



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2014-15 BUDGET ESTIMATES QUESTIONNAIRE

DEPARTMENT OF HEALTH

1. Strategic priorities

Question 1

(a) What are the Department's key strategic priorities underpinning its budget for 2014-15 and over the forward estimates to 2017-18?

The Department's key strategic priorities for the 2014-15 budget and forward estimates are the reform priorities outlined in the Victorian Health Priorities Framework 2012-2022 (VHPF) which are:

- developing a system that is responsive to people's needs
- improving every Victorian's health status and health experiences
- expanding service, workforce and system capacity
- increasing the system's financial sustainability and productivity
- implementing continuous improvements and innovation
- increasing accountability and transparency, and
- utilising e-health and communications technology.

The VHPF articulates the long term goals of the department, and encompasses the forward estimates period (2017-18).

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

Not applicable.

(c) What are the impacts of any differences in the Department's strategic priorities between 2013-14 and 2014-15 on funding and resource allocation in the 2014-15 Budget?

Not applicable.

(d) Please identify any programs or initiatives (asset or output) over \$2 million relevant to the Department that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2013-14 and 2014-15. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

Not applicable.

Question 2

Please identify any programs or initiatives (including asset or output initiatives) that have lapsed in 2013-14 (i.e. will not be continued in 2014-15). For each program or initiative, please indicate the expenditure on this program/initiative in 2013-14 and the impact on the community of the lapsing. 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 2013-14 (\$ million)	Impact on the community (including rescheduling of services provision or commencement of services provision)
Vulnerable Aboriginal children and families (<i>Component of Antenatal, Pre-pregnancy, Teenage Health</i>)	0.3	No impact on the community. Ongoing funding is not required, as the activities funded (strengthening partnerships) will be continued through the implementation of the Koolin Balit strategy
Healthy Together Victoria – Active Cities – Melbourne	1.2	No impact on the community. Ongoing funding is not required, as the project was a pilot. Future activities have been incorporated into the City of Melbourne’s Active Melbourne strategy.
Victorian Quitline	0.9	No impact on the community. The assigned Budget allocation for 2010-11 did not allocate ongoing funding. Increasingly, people are accessing Quit services through the internet, including through social media and other platforms. During 2014-15, the Department will work with Quit, Cancer Council Victoria (CCV) and VicHealth to review future service needs. The review will seek to improve service delivery for Victorians, including for web-based services. Quit will be funded for the Quitline at the same level as 2013-14 through reprioritised Departmental funding.
Diabetes self-management	1.0	No impact on the community. Access to self-management information and support is available through other avenues, including community-based services and the Better Health Channel.
WoVG Mental Health Reform – Youth suicide prevention community support program	0.9	No impact on the community. Ongoing funding is not required as the funding was once off in nature. Services funded are continued as part of the core services provided by the sector.
Pathways to economic participation for people with a severe mental illness (education and employment)	0.9	No impact on the community The program provided access to educational and employment opportunities for working aged young people and adults with a severe mental illness. Clients will be able to access similar support through government-funded mainstream services.

Program or initiative	Expenditure in 2013-14 (\$ million)	Impact on the community (including rescheduling of services provision or commencement of services provision)
Enhance and redevelop community-based mental health infrastructure – Stage 1	1.5	No impact on the community. Ongoing funding is not required, as it was a one-off infrastructure investment to undertake a series of minor capital works state-wide to improve community-based mental health infrastructure.
National E-Health Transition Authority's Core Operations	8.3	Impact on the community – to be determined On 3 November 2013, the Commonwealth Minister for Health, the Hon Peter Dutton, announced a review of the Personally Controlled Electronic Health Records program due to a lower than expected uptake in participation by doctors. While the review has been completed and provided to the Commonwealth Government, there is uncertainty as to how the Commonwealth will proceed. The Victorian Government will consider any potential funding commitments when there is more clarity on the future of the program. The Department will work with health services to mitigate any impacts, while continuing investment in other innovation and improvements.
National Partnership Agreement (NPA) on Indigenous Early Childhood Development - Increased Access to Antenatal Care, Pre-Pregnancy and Teenage Sexuality and Reproductive Health	Element 2 - 1.25	Impact on Community – to be determined This NPA is due to expire on 30 June 2014. The Commonwealth has not yet indicated the NPA will be renewed. If the NPA is not renewed Commonwealth funding will lapse as at 1 July 2014 resulting in a consequent reduction in service levels. The State is advocating for the Commonwealth to continue funding initiatives under this NPA.
National Partnership Agreement on Improving Public Hospital Services – Schedule E – Sub-acute beds facilitation funding	84.0	Impact on Community – to be determined This NPA is due to expire on 30 June 2014. The Commonwealth has not yet indicated the NPA will be renewed. If the NPA is not renewed, Commonwealth funding will lapse as at 1 July 2014 resulting in a consequent reduction in service levels. The State is advocating for the Commonwealth to continue funding initiatives under this NPA.
Project Agreement for the Veteran Community to Access Community Care Services	3.9	This project facilitated access by veterans and war widows/widowers to community care services on the same basis as any other eligible Australian citizen, except where the veteran or war widow/widower is already receiving a Veterans' Home Care service which is the same as the community care service. The Commonwealth has indicated that it will not be renew following its expiry. The State is advocating for the Commonwealth to continue funding initiatives under this project agreement. Veterans in Victoria can access any services, including concessions where they meet the eligibility criteria.

Question 3

What are the key Government policies applicable to the Department in 2014-15?

The Department's overall policy direction is underpinned by the *Victorian Health Priorities Framework 2012-2022 (VHPF)*. The VHPF outlines the government's plan to ensure that the health, aged care and mental health system is responsive to community needs and expectations, and identifies major reform priorities to enhance sustainability. The framework is underpinned by these supporting plans:

- *Metropolitan Health Plan 2012-22*: the plan articulates the long-term planning and development priorities for Victoria's health services throughout the next decade, focussing on Melbourne's health system
- *Rural and Regional Health Plan 2012-22*: the plan sets out to drive the development of key actions to deliver services in rural and regional Victoria that are responsive to people's needs, informative and rigorously informed.

The Department's policy direction is also guided by the following:

- *Victorian Public Health and Wellbeing Plan 2011-2015*: aims to improve the health and wellbeing of all Victorians by engaging communities in prevention, and by strengthening systems for health protection, health promotion and preventive healthcare across all sectors and all levels of government.
- *Koolin Balit*: the Victorian Government strategic directions for Aboriginal health.
- *Reducing the alcohol and drug toll – Victoria's plan 2013-17*: The Whole-of-Victorian-Government Alcohol and Drug Strategy, which includes a roll out of an alcohol culture change project and a state pharmaceutical drug misuse summit.
- *Healthy Together Victoria*: The initiative focuses on addressing the underlying causes of poor health in children's settings, workplaces and communities by encouraging healthy eating, physical activity, and reducing smoking and harmful alcohol use.
- *Skin Cancer Prevention Framework 2013–2017*: the initiative outlines a comprehensive, community-wide approach to reducing the burden of skin cancer in Victoria.
- *Victorian Quality Improvement Framework*: The Commission for Hospital Improvement is currently developing a framework to outline the vision, principles and goals for the quality improvement space within Victorian healthcare.
- *Living Longer, Living Better*: the Commonwealth initiative outlines a comprehensive 10-year plan to reshape aged care and build a better, fairer and more nationally consistent aged care system.
- *Mental Health Act reform*: the Mental Health Bill 2014 will commence on 1 July 2014 and involves significant changes to compulsory assessment and treatment of people living with mental illness. It recognises the important role of families and carers in supporting people recovering from mental illness.
- *People in Health*: this policy initiative aims to support, strengthen and expand the health and mental health workforce to care for Victoria's complex and growing cohort of patients and clients. The initiative represents the Victorian Government's continuing investment and ongoing commitment to develop Victoria's health workforce, with a focus on ensuring health professionals in Victoria receive the best education and training at every stage of their career.
- *National Health Reform Agreement and other Commonwealth agreements*: national financing and payment arrangements are changing for health services, and will change the way health services are funded in the long-term.

Question 4 (Department of Treasury and Finance and the Department of State Development and Business Innovation only)

Please explain, incorporating relevant expenditure estimates for 2014-15 and beyond, the manner in which recent industry restructuring decisions, proposed plant closures and job displacements etc. have impacted on departmental responsibilities and budgetary directions. In doing so, please identify the extent of both State and Commonwealth assistance initiatives embodied in budgetary projections.

Not Applicable.

2. Budget Preparation

Question 5 (Department of Treasury and Finance only)

Please detail the economic forecasts which had the most significant impact on framing the 2014-15 Budget, detailing for each the major revenue and expenditure items in the budget that have been affected.

Economic forecast	Affected items in the budget
n/a	n/a

Question 6 (Department of Treasury and Finance only)

In relation to the line item 'Contingencies not allocated to departments' (in the note to the estimated operating statement on total expenditure by department) for the general government sector, please explain the reasons for any differences between:

- the amount provided for 2013-14 in the 2013-14 Budget; and
- the amount provided for 2014-15 in the 2014-15 Budget

Not Applicable.

Question 7 (Department of Treasury and Finance only)

Please identify the manner in which any unallocated capital provisions shown in the 2014-15 Budget have been quantified. In doing so, please also present the composition (with detail) of any drawdowns made in 2013-14 from the provision published in the 2013-14 budget papers.

- a) method for quantifying capital provision approved but not yet allocated in 2014-15 budget papers;

	2014-15	2015-16	2016-17	2017-18
Method of quantification	n/a	n/a	n/a	n/a

- b) drawdowns made in 2013-14

Drawdowns made in 2013-14	Department/entity	Project	Purpose	2014-15 (\$ m)	2015-16 (\$ m)	2016-17 (\$ Minister)
Capital provision approved in 2013-14 budget papers but not yet allocated	n/a	n/a	n/a	225.6	504.2	818.1
Less: drawdowns made in 2013-14	n/a	n/a	n/a	n/a	n/a	n/a

Total drawdowns made in 2013-14	n/a	n/a	n/a	n/a	n/a	n/a
Balance of capital provision unallocated at end of 2013-14	n/a	n/a	n/a	n/a	n/a	n/a

Question 8 (Department of Treasury and Finance only)

In relation to the estimated financial statements for the general government sector (estimated operating statement and estimated balance sheet), please explain any variations of more than 10 per cent (or greater than \$100 million) between the estimates for 2014-15 published in the 2013-14 budget papers, and the budget forecasts for 2014-15 shown in the 2014-15 budget papers.

Line item	Reason for variation
n/a	n/a

Question 9 (Department of Treasury and Finance only)

a) What new features have been incorporated in the budget papers for 2014-15 and why?

Not applicable.

b) What previous features have been modified and why?

Not applicable.

3. Spending

Question 10

For your department, please explain any variations of more than 10 per cent (or greater than \$100 million) between the revised estimate for 2013-14 and the target for 2014-15 for expenses from transactions (as presented in the Department's operating statement in the Statement of Finances budget paper) that relate to the following line items:

- a) 'Employee benefits';
- b) 'Grants and other transfers';
- c) 'Other operating expenses' in aggregate; and
- d) the major components of 'other operating expenses' for your department (please supply categories as appropriate).

	2013-14 (Revised estimate) (\$ m)	2014-15 (Budget) (\$ m)	Explanation for any variances greater than ±10% (or greater than \$100 m)
Employee benefits	8,098.1	8,337.1	The increase is mostly due to the impact of State Government initiatives announced in the 2014-15 Budget, continuing implementation of initiatives announced in previous budgets and anticipated cost increases in 2014-15.
Grants and other transfers	739.6	799.5	n/a
Other operating expenses	4,888.9	5,101.2	The increase is mostly due to the budgeted impact of the 2014-15 Budget initiatives.
Major components of 'other operating expenses' (please supply categories):			
Operating supplies and consumables	2,359.3	2,468.0	The increase is mostly due to the impact of State Government initiatives announced in the 2014-15 Budget, continuing implementation of initiatives announced in previous budgets and anticipated cost increases in 2014-15.
Other services purchased from non-public sector suppliers other than Commonwealth General Govt.	1,949.0	1,997.3	n/a
Purchases of services – Intra-government	329.7	359.4	n/a
Maintenance	178.3	184.0	n/a
Operating Leases	46.4	46.4	n/a

If the Department is unable to provide estimates for the expenditure on the components of 'other operating expenses' in 2014-15, please explain how the amount of 'other operating expenses' listed for 2014-15 in the budget papers was calculated.

Not Applicable.

Question 11 (Department of Treasury and Finance only)

With respect to the two line items that sum to 'Net cash flows from investments in financial assets for policy purposes' in the general government sector cash flow statement, please identify:

- (a) the material reporting entities that contributed to estimates of cash inflows and cash outflows in 2014-15 and the forward estimates;**
- (b) the expected cash flows to and from those entities in 2014-15; and,**
- (c) what policy objectives underlie the choice of investments.**

Material reporting entity	Cash inflow (to entity) (\$ m)	Cash outflow (from entity) (\$ m)	Policy objectives
Total	n/a	n/a	n/a

4. Efficiencies and savings

Question 12

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

- what actions the Department will take in 2014-15 to meet the various savings targets;
- any impact that these actions will have on the delivery of services during 2014-15; and,
- the Department's savings target for 2014-15, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released.

The amounts for department specific savings for the 2014-15 fiscal year are shown in previously published budget papers. The nature of the efficiencies and savings achieved since 2011-12 is recurrent in nature. Therefore the efficiency and savings achieved in a fiscal year are carried forward in to the next fiscal year. Consequently, the table below shows the savings target, as the difference between the efficiency and savings target for 2013-14 and 2014-15.

Initiative	Actions the Department will take in 2014-15	Impact of these actions on service delivery in 2014-15	Savings target for 2014-15 (\$ m)	Explanation for variances to the original target
Government election commitment savings (2011-12 Budget)	Savings were achieved through improved efficiencies and cost containment across portfolios, including a focus on improved purchasing practices through enhanced contract management by Health Purchasing Victoria, improvements in patient flow, both within hospitals and community health services, and reduction of administrative overheads.	Savings will be targeted at overhead reduction and should not impact on services delivered to the community.	\$1.9m	n/a
Measures to offset the GST reduction (2011-12 Budget)			\$0.6m	n/a
Capping departmental expenditure growth (2011-12 Budget Update)			Whole of Government	n/a
Maintain a sustainable public service (2011-12 Budget Update)			Whole of Government	n/a
Savings (2012-13 Budget)			\$0.8m	n/a
Efficiency measures (2012-13 Budget Update)			\$25.0m	n/a
Efficiency measures (2013-14 Budget)			Whole of Government	n/a
Efficiency measures (2013-14 Budget Update)			-	n/a
Any savings or efficiency initiatives in the 2014-15 Budget			Whole of Government	n/a

Question 13

Budget Paper No.2 for 2011-12 to 2013-14 indicated that funding previously allocated to departments for expenditure in the three years is to be 'reprioritised or adjusted' to fund new initiatives. Please provide the following information about your department's share of the actual funding reprioritised and adjusted in these years and forecast in the 2014-15 Budget:

a) for 2011-12 to 2013-14

Budget in which funding was reprioritised or adjusted	Department's share of the reprioritised or adjusted funding	What the reprioritised and adjusted funding was initially provided for	How much of the Department's funding was reprioritised or adjusted (\$ m)	Reasons for any variances between initial provision and actual reprioritisation or adjustment
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	53.8 ^(a)	-
a) Published in 2013-14 Victorian Budget Service Delivery BP3, page 17.				

b) for 2014-15

Breakdown of the projected reprioritised and adjusted funding	Quantification of proposed reprioritised and adjusted funding (for each sub-item)
-	-
Total (equals Department's share of the reprioritised or adjusted funding)	1.2 ^(a)
a) Published in 2014-15 Victorian Budget Service Delivery BP3, page 20.	

Budget Paper No.2 refers to whole of Government matters and as such, this should be referred to DTF for response.

As outlined previously in the government's response to the PAEC *Report on the 2012-13 Budget Estimates – Part Three*, recommendation 23 (and in the Government's response to the PAEC *Report on the 2011-12 Budget Estimates – Part Three*, recommendation 24) departments are funded on a global basis in the annual appropriation acts and ministers have the ability to reprioritise funding within their portfolio department.

Question 14 (Department of Treasury and Finance Only)

Please provide a breakdown of the amounts making up the item 'funding from reprioritisation and adjustments' for 2014-15 and beyond, usually shown in Budget Paper No.2¹ as a deduction from the projected cost of new output initiatives.

Description of reprioritisation and/or adjustment	Applicable department	\$ m
n/a	n/a	n/a
Total funding from reprioritisation and adjustments	n/a	n/a

Question 15 (Department of Treasury and Finance only)

The 2013-14 budget papers did not include a reconciliation of the savings item in Table 4.4 of Budget Paper No.2² and the aggregate of amounts deducted for each department in Budget Paper No.3³ in the presentation of their new output initiatives. If such a reconciliation is not included in the 2014-15 budget papers, please provide the relevant data as per the following table:

	2014-15	2015-16	2016-17	2017-18
Savings item (BP2)	n/a	n/a	n/a	n/a
Total of departmental deducting items ('existing resources') (BP3)	n/a	n/a	n/a	n/a
Difference (if applicable)	n/a	n/a	n/a	n/a
Explanation of difference for each year	n/a	n/a	n/a	n/a

¹ Most recently, Budget Paper No.2, 2013-14 Strategy and Outlook, May 2013, p.54

² Budget Paper No.2, 2013-14 Strategy and Outlook, May 2013, p.54

³ Presented in the 2013-14 budget papers as 'existing resources' in departmental output initiatives tables (Budget Paper No.3, 2013-14 Service Delivery, May 2013, chapter 1)

5. Output and asset initiative funding

Question 16

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

- a) *the department's base funding for 2013-14;*
- b) *the initial figure used to escalate the Department's 2013-14 base output price to maintain alignment with movements in the rate of inflation;*
- c) *details of any adjustments in this rate that apply to the Department;*
- d) *the final escalation rate applied to the Department's base output price for 2013-14 to calculate the Department's base output price for 2014-15; and*
- e) *the department's base funding for 2014-15.*

Departmental base funding 2013-14	Initial escalation factor	Adjustments to escalation factor	Final escalation factor	Departmental base funding 2014-15
\$ m	Per cent		Per cent	\$ m

The original base year for 2013-14 would have been created some four years ago as part of the creation of the new financial year, and 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%, in line with consumer price index published in *Budget Paper No. 2 – Strategy and Outlook*. However uniform indexation is not applied equally to all department estimates since some components of output delivery are subject to different price indexation.

6. Public private partnership expenditure

Question 17 (Department of Treasury and Finance only)

Please provide details of the estimated amount of expenditure on commissioned PPP projects in 2014-15 and across the forward estimates. For each year, please also indicate all PPP projects for which payments are expected to start in the year.

	2014-15	2015-16	2016-17	2017-18
Value of payments for PPP projects (\$ million)	n/a	n/a	n/a	n/a
Projects for which payments will start in the year	n/a	n/a	n/a	n/a

Question 18 (Department of Treasury and Finance only)

In regard to the figure in the budget papers for 'cash flows from PPP payments',⁴ please:

- a) provide a revised estimate for this figure for 2013-14, and estimates for 2014-15 and the forward estimates;*
- b) indicate all line items in the budget papers (including the accompanying notes) that wholly or partly contribute to these estimates; and*
- c) provide explanations for any changes in these figures from those provided to the Committee as part of its 2013-14 Budget Estimates inquiry.*

Not applicable.

Question 19 (Department of Treasury and Finance only)

Please disaggregate the 'cash flows from PPP payments' figure for 2014-15 given in Question 18 into the underlying public private partnership projects where there are expected to be cash flows.

PPP Project name	Expected cash flow 2014-15 (\$ m)
n/a	n/a
Cash flows from PPP projects (as given in budget papers)	

If this is not possible, please indicate which PPP projects are expected to have cash flows during 2014-15.

PPP Projects with cash flows during 2014-15
Not applicable.

⁴ Budget Paper No.4, 2013-14 State Capital Program, May 2013, p.11

7. Revenue initiatives, departmental income (fees, fines, taxation measures, concessions and subsidies) and tax expenditures

Question 20

In relation to 2014-15, please outline any new revenue-raising initiatives and/or major changes to existing revenue initiatives. For each initiative/change, please explain:

- the reasons for the initiative/change;*
- the assumptions underlying the analysis;*
- alternative scenarios considered; the impact of any changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives);*
- any performance measures or targets altered as a result of the initiative/change; and*
- 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

If the 'total expenses from transactions' figure listed in the Department's comprehensive operating statement in Budget Paper No.5, is greater than the total figure in the Department's output summary table in Budget Paper No.3., please explain:

- what the difference between the two figures is;*

The difference between the two figures is \$1.1 billion.

- what the 'non-output' expenditure in the 'total expenses from transactions' figure is used for.*

The 'total expenses from transactions' figure listed in the Department's comprehensive operating statement in Budget Paper 5 is greater than the total figure in the Department's output summary table in Budget Paper No.3 because 'total expenses from transactions' include expenses related to the following:

- Hospital/ health services commercial activities

There is a range of services delivered by Department of Health portfolio health services that do not directly contribute to the delivery of outputs. These services include private practice arrangements, privatised clinical services and the delivery of linen services, car-parks and kiosks. The funding required to operate these services is provided from non-government/ non-appropriated sources – such as income from the sales of goods and services and other miscellaneous income.

- Funding for outputs delivered by other Victorian Government departments

The Department's portfolio agencies receive funding from other Victorian Government departments, which are reported in the output costs for these respective departments. This expenditure is therefore not included in the Department's output costs, to ensure there is not a duplication of expenditure in the State Budget papers.

This approach was adopted more than a decade ago and has been consistently applied since that time.

Question 22

In relation to 2014-15, 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:

- the reasons for the initiative/change;***
- the assumptions underlying the analysis;***
- alternative scenarios considered;***
- the impact of any initiatives/changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives);***
- any performance measures or targets altered as a result of the initiative/change; and***
- 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 23

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 2013-14 and the budget for 2014-15.

Income category	Revised estimate for 2013-14 (\$ m)	Estimate for 2014-15 (\$ m)	Explanation
Output appropriations	7,948.5	8,348.3	The increase is mainly due to additional funding for State Government initiatives announced in the 2014-15 budget, continuing implementation of initiatives announced in previous budgets and additional funding for anticipated cost increases in 2014-15.
Special appropriations	1,505.9	1,192.7	The decrease mainly relates to estimated gambling revenue hypothecations and decrease in Commonwealth revenue accessed under Section 10 of the <i>Financial Management Act</i> .
Grants	4,168.0	4,487.3	The increase in grants mainly relates to estimated increases in grants from Commonwealth under the National Health Reform Agreement and Commonwealth grants paid directly to health agencies.

8. Grants from the Commonwealth

Question 24

What impact have developments at the Commonwealth level had on the Department's component of the 2014-15 State Budget?

National Health Reform Agreement (NHRA) Funding

New funding model

Arrangements for determining the Commonwealth's funding contribution to public hospitals and payment of Commonwealth and State funds to public hospitals are set to come into effect from 1 July 2014.

Prior to 2011-12, Commonwealth funding to States for health was provided through the Health Specific Purpose Payment (SPP). The Health SPP is still important as it forms the minimum amount States will receive under the agreement.

The new arrangements will see the Commonwealth contribute 45 per cent of the cost of 'efficient growth'. Efficient growth consists of changes in the volume of services provided and the growth in national efficient price (NEP) of providing the existing volume of services.

The Independent Hospital Pricing Authority (IHPA) released the 2014-15 NEP determination on 3 March 2014. This resulted in a back-cast NEP for 2013-14 of \$4,819 and a final NEP of \$5.007.

Victoria has provided aggregate estimates of activity levels for 2014-15 to the Administrator in accordance with the NHRA, so that the Administrator can calculate the Commonwealth funding contribution for 2014-15.

The new arrangement includes a funding guarantee which will be paid retrospectively based on actual activity levels. This guarantee is in accordance with the NHRA which states that the Commonwealth's contribution to efficient growth funding (in addition to what States would have received under the former Health SPP) will be no less than \$16.4 billion between 2014-15 and 2019-20.

2013-14 MYEFO adjustments

There is uncertainty about the treatment of the 2013-14 Mid-Year Economic and Fiscal Outlook (MYEFO) adjustments on the funding base.

Impact on 2014-15 Budget

There are a number of complex uncertainties relating to the calculation of the Commonwealth's contribution to growth funding for 2014-15. This includes:

- the constitution of 2013-14 base activity for the purposes of calculating 2014-15 growth;
- uncertainty about continuation of the National Partnership on Indigenous Early Childhood Development
- uncertainty about continuation of the National Partnership Agreement on Improving Public Hospital Services.

The Commonwealth has advised States the funding uncertainties will be resolved in the 2014-15 Commonwealth Budget when it is handed down on 13 May 2014.

Question 25 (Department of Treasury and Finance only)

Please explain how any major changes between financial agreements with the Commonwealth have impacted on the State Budget for 2014-15, e.g. health and hospitals reform.

Not applicable.

Question 26 (Department of Treasury and Finance only)

What has been the impact of any changes to Victoria's share of the GST pool for 2014-15 and beyond? Please detail any actions that the State Government has taken in response to changes in the value of general purpose grants in 2014-15.

Not applicable.

9. Net debt

Question 27 (Department of Treasury and Finance only)

In relation to the net debt projections for the non-financial public sector for the 2014-15 budget year and over the forward estimates to 2017-18,⁵ please provide a break-down of the spread of net debt between the general government sector (GGS) and each of the main public non-financial corporations (PNFCs) concerned.

GGS/PNF C entity	Net debt, 30 June 2014	Net debt, 30 June 2015	Net debt, 30 June 2016	Net debt, 30 June 2017	Net debt, 30 June 2018
n/a	n/a	n/a	n/a	n/a	n/a

Question 28 (Department of Treasury and Finance only)

What factors or assumptions have led to changes to the estimates of borrowings and net debt for 2013 and the forward estimates between the 2013-14 Budget and the 2014-15 Budget?

Not applicable

⁵ Budget Paper No.5, 2013-14 Statement of Finances, May 2013, p.69

10. Performance measures

Question 29

For each initiative (asset or output) in the 2014-15 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
Responding to patient demand growth	Total separations - all hospitals Weighted Inlier Equivalent Separations - all hospitals except small rural health services WIES funded separations - all hospitals except small rural health services WIES funded emergency separations - all hospitals Patients treated in specialist outpatient clinics – unweighted Emergency presentations Admitted Services Total Output Cost Non-admitted Services Total Output Cost Emergency Services Total Output Cost
Boosting elective surgery capacity	Total separations - all hospitals Weighted Inlier Equivalent Separations - all hospitals except small rural health services WIES funded separations - all hospitals except small rural health services Admitted Services Total Output Cost
Health services winter demand capacity enhancement	Total separations - all hospitals Weighted Inlier Equivalent Separations - all hospitals except small rural health services WIES funded separations - all hospitals except small rural health services Admitted Services Total Output Cost
Delivering care in the home	Home and Community Care service delivery hours Eligible population receiving Home and Community Care services HACC Primary Health, Community Care and Support Total Output Cost
Prevention and Recovery Care (PARC) adult units	Residential bed days Clinical Care Total Output Cost
Mental health demand management for complex and longer stay patients	No impact on performance measures Clinical Care Total Output Cost
Tackling ice and other drug use	No impact on performance measures Drug Treatment and Rehabilitation Total Output Cost

Question 30

Please indicate any changes that the Department has made since the 2013-14 Budget to increase the proportion of performance measures that indicate quality of output.

The Department of Health have made minimal changes to its output structure and performance measures for the 2014-15 Budget, in the interest in maintaining accountability and transparency of performance across budget years.

11. Staffing matters

Question 31

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2013 and estimates of FTE staff numbers (broken down by the categories listed below) at 30 June 2014 and 30 June 2015 for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

Grade	30 June 2013 (Actual FTE number)	30 June 2014 (Expected FTE number)	30 June 2015 (Forecast FTE number)
Secretary	1	1	1
EO-1	2	2	2
EO-2	15	13.8	13.8
EO-3	25	25.6	25.6
VPS Grade 7 (STS)	7.6	9.6	9.6
VPS Grade 6	277.4	308.5	308.5
VPS Grade 5	531.7	532.4	532.4
VPS Grade 4	198.0	204.7	204.7
VPS Grade 3	118.8	106.7	106.7
VPS Grade 2	49.1	43	43
VPS Grade 1	0.9	0.2	0.2
Government Teaching Service	-	-	-
Health services	-	-	-
Police	-	-	-
Allied health professionals	-	-	-
Child protection	-	-	-
Disability development and support	-	-	-
Custodial officers	-	-	-
Other	65.8	66.3	66.3
Total	1292.4	1313.8	1313.8

Notes:

- Reductions have been achieved through attrition, non-extension of some fixed term contracts and availability of VDPs.
- This data reflects a point in time report and some fluctuations are expected from month to month.
- The June 2015 forecast is expected to remain flat pending minor variations due to program needs.

Question 32

Please break down the actual staff numbers in your department as at 30 June 2013 and the estimates as at 30 June 2014 and 2015 according to the number of staff that are ongoing, fixed-term or casual.

	30 June 2013 (Actual FTE)	30 June 2014 (Expected FTE)	30 June 2015 (Forecast FTE)
Ongoing	1158.0	1195	1195
Fixed-term	133.7	117.8	117.8
Casual	0.6	1	1
Total	1292.4	1313.8	1313.8

Notes:

- Reductions have been achieved through attrition, non-extension of some fixed term contracts and availability of VDPs.
- This data reflects a point in time report and some fluctuations are expected from month to month.
- The June 2015 forecast is expected to remain flat pending minor variations due to program needs.

Question 33

Please indicate, for 2013 and 2014, the estimated total number of VPS positions and non-VPS positions that the Department expects to have as at 30 June.

	30 June 2013 (Actual FTE)	30 June 2014 (Expected FTE)	30 June 2015 (Forecast FTE)
VPS positions	1183.6	1195.5	1195.5
Non-VPS positions	108.8	118.3	118.3

Notes:

- Reductions are being achieved through attrition, non-extension of some fixed term contracts and availability of VDPs.
- This data reflects a point in time report and some fluctuations are expected from month to month.
- The June 2015 forecast is expected to remain flat pending minor variations due to program needs.

Question 34

Please detail the actual amount that the Department spent on contractors and consultants in 2012-13 and the estimated expenditure in 2013-14 (for a definition on the difference between consultants and contractors, see FRD 22D – 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.

	2012-13 Actual (\$ m)	2013-14 Expected (\$ m)	2014-15 Forecast (\$ m)
Consultants	1.31	3.84	-
Contractors	17.26	18.95	-

Notes:

- 2013-14 Consultants and Contractors figures are an estimate only based on an extrapolation of the first nine months' expenditure.
- Note that the expected increase in expenditure on Consultants for 2013-14 may in part be attributed to the expanded definition of 'Consultants' as per FRD 22D (effective 1 July 2013).
- The 2014-15 forecast for both consultants and contractors is 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.

12. Previous recommendations

Question 35

For each recommendation in the Committee’s Report on the 2013-14 Budget Estimates – Part Two that relates to an area relevant to your department or one of its portfolio agencies, please indicate:

- a) whether or not the action specified in the recommendation has been implemented;**
- b) if so, how it has been implemented and what publicly available information (if any) demonstrates the implementation of the recommendation;**
- c) if not, why the recommendation has not been implemented, and the intended date of implementation.**

The government tabled a Whole-of-Victorian-Government response in both Houses of Parliament to the *Report on the 2013-14 Budget Estimates – Part 2* (Report number 116) on 16 April 2014. The Committee is referred to those documents.

Recommendation		Has the action specified in the recommendation been implemented?	If yes:		If no:	
			How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?	When is the intended date of implementation?
21	The Department of Health incorporate its focus areas into its list of objectives in the 2014-15 budget papers, increasing its number of objectives from three.	The Department of Health’s areas of focus presently include the seven priorities in the Victorian Health Priorities Framework 2012-2022. The proposal to include some of these into the “objectives” of the Department to increase the number from three is pre-emptive as the priorities do not each have specific indicators. Not all of the priorities – or areas of focus – can be said to be “objectives” that are different to the existing three. The overlap between the priority areas and objectives is unsurprising as the focus areas are the means for pursuit of the objectives.				
23	Departments in future budget papers ensure that all objective indicators are clearly quantifiable or measurable.	The Department of Treasury and Finance will continue to work with departments to ensure that in future budget papers objective indicators are clearly quantifiable or measurable.				