



## Department of Treasury and Finance

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1 Treasury Place  
GPO Box 4379  
Melbourne Vic 3001  
Australia  
Telephone: (+61 3) 9651 5111  
Facsimile: (+61 3) 9651 5298  
DX 210759

Mr David Morris MP  
Chair  
Public Accounts and Estimates Committee  
Level 3, 55 St Andrews Place  
EAST MELBOURNE VIC 3002

14 JUL 2014

Dear Mr Morris

### **2014-15 BUDGET ESTIMATES QUESTIONNAIRE CLARIFICATION QUESTIONS**

Thank you for your letter dated 23 June 2014 requesting responses by the Department of Treasury and Finance to the Committee's questionnaire on the 2014-15 budget estimates.

The Department of Treasury and Finance's responses are attached.

Should you wish to discuss the responses further, please contact Dr Ted Lipiarski, Acting Deputy Secretary, Market Engagement and Corporate, Department of Treasury and Finance on 9651 2318.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'D. Martine'.

**David Martine**  
Secretary

## PAEC 2014-15 Budget Estimates Inquiry

### PAEC Clarification Question:

Regarding the Department's response to question 12 from the Committee's 2014-15 Budget Estimates Questionnaire, the Department has indicated that 'it continues to review its processes and systems to identify and implement efficiencies'. Please indicate:

- what these reviews consist of;
- what changes have been made as a result of these reviews; and
- what evidence the Department considers when determining if savings targets have been achieved.

### Response:

The reviews that have been conducted are as follows:

#### Departmental re-structure

- DTF completed a Department restructure that better reflects its role and core business, that places a priority on providing services and solutions through a skilled, flexible workforce, and has an outward focused management team.
- The new structure is comprised of the Senior Executive Group and 18 operational groups. The operational groups have been brought together to align skills and deliverables.
- The new structure reduces process and sign-off layers and empowers operational work to be managed at the VPS6/Assistant Director level, enabling executives to focus on strategic leadership.
- The teams within the 18 groups have been brought together to align each Group's responsibilities and the skills held in these teams.
- DTF has become a smaller organisation, with reductions in both executive and VPS numbers.
- DTF has reduced 170 full time equivalent positions through natural attrition and departure packages.

#### Decrease in the accommodation rental costs

DTF has developed an accommodation strategy by re-stacking and refitting some floors in 1 Macarthur Street and 1 Treasury Place to be more efficient in the use of floor area and thus reduce accommodation, rental and property charges

#### Decrease in purchase of supplies and consumables

Expenditure has decreased due to the significant reduction in FTEs. It has also implemented the efficient use of office equipment (e.g. multi-function devices) that have contributed to lower office supply charges. The Department monitors its level of expenditure to ensure this remains within budget.

#### Decrease in the purchase of professional services

The Department has directed Professional Services expenditure to the priority areas that support the delivery of budget outputs. This strategy has enabled the Department's purchase of Professional Services to absorb a portion of the overall savings to be achieved. The Department monitors this expenditure to ensure budget output delivery is the focus and actual expenditure remains within budget.

### Reference:

Refer to DTF's response to question 12 of the PAEC 2014-15 Budget Estimates Questionnaire on page 15 of [http://www.parliament.vic.gov.au/images/stories/committees/paec/2014-15\\_budget\\_estimates/Qs/2014-05-08\\_DTF\\_response\\_14-15\\_BEQ\\_pub.pdf](http://www.parliament.vic.gov.au/images/stories/committees/paec/2014-15_budget_estimates/Qs/2014-05-08_DTF_response_14-15_BEQ_pub.pdf)

## PAEC 2014-15 Budget Estimates Inquiry

### PAEC Clarification Question:

Regarding Question 25 of the Committee's Budget Estimates Questionnaire, The Budget papers note that Commonwealth grants have increased, reflecting, amongst others:

*Commonwealth asset recycling payments relating to the divestment of the Rural Finance Corporation and the entering into a medium term lease over the operations of the Port of Melbourne.*

The Budget Papers also note that:

*The 2014-15 Budget does not include funding not confirmed by the Commonwealth.*

Please indicate whether the Commonwealth has confirmed that both initiatives noted above qualify as asset recycling initiatives and will attract the 15 per cent incentive payments under the Commonwealth's initiative.

### Response:

The reference in Budget Paper 5, Chapter 4, p. 165 that notes the "2014-15 Budget does not include funding not confirmed by the Commonwealth" relates to National Partnership Payments the Commonwealth had not confirmed would continue at the time of the Victorian Budget.

The Commonwealth asset recycling payments will be made under the National Partnership Agreement on Asset Recycling (the NP), which was signed by the Council of Australian Governments on 2 May 2014.

The Commonwealth has confirmed that the initiatives announced in the 2014-15 Budget will be eligible under the initiative, subject to finalisation of a Schedule to the NP. Incentive payments relating to the Rural Finance Corporation and the medium-term lease of the Port of Melbourne were included in the Victorian Budget.

### Reference:

Refer to DTF's response to question 25 of the PAEC 2014-15 Budget Estimates Questionnaire on page 31 of [http://www.parliament.vic.gov.au/images/stories/committees/paec/2014-15\\_budget\\_estimates/Qs/2014-05-08\\_DTF\\_response\\_14-15\\_BEQ\\_pub.pdf](http://www.parliament.vic.gov.au/images/stories/committees/paec/2014-15_budget_estimates/Qs/2014-05-08_DTF_response_14-15_BEQ_pub.pdf)