



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

**2009-10 AND 2010-11 FINANCIAL AND PERFORMANCE
OUTCOMES QUESTIONNAIRE — PART ONE**

VICTORIAN MANAGED INSURANCE AUTHORITY

Revenue and revenue foregone

Question 21

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than ± 10 per cent in any revenue/income category detailed in your agency's operating statement in its annual report **and** the total revenue/income for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

The budget is set prior to the beginning of the succeeding financial year. A number of factors influence the actual results, such as timing of payments, timing of interest income, machinery of government changes, and decisions of the Commonwealth government, etc.

Question 22

For each of the income from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. output appropriations, grants, sales of goods and services), please break the income for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ± 10 per cent between the two six-month amounts:

Income from transactions	Income 1/7/2010-31/12/2010	Income 1/1/2011-30/6/2011	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Premium revenue	106.7	106.5	N/A
Reinsurance and other recoveries	2.4	17.1	Increase based on actuarial valuation associated with the Victorian flood events that were brought to account in the second half of the year.
Investment income	85.2	47.1	Post GFC market recovery, with investment returns better in the first half of the year
Other revenue	2.2	4.2	Due to \$2.3M payment from DTF for Domestic Building Insurance, received in June 2011

Question 23

Please provide an itemised schedule of any concessions and subsidies (revenue foregone) (see the Explanatory Memorandum for a definition of concessions and subsidies) provided by your organisation in 2009-10 and 2010-11. For each item, please:

- (a) describe the purpose of the concession/subsidy;
- (b) explain any variations greater than ± 10 per cent between the actual expenditure and the initial budget for the year;
- (c) explain any variations greater than ± 10 per cent between the actual expenditure and the actual for the prior year;
- (d) indicate the number of concessions/subsidies granted in each category; and
- (e) explain whether the outcomes expected to be achieved by granting these concessions or providing these subsidies have been achieved.

Revenue foregone in 2009-10:

Concession/ subsidy	Purpose	2008-09 actual	2009-10 Budget	2009-10 actual	Explanations for variances greater than ± 10 per cent	Number of concessions / subsidies granted in 2009-10	Outcomes achieved
Nil							

Revenue foregone in 2010-11:

Concession/ subsidy	Purpose	2009-10 actual	2010-11 Budget	2010-11 actual	Explanations for variances greater than ± 10 per cent	Number of concessions / subsidies granted in 2010-11	Outcomes achieved
Nil							

- (f) Please also detail all new concessions/subsidies provided in 2010-11 by your agency that were announced after the change of government in 2010, their impact on your agency and the social outcomes achieved to date:

Concession/subsidy	Value in 2010-11	Impact on your agency	Outcomes achieved
	(\$ million)		
Nil			

Expenditure

Question 25

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than ± 10 per cent in any expense category detailed in the agency's operating statement in its annual report **and** the total expenditure for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

Expenditure in 2009-10:

Expenditure category	2008-09 actual	2009-10 Budget	2009-10 actual	Explanations for variances greater than ± 10 per cent	Impact of variances
Claims expense	471.6M	160.3M	155.8M	The 2008-09 claim expense was higher, due to recognition of bushfire claims	Limited impact, as broadly in line with the annual budget.
Unexpired risk expense	4.8M	2.3M	(11.1M)	Due to release of 2009 unexpired risk liability recognised in 2009-10	Positive contribution to the operating performance
Investment expenses	1.8M	1.8M	2.3M	Increase in fund managers' fees, due to increase in funds under management	Impact is limited
Total expenses	536.1M	232.0M	\$213.4M	The 2008-09 expense was higher, mainly due to recognition of bush fire claims	

Expenditure in 2010-11:

Expenditure category	2009-10 actual	2010-11 Budget	2010-11 actual	Explanations for variances greater than ± 10 per cent	Impact of variances
Claims expense	155.8M	224.2M	307.8M	Due to increase in provisions as a result of unbudgeted Victorian flood events in the 2010-11 year	Negative impact on the operating performance
Unexpired risk expense	(11.1M)	9.8M	36.0M	Due to unexpired risk liability recognised in 2010-11 year associated with the Medical Indemnity insurance	Negative impact on the operating performance

Underwriting expenses	19.5M	20.9M	22.2M		
Investment expenses	2.3M	3.3M	3.2M	Increase in external management fees, due to increase in funds under management and general increase in fees	Impact is limited, as in line with the budget
Total expenses	213.4M	307.9M	413.0M	Due to the impact of the above expense items	

Question 26

For each of the expenses from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. employee expenses, grants, depreciation and amortisation), please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ± 10 per cent between the two six-month amounts:

Expenses from transactions	Expenses 1/7/2010-31/12/2010	Expenses 1/1/2011-30/6/2011	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Claims expense	97.6	210.2	Expenditure can occur unevenly during the year owing to a range of factors including payment timing and year-end adjustments such as the actuarial valuation of defined benefit fund assets.
Unexpired risk expense	(1.7)	37.7	
Underwriting expenses	11.6	10.6	
Investment expenses	1.4	1.7	

Question 27

Please provide details of any evaluations of grants programs that were conducted by your agency in 2009-10 or 2010-11, including any findings about:

- (a) the outcomes achieved by the programs; or
- (b) the effectiveness of grants at achieving planned outcomes compared to other modes of service delivery.

Grant program	Evaluation conducted	Outcomes achieved	Effectiveness as a mode of service delivery
Nil			

Public sector workforce

Question 31

Please detail the total full-time equivalent number of staff as at 30 June 2009, 30 June 2010, 31 December 2010 and 30 June 2011, and explain any significant variations (greater than ± 10 per cent) from one date to the next in the following tables:

Numbers in 2009 and 2010:

Total FTE (30 June 2009)	Total FTE (30 June 2010)	Explanation for any variations greater than ± 10 per cent
112.53	117.47	

Numbers in 2010:

Total FTE (30 June 2010)	Total FTE (31 December 2010)	Explanation for any variations greater than ± 10 per cent
117.47	110.35	

Numbers in 2010 and 2011:

Total FTE (31 December 2010)	Total FTE (30 June 2011)	Explanation for any variations greater than ± 10 per cent
110.35	116.99	

Question 32

In the tables below, please detail the salary costs for 2008-09, 2009-10 and 2010-11, broken down by ongoing, fixed-term and casual and explain any variations greater than 10 per cent between the years for each category.

Costs in 2009-10:

Employment category	Gross salary 2008-09	Gross salary 2009-10	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing	\$ 5,399,211	\$ 5,781,231	
Fixed-term	\$ 6,248,846	\$ 7,054,958	Addition of seven fixed-term positions.
Casual	\$ 1,093,621	\$ 927,321	
Total	\$12,741,678	\$13,763,511	

Costs in 2010-11:

Employment category	Gross salary 2009-10	Gross salary 2010-11	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing	\$ 5,781,231	\$ 6,115,445	
Fixed-term	\$ 7,054,958	\$ 6,917,332	
Casual	\$ 927,321	\$ 659,412	Recruited vacant positions therefore casual staff reduced.

Total	\$13,763,511	\$13,692,189	
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For each of the employment categories, please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than ± 10 per cent between the two six-month amounts:

Employment category	Gross salary 1/7/2010-31/12/2010	Gross salary 1/1/2011-30/6/2011	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing	\$ 2,946,834	\$ 3,066,146	
Fixed-term	\$ 3,478,932	\$ 3,458,866	
Casual	\$ 300,416	\$ 306,281	
Total	\$ 6,726,182	\$ 6,831,093	

Question 33

- (a) For what roles within your organisation were contractors or contract staff used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of contractors)?

Contractors and contract staff are engaged for short term roles to backfill for fixed term or ongoing roles during recruitment to hire a fixed term or ongoing replacement; providers of generalist services to the department or agency; and specialist professional services or roles, e.g. general consultancy, engineers, legal, audit or organisational development provision.

- (b) Please itemise the services delivered by contractors or contract staff in 2009-10 and 2010-11:

Contractors/contract staff in 2009-10:

Service category	Number of contractors/contract staff	Value of services (\$)
Back Fill	1	\$ 22,000
Projects	4	\$350,300

Contractors/contract staff in 2010-11:

Service category	Number of contractors/contract staff	Value of services (\$)
Back Fill	5	\$158,500
Projects	2	\$157,362

- (c) For each specific contractor or contract staff paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:

In accordance with the requirements of government, summary details of all contracts with a commitment value greater than \$100,000 are disclosed on the Victorian Government Purchasing Board (VGPB) website at www.contracts.vic.gov.au.

Question 34

- (a) For what roles within your organisation were consultants used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of consultants)?

Consultants were engaged to support with specialist research, analysis and/or advice that supported strategy decisions and for which skills were not available in the organisation.

- (b) Please itemise the services delivered by consultants in 2009-10 and 2010-11:

In accordance with Financial Reporting Directions, consultancies over \$100,000 are disclosed in the relevant annual reports.

- (c) For each specific consultant paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:

In accordance with Financial Reporting Directions, consultancies over \$100,000 are disclosed in the relevant annual reports.

Question 35

- (a) Please break down the staff turnover ratio (total left employment during the year expressed as a percentage of total headcount) for your organisation during 2008-09, 2009-10 and 2010-11 according to the following age brackets:

	2008-09	2009-10	2010-11
Less than 30 years old	1.94%	1.68%	2.34%
30-54 years old	3.88%	6.27%	12.50%
55 years or older	3.88%	3.36%	3.13%
Total	9.71%	11.76%	17.97%

- (b) Please describe the factors contributing to any variations greater than ± 10 per cent from one year to the next.

VMIA is an organisation with less than 120 FTE therefore defining any trends in variations over a 2 year period is problematic. We will continue to monitor the turnover in light of the strategies defined in c. below.

- (c) Please describe any strategies that are planned to be introduced to retain staff, reduce the level of voluntary staff turnover and reduce the likelihood that critical roles will become vacant in future?

A Recruitment and Selection Onboarding project is currently being implemented by VMIA. Change management and leadership programs are currently in progress.

Question 36

The State Services Authority (*The State of the Public Sector in Victoria 2008-09*, Chapter 4) has identified collaboration, agility and innovation as important to the future of the Victorian public sector. Please detail any initiatives undertaken by your organisation in 2009-10 or in 2010-11 prior to the change of government that have been designed to enhance these three qualities and what outcomes have been achieved by these initiatives:

	Initiative	Outcomes
Collaboration	Risk Management Partnership Program (RMPP) - A research program aimed at developing better risk management practices, through partnership projects with clients	<p>Around 15 client sponsored projects with participants drawn from across government departments and agencies were completed.</p> <p>One specific example is a pilot with Southern Health to identify/ situation/ background/ assessment/ request or recommendation (ISBAR) as a key communication tool for internal referrals within the clinical setting to improve the consistency of information exchange between clinical staff within 12 months of project commencement.</p> <p>The outcome was a report that provided the pilot research methods, results and findings together with ISBAR training DVDs, Powerpoint tools and templates and implementation/evaluation tools and templates.</p> <p>Following the successful implementation of ISBAR at Southern Health, VMIA has embarked on a state-wide rollout to hospital clients in collaboration with health sector clients.</p>
Agility	Following the 2009 Black Saturday Bushfires and other natural catastrophes, the VMIA created an internal capacity to promptly respond to catastrophic events and assist recovery from such events.	Through the establishment of a dedicated bushfire recovery team on 9 February 2009, the VMIA was able to expedite payments to clients affected by the disaster. Since then the enhanced response capability has been utilised following other large losses, including the March 2010 Melbourne hailstorm and the February 2011 Melbourne floods. On each of these occasions the enhanced response has assisted clients to mitigate losses (e.g. enabling better asset preservation and shortening the time taken to return to business as normal).
	Provision of Domestic Building Insurance (DBI) by VMIA	In line with a requirement to provide mandatory, last resort domestic building insurance to builders and owner builders, the VMIA had to swiftly develop and implement new systems to accommodate business partners (such as brokers and QBE), builders and the public, to ensure a smooth transition within the DBI market.
Innovation	Strategic Engineering Risk Assessments (SERA) - Development of a desktop survey/analysis instrument to identify and assess the most prevalent engineering site risks surrounding similar common widely distributed state-owned assets.	In 2010-11, a trial of the first SERA, involving the risks surrounding government schools was completed.

Please also supply details of initiatives designed to enhance these three qualities undertaken since the change of government in November 2010:

Since change of Govt	Initiative	Outcomes
Collaboration	(Risk-rated) Premium Allocation Model (PAM) in the public health sector: A risk-	The risk-rated premium provides a financial incentive for

Since change of Govt	Initiative	Outcomes
	rated premium for medical indemnity insurance was introduced on 1 July 2011.	<p>hospitals to improve risk management practices.</p> <p>This initiative required negotiations between VMIA, DoH and health networks (hospitals) to arrive at a mutually acceptable agreement.</p> <p>VMIA provides hospitals and health services with data about their performance, to aid their decision making and targeting of future initiatives. The aim is to encourage continued performance improvements through risk management and patient safety initiatives – with the overall long-term objective to reduce the total cost of insurable risk to Victoria</p>
	Victorian Health Information System (VHIMS) was launched in September 2011 to facilitate reporting of incident data and consumer feedback reports to the Department of Health (DoH), the Office of Health Services Commissioner and the VMIA.	The VMIA partnered with DoH to roll-out VHIMS providing support through education of hospitals on use of the system and improved data quality. The system will replace paper based and other reporting methodologies and will assist with the early identification of liability issues and adverse trends, for improved clinical risk management.
	Risk Scenario Planning Exercise - Two inter-agency workshops were completed between April and August 2011.	Scenario workshops assist leaders from across the public sector to better understand the connectivity of risk. Learnings are shared across government and inform policy development, and improved practice to reduce harm to the Victorian community.
Agility		
	Victorian input to Federal Government Reviews/ Reforms	<p>The VMIA supported DTF in compiling Victoria's response to the National Disaster Relief and Recovery Arrangements (NDRRA) Review.</p> <p>The VMIA participated on a State Government inter-departmental committee that provided input into the State's response to the Productivity Commission's inquiry into a National Disability Scheme.</p>
Innovation	Strategic Insurance Reviews (SIRs) assist clients with a better understanding of their risks and insurance needs.	Since November 2010, six SIRs have been completed with selected departments and agencies. Insurable risk profiling and risk retention modelling tools were developed. Application of the tools has identified opportunities for clients to review their current insurance arrangements.
	Geospatial Mapping platform for client asset information and risk exposures	The VMIA has tailored geospatial mapping technology to provide a platform for consolidating asset data that can be used to inform Catastrophe Reinsurers and has contributed to favourable reinsurance pricing outcomes, in hardening market conditions.

Question 37

Please complete the following tables showing number of executive staff and total value of bonuses paid in the 2009-10 and 2010-11 performance periods:

Bonuses in 2009-10:

Executive category	Number of staff (FTE)			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
Secretary or CEO, EO1 – Deputy ^(a)	8	0	8	\$239,842
Other Executives	20	0	20	\$267,601

Bonuses in 2010-11:

Executive category	Number of staff (FTE)			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
Secretary or CEO, EO1 – Deputy ^(a)	10	3	7	\$224,700
Other Executives	20	0	20	\$371,414

Question 38

In the following table, please show for your organisation the actual range of bonuses paid (expressed as a percentage of total remuneration).

Rating	Proportion of total remuneration package actually paid (expressed as a range from x% to y%)	
	2009-10	2010-11
Exceptional	N/A	N/A
Superior	N/A	N/A
Competent	N/A	N/A
Improvement required	N/A	N/A

The above format is based on the Executive Employment Handbook. If your organisation adopted another approach for awarding bonuses, please provide details.

CEO & EO1

Rating	Percentage of bonuses actually paid (expressed as a range from x% to y%)
Outstanding	20%
Commendable	15% to 19%
Fully Performing	10% to 14%
Improvement required	0%

Executive Other

Rating	Percentage of bonuses actually paid (expressed as a range from x% to y%)
Outstanding	15%

Commendable	10% to 14%
Fully Performing	5% to 10%
Improvement required	0%

Program outcomes

Outcomes reflect the impact on the community of the goods and services provided by a department. The questions in this section all relate to the outcomes that the Department contributed to in 2009-10 and 2010-11.

Question 40

- (a) Using the format of the table below, please outline the five most important outcomes achieved by your organisation's programs/activities between 27 November 2010 and 30 June 2011 (where your organisation has been the key player) including:
- (i) what was planned;
 - (ii) what was achieved;
 - (iii) quantitative or qualitative data to demonstrate this achievement;
 - (iv) any other Victorian public sector organisations or agencies from other jurisdictions that have worked across organisational boundaries to contribute to this outcome; and
 - (v) the relationship of these outcomes to any government strategies or goals.
- (b) Please also identify any significant program outcomes that were planned but not achieved between 27 November 2010 and 30 June 2011 and the underlying reasons.

The planned priorities and outcomes achieved are reported to Parliament each year in the Budget Papers and in the relevant annual reports.

Adapting to the change of government

Question 42

- (a) Were any planned organisational priorities changed during 2010-11 as a result of the change of government in 2010? If so, please specify.

Organisation priorities changed during 2010-11 to reflect the incoming government's policies, priorities and relevant machinery of government changes.

- (b) Were any corporate plans or similar documents modified in 2010-11 as a result of the change of government in 2010? If so, please specify.

Business plans are routinely updated throughout the financial year, as circumstances dictate.

Question 43

Please detail the impact on your agency of any machinery-of-government changes following the change of government in 2010, including:

- (a) how your agency adapted;
- (b) any disruptions to program or project delivery; and
- (c) any improvements to program or project delivery that have been enabled as a result of the change.

Machinery-of-government change	Adaptations in response	Disruptions to program/project delivery	Improvements to program/project delivery
Nil			

Question 44

Please detail any new processes that were introduced into your agency following the change of government in 2010 for monitoring or managing expenditure on output or asset projects/programs:

Nil

Question 45

For each program and project (delivering either outputs or assets) which was curtailed, deferred or discontinued in 2010-11 following the change of government in 2010, please provide the following details:

- (a) the name of the program/project;
- (b) whether it delivered outputs (i.e. goods and services) or assets;
- (c) the budgeted and actual expenditure in 2010-11; and

(d) the reasons for which the program/project was curtailed, deferred or discontinued.

Program/project	Output or asset delivery	Budgeted 2010-11 expenditure	Actual 2010-11 expenditure	Reasons why it was curtailed, deferred or discontinued
		(\$ million)	(\$ million)	
Nil	-	-	-	-

Question 46

For each program and project (delivering either outputs or assets) which was introduced in 2010-11 following the change of government in 2010 which had not been planned prior to the change of government, please provide the following details:

- (a) the name of the program/project;
- (b) whether it delivered outputs (i.e. goods and services) or assets;
- (c) the budgeted and actual expenditure in 2010-11; and
- (d) the reasons for which the program/project was introduced.

The new initiatives funded by the Government are outlined in Budget Paper No. 3, chapter 2.
