79%	76.41	5.22%
VPS Grade 1	2.80	0.22%	4.00	0.29%	4.00	0.27%
Government Teaching Service						
Health services						
Police						
Allied health professionals						
Child protection						
Disability development and support						
Custodial officers						
Other (Please specify)	25.44	2.04%	25.20	1.84%	25.20	1.72%
Total	1247.82	100.00%	1371.99	100.00%	1464.99	100.00%

*The increase of 93 FTE from 2019 to 2020 reflects SRO's compliance program.

b)

Category	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Ongoing	1112.69	89.17%	1256.89	91.61%	1349.89	92.14%
Fixed term	134.50	10.78%	114.84	8.37%	114.84	7.84%
Casual	0.63	0.05%	0.26	0.02%	0.26	0.02%
Total	1247.82	100.00%	1371.99	100.00%	1464.99	100.00%

c)

Identification	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Men	646.14	51.78%	693.05	50.51%	734.85	50.16%
Women	601.68	48.22%	677.94	49.41%	729.14	49.77%
Non-binary gender	0.00	0.00%	1.00	0.07%	1.00	0.07%
Total	1247.82	100.00%	1371.99	100.00%	1464.99	100.00%

d)

Identification	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
People who identify as Aboriginal or Torres Strait Islander	6.5	0.52%	14	1.02%	61	4.16%
People who identify as having a disability	36.2	2.90%	55	4.01%	91	6.21%
Total	42.7	3.42%	69	5.03%	152	10.38%

*June 2020 forecast reflects the government targets of 4% Aboriginal and Torres Strait Islander staff and 6% staff with a disability.

For parts a and b, please note total percentages are expected to equal 100%

a) ESSSuper

Classification	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Secretary						
EO 1	0	0.0%	0	0.0%	0	0.0%
EO 2	2	1.4%	2	1.3%	2	1.3%
EO 3	3	2.1%	5	3.3%	4	2.6%
ESS 4	22.9	16.1%	26	17.0%	26	17.0%
ESS 3	47.4	33.4%	49.7	32.5%	49.7	32.5%
ESS 2	29.4	20.7%	36.9	24.1%	37.9	24.8%
ESS 1	37.25	26.2%	33.3	21.8%	33.3	21.8%
VPS Grade 7.3	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 7.2	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 7.1	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 6.2	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 6.1	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 5.2	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 5.1	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 4	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 3	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 2	N/A	N/A	N/A	N/A	N/A	N/A
VPS Grade 1	N/A	N/A	N/A	N/A	N/A	N/A
Government Teaching Service	N/A	N/A	N/A	N/A	N/A	N/A
Health services	N/A	N/A	N/A	N/A	N/A	N/A
Police	N/A	N/A	N/A	N/A	N/A	N/A
Allied health professionals	N/A	N/A	N/A	N/A	N/A	N/A
Child protection	N/A	N/A	N/A	N/A	N/A	N/A
Disability development and support	N/A	N/A	N/A	N/A	N/A	N/A
Custodial officers	N/A	N/A	N/A	N/A	N/A	N/A
Other (Please specify)	N/A	N/A	N/A	N/A	N/A	N/A
Total	141.95	100%	152.9	100%	152.9	100%

b)

Category	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Ongoing	136.09	95.9%	150	98.1%	150	98.1%
Fixed term	3.8	2.7%	2.9	1.9%	2.9	1.9%
Casual	2.06	1.5%	0	0.0%	0	0.0%
Total	141.95	100.0%	152.9	1	152.9	1

c)

Identification	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Men	70.55	49.7%	76	49.7%	76	49.7%
Women	71.4	50.3%	76.9	50.3%	76.9	50.3%
Non-binary gender	N/A	N/A	N/A	N/A	N/A	N/A
Total	141.95	100%	152.9	100%	152.9	100%

d)

Identification	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
People who identify as Aboriginal or Torres Strait Islander	N/A	N/A	N/A	N/A	N/A	N/A
People who identify as having a disability	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

For parts a and b, please note total percentages are expected to equal 100%

a) CenITex

Classification	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Secretary						
EO 1						
EO 2	2.00	1%	2.00	0.4%	1.85	0.4%
EO 3	1.80	0%	2.00	0.4%	1.85	0.4%
VPS Grade 7.3	1.00	0%	1.00	0.2%	0.93	0.2%
VPS Grade 7.2	8.00	1%	6.00	1.1%	5.56	1.1%
VPS Grade 7.1	17.80	3%	21.80	3.8%	20.21	3.8%
VPS Grade 6.2	70.74	13%	71.42	12.5%	66.21	12.5%
VPS Grade 6.1	82.60	15%	97.60	17.1%	90.48	17.1%
VPS Grade 5.2	76.00	14%	73.00	12.8%	67.67	12.8%
VPS Grade 5.1	77.70	14%	82.20	14.4%	76.20	14.4%
VPS Grade 4	87.20	16%	87.40	15.3%	81.02	15.3%
VPS Grade 3	107.18	20%	115.55	20.3%	107.13	20.3%
VPS Grade 2	10.01	2%	9.58	1.7%	8.87	1.7%
VPS Grade 1						
Government Teaching Service						
Health services						
Police						
Allied health professionals						
Child protection						
Disability development and support						
Custodial officers						
Other (Please specify)						
Total	542.03	100.0%	569.55	100.0%	528.00	100.0%

b)

Category	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Ongoing	474.49	87.54%	462.53	81.21%	428.79	81.21%
Fixed term	46.80	8.63%	73.60	12.92%	68.22	12.92%
Casual	20.74	3.83%	33.42	5.87%	30.99	5.87%
Total	542.03	100.00%	569.55	100.00%	528.00	100.00%

c)

Identification	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Men	435.60	80.37%	450.10	79.03%	343.20	65%
Women	106.43	19.63%	119.45	20.97%	184.80	35%
Non-binary gender						
Total	542.03	100.00%	569.55	100.00%	528.00	100.00%

d)

Identification	As at 30/06/2018		As at 30/06/2019		As at 30/06/2020	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
People who identify as Aboriginal or Torres Strait Islander	0	0.00%	0	0.00%	6	1.14%
People who identify as having a disability	1	0.18%	1	0.18%	11	2.08%
Total	1	0.18%	1	0.18%	17	3.22%

For parts a and b, please note total percentages are expected to equal 100%

Question 16 – Contractors, Consultants and Labour Hire Arrangements

For part b) iii), please list the occupation category separated by a comma

For part c) please insert 'n/a' as required if no explanation for variance is required

Includes DTF and SRO

a)

Financial year	Main gaps in capability and capacity
2018-19 to 2020-21	<p>In its People Strategy 2018-20 and People Matter Action Plan 2018-19, the Department has identified the following areas for capability uplift; leadership, wellbeing, diversity and inclusion, flexible work practices and respectful workplace culture. These are being developed in numerous ways including training and re-alignment of policy and processes.</p> <p>The Department has launched a tailored and contemporary leadership development program for all VPS6, VPS7 and Executive Officer employees to complete over the next three years. This program will improve leadership capability in the areas of leading self, leading others and leading the organisation. The program also complements the Victorian Leadership Academy, run by the Victorian Public Sector Commission.</p> <p>The Department is also designing a capability framework which will focus on further developing the current and future capabilities such as verbal and written communication skills and problem-solving ability. The intention is for the framework to provide the foundation for a centralised learning and development program, to refine the recruitment and selection practices and to support workforce planning activities.</p> <p>In 2018-19 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 designed a Diversity and Inclusion framework and has implemented an All Abilities action plan, which supports the VPS Getting to Work strategy. An Aboriginal employment strategy is also being developed, which is aligned to the VPS Barring Djinang strategy, and is expected to be launched in 2019-20.</p>

b)

i)

As at	FTE Number		
	Contractors	Consultants	Labour Hire Arrangements
30 June 2018	Not available *	Not available **	51.6
30 June 2019	Not available *	Not available **	55.5
30 June 2020	Not available *	Not available **	59.4

* explanation Mainly outsourced services from Cenitex, edupay, property /facilities mgmt 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.

ii)

Financial year ending	Corresponding expense		
	Contractors	Consultants	Labour Hire Arrangements
30 June 2018	\$ 13,926,151	\$ 34,108,128	\$ 9,739,959
30 June 2019	\$ 14,166,833	\$ 23,781,833	\$ 11,896,500
30 June 2020	\$ 15,583,517	\$ 20,541,833	\$ 13,301,150

iii)

Financial year ending	Occupation category		
	Contractors*	Consultants**	Labour Hire Arrangement*
30 June 2018	Includes IT, HR /Payroll, Property Management and legal services	Commercial and Transaction advice, Commercial advice legal, Review of structure process and practice, Business need and system design. Framework development and policy, and general advisory services	Includes a range of categories including, IT, telecommunications, HR, accounting, admin support, Project and Change Managers
30 June 2019	as above	as above	as above
30 June 2020	as above	as above	as above

* explanation DTF can provide broad categories covering the different types of services provided by contractors and labour hire arrangements

** explanation The above categories cover the range of consultancy advice sought by DTF

c)

Expense type	Costs for financial year ending 30 June 2018, 2018-19 Budget Estimates questionnaire	Costs for financial year ending 30 June 2018, 2019-20 Budget Estimates questionnaire	Variance	Explanation
Contractor	n/a	n/a		
Consultant	n/a	n/a		
Labour Hire Arrangement	\$ 9,300,000	\$ 9,739,959	4.7%	n/a

or

Forecasting methodology

For part b) iii), please list the occupation category separated by a comma

For part c) please insert 'n/a' as required if no explanation for variance is required

Question 17 – Public Private Partnerships - labour costs**Financial year 2017-18**

PPP name	Labour cost
	NIL

Financial year 2018-19

PPP name	Labour cost
	NIL

Financial year 2019-20

PPP name	Labour cost
	NIL

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

Question 24 - Service delivery

Portfolio	Treasurer	Treasurer	Treasurer	Treasurer & Assistant Treasurer	Assistant Treasurer	Treasurer & Assistant Treasurer	Treasurer & Assistant Treasurer	Treasurer	
Output(s)	Budget and Financial Advice	Budget and Financial Advice	Budget and Financial Advice	Budget and Financial Advice	Budget and Financial Advice	Budget and Financial Advice	Budget and Financial Advice	Budget and Financial Advice	
Objective(s)	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	
Performance measure(s)	Number of funding reviews contributed to by DTF	Variance of the revised estimate of State budget expenditure	Unqualified audit reports/reviews for the State of Victoria Financial Report and Estimated Financial Statements	Recommendations on financial management framework matters made by PAEC and VAGO and supported by Government are actioned	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	Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	Delivery of advice to Government on portfolio performance within agreed timeframes	Annual Budget published by date agreed by Treasurer	
Objective indicator(s)	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources.
Internal/external	Internal	Internal	External	Internal	Internal	External	Internal	Internal	

Please list outputs, objectives, performance measures and objective indicators, separated by a comma

Treasurer	Assistant Treasurer	Treasurer & Assistant Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	
Budget and Financial Advice	Budget and Financial Advice	Budget and Financial Advice	Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	
Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	
Budget Update, Financial Report for the State of Victoria, Mid Year Financial Report, and Quarterly Financial Reports are transmitted by legislated timeline	Annual financial management compliance report for the previous financial year is submitted to the Minister for Finance	Total output cost	Revenue assessed from compliance projects meets estimates	Revenue collected as a percentage of budget target	Cost to collect \$100 of tax revenue raised is less than the average of State and Territory Revenue Offices	Compliance revenue assessed meets target	Customer satisfaction level	Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	
<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> A net operating surplus consistent with maintaining general government net debt at a sustainable level General government net debt as a percentage of GSP to be maintained at a sustainable level Agency compliance with the Standing Directions under the Financial Management Act 1994 Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources.
Internal	Internal	Internal	Internal	Internal	External	Internal	Internal	External	

Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer
Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	Revenue Management and Administrative Services to Government	Economic and Policy Advice	Economic and Policy Advice	Economic and Policy Advice
Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Optimise Victoria's fiscal resources	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance
Ratio of outstanding debt to total revenue (monthly average)	Objections received to assessments issued as a result of compliance projects	Revenue banked on day of receipt	Timely handling of objections (within 90 days)	Timely handling of private rulings (within 90 days)	Total output cost	Economic research projects and papers completed that contribute to deeper understanding of economic issues and development of government policy	High level engagement with nonVictorian Public Service stakeholder groups that contributes to public policy debate	Conduct biannual surveys to assess the impact of changes to Victorian regulations on business
<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<ul style="list-style-type: none"> • A net operating surplus consistent with maintaining general government net debt at a sustainable level • General government net debt as a percentage of GSP to be maintained at a sustainable level • Agency compliance with the Standing Directions under the Financial Management Act 1994 • Advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	<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. 	<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. 	<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.
External	Internal	Internal	Internal	Internal	Internal	Internal	Internal	Internal

Treasurer	Treasurer	Treasurer	Treasurer & Assistant Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer & Assistant Treasurer
Economic and Policy Advice	Economic and Policy Advice	Economic and Policy Advice	Economic and Policy Advice	Economic and Policy Advice	Economic and Policy Advice	Economic and Policy Advice	Economic and Policy Advice	Economic and Policy Advice
Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance
Accuracy of estimating State taxation revenue in the State budget	Accuracy of estimating the employment growth rate in the State budget*	Accuracy of estimating the gross state product growth rate in the State budget*	Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	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	Proportion of people making inquiries to the Red Tape Unit who found it responsive and helpful	Briefings on key Australian Bureau of Statistics economic data on day of release	The Office of the Commissioner for Better Regulation's advice on Regulatory Impact Statements or Legislative Impact Assessments was timely, as assessed by departments	Total output cost
<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. 	<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. 	<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. 	<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. 	<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. 	<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. 	<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. 	<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. 	<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.
Internal	External	External	External	Internal	Internal	External	Internal	Internal

Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer	Treasurer
Economic Regulatory Services	Economic Regulatory Services	Economic Regulatory Services	Economic Regulatory Services	Economic Regulatory Services	Economic Regulatory Services	Economic Regulatory Services	Economic Regulatory Services	Economic Regulatory Services
Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance
New or revised regulatory instruments issued	Performance reports for regulated businesses or industries	Performance reviews and compliance audits of regulated businesses	Price approvals of regulated businesses	Registration and accreditation decisions/approvals in relation to the Victorian Energy Efficiency Target Scheme (now called the Victorian Energy Upgrades program)	Reviews, investigations or advisory projects	Compliance and enforcement activities – energy	Setting of regulated price and tariffs	Decisions upheld where subject to review, appeal or disallowance
<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. 	<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. 	<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. 	<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. 	<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. 	<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. 	<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. 	<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. 	<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.
Internal	Internal	Internal	Internal	Internal	Internal	Internal	Internal	Internal

Treasurer	Treasurer	Minister for Economic Development	Minister for Economic Development	Minister for Economic Development	Minister for Economic Development	Minister for Economic Development	Treasurer	Treasurer
Economic Regulatory Services	Economic Regulatory Services	Invest Victoria	Invest Victoria	Invest Victoria	Invest Victoria	Invest Victoria	Commercial and Infrastructure Advice	Commercial and Infrastructure Advice
Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Strengthen Victoria's economic performance	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure
Delivery of major milestones within agreed timelines	Total output cost	Jobs resulting from government investment facilitation services and assistance	New Australian/international regional headquarters of firms and/or research development centres attracted to Victoria	New investment resulting from government facilitation services and assistance	Visits to the Invest Victoria website	Total output cost	Develop and implement policy guidance and training, and infrastructure investment frameworks to govern and build capability to deliver infrastructure	Gateway reviews undertaken
<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. 	<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. 	<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. 	<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. 	<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. 	<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. 	<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. 	<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. 	<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.
Internal	Internal	Internal	Internal	Internal	External	Internal	Internal	Internal

Assistant Treasurer	Treasurer	Treasurer	Treasurer & Assistant Treasurer	Assistant Treasurer	Treasurer	Treasurer	Treasurer & Assistant Treasurer	Treasurer & Assistant Treasurer	
Commercial and Infrastructure Advice	Commercial and Infrastructure Advice	Commercial and Infrastructure Advice	Commercial and Infrastructure Advice	Commercial and Infrastructure Advice	Commercial and Infrastructure Advice	Commercial and Infrastructure Advice	Commercial and Infrastructure Advice	Commercial and Infrastructure Advice	
Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	
Revenue from sale of surplus Government land including Crown land	Provision of PNFC/PFC financial estimates and actuals, along with commentary and analysis, for the State budget papers and financial reports	Number of HVHR project assurance plans in place	Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	Percentage of registered housing agencies assessed annually as meeting performance standards	Credit agencies agree that the presentation and information provided support annual assessment	Senior responsible owner agrees Gateway review was beneficial and would impact positively on project outcomes	Advice provided to Government on board appointments at least three months prior to upcoming board vacancies	Analysis and review of corporate plans within two months of receipt	
<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. 	<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 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Internal	Internal	Internal	External	External	Internal	Internal	Internal	Internal	

DTF

Treasurer & Assistant Treasurer	Treasurer & Assistant Treasurer	Assistant Treasurer	Assistant Treasurer	Assistant Treasurer	Assistant Treasurer	Assistant Treasurer
Commercial and Infrastructure Advice	Commercial and Infrastructure Advice	Services to Government	Services to Government	Services to Government	Services to Government	Services to Government
Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	Deliver efficient whole of government common services	Deliver efficient whole of government common services	Deliver efficient whole of government common services	Deliver efficient whole of government common services	Deliver efficient whole of government common services
Dividend collection in accordance with budget decisions	Total output cost	Total accommodation cost	Workspace ratio	Client agencies' satisfaction with the service provided by the Shared Service Provider	Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	Total output cost
<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. 	<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. 	<ul style="list-style-type: none"> • Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs • Low vacancy rates for government office accommodation maintained • High quality whole of government common services provided to Government agencies, as assessed by feedback from key clients. 	<ul style="list-style-type: none"> • Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs • Low vacancy rates for government office accommodation maintained • High quality whole of government common services provided to Government agencies, as assessed by feedback from key clients. 	<ul style="list-style-type: none"> • Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs • Low vacancy rates for government office accommodation maintained • High quality whole of government common services provided to Government agencies, as assessed by feedback from key clients. 	<ul style="list-style-type: none"> • Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs • Low vacancy rates for government office accommodation maintained • High quality whole of government common services provided to Government agencies, as assessed by feedback from key clients. 	<ul style="list-style-type: none"> • Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs • Low vacancy rates for government office accommodation maintained • High quality whole of government common services provided to Government agencies, as assessed by feedback from key clients.
Internal	Internal	External	Internal	Internal	External	Internal

Question 1 DTF – Economic forecast (DTF only)

a)

Economic forecast	2017-18, 2018-19 budget paper	2017-18, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	3.00	3.51	0.5	Stronger than expected employment growth drove household consumption. Larger than expected contribution from the balancing item (includes interstate trade).
Employment	2.50	2.77	0.3	Stronger than expected labour supply (participation) and stronger demand (GSP).
Unemployment rate	5.75	5.64	-0.1	Broadly in line with forecasts
Consumer price index	2.00	2.27	0.3	Stronger non-tradables inflation including utilities placed upwards pressure on total inflation.
Wage price index	2.25	2.31	0.1	Broadly in line with forecasts
Population	2.30	2.19	-0.1	Broadly in line with forecasts

Economic forecast	2018-19, 2018-19 budget paper	2018-19, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	2.75	3.00	0.25	Strength in key components such as consumption and business investment so far in 2018-19, and strong growth in hours worked.
Employment	2.00	3.25	1.25	Stronger than expected labour supply (participation) and stronger demand (GSP).
Unemployment rate	5.75	4.50	-1.25	Stronger than expected employment growth.
Consumer price index	2.25	1.75	-0.50	Lower inflation in administered prices (Commonwealth Government's policy change to the childcare rebate larger than expected in Vic) and fuel, and weaker retail prices.
Wage price index	2.50	2.75	0.25	Stronger labour market conditions expected to support stronger wages growth.
Population	2.20	2.10	-0.10	Broadly in line with previous forecasts

Economic forecast	2019-20, 2018-19 budget paper	2019-20, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	2.75	2.75	0.00	na
Employment	1.75	2.00	0.25	Stronger growth in 2018-19 and stronger than expected leading indicators suggest demand for labour will remain above trend in 2019-20.
Unemployment rate	5.50	4.75	-0.75	Lower unemployment rate in the prior year means 2019-20 starts from a lower level. Pace of increase in the unemployment rate back to trend is in line with previous forecasts (0.25ppts/year).
Consumer price index	2.50	2.00	-0.50	Lower inflation in the prior year means 2019-20 starts from a lower level. Pace of increase in inflation back to trend is in line with previous forecasts (0.25ppts/year).
Wage price index	2.75	3.00	0.25	Stronger labour market conditions expected to support stronger wages growth.
Population	2.10	2.00	-0.10	Broadly in line with previous forecasts

Economic forecast	2020-21, 2018-19 budget paper	2020-21, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	2.75	2.75	0.00	na
Employment	1.75	1.75	0.00	na
Unemployment rate	5.50	5.00	-0.50	Gradual return to trend from the lower starting point than previous.
Consumer price index	2.50	2.25	-0.25	Gradual return to trend from the lower starting point than previous.
Wage price index	3.00	3.25	0.25	Stronger labour market conditions are expected to support higher wages growth.
Population	2.00	1.90	-0.10	Broadly in line with previous forecasts

Economic forecast	2021-22, 2018-19 budget paper	2021-22, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	2.75	2.75	0.00	na
Employment	1.75	1.75	0.00	na
Unemployment rate	5.50	5.25	-0.25	Gradual return to trend from the lower starting point than previous.
Consumer price index	2.50	2.50	0.00	na
Wage price index	3.25	3.50	0.25	Stronger labour market conditions are expected to support higher wages growth.
Population	2.00	1.90	-0.10	Broadly in line with previous forecasts

b)

Economic forecast	2016-17, 2019-20 budget paper	2017-18, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	3.99	3.51	-0.48	Growth declined from a peak in 2016-17, driven mostly by slowing growth in dwelling investment.
Employment	4.02	2.77	-1.25	Employment growth moderated from a peak, consistent with the moderation in GSP growth.
Unemployment rate	5.92	5.64	-0.28	Employment growth eased but remained above-trend, leading to a decline in the unemployment rate.
Consumer price index	1.90	2.27	0.37	Stronger non-tradables inflation and an increase in wages growth placed upwards pressure on total inflation.
Wage price index	2.03	2.31	0.28	Demand for labour moderated but remained strong, supporting stronger wages growth.
Population	2.40	2.19	-0.21	Moderation in net overseas and interstate migration.

Economic forecast	2017-18, 2019-20 budget paper	2018-19, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	3.51	3.00	-0.51	Growth is moderating as the cycle matures. Consumption and dwelling investment are moderating from cyclical peaks as population and house price growth slows.
Employment	2.77	3.25	0.48	Stronger than expected labour supply (participation) is meeting above-trend demand (GSP).
Unemployment rate	5.64	4.50	-1.14	Strong employment growth is driving down unemployment.
Consumer price index	2.27	1.75	-0.52	Weaker inflation in administered prices (such as the Commonwealth Government's policy change to the childcare rebate) and fuel, in addition to weaker consumer demand.
Wage price index	2.31	2.75	0.44	Stronger labour market conditions are expected to support higher wages growth.
Population	2.19	2.10	-0.09	Moderating growth as national net overseas migration pool shrinks and economic conditions normalise between the states.

Economic forecast	2018-19, 2019-20 budget paper	2019-20, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	3.00	2.75	-0.25	Growth is anticipated to return to trend as the cycle matures, consistent with rising labour costs and moderating population and employment growth.
Employment	3.25	2.00	-1.25	Employment growth expected to moderate as cycle matures and wages growth accelerates.
Unemployment rate	4.50	4.75	0.25	Gradual return towards trend as the economic cycle matures.
Consumer price index	1.75	2.00	0.25	Inflation is forecast to gradually return towards the RBA's target band as the economy returns to trend.
Wage price index	2.75	3.00	0.25	Wage pressures will grow with below-trend unemployment rate and strong employment growth.
Population	2.10	2.00	-0.10	Moderating growth as national net overseas migration pool shrinks and economic conditions normalise between the states.

Economic forecast	2019-20, 2019-20 budget paper	2020-21, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	2.75	2.75	0.00	na
Employment	2.00	1.75	-0.25	Employment growth expected to moderate as cycle matures and wages growth accelerates.
Unemployment rate	4.75	5.00	0.25	Gradual return towards trend as the economic cycle matures.
Consumer price index	2.00	2.25	0.25	Inflation is forecast to gradually return towards the RBA's target band as the economy returns to trend.
Wage price index	3.00	3.25	0.25	Wages growth is forecast to gradually return towards trend as the economy and labour market returns to trend.
Population	2.00	1.90	-0.10	Moderating growth as national net overseas migration pool shrinks and economic conditions normalise between the states.

Economic forecast	2020-21, 2019-20 budget paper	2021-22, 2019-20 budget paper	Variance	Explanation for variance
Real gross state product	2.75	2.75	0.00	na
Employment	1.75	1.75	0.00	na
Unemployment rate	5.00	5.25	0.25	Gradual return towards trend as the economic cycle matures.
Consumer price index	2.25	2.50	0.25	Inflation is forecast to gradually return towards the RBA's target band as the economy returns to trend.
Wage price index	3.25	3.50	0.25	Wages growth is forecast to gradually return towards trend as the economy and labour market returns to trend.
Population	1.90	1.90	0.00	na

Please insert 'n/a' as required if no explanation for variance is required

Question 2 DTF - Grants (DTF only)

Line item	i)		Variance	Driver for the variance	Impact of the variance
	2018-19 budget, 2018-19 budget paper	2018-19 revised, 2019-20 budget paper			
General purpose grants - goods and services tax	16880.7	16719.9	-160.8	National GST collections (the GST pool) is growing slower than expected in 2018-19 compared with the 2018-19 Budget.	The lower than expected revenue has a negative impact on Victoria's revenue, and net operating result.

iii)					
Action taken in response to expected changes in the value of general purpose grants					
The lower GST pool receipts have been incorporated into forecasts of the GST pool over the Budget and Forward estimates.					

Line item	i)		Variance	Driver for the variance	Impact of the variance
	2018-19 revised, 2019-20 budget paper	2019-20 budget, 2019-20 budget paper			
General purpose grants - goods and services tax	16719.9	17534.8	814.8	Growth in Victoria's GST payments is driven by growth in the national GST pool, reflecting forecasts for national consumption and dwelling investment. This was slightly offset by a decline in Victoria's GST relativity from 0.99 to 0.98.	The additional revenue positively impacts Victoria's total state revenue, and net operating result.

Line item	i)		Variance	Driver for the variance	Impact of the variance
	2019-20 budget, 2019-20 budget paper	2020-21 estimate, 2019-20 budget paper			
General purpose grants - goods and services tax	17534.8	18778.8	1244.1	National consumption and dwelling investment are expected to continue to support growth in the national GST pool. Victoria's GST relativity is also expected to increase slightly due to declining property market related revenues and higher royalty revenue forecasts in WA and Queensland's Budgets in 2018-19 and 2019-20.	The additional revenue positively impacts Victoria's total state revenue, and net operating result.

Line item	i)		Variance	Driver for the variance	Impact of the variance
	2020-21 estimate, 2019-20 budget paper	2021-22 estimate, 2019-20 budget paper			
General purpose grants - goods and services tax	18778.8	19983.3	1204.5	National consumption and dwelling investment is expected to continue to support growth in the national GST pool. Victoria's GST relativity is also expected to increase slightly due to declining property market related revenues and higher royalty revenue forecasts in WA and Queensland's Budgets in 2018-19 and 2019-20.	The additional revenue positively impacts Victoria's total state revenue, and net operating result. The estimates of Victoria's GST relativity also mean that the Commonwealth GST pool boost will need to be higher to ensure that no state is worse off as a result of the changes to the GST distribution methodology.

Line item	i)		Variance	Driver for the variance	Impact of the variance
	2021-22 estimate, 2019-20 budget paper	2022-23 estimate, 2019-20 budget paper			
General purpose grants - goods and services tax	19983.3	21407.3	1424	National consumption and dwelling investment is expected to continue to support growth in the national GST pool. Victoria's GST relativity is also expected to increase slightly due to declining property market related revenues and higher royalty revenue forecasts in WA and Queensland's Budgets in 2018-19 and 2019-20.	The additional revenue positively impacts Victoria's total state revenue, and net operating result. The estimates of Victoria's GST relativity also mean that the Commonwealth GST pool boost will need to be higher to ensure that no state is worse off as a result of the changes to the GST distribution methodology.

iii)					
Action taken in response to expected changes in the value of general purpose grants					
Additional GST revenue reflects the increased need to deliver services to Victorians. Additional GST revenue is used to fund service delivery for a growing population.					

Question 3 DTF - Grants for specific purposes (DTF only)

Table number	Grant details	2019-20, 2019-20 budget paper
4.11 Payments for health services	Includes Commonwealth payments across a number of National Partnership Agreements including Expansion of the BreastScreen Australia Program, Essential Vaccines, and the National Bowel Cancer Screening Program.	11
Total payments for health services:		11
4.13 Payments for contingent and other services	Health and hospitals 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 under the NHRA.	1,323
4.13 Payments for contingent and other services	Capital works Includes Commonwealth funding for Melbourne Airport Rail Link, North East Link and Suburban Roads.	193
4.13 Payments for contingent and other services	Other general purpose grants Includes Commonwealth Own Purpose Expenditure Payments (COPE) including Aged Care Assessment Services COPE and Mental Health Professional Online Development COPE. Also includes National Partnership Agreements such as the National Partnership on provision of fire services and grants from other states, territories and local governments.	141
Total payments for contingent and other services:		1,658

Question 5 DTF - Land transfer duty (DTF only)

a)

Line item	2018-19 budget, 2018-19 budget paper	2018-19 revised, 2019-20 budget paper	Variance (\$m)	Variance (%)	Explanation for variance
Land transfer duty	7067	5990	-1077	-15.2%	Variance reflects declining property prices and transaction volumes.

Line item	2019-20 estimate, 2018-19 budget paper	2019-20 budget, 2019-20 budget paper	Variance (\$m)	Variance (%)	Explanation for variance
Land transfer duty	7212	5896	-1316	-18.2%	The land transfer duty forecasts incorporate a further softening in residential dwelling prices in 2019, with a forecast peak to trough fall of 13.1 per cent, reflecting price declines observed so far and further expected weakening in demand for housing based on surveyed housing sentiment. Transaction volumes are forecast to decline until late 2019.

Line item	2020-21 estimate, 2018-19 budget paper	2020-21 estimate, 2019-20 budget paper	Variance (\$m)	Variance (%)	Explanation for variance
Land transfer duty	7463	6245	-1218	-16.3%	The variance reflects the lower base resulting from the downgrade in 2018-19.

Line item	2021-22 estimate, 2018-19 budget paper	2021-22 estimate, 2019-20 budget paper	Variance (\$m)	Variance (%)	Explanation for variance
Land transfer duty	7773	6612	-1161	-14.9%	The variance reflects the lower base resulting from the downgrade in 2018-19.

b)

Line item	2018-19 revised, 2019-20 budget paper	2019-20 budget, 2019-20 budget paper	Variance (\$m)	Variance (%)	Explanation for variance
Land transfer duty	5990	5896	-94	-1.6%	The land transfer duty forecasts incorporate a further softening in residential dwelling prices in 2019, with a forecast peak to trough fall of 13.1 per cent, reflecting price declines observed so far and further expected weakening in demand for housing based on surveyed housing sentiment. Transaction volumes are forecast to decline until late 2019.

Line item	2019-20 budget, 2019-20 budget paper	2020-21 estimate, 2019-20 budget paper	Variance (\$m)	Variance (%)	Explanation for variance
Land transfer duty	5896	6245	349	5.9%	Residential property prices are projected to recover from 2020-21, supported by strong population growth and ongoing low interest rates. The recovery is projected to be gradual.

Line item	2020-21 estimate, 2019-20 budget paper	2021-22 estimate, 2019-20 budget paper	Variance (\$m)	Variance (%)	Explanation for variance
Land transfer duty	6245	6612	368	5.9%	Residential property prices are projected to recover from 2020-21, supported by strong population growth and ongoing low interest rates. The recovery is projected to be gradual.

Line item	2021-22 estimate, 2019-20 budget paper	2022-23 estimate, 2019-20 budget paper	Variance (\$m)	Variance (%)	Explanation for variance
Land transfer duty	6612	7029	417	6.3%	By 2022-23 growth in LTD is anticipated to be around trend.

Question 8 DTF - Public Private Partnerships – modifications and accountability (DTF only)

	2018-19 budget papers	2019-20 budget papers	Explanation for change
Name	West Gate Tunnel		
Scope			
Total Estimated Investment			
Timelines			
Government entity/portfolio responsible for delivery	Department of Economic Development, Jobs, Transport and Resources	Department of Transport	Machinery of government change
Name	Western Roads Upgrade		
Scope			
Total Estimated Investment			
Timelines			
Government entity/portfolio responsible for delivery	Department of Economic Development, Jobs, Transport and Resources	Department of Transport	Machinery of government change

Question 9 DTF – Net debt (DTF only)

a)

Line item	2017-18, 2018-19 budget paper	2017-18, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

Line item	2018-19, 2018-19 budget paper	2018-19, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

Line item	2019-20, 2018-19 budget paper	2019-20, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

Line item	2020-21, 2018-19 budget paper	2020-21, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

Line item	2021-22, 2018-19 budget paper	2021-22, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

b)

Line item	2017-18, 2019-20 budget paper	2018-19, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

Line item	2018-19, 2019-20 budget paper	2019-20, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

Line item	2019-20, 2019-20 budget paper	2020-21, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

Line item	2020-21, 2019-20 budget paper	2021-22, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

Line item	2021-22, 2019-20 budget paper	2022-23, 2019-20 budget paper	Variance	Explanation for variance
Net debt				
Net debt to GSP				

Question 11 DTF - Output performance and revenue certification (DTF only)

Department	N/A - Revenue certification of all departments' output performance in the current financial year will be undertaken as part of the financial year end processes following June 2019.
Adjustment amount	N/A - Revenue certification of all departments' output performance in the current financial year will be undertaken as part of the financial year end processes following June 2019.
Reason for adjustment	N/A - Revenue certification of all departments' output performance in the current financial year will be undertaken as part of the financial year end processes following June 2019.
Six months ended June or 12 months ended December	N/A - Revenue certification of all departments' output performance in the current financial year will be undertaken as part of the financial year end processes following June 2019.

Please repeat table as required