



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2013-14 BUDGET ESTIMATES QUESTIONNAIRE

DEPARTMENT OF TREASURY AND FINANCE

1. Strategic priorities

Question 1

- (a) What are the Department's key strategic priorities underpinning its budget for 2013-14 and over the forward estimates to 2016-17?

The Department's key strategic priorities for the 2013-14 Budget are its departmental objectives which guide its policy directions. These are:

- Sound financial management of Victoria's fiscal resources;
- Guide government actions to increase Victoria's productivity and competitiveness;
- Drive improvement in public sector asset management and the delivery of infrastructure; and
- Deliver efficient whole of government common services to the Victorian public sector.

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

There are no amendments proposed to DTF's objectives for 2013-14.

- (c) What are the impacts of any differences in the Department's strategic priorities between 2012-13 and 2013-14 on funding and resource allocation in the 2013-14 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 2012-13 and 2013-14. 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 that have lapsed in 2012-13 (i.e. will not be continued in 2013-14). For each program or initiative, please indicate the expenditure on this program/initiative in 2012-13 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 2012-13 (\$ million)	Impact on the community
Efficient Technology Services	0.08	This is an administrative program to improve the use of technology in the public sector.

Question 3

What are the key Government policies applicable to the Department in 2013-14?

The Government's economic reform statement, Securing Victoria's Economy, was released in December 2012. Securing Victoria's Economy sets out an economic reform strategy that focuses on four themes:

- rebuilding budget capacity;
- improving productivity;
- growing Victoria's domestic and international markets; and
- assisting Victorian industries in the changing economic environment.

In addition:

Better Services Reforms

The Better Services reforms will drive improved outcomes for Victorians, through greater choice and access to public services and by more efficient provision of those services. Reforms will focus on governance, management and service delivery systems and support a culture of service and innovation in the VPS.

Asset Management Policy

Sustaining Our Assets (2000) is the Government's current overarching asset management policy. It sets out the Government's directives on how its departments and agencies should undertake the management of assets to enable service delivery objectives to be met effectively and to provide a foundation for economic growth.

High Value/High Risk (HVHR) project assurance process

Under the HVHR process, infrastructure and ICT projects identified as being high value and/or high risk will be subject to more rigorous scrutiny and approval processes. Increased central oversight extends through various stages of investment development and implementation.

Construction Code Compliance

All contractors undertaking Victorian Government funded building and construction projects and subsequent privately funded projects must comply with the Victorian Code of Practice for the Building and Construction Industry (Victorian Code) and the Victorian Implementation Guidelines to the Code of Practice for the Building and Construction Industry (Victorian Guidelines). The Construction Code Compliance Unit (CCCU) monitors compliance with the Victorian Code and Victorian Guidelines at the tender stage and during the project and receives reports of alleged breaches. Tenderers must also submit Workplace Relations Management Plans for Victorian Government projects of at least \$10 million.

Partnerships Victoria

The Partnerships Victoria Framework outlines the whole-of-government approach to the provision of public infrastructure and related ancillary services through public-private partnerships. The Partnerships Victoria Framework comprises the National PPP Policy and Guidelines agreed by COAG in November 2008 in conjunction with the state specific Partnerships Victoria Requirements document. The policy focuses on whole-of-life costing and full consideration of project risks and optimal risk allocation between the public and private sectors. There is a clear approach to value for money assessment and maintaining the public interest.

Reducing red tape on business and the community

The Government has a comprehensive program to reduce red tape by 25 per cent. Its Red Tape Reduction Program is on track to deliver over \$500 million in annual benefits to business, not-for-profit organisations, government agencies and individuals. This is achieved by removing unnecessary reporting and compliance obligations imposed by red tape.

Industrial Relations

The Government's Public Sector Workplace Relations Policies 2012 provides the framework for all public sector enterprise bargaining. These policies require enterprise bargaining agreement outcomes to be financially sustainable and drive public sector workplace productivity and workplace reforms.

The Government is also committed to reforming workplace practices in the private sector to drive productivity and investment in Victoria, and to support new employment opportunities. The Government continues to advocate for reforms to the Commonwealth industrial relations system that will improve productivity, promote competition, and reduce the regulatory burden on businesses.

Procurement reform

The Government purchases more than \$5 billion worth of goods and services each year. In 2013, the Government introduced a new procurement framework comprising five supply policies. The new policies support a more strategic and efficient approach to procurement, underpinned by a new focus on aligning procurement complexity to procurement capability levels throughout Government.

The intent of procurement reform is to extract the maximum benefit from the activity of acquiring goods and services. The implementation of the new policies also aims to modernise the procurement process where applicable, while allowing suppliers to engage more easily with Government departments; with an emphasis on equal access to Government work for small and medium enterprises.

Question 4 (Department of Treasury and Finance only)

Please outline how the recommendations made by the Independent Review of State Finances in its April 2011 Interim Report and 2012 Final Report have been reflected in the development of the 2013-14 Budget and forward estimates.

Development of the 2013-14 Budget and forward estimates reflects the Government's decisions and priorities.

Question 5 (Department of Treasury and Finance only)

The VCEC released its final report on its Inquiry into a State-Based Reform Agenda in January 2012. Please outline how the recommendations emanating from the VCEC inquiry have been reflected in:

(a) strategic priority formulation;

The VCEC provides useful reports and recommendations to the Government. The Government makes announcements on its decisions and, where relevant, will refer to VCEC's recommendations.

(b) budget strategies; and

The VCEC provides useful reports and recommendations to the Government. The Government makes announcements on its decisions and, where relevant, will refer to VCEC's recommendations.

(c) the development of the 2013-14 Budget and forward estimates.

The VCEC provides useful reports and recommendations to the Government. The Government makes announcements on its decisions and, where relevant, will refer to VCEC's recommendations.

2. Budget preparation**Question 6 (Department of Treasury and Finance only)**

Please detail the economic forecasts which had the most significant impact on framing the 2013-14 Budget, detailing for each the major revenue and expenditure items in the budget that have been affected.

Economic forecast	Affected items in the budget
Household consumption	Gambling taxes. GST grants revenue is affected by forecasts of national, not Victorian, household consumption
State final demand	Insurance taxes
Employment	Payroll tax
Population/households	Land transfer duty, Motor vehicle taxes, Insurance taxes, Gambling taxes, Demand for services
CPI	Motor vehicle taxes, Insurance taxes, Gambling taxes, Liquor licence fees, Congestion levy, Other miscellaneous taxes, Growth Areas Infrastructure Contribution
Wages	Payroll tax, Land transfer duty

House prices	Land tax, Land transfer duty
Interest rates	Land transfer duty

Question 7 (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 2012-13 in the 2012-13 Budget; and
- the amount provided for 2013-14 in the 2013-14 Budget

Contingencies not allocated to departments as per Note 12 (b) of the Estimated Financial Statements and Notes for the 2012-13 Budget and the 2013-14 Budget are provided in the table below.

Note 12(b) Expenses by department including administered items (\$million)	2012-13	2013-14	2014-15	2015-16	2016-17
	2012-13 Budget	-130.5	1025.9	1582.3	2132.3
2013-14 Budget		-88.4	834.4	1385.4	2108.2

Contingencies not allocated to departments include provisions available to be allocated to specific departments and projects, future demand growth, departmental underspending and items not yet formalised at the time of publication.

Variations in these provisions budget to budget reflect the impact of Government policy decisions, variations to departmental expenditure estimates and assumptions for the likely growth in Victoria's population, and consequent derived demand for government services.

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 2013-14 published in the 2012-13 budget papers, and the budget forecasts for 2013-14 shown in the 2013-14 budget papers.

Line item	Reason for variation
BS - Cash and deposits	Cash and deposits increased by \$284 million (6.2 per cent) which was mainly driven by an increase in cash held in the health sector from various own source revenues and a reallocation to cash from investments held in other agencies to meet revised short to medium term cash requirements .
BS – Advances Paid	The \$185 million (4.2 per cent) increase in advances paid is due to the additional advances from the Department of Environment and Primary Industries (DEPI) to Melbourne Water due to the recognition of the finance lease for the Victorian desalination plant's underground high voltage power supply.

BS - Receivables	Receivables decreased by \$443 million (10.2 per cent) mainly driven by a decrease in taxes receivable in 2011-12 largely relating to land taxes and an expected lower level of trade and other debtors across a number of departments.
BS - Investments, loans and placements	Investments, loans and placements decreased by \$155 million (5.4 per cent), primarily reflecting a reallocation of investments re-allocated to cash holdings in order to meet expected short term operating commitments.
BS - Investments accounted for using equity method	The \$12 million (34.4 per cent) increase in investments accounted for using the equity method is mainly due to the DEPI contribution to the National E-Conveyancing Development Ltd inter-jurisdictional joint venture.
BS - Investments in other sector entities	The \$605 million (0.8 per cent) increase in investments in other sector entities mainly reflects the revaluation of the State Electricity Corporation Victoria's (SECV) equity interest in Snowy Hydro in 2011-12, partially offset by the lower net gain/(loss) on equity investments in other sector entities in 2013-14.
BS - Non-financial assets held for sale	The \$85 million (164 per cent) increase in non-financial assets held for sale is mainly attributed to an increase in land and buildings designated as held for sale in the education sector and land held for sale in the Justice portfolio.
BS – Land, buildings, infrastructure, plant and equipment	The \$2.6 billion (2.4 per cent) decrease is largely driven by the movement in 2011-12 caused by lower than expected revaluations of non-financial assets in the Department of Transport, Planning and Local Infrastructure (DTPLI) portfolio for roads and roads infrastructure.
BS – Deposits held and advances received	The estimate for this item decreased by \$61 million (13.9%), based on the actual result and audited balance for 2011-12 being carried forward into the 2013-14 estimate.
BS - Payables	Estimated payables as at 30 June 2014 have decreased by \$329 million (6 per cent) since the 2012-13 Budget primarily due to the winding down of the Building the Education Revolution program in DEECD with associated lower payables for infrastructure items, as well as estimated on-going lower payables for operating items.
BS - Borrowings	Borrowings have increased by \$236 million (0.7 per cent), largely due to the recognition of the finance lease for the Victorian desalination plant's underground high voltage power supply.
BS – Employee benefits	Employee benefits have increased by \$329 million (6.5 per cent) primarily due to an upward adjustment to the long service leave provision due to a change in discount rates used to value the liability.

BS - Superannuation	<p>The superannuation liability has decreased by \$378 million (1.3 per cent) since the <i>2012-13 Budget</i>.</p> <p>This reduction is primarily attributable to higher than expected investment returns on superannuation assets, albeit partly offset by the impact of movements in bond yields used to value the outstanding liability.</p> <p>The impact that movements in bond rates have on the liability is a result of the application of Australian Accounting Standards, and does not impact the amount of cash that is required to fund the liability over time. However, reductions in the liability that arise due to higher than expected investment returns on plan assets represent real gains.</p>
BS - Reserves	<p>Reserves decreased by \$1.5 billion (1.8 per cent) from the <i>2012-13 Budget</i> to the <i>2013-14 Budget</i>. This is primarily due to movement between the 2011-12 revised closing balance (as published in the <i>2012-13 Budget</i>) and the actual 2012 reserves closing balance as published in the 2011-12 AFR. This affected the reserves opening balances for all future years. The land, building, infrastructure, plant and equipment reserve was the main driver due to lower than expected revaluations for Land under roads in DTPLI and buildings in DEECD.</p>
OS – Taxation revenue	<p>Estimated tax revenue for 2013-14 has reduced by \$131 million (0.8 per cent) since the 2012-13 Budget.</p> <p>This is largely due to lower expected revenue from land transfer duty due to a more modest recovery in the property market than previously estimated, motor vehicle taxes due to the impact of weaker motor vehicle prices on stamp duties and from gambling taxes, largely electronic gaming machines.</p> <p>It is partly offset by expected higher revenue from land tax given the 2012 revaluation was greater than forecast and higher congestion levy given the policy measure to increase the levy to short stay car parks and increase the levy rate.</p>
OS - Dividends and income tax equivalent and rate equivalent revenue	<p>Dividends and income tax equivalent and rate equivalent revenue has increased by \$80 million (13.5 per cent) since the <i>2012-13 Budget</i> due to increase in:</p> <ul style="list-style-type: none"> • PNFC dividends largely due to higher SECV dividends in 2013-14; and • Expected receipt of income tax equivalent from Yarra Valley Water - due to the extinguishment of prior year tax credits.

OS - Sales of goods and services	<p>Sales of goods and services have increased by \$281 million (4.2 per cent) since the <i>2012-13 Budget</i> due to increases in:</p> <ul style="list-style-type: none"> • Motor vehicle license fees revenue of \$92.8m resulting from pricing increases and additional registrations; • Revised Health agencies income increased by \$85m based on their annual report outcomes for the previous year; and • Revised sales agreement with the Commonwealth regarding services for CarbonNet of \$56m.
OS - Grants	<p>Revenue from Grants has reduced by \$534 million (2.2 per cent) since the <i>2012-13 Budget</i> due to lower Commonwealth funding, including:</p> <ul style="list-style-type: none"> • GST revenue pool \$295.2m. Victoria's share was revised down due to a combination of population share decreasing on release of latest census data and GST relativity with royalties rephasing in WA and QLD to later years putting pressure on Victoria's relativity between 2013-14 and 2014-15; • Rephasing of Commonwealth road funding \$129.6m; and • Health \$99.5m reduction in the old SPP Health Model due to reduced population growth on release of census data.
OS - Other revenue	<p>Other revenue has increased by \$191 million (10.1 per cent) since the <i>2012-13 Budget</i> due to :</p> <ul style="list-style-type: none"> • expected land sales \$100.5m – The Kew land development program has been revised and the completion date has been brought forward to 2013-14. • higher fines revenue of \$31.9m resulting from combination of: <ul style="list-style-type: none"> ○ opening of Peninsula Link, with new road safety cameras installed; ○ progressive upgrade of camera technology across the network; and ○ indexing the value of a penalty unit • greater donations and research grants received by Hospitals \$20m; and • the remainder is primarily due to increases in Transport sector revenue, including recognition of MetLink revenue estimates now being processed by Public Transport Victoria.
OS – Employee expenses	<p>Employee expenses increased by \$179 million (1.0 per cent) since the <i>2012-13 Budget</i> due to the impact of growth funding in the Health portfolio, and salary reviews conducted by several departments which resulted in amounts previously estimated as other operating expenses being reallocated to employee expenses.</p>

OS – Net Superannuation interest expense	The superannuation interest expense has increased by \$406 million (56.2 per cent) since the <i>2012-13 Budget</i> . This change reflects the requirements of the revised accounting standard AASB 119 <i>Employee Benefits</i> which effectively requires that investment returns on superannuation plan assets be calculated at the bond rate used to discount the gross liability. Expected returns on plan assets above the AASB 119 discount rate are now treated as other comprehensive income, resulting in an increase to the net superannuation interest expense. This increase was partially offset by a fall in bond rates when compared to the <i>2012-13 Budget</i> , which reduces the service cost of defined benefit plans.
OS – Depreciation	Depreciation decreased by \$158 million (6.2 per cent) since the <i>2012-13 Budget</i> due to a downward revision in the estimated cost across the general government sector, particular in the health/hospitals and transport sectors to more accurately reflect the impact of capital project expenditure.
OS – Other operating	Other operating expenses increased by \$464 million (2.9 per cent) since the <i>2012-13 Budget</i> largely due to a reclassification of payments in the Education portfolio to Registered Training Operators (RTOs) from grants to the not-for-profit sector to purchases of services (Other operating expenses). Other factors included the rephasing of the Kew land development cost of goods sold, the rephasing of existing projects for VicRoads, additional Government funding for VicRoads and the Justice portfolio and the transfer of public transport ticketing operations into the general government sector.
OS – Grants and other transfers	Grants and other transfers expenditure decreased by \$454 million (5.4 per cent) since the <i>2012-13 Budget</i> largely due to a reclassification of payments made by the Education portfolio to Registered Training Operators (RTOs) from grants to the not-for-profit sector to purchases of services (Other operating expenses). There was also a reduction in expected payments of the First Home Owners grant.
OS – Net Gain/(loss) on disposal of non-financial Assets	This item decreased by \$39 million (26.1%) due to a revision to the estimated fair value of the assets resulting in a decrease in the gain on disposal. .
OS – Net Gain on Financial Assets or Liabilities at Fair Value	Net gain on financial assets or liabilities at fair value decreased by an immaterial amount of \$2 million (125 per cent) since the <i>2012-13 Budget</i> .
OS – re-measurement of superannuation defined benefits plans	Re-measurement of superannuation defined benefits plans was \$593 million in the <i>2013-14 Budget</i> (compared to \$0 in 2012-13) due to the revised AASB 119 <i>Employee Benefits</i> requirements, as mentioned above. This remeasurement item reflects the expected investment return on superannuation plan assets above the AASB 119 discount (bond) rate which is excluded from the net superannuation interest expense.

OS - Net gain/(loss) on equity investments in other sector entities at proportional share of the carrying amount of net assets	Net gain/(loss) on equity investments decreased by \$343 million (18.0 per cent) since the <i>2012-13 Budget</i> due to lower estimated net results and asset revaluations in the public non-financial corporations sector.
OS – Other Movements in Equity	Other movements in equity decreased by an immaterial amount of \$0.3 million (14.1 per cent) since the <i>2012-13 Budget</i> .

Question 9 (Department of Treasury and Finance only)

(a) What new features have been incorporated in the budget papers for 2013-14 and why?

For the 2013-14 Budget, there is one significant new feature in the budget papers – the inclusion of a new budget information paper relating to Infrastructure Investment.

Also, this budget sees the publication of departmental objective indicators in BP3.

In addition, there were are a number of incremental improvements to the budget papers including:

- the inclusion of a Government Fiscal result, which is the net operating result excluding the impact of the revised accounting standard AASB 119 Employee Benefits, which changes the way defined benefit superannuation costs are presented;
- improved transparency of quantifying departmental reprioritisations in chapter 1 at the bottom of each department's output funding table;
- the inclusion of a column detailing the expected completion date individually for all new and existing projects;
- as expanded glossary of definitions in the budget papers to include plain English definitions of terms used to describe asset investment (BP4);
- a reconciling / balancing line from each department for other capital expenditure increasing transparency in BP4;
- in BP5 chapter 4 - State Revenue - forecasts of taxation, dividends, sales of good and services, Commonwealth grants and GST relativities were provided over the forward estimates period (instead of just the previous and budget years) increasing transparency; and
- splitting of special purpose grants (shown in table 4.9) into categories of health, education, community services, environment, infrastructure, affordable housing and other (BP5).

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

In the 2013-14 budget papers, the only previous feature that was significantly modified was the removal of the Budget Information Paper: Victorian Families.

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 2012-13 and the target for 2013-14 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).

	2012-13 (Revised estimate) (\$ million)	2013-14 (Budget) (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million)
Employee benefits	196.3	197.8	
Grants and other transfers	7.2	7.2	
Other operating expenses	175.6	154.0	Variance is due to government efficiency measures.
Major components of 'other operating expenses' (please supply categories):			
Intra government supplies and consumables	7.0	5.8	Variance is due to government efficiency measures.
Operating Supplies and Consumables	64.9	57.8	Variance is mainly due to expenditure reduction within CenITex.
Purchase of Services	51.9	41.9	Variance is due government efficiency measures and pausing the Efficient Technology Services Initiative.
Maintenance	24.2	24.0	
Operating Leases	25.5	22.3	Variance is due to government efficiency measures.
Audit Services Auditor General	1.4	1.5	
Finance expenses and fees	0.7	0.7	

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If the Department is unable to provide estimates for the expenditure on the components of 'other operating expenses' in 2013-14, please explain how the amount of 'other operating expenses' listed for 2013-14 in the budget papers was calculated.

Not Applicable

Question 11 (Department of Treasury and Finance only)

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

- the main projects facilitated through this expenditure in 2013-14 and the forward estimates;
- the amount of funding for each of those projects in 2013-14; and
- what policy objectives underlie the choice of investments.

Project	Value of funding (\$ million)	Policy objectives
Regional Rail Link	1,240.5	The Department of Transport's policy objectives for increasing transport system capacity, efficiency and resilience; and improving transport services.
Regional rolling stock	45.7	The Department of Transport's policy objectives for increasing transport system capacity, efficiency and resilience; and improving transport services.
Port of Hastings development	20.0	The Department of Transport's policy objectives for increasing transport system capacity, efficiency and resilience; and improving transport services.
Other public transport projects	12.8	The Department of Transport's policy objectives for increasing transport system capacity, efficiency and resilience; and improving transport services.
Macalister Irrigation District 2030 Project	6.0	Department of Environment and Primary Industries' policy objectives to use modern technology to enable more efficient on-farm water use through a more responsive water ordering system.
Equity investment in Director of Housing	39.0	Department of Human Services policy objectives to contribute to providing public housing, community housing, disability supported accommodation services and other related support for Victorians most in need.

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 2013-14 to meet the savings targets;
- any impact that these actions will have on the delivery of services; and
- please identify the Department's savings target for 2013-14, 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 2013-14	Impact of these actions on service delivery	Savings target for 2013-14 (\$ million)	Explanation for variances to the original target
Government election commitment savings (2011-12 Budget)	The initiatives introduced by government as part of the 2011-12 Budget will continue to be sustained.	* see footnote below	13.66	The Department is expected to achieve this target.
Measures to offset the GST reduction (2011-12 Budget)	The initiatives introduced by government as part of the 2011-12 Budget will continue to be sustained	* see footnote below	Included in the 13.66 target above	The Department is expected to achieve this target.
Capping departmental expenditure growth (2011-12 Budget Update)	The Department continues to review its processes and systems to identify and implement efficiencies	* see footnote below	7.1	The Department manages the budget in total and efficiencies are gained by effectively managing the allocation of resources according to departmental objectives and priorities

Maintain a sustainable public service (2011-12 Budget Update)	Targets will be achieved through natural attrition, non-renewal of fixed-term contracts and the offering of some voluntary departure packages	* see footnote below	15.54	The Department is expected to achieve this target.
Savings (2012-13 Budget)	The Department continues to review its processes and systems to identify and implement efficiencies	* see footnote below	5.0	The Department is expected to achieve this target.
Efficiency measures (2012-13 Budget Update)	General Efficiency Dividend Additional Sustainable Government Initiatives	* see footnote below	1.0 1.0	The Department is expected to achieve this target.
Any savings or efficiency initiatives in the 2013-14 Budget	Not applicable	Not applicable	Nil	Not applicable
* The Department of Treasury and Finance is committed to continually finding efficiencies to continue delivering services through its allocated resources.				

Question 13

Budget Paper No.2 for 2011-12 and 2012-13 indicated that funding previously allocated to departments for expenditure in 2013-14 was 'reprioritised or adjusted' to fund new initiatives. Please provide the following information about your department's share of the funding reprioritised and adjusted in these budgets and the 2013-14 Budget:

Budget in which funding was reprioritised or adjusted	What the reprioritised and adjusted funding was initially provided for	How much of the Department's funding was reprioritised or adjusted (\$ million)
2011-12	* See note below	
2012-13	* See note below	

2013-14	* See note below	
<i>* The Department may reallocate funds between outputs to deliver new initiatives. Output deliverables are still achieved after the funding reallocation</i>		

5. Asset and output initiative funding

Question 14

Please break down the Department's total output funding for 2013-14 (as provided in the Service Delivery budget paper) according to the amounts from:

- (a) output initiatives in the 2013-14 Budget;
- (b) non-ongoing initiatives released in previous budgets; and
- (c) base funding/ongoing funding.

Funding for initiatives released in the 2013-14 Budget	Funding for non-ongoing initiatives released in previous budgets	Base funding/ongoing funding	Total output cost (as in Service Delivery budget paper)
(\$ million)	(\$ million)	(\$ million)	(\$ million)
6.5	13.8	225.4	245.7

Question 15

The Department of Treasury and Finance has indicated to the Committee that *'the service benefits delivered through the asset investment are reflected in changes to the Budget Paper 3 Performance Measures'*.¹ Please list all performance measures that have been adjusted in 2013-14 as a result of recently completed asset investment projects.

DTF has not completed any asset investment projects which have resulted in changes to Budget Paper 3 performance measures in 2013-14.

Question 16 (Department of Treasury and Finance only)

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

	2013-14	2014-15	2015-16	2016-17
Value of payments for PPP projects (\$ million)	See comment below			
Projects for which payments will start in the year			Victorian Comprehensive Cancer Centre	

Estimates of expenditure provided by departments and agencies to the Department of Treasury and Finance do not disaggregate into specific projects or long term operating contracts. Actual expenses and commitments on PPPs are reported in Departmental/Agency Annual Reports. This disclosure is consistent with other capital investment projects and service contract arrangements.

¹ Department of Treasury and Finance, response on the Committee's 2009-10 and 2010-11 financial and performance outcomes Questionnaire — Part Two, received 24 January 2012, p.9

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

Question 17

In relation to 2013-14, 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.

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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
Land tax compliance.	To increase monitoring and enforcement activities to improve taxpayer compliance with the Land Tax Principal Place of Residence exemptions.	Revenue estimates based on cases identified by SRO's Business Intelligence data matching activities.	None	The additional staff employed and trained will contribute to the DTF's Revenue Management Services to Government output.	Revenue estimates will be incorporated into the annual compliance targets and evaluated against actual results monthly and reported to the State Revenue Office Executive monthly and DTF quarterly.	Total revenue gained is estimated to total approximately \$90 million over the budget and forward estimates period (2013-14 to 2016-17).

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
<p>Increase the rate of Congestion levy to \$1300 and expand to short stay parking from 2014.</p> <p>An increased rate of \$1300 will apply from 1 January 2014.</p> <p>'Short stay' spaces will no longer be exempt.</p>	<p>The adjustment to the levy will help to fund infrastructure projects in an economically responsible way.</p> <p>The revenue from the levy will assist in funding public transport and road initiatives that will benefit all Victorians including those who operate in Melbourne's CBD. It is therefore appropriate that a small portion of the funding for these initiatives be supported by an adjustment in the levy.</p>	<p>The new levy rate of \$1,300 is applied to the estimated number of parking spaces, for both 'long' and 'short' stay.</p>	<p>None.</p>	<p>None.</p>	<p>None.</p>	<p>It is estimated that an additional \$183.4 million in total will be raised over the budget and forward estimates period (2013-14 to 2016-17).</p> <p>This includes an estimated \$74.5 million in total over this period from the removal of the 'short stay' concession.</p>

In relation to 2013-14, 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
<p>Accelerating First Home Buyer stamp duty concessions.</p> <p>The increase in the concession from 30 per cent to 40 per cent scheduled for 1 January 2014 will be brought forward to 1 July 2013.</p>	<p>The earlier introduction of the 40 per cent concession will reduce the tax burden on first home buyers in the second half of calendar year 2013, and will offset some of the loss of the First Home Owner Grant for purchasers of established homes.</p>	<p>The estimated reduction in land transfer duty (stamp duty) revenue was estimated assuming no change in the timing or value of purchases.</p> <p>Since eligibility for the higher rate of concession is based on the settlement date falling on or after 1 July, no incentive is provided to delay signing contracts during the 9-week period between policy announcement and 1 July, as the typical settlement period is longer than 9 weeks.</p>	<p>None.</p>	<p>None.</p>	<p>None.</p>	<p>A total of \$10.8 million land transfer duty revenue foregone in 2013-14.</p>

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
Fire Services Property Levy (FSPL) concession for holders of a pensioner concession card and Department of Veterans' Affairs Gold Card.	The Government will provide a \$50 FSPL concession for eligible holders of Pensioner Concession Cards and Department of Veterans Affairs gold cards (Totally and Permanently Incapacitated and War Widows), to ensure the most vulnerable in our community are supported.	The FSPL concession will apply to those who are eligible to receive a concession provided by their local council for rates. Hence, the estimated cost of the FSPL concession is based on forecast numbers of eligible recipient of the municipal rates concession, provided by DHS.	None.	None.	None.	Total FSPL revenue foregone is estimated to be \$21-22 million per annum over the budget and forward estimates period (2013-14 to 2016-17).

Question 19

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 2012-13 and the budget for 2013-14.

Income category	Explanation
Appropriations – Payments on behalf of State	The decrease of \$182 million is mainly related to the funding reduction for the 2011 Victorian Floods as the restoration works near completion (\$232m) and the changes in eligibility criteria for the First Home Owners Grant (\$126m). The decrease is partially offset by increased funding for the whole of government borrowing costs (\$167m).
Grants	The increase is primarily associated with Commonwealth aggregated payments, covering most Specific Purpose and National Partnership payments for Victoria.
Interest	Variance is less than 10 per cent or \$100 million
Other income	<p>Overall \$1,033 million increase mainly due to:</p> <ul style="list-style-type: none"> • Capital asset charge from general government sector and VicTrack is increasing by \$200 million • Taxes increase of \$1,376 million, being <ul style="list-style-type: none"> ○ Fire Services Property Levy (\$739m) ○ Stamp Duty on Conveyances and Land Transfers (\$287 m) ○ Payroll Tax (\$229m) • Partially offset by a decrease in dividends of \$646 million, being <ul style="list-style-type: none"> ○ one-off special dividend from SECV in 2012-13 ○ lower dividends to be earned in 2013-14 from water retailers and public finance corporations.

7. Grants from the Commonwealth**Question 20**

What impact have developments at the Commonwealth level had on the Department's component of the 2013-14 State Budget?

The developments at the Commonwealth have had no material impact on the Department's component of the 2013-14 Budget.

Question 21 (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 2013-14, e.g. health and hospitals reform.

Key changes in financial agreements with the Commonwealth which have impacted on the State Budget for 2013-14 include:

- Changes in the indexation applied under specific purpose payments (SPPs) were announced as part of the 2012-13 Commonwealth Mid-Year Economic and Fiscal Outlook (MYEFO), reducing specific purpose payments to Victoria from 2012-13.
 - *National health reform payments* (equivalent Healthcare SPP) were revised down from 2012-13 (downwards revision of \$435 million for the period 2012-13 to 2015-16). This reflected revisions to the 2011-12 base, updated weighted population growth and updated health cost growth (down to 2.3 per cent from 3.1 per cent in 2012-13). The Commonwealth subsequently reinstated funding for 2012-13, redirecting this funding from reward payments which Victoria would otherwise have been eligible for under the National Partnership on a Seamless National Economy, and unspecified future projects.
 - The *National Schools SPP* was revised down by \$55 million in 2012-13 compared to the 2012-13 Commonwealth Budget, reflecting growth in Australian Government School Recurrent Cost (AGSRC) falling from 6.0 per cent to 3.9 per cent in 2012-13. The AGSRC reflects the underlying costs in the Government school sector.
- Re-phasing of reward funding for the *National Partnership on Improving Teacher Quality* into 2013-14 (potentially up to \$44.5 million for Victoria) at 2012-13 MYEFO, reflecting the renegotiation of milestones for this NP.
- Signing of the *Transitional National Partnership Agreement on Homelessness*, to commence 1 July 2013 and operating for one year. The total value of this agreement in 2013-14, including Commonwealth funding and Victorian matching, is \$49.4 million.
- Signing of the extension of the *National Partnership Agreement on Literacy and Numeracy*. The total value of Commonwealth funding under this agreement is \$28.2 million in 2012-13 and \$14.1 million in 2013-14.

National Health Reform Agreement funding arrangements were reflected in the 2012-13 Budget.

Question 22 (Department of Treasury and Finance only)

What has been the impact of any changes to Victoria's share of the GST pool for 2013-14 and beyond? Please detail any actions that the State Government has taken in response to changes in the value of general purpose grants in 2013-14.

Victoria's share of GST revenue will be 22.6 per cent for 2013-14 compared with 22.9 per cent for 2012-13, against an estimated national population share of around 25 per cent.

Expected GST relativities from 2014-15 have declined relative to the Budget Update. The largest contribution to changes in Victoria's outlook for GST relativities comes from revisions to royalty revenue. Both Western Australia and Queensland's latest royalty data places upside pressure on their expected relativities, placing downside pressure on Victoria's GST relativities. This has occurred due to assumptions of average commodity prices being downgraded in their Budget Updates, incorporating sharp declines in commodity prices during the second half of 2012.

The Victorian Government has and will continue to actively advocate for a more simple, transparent and less volatile system for distribution of the GST, including through participation in the development and analysis of options to implement the recommendations of the *GST Distribution Review*.

8. Net debt

Question 23 (Department of Treasury and Finance only)

In relation to the net debt projections for the non-financial public sector for the 2013-14 budget year and over the forward estimates to 2016-17, 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 2013	Net debt, 30 June 2014	Net debt, 30 June 2015	Net debt, 30 June 2016	Net debt, 30 June 2017
General Government Sector	19,840	22,983	25,053	24,385	22,696
Melbourne Water Corporation	8,490	8,553	8,752	8,845	8,876
Yarra Valley Water Ltd	1,883	2,071	2,220	2,369	2,517
South East Water Ltd	1,054	1,237	1,405	1,537	1,652
City West Water Ltd	955	1,132	1,258	1,356	1,457
Victorian Rail Track	903	828	735	639	545
Barwon Region Water Corporation	489	540	553	567	574
Coliban Region Water Corporation	430	481	501	517	531
Port of Melbourne Corporation	350	437	660	901	969
Urban Renewal Authority Victoria (Places Victoria)	299	355	361	328	241
Central Gippsland Regional Water Corporation	235	245	267	270	270
Central Highlands Region Water Corporation	179	181	182	182	180
Western Region Water Corporation	163	168	187	221	277
Goulburn Murray Rural Water Corporation	149	176	236	239	236
Grampians -Wimmera Mallee Water Corporation	138	162	166	166	154
Goulburn Valley Region Water Corporation	95	108	124	136	146
Wannon Region Water Corporation	93	100	101	98	92

Question 24 (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 2012-13 Budget and the 2013-14 Budget?

General Government net debt is projected to increase by \$689 million by 30 June 2016 relative to the estimates at *2012-13 Budget*. The increase is primarily driven by the decrease in GST revenue forecasts reflecting slower growth in the GST national pool and a cut in Victoria's share of the pool as well as a reduction in expected land transfer duty.

This has been offset by savings and revenue measures which have exceeded the Government new spending on output initiatives.

A capital program is in place that delivers on the Government's commitment to a rolling target of infrastructure investment being 1.3% of GSP.

9. Geographic considerations

Question 25

Please complete the following table for up to five of the Department's largest projects (in terms of expenditure) benefiting:

(a) regional and rural Victoria; and

Project benefiting regional and rural Victoria	Budget allocation for 2013-14 (\$ million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
1. Grant funding to municipal councils for asset restoration after Natural Disaster Events	\$7.7	Existing	Asset restoration works – local council assets (mainly roads restoration).	Grant payments are made to local councils based on actual expenditure incurred to restore the assets.	Local councils are required to submit claims for natural disaster funding. VicRoads assesses the claims and recommends the amount to be paid.	The asset restoration works support the agricultural, communities and business sectors and build tourism markets.	
2.							
3.							
4.							
5.							

(b) metropolitan Melbourne.

Project benefiting metropolitan Melbourne	Budget allocation for 2013-14 (\$million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2013 dollars), where applicable
Not applicable							
2.							
3.							
4.							
5.							

10. Performance measures

Question 26

For each initiative (asset or output) in the 2013-14 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 27

Please indicate any changes that the Department has made since the 2012-13 Budget to increase the number of its performance measures that are outcomes-based.

DTF has included the following performance measures since the 2012-13 Budget to increase the number of performance measures that are outcomes based.

Relevant output		New performance measure	Unit of measure	Related outcome
1	Budget and Financial Policy Advice	Accuracy of the revised estimate of State budget expenditure	per cent	Sound financial management of Victoria's fiscal resources
2	Budget and Financial Policy Advice	Review and assessment of submitted public sector enterprise bargaining costings and agreements completed and submitted for approval within four weeks	per cent	Sound financial management of Victoria's fiscal resources
3	Economic and Financial Policy	Accuracy of estimating gross state product and employment in the State budget	per cent	Guide government actions to increase Victoria's productivity and competitiveness
4	Financial Reporting	Supporting the financial reporting framework across the Victorian Public Sector (survey data)	per cent	Sound financial management of Victoria's fiscal resources
5	Land and Infrastructure Investment Management	Attendance on building sites (site visits, inspections, audits)	number	Drive improvement in public sector asset management and the delivery of infrastructure
6	Land and Infrastructure Investment Management	Workplace Relations Management Plan assessments completed within three working days	per cent	Drive improvement in public sector asset management and the delivery of infrastructure
7	Resource Management Services to Government	Client agencies' satisfaction with the services provided by the Shared Services Provider	per cent	Deliver efficient whole of government common services to the Victorian public sector
8	Resource Management Services to Government	Benefits delivered as a percentage of Managed Spend, including reduced and avoided costs	per cent	Deliver efficient whole of government common services to the Victorian public sector

Question 28 (Department of Treasury and Finance only)

Please outline any changes since the 2012-13 Budget to the Department of Treasury and Finance's processes of quality assuring other departments':

- (a) performance targets in the budget papers;

No change.

- (b) expected outcomes published in the budget papers; and

No change.

- (c) the comprehensiveness of performance measures published in the budget papers.

Guidance material was updated to emphasise the need for departments to outline the impact of each 2013-14 budget submission on their 2013-14 performance statements. DTF relationship managers also undertook departmental liaison and follow-up to ensure the full impacts were captured.

DTF updated guidance to provide greater clarity around the use of standard footnotes for performance measures developed for the 2013-14 budget.

Question 29

Please detail the processes undertaken by the Department to ensure that the '2012-13 expected outcome' for each performance measure published in the 2013-14 budget papers is a reasonable estimate.

At the time of reporting expected outcomes, DTF assessed work programs to identify the expected outcome for each performance measure. These assessments were reviewed within DTF and the reasons for any significant variations to expected outcomes was established.

This information was provided to the DTF Chief Financial Officer for sign off.

Question 30

In setting targets for performance measures in the 2013-14 budget papers, to what extent did the Department consider the '2012-13 expected outcomes' that were provided for the 2013-14 budget papers?

The 2012-13 expected outcomes were considered in order to inform the targets set for performance measures in the 2013-14 budget papers.

11. Staffing matters**Question 31**

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2012 and estimates of FTE staff numbers (broken down by the categories listed below) at 30 June 2013 and 30 June 2014 for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

EMAIL RCVD PAEC 09/05/2013

DTF Grade	30 June 2012 (FTE number)	30 June 2013 * (FTE number)	30 June 2014 (FTE number)
Secretary	1.00	1.00	The Government has not historically provided forecasts of future VPS levels
EO-1	4.00	4.00	
EO-2	23.60	21.00	
EO-3	45.20	41.50	
VPS Grade 7 (STS)	11.80	12.80	
VPS Grade 6	170.90	137.00	
VPS Grade 5	167.56	138.50	
VPS Grade 4	133.05	113.00	
VPS Grade 3	118.23	104.80	
VPS Grade 2	27.17	25.40	
VPS Grade 1	-	-	
Government Teaching Service	-	-	
Health services	-	-	
Police	-	-	
Allied health professionals	-	-	
Child protection	-	-	
Disability development and support	-	-	
Custodial officers	-	-	
Other (legal officer and casual)	8.19	5.00	
Total	710.70	604.00	

SRO Grade	30 June 2012 (FTE number)	30 June 2013* (FTE number)	30 June 2014 (FTE number)
Secretary	0	0	The Government has not historically provided forecasts of
EO-1	0	0	
EO-2	1.00	1.00	

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EO-3	5.00	5.00	future VPS levels
VPS Grade 7 (STS)	1.00	2.60	
VPS Grade 6	43.00	43.20	
VPS Grade 5	95.60	94.80	
VPS Grade 4	106.62	111.66	
VPS Grade 3	150.77	153.18	
VPS Grade 2	65.15	41.09	
VPS Grade 1	3.00	1.00	
Government Teaching Service	-	-	
Health services	-	-	
Police	-	-	
Allied health professionals	-	-	
Child protection	-	-	
Disability development and support	-	-	
Custodial officers	-	-	
Other (legal officer and casual)	19.40	20.40	
Total	490.54	473.93	

ESC Grade	30 June 2012	30 June 2013*	30 June 2014
	(FTE number)	(FTE number)	(FTE number)
Secretary	0	0	The Government has not historically provided forecasts of future VPS levels
EO-1	0	0	
EO-2	1	1	
EO-3	3	3	
VPS Grade 7 (STS)	2	2	
VPS Grade 6	12.6	9.81	
VPS Grade 5	13.24	11.77	
VPS Grade 4	16	13.6	

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VPS Grade 3	15	16.72	
VPS Grade 2	1	1.5	
VPS Grade 1	0	0	
Government Teaching Service	-	-	
Health services	-	-	
Police	-	-	
Allied health professionals	-	-	
Child protection	-	-	
Disability development and support	-	-	
Custodial officers	-	-	
Other (legal officer and casual)	4	4	
Total	67.84	63.40	

CenITex Grade	30 June 2012 (FTE number)	30 June 2013* (FTE number)	30 June 2014 (FTE number)
Secretary	0	0	The Government has not historically provided forecasts of future VPS levels
EO-1	0	0	
EO-2	3	3	
EO-3	1	1	
VPS Grade 7 (STS)	17.6	26.4	
VPS Grade 6	183.8	162.2	
VPS Grade 5	162.8	157.8	
VPS Grade 4	99	93.9	
VPS Grade 3	113.69	110.65	
VPS Grade 2	3.8	1.8	
VPS Grade 1	1	0.6	
Government Teaching Service	-	-	
Health services	-	-	

EMAIL RCVD PAEC 09/05/2013

Police			
Allied health professionals			
Child protection			
Disability development and support			
Custodial officers			
Other (legal officer and casual)			
Total	585.69	557.35	
* Note – all 30 June 2013 FTE targets are estimates only and should not be relied upon for statistical analysis			

Question 32

Please break down the actual staff numbers in your department as at 30 June 2012 and the estimates as at 30 June 2013 and 2014 according to the number of staff that are ongoing, fixed-term or casual

DTF	30 June 2012 (FTE number)	30 June 2013* (FTE number)	30 June 2014 (FTE number)
Ongoing	675.91	594.00	The Government has not historically provided forecasts of future VPS levels
Fixed-term	33.10	10.00	
Casual	1.69	0.00	
Total	710.70	604.00	

SRO	30 June 2012 (FTE number)	30 June 2013* (FTE number)	30 June 2014 (FTE number)
Ongoing	471.14	471.93	The Government has not historically provided forecasts of future VPS levels
Fixed-term	19.4	2	
Casual	0	0	
Total	490.54	473.93	

ESC	30 June 2012 (FTE number)	30 June 2013* (FTE number)	30 June 2014 (FTE number)

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Ongoing	66.84	61.90	The Government has not historically provided forecasts of future VPS levels
Fixed-term	1	0	
Casual	0	1.5	
Total	67.84	63.4	

CenITex	30 June 2012	30 June 2013*	30 June 2014
	(FTE number)	(FTE number)	(FTE number)
Ongoing	412.76	453.4	The Government has not historically provided forecasts of future VPS levels
Fixed-term	172.93	103.95	
Casual	0	0	
Total	585.69	557.35	
* Note – all 30 June 2013 FTE targets are estimates only and should not be relied upon for statistical analysis			

Question 33

Please indicate, for 2012 and each year of the forward estimates, the estimated total number of VPS positions and non-VPS positions that the Department expects to have as at 30 June.

DTF	30 June 2012	30 June 2013*	30 June 2014	30 June 2015	30 June 2016	30 June 2017
	(FTE number)	(FTE number)	(FTE number)	(FTE number)	(FTE number)	(FTE number)
VPS positions	635.21	536.50	The Government has not historically provided forecasts of future VPS levels			
Non-VPS positions	75.49	67.50				

SRO	30 June 2012	30 June 2013*	30 June 2014	30 June 2015	30 June 2016	30 June 2017
	(FTE number)	(FTE number)	(FTE number)	(FTE number)	(FTE number)	(FTE number)
VPS positions	490.54*	473.93	The Government has not historically provided forecasts of future VPS levels			
Non-VPS positions						

*Includes 19.4 Legal Adaptive

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ESC	30 June 2012 (FTE number)	30 June 2013* (FTE number)	30 June 2014 (FTE number)	30 June 2015 (FTE number)	30 June 2016 (FTE number)	30 June 2017 (FTE number)
VPS positions	59.84	55.40	The Government has not historically provided forecasts of future VPS levels			
Non-VPS positions	8	8				

CenITex	30 June 2012 (FTE number)	30 June 2013* (FTE number)	30 June 2014 (FTE number)	30 June 2015 (FTE number)	30 June 2016 (FTE number)	30 June 2017 (FTE number)
VPS positions	585.69	557.35	The Government has not historically provided forecasts of future VPS levels			
Non-VPS positions	81.00	28.00				
* Note – all 30 June 2013 FTE targets are estimates only and should not be relied upon for statistical analysis						

Question 34

Please detail any expected impacts on the Department of changes to staff numbers in 2013-14 and how they will be mitigated.

DTF is continually reviewing processes and systems to increase productivity, ensure that the right focus is applied to relevant outputs, and continually look for further efficiencies to ensure that DTF is able to deliver on its objectives and vision.

Question 35

Please detail the actual amount that the Department spent on contractors and consultants in 2011-12 and the estimated expenditure in 2012-13 to 2016-17 (for a definition on the difference between consultants and contractors, see FRD 22B – 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.

	2011-12 (\$ million)	2012-13 (\$ million)	2013-14 (\$ million)	2014-15 (\$ million)	2015-16 (\$ million)	2016-17 (\$ million)
Consultants	0.027	2.929	See footnote below *			
Contractors	22.419	22.036	See footnote below *			

*The estimates for 2012-13 are higher than 2011-12 actuals. The exact breakdown between consultants and contractors will not be known until analysis of actual expenditure for consultants and contractors has been completed to ensure compliance with FRD 22B - Standard Disclosures in the Report of Operations.

Note that the above numbers do not include CenITex.

12. Previous recommendations

Question 36

For each recommendation in the Committee's *Report on the 2012-13 Budget Estimates* 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 not.

Part	No.	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?
1	5	<p>The Department of Treasury and Finance evaluate its processes for reviewing performance measures that are proposed to be discontinued. This review should ensure that the Department can adequately fulfil its responsibilities for:</p> <p>(a) quality assurance of the budget papers; and</p> <p>(b) ensuring the robustness of outputs and performance measures.</p>	Yes	<p>Proceeding consistent with the government's previous response.</p> <p>The Department of Treasury and Finance has updated guidance to provide greater clarity to support the preparation of performance measures for the <i>2013-14 Budget</i>. The updated guidance is available on the DTF Budget and Financial Management website, of which access is available to all Victorian Government officers, but not to the public.</p> <p>The Department continues to liaise with departments to help identify any possible improvements to performance measures.</p>	Not applicable	

Part	No.	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?
2	1	The Government develop a reporting framework, including measures and targets, for its economic reform and medium-term fiscal strategies. Progress compared to targets should be reported annually in the budget papers or annual Financial Report for the State.	Implementation has proceeded based on the Government's previous "in principle" support of this recommendation.	<p>Budget Paper 2, Chapter 1, outlines key measures and targets for the medium-term strategy.</p> <p>The medium term fiscal strategy outlines four fiscal parameters that guide the Government's fiscal framework. This framework was first announced in the 2012-13 Budget, Budget Paper 2, Chapter 1.</p> <p>Specific commentary on the Government's four fiscal parameters is outlined in the budget papers as follows:</p> <p>1. Infrastructure investment:</p> <ul style="list-style-type: none"> • BP 2, Chapter 1 of the <i>2013-14 Budget</i> • BP 2, Chapter 4 of the <i>2013-14 Budget</i> • Fiscal Context section in Chapter 1 of the <i>2012-13 Budget Update</i> <p>2. Net Debt:</p> <ul style="list-style-type: none"> • BP 2, Chapter 1 of the <i>2013-14 Budget</i> • BP 2, Chapter 4 of the <i>2013-14 Budget</i> • Fiscal Context section in Chapter 1 of the <i>2012-13 Budget Update</i> <p>3. Superannuation liabilities</p> <ul style="list-style-type: none"> • BP 2, Chapter 4 of the <i>2013-14 Budget</i> • BP 2, Chapter 5 of the <i>2013-14 Budget</i> <p>4. Operating Surplus</p> <ul style="list-style-type: none"> • BP 2, Chapter 1 of the <i>2013-14 Budget</i> • BP 2, Chapter 4 of the <i>2013-14 Budget</i> <p>In December 2012, the Government released a statement of existing and new economic reform actions in <i>Securing Victoria's Economy</i>.</p> <p>BP2 Chapter 3 of the <i>2013-14 Budget</i> provides an outline of key actions of the Government's economic reform strategy.</p>	<p>Budget Paper 2, Chapter 1 of the 2013-14 Budget.</p> <p>The Government's medium term fiscal strategy was announced in the Budget Paper 2 Chapter 1 of the 2012-13 Budget.</p> <p>Discussion of the State's performance against fiscal strategy parameters was outlined in Chapters 1 and 3 of the 2012-13 Budget Update.</p> <p>Discussion of actions to deliver on the Government's economic reform strategy is included in <i>Securing Victoria's Economy. Planning. Building. Delivering.</i> (December 2012).</p>	

Part	No.	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?
2	2	Where a value reported as a total in budget papers disagrees with the sum of each contributing value, an explanation for the difference be given.	Yes	Proceeding consistent with the government's previous response.	Where relevant, explanations are included in Budget Paper No. 3, Chapter 1 - Output, asset investment, savings and revenue priorities or Appendix B - Local government financial relations.	
2	3	Where figures for funds committed are cited in successive budgets, but the figures vary, clear explanations be provided for the variations.	Yes	Proceeding consistent with the government's previous response.	Where relevant, explanations are included in Budget Paper No. 3, Chapter 1 - Output, asset investment, savings and revenue priorities or Appendix B - Local government financial relations.	
2	7	In future budget papers, the Department of Treasury and Finance provide explanations when significant variations for revenue components are predicted over the forward estimates period.	Yes	A detailed discussion of the revenue outlook is included in Budget Paper 2, Chapter 4 and Budget Paper 5, Chapter 4. The former also includes a discussion of major variations in the outlook since the previous publication.	Budget Paper 2, Chapter 4 and Budget Paper 5, Chapter 4.	

Part	No.	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?
2	8	The Department of Treasury and Finance and the Commonwealth explore ways of more effectively liaising with each other when preparing forecasts for general purpose grants.	Yes	DTF has continued to engage with the Commonwealth on its GST national pool forecasts at the officer and senior official level.	Not applicable.	
2	10	If the Department of Treasury and Finance is expecting large amounts of funding through general purpose grants from sources other than GST revenue, these sources should be detailed and quantified.	Not applicable. There are no general purpose grants other than GST.			
2	12	The Department of Treasury and Finance include a disaggregation of dividends revenue showing, for each year: (a) which authorities contribute dividend payments for the year; (b) the period the dividend payment relates to; and (c) reasons for any alteration to dividend payments or schedules.	The Government supported sub-recommendations (a) and (b) only. Implementation of these two sub-recommendations is in progress.	The information will be included in a table in Note 4 of the Annual Financial Report. The information set out in the table will only relate to Public Non-Financial Corporations and Public Financial Corporation dividends.	This will be provided in the 2012-13 Annual Financial Report	

Part	No.	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?
2	20	When previously announced savings initiatives are continued and increased in later budgets, the budget papers should detail how the additional savings are expected to be realised, in which departments they will be realised and what the impacts will be.	Implementation has proceeded based on the Government's previous "in principle" support of this recommendation.	Proceeding consistent with the government's previous response.	Where relevant, explanations are included in Budget Paper 3, Chapter 1 - Output, asset investment, savings and revenue priorities.	
2	24	The Department of Treasury and Finance update Budget and Financial Management Guidance—08 so that it consistently advises that objectives should indicate the intended outcomes of outputs and does not advise that objectives should detail 'what is being delivered, to whom, to what standard and by when'.	Implementation in progress	Guidance material is being reviewed.		
2	25	The Department of Treasury and Finance ensure that future departmental performance statements include objective performance indicators.	Yes	The Department of Treasury and Finance has been working with Departments to develop objective indicators.	Objective performance indicators are included in Budget Paper 3, Chapter 2 - Departmental performance statements.	

Part	No.	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?
2	26	The Department of Treasury and Finance ensure that output descriptions in future budget papers meet the requirements set out in Budget and Financial Management Guidance-09 for output specifications.	Yes	Proceeding consistent with the government's previous response.	Output descriptions, including the link between outputs and departmental objectives, are included in Budget Paper 3, Chapter 2 - Departmental performance statements.	
2	27	The Department of Treasury and Finance require departments to publish supporting information for budget paper performance measures which explains the basis for the measures. In determining what information should be required, the Department of Treasury and Finance consider the United Kingdom's measurement annex as a model.	Under review	Proceeding consistent with the government's previous response.		

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				How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
2	28	The Department of Treasury and Finance ensure that all outputs have performance measures that reflect the full scope of the output's activities, including all major programs, outputs and asset initiatives funded within the output.	Implementation has proceeded based on the Government's previous "in principle" support of this recommendation.	Proceeding consistent with the government's previous response. The Department of Treasury and Finance is augmenting its ongoing engagement with departments on opportunities to improve performance measures. DTF is in the process of updating its review Framework and Toolkit to formalise the need to consider performance measures as part of a Review.	Where appropriate, performance measures will continue to be refined to more accurately reflect the full scope of outputs (Budget Paper 3, Chapter 2 - Departmental performance statements).	
2	29	The Department of Treasury and Finance ensure that all outputs have performance targets that reflect the impact of changes to funding.	Yes	The Department of Treasury and Finance continues to liaise with departments to help identify improvements to performance measures.	Where relevant, performance targets have been updated to reflect impacts of changes to funding (Budget Paper 3, Chapter 2 - Departmental performance statements). Appropriate footnotes have been included to explain the changes.	

Part	No.	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?
2	30	The Department of Treasury and Finance establish a central access point for all documents and resources related to performance management.	Implementation has proceeded based on the Government's previous "in principle" support of this recommendation.	The Department of Treasury and Finance's Budget and Financial Management website has been updated to ensure all performance management guidance is located in one place. The additional items listed by PAEC in Appendix A5.4, referred to in the Government's previous response, have also been reformatted and located in a central place on the same website.		
2	31	The Department of Treasury and Finance publish the Performance Management Framework on its website.	Implementation in progress	Availability of information is being reviewed.		
2	35	The Government should detail its expected performance compared to its asset investment target each year in the budget papers. This should be followed by reporting actual results compared to the target in the Annual Financial Report for the State. Any occasions on which the target is not met should be explained.	Yes	The Government will continue to outline key measures and targets for the medium-term fiscal strategy, one of which is its infrastructure investment target, in Budget Paper 2. The Government will also continue to report on the State's infrastructure investment performance against its target in the annual budget papers and the Annual Financial Report.	Budget Paper 2, Chapter 1 Economic and fiscal overview	

Part	No.	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?
2	36	Future budget papers should include a comparison between net direct investment and depreciation in the general government sector.	Yes	The Government will continue to include in future budget papers, net direct investment and depreciation in the general government sector in Budget Paper 5, Chapter 1 Estimated Financial Statements and Notes in Note 15, Net acquisition of non-financial assets from transactions.	Budget Paper 5, Chapter 1 Estimated Financial Statements and Notes	
2	37	In any year where net direct investment is expected to be less than depreciation in the general government sector, the budget papers should explain the Government's reasons for planning this and show the Government's strategy to manage the situation.	Implementation has proceeded based on the Government's previous "in principle" support of this recommendation	The Government will continue to provide commentary on the Government's infrastructure investment program including its medium-term fiscal parameter of infrastructure investment of 1.3 per cent of GSP (calculated as a rolling five-year average) in Budget paper 2, Chapter 4 Budget Position and Outlook.	Budget paper 2, Chapter 4 Budget Position and Outlook	

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				How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
2	38	<p>The Department of Treasury and Finance provide a detailed break-down of asset investment through other sectors ('net cash flows from investments in financial assets for policy purposes') as part of the budget papers. This should include:</p> <p>(a) what projects are funded by the item; and</p> <p>(b) what policy purposes each project supports when not published elsewhere.</p>	Implementation has proceeded based on the Government's previous "in principle" support of this recommendation	DTF has included the main projects facilitated through net cash flows from investments in financial assets for policy purposes in Table 7, Chapter 1 of the 2013-14 Budget Paper 4.	Budget Paper 4	

Part	No.	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?
2	44	<p>The Department of Treasury and Finance provide a reconciliation between the different figures for asset investment given in Table 6.3 of this report. This reconciliation should quantify and explain differences between these figures caused by:</p> <p>(a) threshold conventions;</p> <p>(b) sectoral classification conventions;</p> <p>(c) expenditure for projects not disclosed individually in Budget Paper No.4;</p> <p>(d) contingency allowances; and</p> <p>(e) any other factors that contribute to differences.</p>	Implementation has proceeded based on the Government's previous "in principle" support of this recommendation	Reconciliation tables (Tables 6 and 7 on pages 11 and 12 of Budget Paper 4) have been introduced starting from the 2013-14 budget year.	Budget Paper 4.	
2	45	The Department of Treasury and Finance expand the glossary of definitions in the budget papers to include plain English definitions of all terms identified in Appendix A6.7, as well as any other terms used in describing asset investment.	Yes	An expanded appendix with additional glossary definitions has been included in the 2013-14 Budget Paper 4.	Budget paper 4.	

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				How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
2	46	The Department of Treasury and Finance ensure that new asset initiatives announced in budget updates are treated consistently in the papers of the following budget.	Yes	Budget Papers 3 and 4 have been prepared from a position of ensuring all new asset initiatives are presented consistently. Where there are divergences in treatment a footnote has been used to explain the reasons for the differential treatment.	Budget Papers 3 and 4.	
2	48	The Government implement all of the supported recommendations from the Report on the 2011-12 Budget Estimates, ensuring that: (a) the activities undertaken are specifically those identified in the recommendation; and (b) each recommendation is implemented in a timely and complete manner.	Yes	DTF has implemented the supported recommendations		

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				How has it been implemented?	What publicly available information, if any, shows the implementation?	Why not?
2	50	<p>The Government establish and publish guidelines for the implementation of Parliamentary Committee recommendations. These guidelines should include:</p> <p>(a) a mechanism for assigning responsibility for the implementation of recommendations;</p> <p>(b) processes for monitoring the implementation of positively received recommendations; and</p> <p>(c) a system for reporting on the implementation of positively received recommendations.</p>	DPC will respond to this item. PAEC has been advised			
2	51	In the development of guidelines for the implementation of Parliamentary Committee recommendations, the Government consider as a model the Australian Capital Territory's Guidelines for Responding to Reports by the Auditor-General.	DPC will respond to this item. PAEC has been advised			

Part	No.	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?
2	52	<p>The Government establish and publish processes and guidance for responses to Parliamentary Committee recommendations to ensure:</p> <p>(a) decisions about whether or not to support recommendations are based on current and accurate information;</p> <p>(b) responses clearly address the recommendations' substance as well as intent;</p> <p>(c) responses are classified in a way that enables consistent interpretation of the Government's intent; and</p> <p>(d) the expectations associated with a particular response type are explicit.</p>	DPC will respond to this item. PAEC has been advised			