



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2014-15 BUDGET ESTIMATES QUESTIONNAIRE

DEPARTMENT OF PREMIER AND CABINET

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?

DPC's strategic priorities underpinning the 2013-14 Budget include:

- Supporting high-quality Government decision-making and implementation;
- Promoting an effective, accountable and professional public administration;
- Supporting and promoting full participation in strong and vibrant communities; and
- Developing and promoting a thriving Victorian arts and cultural sector

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

DPC's strategic priorities have not changed since 2013-14.

- (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)
Geelong Performing Arts Centre critical works	0.2	This funding was fixed-term only. No impact on the community.
Ensuring a secure, socially cohesive Victoria	0.2	This funding was fixed-term only. No impact on the community.

National Gallery of Victoria renewal and redesign	4.0	This funding was fixed-term only. No impact on the community.
Public Record Office Victoria (PROV) asset plan renewal	2.9	This funding was fixed term only. The current rate of conservation and digitisation activities will remain at current levels.

Question 3

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

Key Government policies applicable to funding allocated through the 2014-15 Budget are:

- 'Commitment to the Arts'
- 'Commitment to Integrity of Government'
- 'Commitment to Veterans' Affairs'
- 'Victoria's Advantage – Unity, Diversity, Opportunity'
- 'Victorian Aboriginal Affairs Framework 2013-18'
- 'Victorian Aboriginal Economic Strategy'.

Question 4 (Department of Treasury and Finance and Department of State Development, Business and 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 to DPC.**

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
DTF to respond	

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

DTF to respond

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.¹

- (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	DTF to respond			

- (b) drawdowns made in 2013-14

Drawdowns made in 2013-14	Department/entity	Project	Purpose	2014-15 (\$ million)	2015-16 (\$ million)	2016-17 (\$ million)
Capital provision approved in 2013-14 budget papers but not yet allocated	DTF to respond			225.6	504.2	818.1
Less: drawdowns made in 2013-14						
1:						
2:						
Total drawdowns made in 2013-14						
Balance of capital provision unallocated at end of 2013-14						

¹ Budget Paper No.2, 2013-14 Strategy and Outlook, May 2013, p.55

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
DTF to respond	

Question 9 (Department of Treasury and Finance only)

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

DTF to respond

(b) What previous features have been modified and why?

DTF to respond

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:

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

	2013-14 (Revised estimate) (\$ million)	2014-15 (Budget) (\$ million)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
Employee benefits	236.2	240.4	Not applicable
Grants and other transfers	115.3	123.0	Not applicable
Other operating expenses	167.1	157.6	Not applicable
Major components of 'other operating expenses' (please supply categories):			
Assets provided free of charge	0.5	0.5	Not applicable
Intra government supplies and consumables	9.7	9.4	Not applicable
Purchase of supplies and services	156.7	147.5	Not applicable
Finance expenses and fees	0.2	0.2	Not applicable

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) (\$ million)	Cash outflow (from entity) (\$ million)	Policy objectives
DTF to respond			
Total			

4. Efficiencies and savings

Question 12

- (a) 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;
- (b) any impact that these actions will have on the delivery of services during 2014-15; and
- (c) 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.

Initiative	Actions the Department will take in 2014-15	Impact of these actions on service delivery in 2014-15	Savings target for 2014-15 (\$ million)	Explanation for variances to the original target
Government election commitment savings (2011-12 Budget)	The Portfolio will undertake a range of measures to constrain expenses by consolidating activities and minimising duplication and waste in administration, corporate and management functions.	Savings initiatives will be delivered through general efficiencies. No impact on service delivery is anticipated. Note, in relation to Arts agencies, decisions of their independent boards may be relevant.	0.400	Not applicable.
Measures to offset the GST reduction (2011-12 Budget)	As above	As above	0	As above
Capping departmental expenditure growth (2011-12 Budget Update)	As above	As above	7.000	As above
Maintain a sustainable public service (2011-12 Budget Update)	As above	As above	0.416	As above

Savings (2012-13 Budget)	As above	As above	0	As above
Efficiency measures (2012-13 Budget Update)	As above	As above	2.500	As above
Efficiency measures (2013-14 Budget)	As above	As above	0.100	As above
Efficiency measures (2013-14 Budget Update)	As above	As above	0	As above
Any savings or efficiency initiatives in the 2014-15 Budget	As above	As above	0	As above

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 (\$ million)	Reasons for any variances between initial provision and actual reprioritisation or adjustment
2011-12	Reprioritisation decisions were funded through the department's internal budget allocation process, which included the identification of general efficiencies with no impact on service delivery.			
2012-13	As above.			
2013-14	As above.			

(b) for 2014-15

Breakdown of the projected reprioritised and adjusted funding	Quantification of proposed reprioritised and adjusted funding (for each sub-item)
Reprioritisation decisions were funded through the department's internal budget allocation process, which included the identification of general efficiencies with no impact on service delivery.	
Total (equals Department's share of the reprioritised or adjusted funding)	Not Applicable.

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.2² as a deduction from the projected cost of new output initiatives.

Description of reprioritisation and/or adjustment	Applicable department	\$ million
DTF to respond		
Total funding from reprioritisation and adjustments		

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.2³ and the aggregate of amounts deducted for each department in Budget Paper No.3⁴ 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)	DTF to respond			
Total of departmental deducting items ('existing resources') (BP3)				
Difference (if applicable)				
Explanation of difference for each year				

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

³ Budget Paper No.2, *2013-14 Strategy and Outlook*, May 2013, p.54

⁴ 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
\$ million	Per cent		Per cent	\$ million
<p>The original base year for 2013-14 would have been created approximately four years ago, and since then it has been varied in accordance with output decisions made by Government as part of ongoing budgetary processes.</p> <p>The underlying indexation rate applied was 2.5 percent, in line with consumer price index published in <i>Budget Paper No. 2 – Strategy and Outlook</i>. However uniform indexation is not applied equally to all department estimates since some components of output delivery are subject to different price indexation.</p>				

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)	DTF to respond			
Projects for which payments will start in the year				

Question 18 (Department of Treasury and Finance only)

In regard to the figure in the budget papers for ‘cash flows from PPP payments’,⁵ please:

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

- **DTF to respond**

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 (\$ million)
DTF to respond	
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
DTF to respond

⁵ 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:

- (a) the reasons for the initiative/change;
- (b) the assumptions underlying the analysis;
- (c) alternative scenarios considered;
- (d) 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);
- (e) any performance measures or targets altered as a result of the initiative/change; and
- (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
Not applicable.						

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:

- (a) what the difference between the two figures is; and
- (b) 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 No. 5 is \$13.2 million greater than the output cost figure in Budget Paper No. 3.

The comprehensive operating statement includes expenditure relating to controlled trust funds and special appropriations administered by the Department of Premier and Cabinet under specific legislation.

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:

- (a) the reasons for the initiative/change;
- (b) the assumptions underlying the analysis;
- (c) alternative scenarios considered;
- (d) 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);
- (e) any performance measures or targets altered as a result of the initiative/change; and
- (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
Not applicable.						

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 (\$ million)	Estimate for 2014-15 (\$ million)	Explanation
Grants	15.5	7.3	The estimate for 2014-15 is lower than the revised estimate for 2013-14 due to the timing and accounting treatment of some programs within Arts Victoria, Office of Aboriginal Affairs Victoria and Veteran's Affairs.
Fair value of assets and services received free of charge or for nominal consideration	1.5	1.7	The variance relates to a small increase in resources received free of charge by the Australian Centre for the Moving Image.

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?

Not applicable.

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.

DTF to respond

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.

DTF to respond

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 2017-18,⁶ 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/PNFC 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
DTF to respond					

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?

DTF to respond

⁶ 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
Not Applicable.	

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.

Approximately one-third of DPC's performance measures continue to be classified as quality measures.

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	1.0	1.0	FTE numbers at the end of June 2015 cannot be accurately provided at this stage. These 2014-15 figures will be reported to Parliament in the Department's 2014-15 Annual Report.
EO-1	3.0	3.0	
EO-2	15.0	16.8 *	
EO-3	8.8	12.8 *	
VPS Grade 7 (STS)	11.4	9.0 *	
VPS Grade 6	58.1	79.6 *	
VPS Grade 5	95.1	118.3 *	
VPS Grade 4	80.0	84.8 *	
VPS Grade 3	59.0	60.6 *	
VPS Grade 2	16.3	9.3 *	

VPS Grade 1			
Government Teaching Service			
Health services			
Police			
Allied health professionals			
Child protection			
Disability development and support			
Custodial officers			
Other	25.4	30.4 *	
Total	373.1	425.6 *	
* This increase in DPCs staff numbers reflects the machinery of government changes effective 1 July 2013.			

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 number)	30 June 2014 (Expected FTE number)	30 June 2015 (Forecast FTE number)
Ongoing	320.2	379.2 *	FTE numbers at the end of June 2015 cannot be accurately provided at this stage.
Fixed-term	47.0	36.1 *	
Casual	5.9	10.3 *	
Total	373.1	425.6 *	These 2014-15 figures will be reported to Parliament in the Department's 2014-15 Annual Report.
* This increase in DPCs staff numbers reflects the machinery of government changes effective 1 July 2013.			

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 number)	30 June 2014 (Expected FTE number)	30 June 2015 (Forecast FTE number)
VPS positions	373.1	425.6*	Not applicable
Non-VPS positions	0	0	Not applicable
* This increase in DPCs staff numbers reflects the machinery of government changes effective 1 July 2013.			

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 (\$ million)	2013-14 Expected (\$ million)	2014-15 Forecast (\$ million)
Consultants	0.433	0.459	Yet to be determined
Contractors *	8.974	8.300	Yet to be determined

* Expanded definition of Financial Reporting Direction (FRD 22D)

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; and
- (c) if not, why the recommendation has not been implemented, and the intended date of implementation.

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?
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.	Not applicable.	Not applicable.	In progress	In progress
39	As part of its review of guidelines for responding to inquiries, the Department of Premier and Cabinet provide a clear definition of the conditions under which a recommendation should be considered to be implemented.	The Department of Premier and Cabinet will consider the development of such a definition as part of its review of guidelines for responding to inquiries.	Not applicable.	Not applicable.	In progress.	Late 2014
42	As part of its review of guidelines for responding to inquiries, the Department of Premier and Cabinet develop a procedure to inform committees when the Government changes its response to a recommendation prior to implementation.	The Department of Premier and Cabinet will consider the development of such a procedure as part of its review of guidelines for responding to inquiries.	Not applicable.	Not applicable.	In progress.	Late 2014