

Department of Health and Human Services
(response rcvd 16062015)
(resubmitted 07082015)



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2015-16 BUDGET ESTIMATES QUESTIONNAIRE

1. Strategic priorities

Question 1

If the Department has been affected by machinery-of-government changes, please:

- (a) outline the machinery-of-government changes which have affected the Department.

The Department of Health & Human Services was established on 1 January 2015.

The new department supports the following portfolios:

Health (transferred from the former Department of Health)

Ambulance Services (transferred from the former Department of Health)

Mental Health (transferred from the former Department of Health)

Housing, Disability & Ageing (Housing and Disability transferred from the former Department of Human Services; Ageing transferred from the former Department of Health)

Families & Children, except for children and early years (transferred from the former Department of Human Services)

Youth Affairs (transferred from the former Department of Human Services)

Sport, except for major sporting events; specifically, the Sport & Recreation Victoria business unit transferred from the former Department of Transport, Planning and Local Infrastructure.

Support for the Minister for Women's portfolio transferred to the Department of Premier and Cabinet on 1 January 2015.

- (b) estimate the anticipated benefits of these changes (such as improved service delivery, savings in accommodation costs, reduced employee expenses). Please quantify these benefits where possible.

The new department presents an exciting opportunity to develop integrated and innovative policy and service delivery responses, which have a greater client focus, improve the health and wellbeing of our community and more effectively tackle the issues associated with social disadvantage.

It signals a new way of developing social policy and delivering services focused on improving the wellbeing of all Victorians.

The health system provides universal health care for all, while social services provide targeted assistance to disadvantaged or vulnerable Victorians, such as children who are at risk of abuse and people who are homeless. Social services also have a role in building cohesive and supportive communities that offer opportunities for participation (such as through local sporting clubs).

The new department presents opportunities to strengthen the focus on prevention and early intervention by better linking universal health services with more targeted and specialist services.

The unified department will also afford an integrated approach to the upcoming transition to the new national aged care system and the National Disability Insurance Scheme.

The combined and collective effort of these service systems can drive real change in outcomes for all Victorians, particularly those with multiple and complex needs that span issues such as mental health, housing, drugs and alcohol, chronic health conditions, and disability.

The transitional changes to the organisational structure will, over time, result in administrative efficiencies, with a consolidated shared services approach to corporate functions – including human resources, information technology, legal and financial services. The transitional organisational changes are primarily reporting lines at Deputy Secretary and senior executive level in some corporate and executive services functions.

There will also be budget savings and efficiencies in line with this government's election commitments, including reductions in the number of departmental executive officer positions, the use of labour hire firms, government travel expenses, and the production of hard-copy government reports for tabling in Parliament. The reduction in executive officer numbers will be managed through attrition and vacancy

management.

- (c) estimate the anticipated costs of carrying out the changes. Please include all costs of the changes, such as IT-related costs or relocation costs, excluding staff costs.

The total anticipated costs of carrying out machinery-of-government changes from the merger of the former Departments of Health and Human Services, and Sport and Recreation Victoria, are approximately \$150,000. No additional budget allocation was required to meet these costs.

- (d) identify the anticipated staff impacts of the machinery-of-government changes, quantifying expected redeployments, redundancies (including targeted redundancies), non-renewal of contracts and any other means of reducing staff numbers. Please identify estimated staff costs and savings arising from each means. Please also identify the areas within the Department where staff reductions are anticipated.

There are not expected to be redeployments, contract non-renewals or other means of reducing staff numbers relied upon as a result of machinery of government changes.

Consistent with the Government's commitment, there are no VPS job losses as a result of the machinery-of-government changes.

- (e) detail any expected closures of offices, depots or other public service points as a result of the machinery-of-government changes, quantifying the number of each type of location to be closed.

There have been no closures of offices, depots or other public service points as a result of machinery-of-government changes.

Question 2

- (a) What are the Department's key strategic priorities underpinning its budget for 2015-16 and over the forward estimates to 2018-19?

While the Victorian health and human service system is performing well, it is under great pressure from increasing service demand.

Outlined below are the key priorities underpinning the department's budget for 2015-16 to 2018-19:

- Continuing to strengthen the capacity of Victorian community members to deal with their own health and human service needs through the provision of information and support for vulnerable families and communities.
- Co-ordinating care rather than providing disjointed, episodic care.
- Prioritising cost-effective models of care – tailored support packages rather than residential models, ensuring patients and clients are treated in the right acuity setting (for example, sub-acute rather than acute) and improving client care pathways.
- Continuously reviewing and improving service efficiency – smarter purchasing, more efficient care models, minimising negative service variation, generating economies of scale.
- Ensuring that governance and accountability frameworks are operating effectively.
- Reviewing funding flows and incentives to achieve maximum value.
- Moving towards a person-centred health and human service system which enables choice, personalisation, improved experience and active individual participation.
- Maximising the benefit of partnerships with non-government organisations, health services and other providers.

(b) If applicable, how do these priorities differ from the previous year?

On 1 January 2015, the department was established to integrate the accountabilities and functions of the former Departments of Health and Human Services, and the Sport and Recreation Victoria business unit from the former Department of Transport, Planning and Local Infrastructure.

Budget priorities for 2015-16 are consistent with the former departments' and unit's priorities and focus on the shared objective of improving the health and wellbeing of all Victorians.

(c) What are the impacts of any differences in the Department's strategic priorities between 2014-15 and 2015-16 on funding and resource allocation in the 2015-16 Budget?

As the department's key strategic priorities between 2014-15 and 2015-16 are consistent, this is not applicable.

(d) Please identify any programs or initiatives (asset or output) over \$2.0 million relevant to the Department that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2014-15 and 2015-16. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

As the department's key strategic priorities between 2014-15 and 2015-16 are consistent, this is not applicable.

Question 3

Please identify any programs or initiatives (including asset or output initiatives) that have lapsed in 2014-15 (that is, they will not be continued in 2015-16). For each program or initiative, please indicate the expenditure on this program/initiative in 2014-15. Please also identify the impact on the community of the lapsing (including rescheduling of service provision or commencement of service provision). If there is no impact, please detail the actions undertaken by the Department to ensure that there is no impact. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

Program or initiative	Expenditure in 2014-15 (\$ million)	Impact on the community of lapsing or actions taken by the Department to ensure there is no impact
Services Connect - Extension of Client Support Trials in Dandenong, Geelong and Portland and expansion of existing sites' capacity	3.100	No service impact Time-limited project funding to conduct a pilot program. The pilot has been completed and findings from a review are being considered as part of future service delivery planning.
Initiatives under the Youth Action Strategy (Shape It!) - the Exchange; Change It Up and Shape It! grants	0.200	Meaningful engagement opportunities for rural and regional young people continue to be funded through programs and services such as the Centre for Multicultural Youth, the Rural and Regional Local Government Youth Engagement program, FReeZA, Engage!, National Youth Week and Advance.

Program or initiative	Expenditure in 2014-15 (\$ million)	Impact on the community of lapsing or actions taken by the Department to ensure there is no impact
Neighbourhood Renewal at Flemington and Maryborough	0.989	<p>Time-limited initiative for neighbourhood renewal activities in Flemington and Maryborough</p> <p>Funding continues to be provided to support some additional community infrastructure and community building projects in 2015-16 and departmental staff will continue to work with residents to ensure that services provided at Flemington and Maryborough are responsive to their needs, and to connect residents with community building and employment opportunities, wherever possible.</p>
Kids Under Cover	1.100	<p>Time-limited funding for 30 studio accommodation units over two years, for young people who are homeless or at risk of homelessness.</p> <p>The government continues to support a range of other programs and services to prevent and address homelessness.</p>
Enhance and redevelop community-based mental health infrastructure (Stage 2)	2.000	<p>No service impact</p> <p>Time-limited initiative providing funding for building modifications, refurbishment and the redevelopment of facilities.</p>
<i>Headspace</i> communities of Youth Services	1.000	<p>No service impact</p> <p>Time-limited initiative providing funding for capital upgrades and modifications to enhance <i>Headspace</i> outlets.</p>
Improved housing access for people with a severe mental illness - improved housing access	0.190	<p>The government is committed to funding the initiative for a further year to allow time to complete the evaluation and inform future directions.</p>
Active Sports Partnership Program	0.200	<p>Actions by state sporting associations to provide inclusive opportunities for participation in sport will continue to be supported through sector development programs.</p>
Integrity in Sport	0.300	<p>Time-limited initiative to provide funding for a fixed-term project.</p> <p>The department will continue working with stakeholders on this initiative using existing resources.</p>
Melbourne to Warrnambool Cycling Classic	0.050	<p>The department will continue to provide funding for this event through the Significant Sporting Events Program.</p>

Program or initiative	Expenditure in 2014-15 (\$ million)	Impact on the community of lapsing or actions taken by the Department to ensure there is no impact
Motorcycle Paramedic Unit	0.958	No service impact. This initiative provided one-off funding for a fixed-term project. Ongoing funding is now built into Ambulance Victoria's base.
Abolish 'not ready for care'	0.100	No service impact Time-limited project funding was provided to assist health services to introduce new reporting arrangements.
Bush Nursing Support	0.550	No service impact Time-limited initiative providing funding for minor capital and infrastructure upgrades of facilities and equipment. Other budget initiatives include programs that improve the quality and standard of Victoria's health assets to ensure life safety, continuity of health service delivery and compliance with regulatory requirements.
First On - First Off rule	-	No service impact Time-limited project funding provided to ensure patients are treated in the same sequential order that they are added to the elective surgery waiting list within their urgency category, except in specific circumstances.
Health Condition Support & Self Help Group Grants	1.000	Time-limited initiative providing funding for grants to assist and support self-help groups. Best practice examples from this grants initiative will be collated and disseminated widely.
Health Innovation & Reform Council Board Fees	0.050	No service impact One-off project funding to establish a Health Innovation and Reform Council.
Health services winter demand capacity enhancement	60.000	No service impact This funding is replaced through the 2015-16 Budget allocation of \$248.8 million ongoing funding in 2015-16 (\$970 million over four years) to fund growth in hospital services, and a further \$60 million in 2015-16 for an elective surgery boost.
Hospital Improvement Commission	0.100	No service impact One-off funding to establish the Hospital Improvement Commission.

Program or initiative	Expenditure in 2014-15 (\$ million)	Impact on the community of lapsing or actions taken by the Department to ensure there is no impact
Infection prevention	2.500	No service impact The cost to continue this initiative has been absorbed into existing budgets.
Informing consumers about maternity care	0.157	No service impact One-off project funding to develop and pilot a parenting kit and develop and publish consumer information on having a baby in Victoria.
Open Access Board Meetings	0.010	No service impact One-off project funding for hospitals to hold at least one open access board meeting a year.
Patient focussed work practices	0.100	No service impact One-off project funding to improve the patient focus of work practices in emergency departments.
ANZAC Centenary 'Lest we forget' grants	0.200	No service impact One-off project funding for grants to cemetery trusts to commemorate the contribution of ANZAC service personnel.
Bowel cancer screening	0.500	No service impact This initiative provided one-off funding for a fixed-term project.
National Partnership Agreement on Preventive Health - Chronic Disease Prevention (Healthy Together Victoria)	12.496	Reduced service impact The Commonwealth Government's decision to cease funding for the National Partnership Agreement on Preventive Health will have a significant, adverse impact on Victoria's efforts to address the rising rates of chronic preventable disease in Victorian communities. Core elements of Healthy Together Victoria will be maintained in 2015-16, with fewer resources, so that momentum is not lost, while negotiations continue with the Commonwealth on investing in preventive health. Preventive health programs being delivered in 14 local government areas will be reduced to some degree. Implementation of funding models that reward service providers for prevention and early intervention, integrated care, and innovative models for the management and treatment of disease are currently under consideration.

Question 4

What are the key Government policies applicable to the Department in 2015-16 and how are these policies addressed in this budget?

The department develops and delivers policies, programs and services that support and enhance the well-being of all Victorians. The department is focused on delivering the Government's election commitments and is working closely with its portfolio ministers to develop and deliver services and

strategies that:

- help Victorians to be as healthy as they can
- assist people to access opportunities that lead to positive, fulfilling lives
- build people's capacity to participate in social, economic and community life
- contribute to a society that is inclusive, provides fair access to opportunity for all, and in which health and social inequality is minimised
- provide services and protection for the most vulnerable members of society, and building resilience to overcome the challenges that communities and individuals face.

The 2015-16 Budget provided significant funding to support this. For example, funding has been provided:

- for health services to ensure Victorians can receive the highest standard of care
- to modernise and increase the capacity of hospitals
- to support Victorians with a disability, their families and carers
- for mental health to meet service demand for intensive, specialist clinical support
- to strengthen ambulance services
- to strengthen the capacity to respond to and support survivors of family violence
- to expand the capacity to support vulnerable families, children and young people
- to invest in sporting facilities to promote healthy outcomes for communities.

Question 5

- (a) Please provide details of the Department's progress at developing corporate plans and long-term plans as detailed in the Department of Treasury and Finance's *A Guide to Corporate and Long-Term Planning* (April 2014).

The department is developing a 2015-19 Corporate Plan in line with the current guidelines, *A Guide to Corporate and Long-Term Planning* (April 2014).

Long-term plans are currently not required by government.

- (b) If your corporate plan is online, please provide the address below. If it is not online, please provide a copy and explain why it is not online.

In accordance with the *Guide to Corporate and Long-Term Planning*, publication of corporate plans is optional.

At the discretion of the previous Treasurer and Minister for Finance, the department's 2014-18 Corporate Plan was not published. It therefore remained cabinet-in-confidence and, in line with the caretaker conventions, is no longer available.

- (c) Please supply a copy of your department's long-term plan. This will not be published on the PAEC's website. If you are unable to supply a long-term plan, please explain why.

The department did not prepare a 2014-2024 long-term plan, as long-term planning requirements are under review and departments are not required to submit a plan.

2. Budget preparation

Question 6

In relation to the Department's budget across the forward estimates period, please indicate:

- (a) major areas of risk identified by the Department for its income estimates

The principal item of non-Victorian Government revenue received by the department is Commonwealth funding under the National Health Reform Agreement, estimated to be worth \$4,069.4 million in 2015-16. This funding is subject to annual price changes determined by the Independent Hospital Price Authority and the actual levels of activity provided by hospitals.

In addition, the department receives funding from the Commonwealth through a number of National Partnership Agreements. Many of these agreements expire on 30 June 2015 and negotiations for new agreements had not been concluded at the time the 2015-16 State Budget was finalised.

The department also receives income on a fee-for-service basis, from entities such as the Department of Veterans' Affairs and the Transport Accident Commission. This income is subject to reaching agreement with those entities on annual prices changes and the actual volume of services provided.

- (b) major areas of risk identified by the Department for its expenses estimates

The portfolio expenses for 2015-16 include estimated employee costs of \$9,804 million as would be usual practice the renewal of Enterprise Bargaining Agreements across the sector over the next four years presents for risk over the forward estimates period because of the inherent nature of negotiated outcomes.

The transition of Home and Aged Care (HACC) services for people aged 65 and over to the Commonwealth and the introduction of the National Disability Insurance Scheme will affect the residual disability scheme provided by the department. The policy parameters for the residual disability scheme have not been finalised, so costs may vary from those incorporated in the forward estimates.

- (c) what measures have been put in place to manage these risks.

Conservative price and volume assumptions have been used to ameliorate the income risks associated with National Health Reform and other fee for service revenue. Commonwealth funding arising from National Partnership Agreements has only been included in budget papers where negotiations with the Commonwealth have concluded.

Question 7

Please list all agreements or contracts with a total value of \$10 million or greater entered into in the three-month period prior to the 2014 State election. Please also provide the total value of each agreement/contract and a description of the agreement/contract). Include agreements/contracts for both asset and output expenditure and related to either your department or its controlled entities.

Agreement/contract	Total value (\$ million)	Description
Nil		

Question 8

Please describe any expected sources of income or expenses where the Department anticipates that the actual amount is likely to be more than 10 per cent greater than what has been

estimated in the budget papers (for example, where the amount is difficult to predict so the budget paper estimates are zero or a low amount). Please also identify any items for which the budget estimates are zero but income or expenses are expected. Examples might include 'fair value of assets and services received free of charge or for nominal consideration' or grants from new national partnerships that the Commonwealth might announce at some point during the forward estimates period.

Source of income/expenses	Affected line item	Details
Nil	Nil	Nil

3. Spending

Question 9

Please explain any variations of more than ± 10 per cent (or greater than \$100 million) between the revised estimate for 2014-15 and the budget for 2015-16 for the following line items in the Department's operating statement in the Statement of Finances budget paper:

- 'employee benefits'
- 'grants and other transfers'
- 'other operating expenses' in aggregate
- the major components of 'other operating expenses' for your department (please supply categories as appropriate).

	2014-15 (revised estimate)	2015-16 (Budget)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
	(\$ million)	(\$ million)	
Employee benefits	9,276.2	9,804.4	The increase mainly represents the budgeted impact of the increases in salaries and salary on-costs as a result of increases in salaries and salary on-costs of Health portfolio agencies, driven by the budgeted impact of the 2015-16 State Budget, continuing implementation of initiatives announced in previous budgets and anticipated cost increases in 2015-16, offset by any savings applied.
Grants and other transfers	1,622.4	1,705.6	N/A
Other operating expenses	7,387.6	7,815.8	See 'major components of 'other operating expenses' below.
Major components of 'other operating expenses' (please supply categories):			
Assets provided free of charge	17.6	-	The assets provided free of charge in 2014-15 relate to land provided free of charge to Melbourne City Council by the Royal Children's Hospital. This is part of the arrangement for the funding and construction of the Royal Children's Hospital and the transfer is expected to be completed in 2014-15.
Purchases of services – Intra-government	354.3	382.9	N/A
Benefits to Households and Persons in goods and services	614.5	659.8	N/A

	2014-15 (revised estimate)	2015-16 (Budget)	Explanation for any variances greater than ±10% (or greater than \$100 million)
Operating Supplies and consumables	2,267.8	2,337.1	N/A
Other services purchased from non-public sector suppliers other than Commonwealth General Government	3,801.6	4,092.4	The variance is primarily due to additional government investment provided in the 2015-16 Budget and anticipated cost increases in 2015-16, offset by any savings applied.
Labour contractors	38.1	36.6	N/A
Maintenance	206.9	219.2	N/A
Operating leases	86.2	87.0	N/A

If the Department is unable to provide estimates for the components of 'other operating expenses' in 2015-16, please explain how the amount of 'other operating expenses' listed for 2015-16 in the budget papers was calculated.

N/A

Question 10

Please provide the following information regarding maintenance costs and other costs intended to increase the function or service capacity of assets (such as upgrading, improvement, refurbishment, etc.). Do not include capital expenditure.

(a) estimated expenditure for 2015-16 and over the forward estimates period

	2015-16	2016-17	2017-18	2018-19
Maintenance ¹	\$205.848m	\$203.718m	\$205.967m	\$208.483
Other costs to increase function/service capacity of assets	N/A	N/A	N/A	N/A

¹ Note that these estimates exclude maintenance work undertaken by the Director of Housing, a Public Non Financial Corporation (PNFC), as PNFC expenses are outside the scope of Budget Paper 5.

(b) the Department's method for estimating these costs

Public Hospitals provide monthly expenditure information to the department for both repairs and maintenance and for maintenance contracts. The department provides funds to hospitals for the purchase and replacement of equipment strategically, recognising that hospitals have different equipment needs.

The annual maintenance allocations for Secretary-owned properties, including disability accommodation and out-of-home care properties, are based on historic information for responsive maintenance and occupational health and safety (OH&S) and the known cost of annual contracts for fire risk maintenance and essential services. These are part of the operating costs of the relevant

programs.

- (c) details, including cost provisions, of any formal asset maintenance strategies or plans developed by the Department.

Maintenance forms part of asset management. It represents the actions necessary to retain an asset as near as is practical to its original condition. It excludes building cleaning, rehabilitation and any capital investment to replace or renew.

The department takes a programmatic approach to responsive and cyclical maintenance across its major service assets, utilising property condition data for the management and planning of state-wide programmed maintenance services. This is aimed at improving the operation and life of the asset whilst also aiming to reduce ongoing urgent and responsive maintenance costs.

Funded organisations are responsible for providing effective asset maintenance for assets under their stewardship or control to ensure adequate maintenance is sustained over the life of assets, in order to:

- keep them in appropriate condition for the health and human services they support
- prevent service delivery interruptions or service quality risks
- minimise risks to patient and client safety and occupational health and safety
- ensure long-term service performance.

Funded organisation maintenance management processes and reporting should include:

- internal information on the condition, suitability and capacity of assets
- reporting on asset-related risks and strategies in place to mitigate them
- establishing annual and long-term maintenance plans for all key sites.

Question 11

For the line item 'payments for non-financial assets' for 2015-16 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 2014-15.

The amount that is expected to be funded using funds carried over from 2014-15 is \$118.4 million.

Question 12

In relation to the break-down of expenses from transactions disaggregated by government purpose classification in the budget papers (Note 12(a) to the general government sector consolidated operating statement the Statement of Finances budget paper, p.34), please provide details of the Department's component of the expenses in each category for 2014-15 and 2015-16. Please explain any variations between the years that are greater than ± 10 per cent or greater than \$100 million.

Government purpose classification	2014-15 revised estimate (\$ million)	2015-16 Budget (\$ million)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
General public services	29.2	27.9	N/A

Government purpose classification	2014-15 revised estimate (\$ million)	2015-16 Budget (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million)
Public order and safety	55.1	66.7	The variance is mainly driven by additional funding provided in the 2014-15 Budget Update for the operation of the new 45-bed facility at the Youth Justice Centre in Malmesbury (to address capacity concerns and improve client safety).
Education	-	-	
Health	14,498.2	15,145.0	The variance is mainly driven by the budgeted impact of the 2015-16 State Budget, continuing implementation of initiatives announced in previous budgets and anticipated cost increases in 2015-16, offset by any savings applied.
Social security and welfare	3,856.0	4,224.5	The variance is mainly driven by the budgeted impact of the 2015-16 State Budget, continuing implementation of initiatives announced in previous budgets and anticipated cost increases in 2015-16, offset by any savings applied.
Housing and community amenities	491.1	484.6	N/A

Government purpose classification	2014-15 revised estimate (\$ million)	2015-16 Budget (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million)
Recreation and culture	25.2	69.6	<p>The variance is mainly driven by:</p> <ul style="list-style-type: none"> • the budgeted impact of the 2015-16 State Budget, continuing implementation of initiatives announced in previous budgets and anticipated cost increases in 2015-16. • Machinery-of-government changes whereby the Sport and Recreation expenses from transactions from the former Department of Transport, Planning and Local Infrastructure were transferred to the new Department of Health & Human Services from 1 January 2015, so that the 2014-15 revised estimates reflect the impact of these costs for 6 months whereas the 2015-16 estimates reflect a full year's impact.
Fuel and energy	N/A	N/A	N/A
Agriculture, forestry, fishing and hunting	N/A	N/A	N/A
Transport and communications	N/A	N/A	N/A
Other economic affairs	N/A	N/A	N/A
Other purposes	N/A	N/A	N/A

4. Expenditure reduction measures

Question 13

For each of the savings initiatives detailed in the table below, please detail (on the same basis of consolidation as the budget papers):

- (a) what actions the Department will take in 2015-16 to meet the various savings targets
- (b) any impact that these actions will have on the delivery of services during 2015-16
- (c) the Department's savings target for 2015-16, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released.

Initiative	Actions the Department will take in 2015-16	Impact of these actions on service delivery in 2015-16	Savings target for 2015-16 (\$ million)	Explanation for variances to the original target
Savings (2012-13 Budget)	Savings will be achieved through improved efficiencies and cost containment across all portfolios.	Savings will be targeted at overhead reduction and should not impact on productivity or services delivered to the community.	3.5	
Efficiency measures (2012-13 Budget Update)			54.1	
Efficiency measures (2013-14 Budget)			11.6	
Efficiency measures (2013-14 Budget Update)			-	
Efficiency and expenditure reduction measures (2014-15 Budget)			-	
Efficiency and expenditure reduction measures (2015-16 Budget)			<ul style="list-style-type: none"> • Reduction in executive officers • Reduce travel costs • Cease production of hard copy reports • Reduce labour hire firms 	

Question 14

In relation to any funding from reprioritisation of existing resources in the 2015-16 Budget (as noted in Table 4.4 of Budget Paper No.2, p.58) for your department, please provide the following information in relation to each initiative, program or project from which \$2.0 million or more of funding has been reprioritised. In describing initiatives, please use the same names as are used in the budget papers.

Initiative, program or project for which funding was initially provided	Amount reprioritised for 2015-16 (\$ million)	Amount reprioritised for 2016-17 (\$ million)	Amount reprioritised for 2017-18 (\$ million)	Amount reprioritised for 2018-19 (\$ million)	Total Committed funding
Funding for the Community sports infrastructure fund was reprioritised from the Strategic Sporting Infrastructure Fund (see LFS, page 11)	18.000	-	-	-	18.000
Funding for the Homelessness innovation action projects is drawn from the State budget commitment to the National Partnership Agreement on Homelessness	5.663	5.915	6.179	-	17.757
Funding for the Proton beam therapy centre has been reprioritised from the department's existing budget	2.000	-	-	-	2.000
Funding for the WOVG Family Violence Response (DHHS component) was reprioritised from flexible post-crisis responses for women and children (see LFS, page 11)	3.800	-	-	-	3.800
Total	32.934	6.808	7.094	0.938	47.774

5. Output and asset initiative funding

Question 15

In regard to adjustments to the Department's base funding (as set out in *BFMG-06 – Departmental Funding Model*), please indicate:

- (a) the Department's base funding for 2014-15
- (b) the Department's base funding for 2015-16
- (c) the major factors driving the variance between 2014-15 and 2015-16.

Departmental base funding 2014-15 (\$ million)	Departmental base funding 2015-16 (\$ million)	Major factors driving the variance
N/A	N/A	See comments below

The original base year for 2014-15 would have been created some four years ago as part of the creation of the new financial year. Since that time it would have been varied in accordance with output decisions made by government as part of ongoing budgetary processes.

The underlying indexation rate applied was 2.5 per cent, in line with the consumer price index published in the 2011-12 Budget Paper No. 2 – Strategy and Outlook, however indexation is not applied equally to all areas of departmental expenditure as some components are subject to different price indexation.

An additional complexity is the machinery-of-government transfer of the functions of the former Department of Human Services to the Department of Health and Human Services (DHHS) effective from 1 January 2015, as the 2014-15 revised estimates for DHHS reflect the impact of these costs for six months only, while the 2015-16 estimates reflect a full year's impact.

Question 16

Please provide the following details of any outputs for which output resources allocation reviews or base reviews (as described in *BFMG-05*) were completed in 2014-15:

- (a) output resources allocation reviews

Output	Changes as a result	Reasons for the change
N/A	-	-

- (b) base reviews

Output	2014-15 base funding (\$ million)	2015-16 base funding (\$ million)	Reasons for the change
N/A	-	-	-

Question 17

In relation to the asset initiatives released in the 2015-16 Budget for the Department (as detailed in the Service Delivery budget paper), please quantify the amount of funding for those initiatives that is expected to come from the Department's own sources (such as depreciation, applied appropriations which have not been spent or other sources) and the amount of new funding provided specifically for these initiatives in this budget.

	2014-15 (\$ million)	2015-16 (\$ million)	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)	TEI (\$ million)
Funding from the Department's own sources		5.0				
New funding specifically for these initiatives in 2015-16 Budget	3.8	166.7	202.0	173.5	57.6	709.5
Total asset initiatives (as in Service Delivery budget paper)	3.8	171.7	202.0	173.5	57.6	714.5

Question 18

- (a) Please quantify the Department's balance of applied appropriations unspent as at 30 June 2014 (as defined in the notes to note 39(a) of the 2013-14 Financial Report for the State), along with estimates for the equivalent figures as at 30 June 2015 and 2016.

	2014 (\$ million)	2015 (\$ million)	2016 (\$ million)
Applied appropriations unspent as at 30 June	638.6	183.9*	**

- (b) Please indicate the intended use of these amounts.

The department's balance of appropriations unspent as at 30 June 2014 amounts to \$638.6 million comprised of:

- Unapplied output funding of \$126 million predominantly relating to services and projects that have been carried over from 2013-14 to be delivered in 2014-15.
- \$95.5 million of output funding relating to estimated depreciation equivalent revenue not required in 2013-14.
- \$150.3 million of unapplied asset funding relating to capital projects that have been re-phased or carried over from 2013-14 to 2014-15.
- \$266.9 million of Additions to Net Assets appropriation not applied in 2013-14 due to availability of depreciation equivalent funding for capital projects.

* The 2015 amount is an estimate.

** The 2016 estimate will not be available until late 2016.

6. Public private partnership expenditure

Question 19

For each line item in the Department's comprehensive operating statement or statement of cash flows (as indicated in the Statement of Finances budget paper) which includes expenditure on commissioned PPP projects in 2015-16 or across the forward estimates period, please identify:

- (a) the line item
- (b) the value of expenditure on PPP projects included within that line item
- (c) what the expenditure is for (for example, payment of interest, payment of capital, purchases of services, payment of contracted penalties etc.).

Line item	2014-15 revised (\$ million)	2015-16 (\$ million)	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)	Explanation
Other operating expenses	121.16	135.39	139.42	138.82	145.23	<p>These expenses comprise interest, lifecycle costs, services costs, special purpose vehicle costs and other costs such as contingent rent for the following commissioned PPP projects:</p> <ul style="list-style-type: none"> ▪ Casey/Berwick Hospital ▪ Royal Women's Hospital ▪ Royal Children's Hospital.
Repayment of finance leases	12.4	12.4	12.4	12.4	12.4	<p>These comprise repayment of finance leases in respect of the following commissioned PPP Projects:</p> <ul style="list-style-type: none"> ▪ Casey/Berwick Hospital ▪ Royal Women's Hospital ▪ Royal Children's Hospital.

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7. Revenue

Question 20

In relation to 2015-16, please outline any new revenue-raising initiatives and/or major changes to existing revenue initiatives. For each initiative/change, please explain:

- (a) the reasons for the initiative/change
- (b) the assumptions underlying the reasons
- (c) alternative scenarios considered
- (d) the impact of any changes on service delivery (that is, please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives)
- (e) any performance measures or targets altered as a result of the initiative/change
- (f) the anticipated total value of revenue gained/foregone as a result of the initiative/change.

In describing initiatives, please use the same names as are used in the budget papers where applicable.

Initiative/change	Reasons for the initiative/change	Underlying assumptions	Alternative scenarios	Impact of changes on service delivery	Performance measures or targets altered	Anticipated total value of revenue gained/foregone
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Question 21

In relation to 2015-16, please outline any new tax expenditures or concession/subsidy initiatives and/or major changes to existing tax expenditures or concession/subsidy initiatives. For each initiative/change, please explain:

- (a) the reasons for the initiative/change
- (b) the assumptions underlying the reasons
- (c) alternative scenarios considered
- (d) the impact of any initiatives/changes on service delivery (that is, please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives)
- (e) any performance measures or targets altered as a result of the initiative/change
- (f) the anticipated total value of revenue gained/foregone as a result of the initiative/change.

In describing initiatives, please use the same names as are used in the budget papers where applicable.

Initiative/change	Reasons for the initiative/change	Underlying assumptions	Alternative scenarios	Impact of changes on service delivery	Performance measures or targets altered	Anticipated total value of revenue gained/foregone
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Question 22

For the Department's income categories (as appear in the Department's operating statement in the Statement of Finances budget paper), please provide an explanation for any items that have a variance of greater than ± 10 per cent or \$100 million between the revised estimate for 2014-15 and the budget for 2015-16.

Income category	Revised estimate for 2014-15 (\$ million)	Estimate for 2015-16 (\$ million)	Explanation
Output appropriations	12,021.3	12,870.2	The variance is mainly driven by additional funding for new initiatives in the 2015-16 State Budget, continuing implementation of initiatives announced in previous budgets, additional funding for anticipated cost increases in 2015-16 and additional revenue collected by health and human services.
Grants	4,606.4	4,861.6	The increase in grants relates mainly to estimated increases in grants from the Commonwealth under the National Health Reform Agreement and Commonwealth grants paid directly to health agencies.

Question 23

What impact have developments at the Commonwealth level had on the Department's component of the 2015-16 State Budget?

Developments at the Commonwealth level relevant to the delivery of health and human services in Victoria are considered in developing the department's input into State Budgets.

Following the release of the 2015-16 Commonwealth Budget, the Commonwealth confirmed new or changed funding to Victoria under the following agreements:

1. National Health Reform Agreement Funding to Victoria

- National Health Reform Agreement funding for Victoria outlined in the 2015-16 Commonwealth Budget is \$4,103.7 million in 2015-16. This is \$34.3 million more than the 2015-16 Victorian Budget estimate of \$4,069.4 million.
- The variance between these two estimates is primarily due to more conservative assumptions for price movement in the state budget and the requirement for growth estimates, including estimates of cross-border activity, to be submitted the National Health Funding Administrator prior to the finalisation of both State and Commonwealth Budget decisions. The Commonwealth estimate also includes adjustments for cross-border activity delivered in 2013-14 that had not been formally confirmed at the time the State Budget base was established.
- National Health Reform Agreement funding estimates are updated periodically, therefore some variation between Commonwealth and State Budget estimates is always possible.
- 'Actual' Commonwealth revenue will be provided for 'actual' activity delivered following reconciliation. The department will budget or estimate revenue until reconciliation is complete.

2. National Partnership Agreement on Adult Public Dental Services

- The Commonwealth will provide \$155 million in 2015-16 for a one-year agreement, with

Victoria's share estimated at approximately \$38.5 million, to replace the previously announced National Partnership Agreement on Adult Public Dental Services. This represents an \$11.1 million reduction in anticipated Commonwealth dental funding to Victorian in 2015-16. There are no commitments for Commonwealth dental funding beyond 2015-16.

- The current National Partnership Agreement on Treating More Public Dental Patients, which will end in June 2015, has enabled a significant increase in people treated and reduced waiting times for public dental treatment across Victoria.
- However, the 2015-16 State Budget did not include any estimates for the National Partnership Agreement on Adult Public Dental Services, as a formal agreement had not been received, nor negotiations commenced, prior to the finalisation of the State Budget.
- The reduced time period and funding levels in the new agreement will have an adverse impact on the public dental system, including reduced access and longer waiting times. This is likely to contribute to poorer oral health outcomes for this vulnerable cohort. Funding uncertainty beyond 2015-16 will also have adverse impacts on dental workforce and sector planning.

3. National Partnership Agreement on Essential Vaccines

- The National Partnership Agreement on Essential Vaccines funding for Victoria in 2015-16 is \$33.1 million, \$4.2 million less than estimated in the Victorian Budget. Both estimates are significantly lower than the funding received in 2014-15, reflecting the transition to centralised Commonwealth purchasing arrangements. The variance between the estimates reflects different assumptions about the speed of transition, but it is still expected that the Commonwealth will reimburse Victoria for the actual costs incurred, irrespective of the estimate.

4. National Affordable Housing Agreement

- In 2015-16, the Commonwealth will provide \$329.9 million to Victoria to provide services with the objective of providing affordable, safe and sustainable housing.
- The 2015-16 Commonwealth Budget showed a reduction in previous funding estimates due to a downward revision of the growth factor from 1.8 per cent to 1.4 per cent.

5. National Disability Agreement

- In 2015-16, the Commonwealth will provide \$359.3 million to Victoria to provide services with the objective of helping people with disabilities and their carers achieve an enhanced quality of life and participate as valued members of the community.
- The 2015-16 Commonwealth Budget showed a reduction in previous funding estimates due to a downward revision of the growth factor from 4.1 per cent to 3.5 per cent.

6. National Partnership Agreement on Homelessness

- This National Partnership Agreement on Homelessness is due to expire on 30 June 2015; however, the Commonwealth has committed funding under a new agreement which is being negotiated currently.
- If agreement is reached, Victoria is expected to receive \$45.6 million over two years to 2016-17.

7. National Partnership Agreement on Pay Equity for the Social and Community Services Sector

- The Commonwealth will provide its financial share of the wage increases arising from Fair Work Australia's decisions on 1 February 2012 to grant an Equal Remuneration Order in the Social and Community Services sector to Victoria through this agreement.
- Victoria will receive \$28.5 million in 2015-16.

8. National Partnership Agreement on Payments from the DisabilityCare Australia Fund

- To assist in the transition to full scheme National Disability Insurance Scheme by 1 July 2019, the Commonwealth will provide funding through this agreement for 10 years.
- Victoria will receive \$21.3 million in 2015-16 to assist with transition.

8. Performance measures

Question 24

For each initiative (asset or output) in the 2015-16 Budget with a total cost over the forward estimates greater than \$20 million (or a TEI over \$20 million), please list all new and existing performance measures in the budget papers related to the initiative. In describing initiatives, please use the same names as are used in the budget papers.

Initiative	Related performance measures
Elective surgery boost	<p>Total separations – all hospitals.</p> <p>Weighted Inlier Equivalent Separations (WIES) – all hospitals except small rural health services.</p> <p>WIES funded separations – all hospitals except small rural health services.</p>
Hospital Beds Rescue Fund	<p>Total separations – all hospitals.</p> <p>Weighted Inlier Equivalent Separations (WIES) – all hospitals except small rural health services.</p> <p>WIES funded emergency separations – all hospitals.</p> <p>WIES funded separations – all hospitals except small rural health services.</p> <p>Emergency presentations.</p>
Meeting hospital services demand	<p>Total separations – all hospitals.</p> <p>Weighted Inlier Equivalent Separations (WIES) – all hospitals except small rural health services.</p> <p>WIES funded emergency separations – all hospitals.</p> <p>WIES funded separations – all hospitals except small rural health services.</p> <p>Patients treated in Specialist Outpatient Clinics – unweighted.</p> <p>Emergency presentations.</p>
Meeting ambulance services demand and responsiveness	<p>No impact.</p>
Child FIRST and family services	<p>Number of Child FIRST assessments and interventions.</p> <p>Number of family services cases provided to Aboriginal families.</p> <p>Total number of family services cases provided.</p> <p>Child Protection and Family Services total output cost.</p>

Initiative	Related performance measures
Child protection demand	<p>Reports to child protection services about the wellbeing and safety of children.</p> <p>Children and young people who were the subject of a substantiated report within 12 months of the closure of a previous substantiated report.</p> <p>Children and young people who were the subject of an investigation which led to a decision not to substantiate, who were subsequently the subject of a substantiation within three months of case closure.</p> <p>Percentage of child protection investigations assessed as urgent, that were visited, or where attempts were made to visit, within two days of receipt of the report.</p> <p>Child Protection and Family Services total output cost.</p>
Expansion of intensive placement prevention and family re-unification service	Child Protection and Family Services total output cost.
Improving financial support for carers	Child Protection and Family Services total output cost.
Out-of-home care demand	<p>Daily average number of children in out-of-home care placements.</p> <p>Child Protection and Family Services total output cost.</p>
Springboard	Child Protection and Family Services total output cost.
More support for people with disabilities and their families	<p>Clients receiving individualised support.</p> <p>Disability Services total output cost.</p>
Homelessness innovation action projects	<p>Number of clients assisted to address and prevent homelessness.</p> <p>Percentage of clients with case plans in homelessness support programs with some, most or all of their case plan goals achieved.</p> <p>Proportion of clients where support to sustain housing tenure was unable to be provided or referred</p> <p>Housing Assistance total output cost.</p>
Meeting clinical services demand	Community service hours.
Super Pharmacies	No impact.
Genomic testing	No impact.
Community Sports Infrastructure Fund	Community Facility Grants: number approved.
Social and Community Services equal remuneration order	The total output cost performance measures across a number of the department's output groups are related to this initiative.
Angliss Hospital intensive care unit and short stay unit	No impact.

Initiative	Related performance measures
Casey Hospital expansion	No impact.
Engineering infrastructure replacement program	No impact.
Health service violence prevention fund	No impact.
Medical equipment replacement program	No impact.
Werribee Mercy Hospital – acute expansion	No impact.
Western Women's and Children's Hospital	No impact.
Ambulance station upgrades	No impact.
Ambulance vehicles and equipment	No impact.
Junction Oval redevelopment	Number of projects in progress that relate to the planning and development of state level facilities.
Simonds Stadium redevelopment – stage 4	Number of projects in progress that relate to the planning and development of state level facilities.

9. Staffing matters

Question 25

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2014 and estimates of FTE staff numbers (broken down by the categories listed below) at 30 June 2015 and 30 June 2016 for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

Grade	Human Services 30 June 2014 (Actual FTE number)	Health 30 June 2014 (Actual FTE number)	Health & Human Services 26 April 2015 provided in lieu of no Forecast for 30 June 2015* (Actual FTE number)	30 June 2016 Not Available (Forecast FTE number)
Secretary	1	1	1	
EO-1	2	2	5	
EO-2	35	13	53	
EO-3	41	25	62	
VPS Grade 7 (STS)	6	9	17	
VPS Grade 6	464	312	823	
VPS Grade 5	707	524	1276	
VPS Grade 4	497	216	743	
VPS Grade 3	410	106	541	
VPS Grade 2	295	45	338	
VPS Grade 1	15	1	12	
Allied health professionals	261	0	240	
Child protection	1,723	0	1,747	
Disability development and support	4,313	0	4,427	
Youth Justice Officers	337	0	338	
Housing Services officers	474	0	467	
Other	108	71	173	
Total	9,689	1,324	11,262	

Source: Department of Human Services and Department of Health Annual Reports 2013-14 and People and Culture Dataset 26 April 2015 for the 2014-15 levels

* Sport & Recreation Victoria (65 FTE) only included in the Department of Health & Human Services 26 April 2015 data.

Note - FTE Levels have been rounded from two decimal places to whole numbers.

Question 26

Please break down the actual staff numbers in your department as at 30 June 2014 and the estimates as at 30 June 2015 and 2016 according to the number of staff that are ongoing, fixed-term or casual.

	Human Services 30 June 2014 (Actual FTE number)	Health 30 June 2014 (Actual FTE number)	Health and Human Services 26 April 2015 provided In lieu of no Forecast for 30 June 2015*	Health and Human Services 30 June 2016 Not Available (Forecast FTE number)
Ongoing	8,179	1,202	9,607	
Fixed-term	702	122	859	
Casual	808	0	796	
Total	9,689	1,324	11,262	

Source: Department of Human Services and Department of Health Annual Reports 2013-14 and People and Culture Dataset 26 April 2015 for the 2014-15 levels

* Sport & Recreation Victoria (65 FTE) only included in the Department of Health & Human Services 26 April 2015 data.

Note - FTE Levels have been rounded from two decimal places to whole numbers.

Question 27

Please detail the actual amount that the Department spent on contractors and consultants in 2013-14 and the estimated expenditure in 2014-15 and 2015-16 (for a definition on the difference between consultants and contractors, see FRD 22E – Standard Disclosures in the Report of Operations). Please provide figures on the same basis of consolidation for the Department as used in the budget papers.

	2013-14 Actual (\$ million)	2014-15 Expected (\$ million)	2015-16 Forecast (\$ million)
Consultants	8.721	7.9	N/A
Contractors	588.8	464.0	N/A

Notes

- 2014-15 Consultants and Contractors figures are an estimate only based on an extrapolation of the first eight months expenditure.
- 2015-16 expenditure estimates for out-years for both consultants and contractors are at present indeterminate as many contractors and consultants are short term and engagements are ad hoc, made on an as required basis at the time, and can vary greatly between years.