

RESPONSE TO QUESTIONS TAKEN ON NOTICE PAEC – Inquiry into the 2023-24 Budget Estimates – Premier (referred to DTF)

Friday 2 June 2023

1. Provision of correspondence between the Department of Treasury and Finance and the Independent Broad-based Anti-Corruption Commission during the 2023-24 Budget process.

(Asked by Bev McArthur Page 12 of the transcript)

Transcript extract:

Bev McARTHUR: At the same time, you are cutting the funding to IBAC, the Auditor-General and the PBO. Does the government really want to attack integrity agencies who are just doing their job?

Daniel ANDREWS: No, not at all. And I would not agree with your contention, either in terms of funding that has been allocated or the government's approach to these matters. I will just pick the IBAC as one example, and I will just preface these comments by saying this is in no way a criticism of that agency. They have got a very important job to do, and I am just pointing out the facts lest anyone start to attribute anything beyond that. On four separate occasions the Department of Treasury and Finance wrote to IBAC ahead of the budget – and not four times in a week either; like over a lengthy period of time – requesting that they make a budget submission so that the expenditure review committee could have a look with advice from the Department of Treasury and Finance; the other central agency, my department; and probably, likely, the Department of Justice and Community Safety would have a role in that as well, given that the Attorney is their minister. Despite those four written requests for a budget submission, no budget submission came forward. I cannot explain that. Only IBAC would be able to explain that. So the government was left with a choice – 'Well, what do we do? They haven't put in a submission.' So we gave them last year's base funding plus a small uplift. I do not know what else we might have done. What I will say, though –

Danny O'BRIEN: Pick up the phone.

Daniel ANDREWS: Well, four letters, Mr O'Brien – four letters – and I am pretty sure they read the letters too. Four letters. And it is not for me to be picking up the phone. The Department of Treasury and Finance, official to official, has had an extensive communication. Again, I cannot explain that, and I am not really here to debate it. They are just the facts of the matter. However, it is important not to lose sight of this fact: base funding, with the departmental funding model with that uplift on top, is one component of funding that any agency might have in a given year. Agencies are absolutely entitled – if they have further proposals, ideas, if they want further funding, then they can, if they choose, approach their minister, in this case the Attorney. I think on occasions that agency has met with the Treasurer also. They can, and I expect they will, come to government with further funding requests, and under the Financial Management Act and then as a result of this budget there are various contingencies, and Treasurer's advances can be provided.

Bev McARTHUR: Would you able to table those letters to IBAC, Mr Premier?

Daniel ANDREWS: They are not correspondence that I have, but I am happy to refer that matter to the Department of Treasury and Finance.

Bev McARTHUR: Thank you so much.

Response

Correspondence between Department of Treasury and Finance (DTF) and Independent Broad-based Anti-corruption Commission (IBAC) re 2023-24 Budget process			
Date	From	To	Content
8-Dec-22	DTF	IBAC	Email advice regarding 2023-24 budget templates
12-Dec-22	DTF	IBAC	Email advice regarding 2023 financial data Information Request - including lodgement date for budget submissions
16-Dec-22	DTF	IBAC	Email advice regarding 2023-24 budget templates
21-Dec-22	DTF	IBAC	Email advice providing 2023-24 budget process guidance
26-Jan-23	IBAC	DTF	Email confirmation of NIL return submission from IBAC regarding 2023-24 budget
8-Feb-23	N/A	N/A	DTF (Director Portfolio Analysis) meeting with IBAC's CFO

Responses to Questions on Notice or further information agreed to be supplied at the hearings

Witness	Mr Daniel Andrews
Committee member	Mr Nicholas McGowan
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Question

Mr McGOWAN: Premier, budget paper 3, page 114 – the new schools tax, or the removal of the exemption for payroll tax on these Victorian schools and parents. Have you approved or seen the list of schools that will be taxed?...as you would have heard from the earlier testimony, there was some confusion as well around exactly what the thresholds were...when I spoke with Treasury officials last week in the bill briefing, was that of the 110, the minister, in this case obviously the education minister, would still be able to provide exemptions to those schools. **So you might find one school who are actually very disadvantaged or actually has some fee structure that still makes them eligible – that is, to pay the new tax – but there will be no exemptions. Is that correct?**

Mr ANDREWS: No, I do not know that that is necessarily correct. I think the minister has some latitude, but the State Revenue Office also has latitude when it comes to any individual taxpayer, whether that be an individual or a corporate entity. **I am happy to take that on notice and come back to you.** I suppose that is a fair way down the track. If we go back to first principles, the first thing to do is to work out who will be paying these additional charges. That is not able to be definitively stated today because the minister is out consulting and has not yet struck the fee threshold.

Answer

The Minister for Education will determine the specific non-government schools that will continue to be exempt from payroll tax, in consultation with the Treasurer. When making this determination, the Minister will consider each school's fees and charges imposed for provision of education, any other financial contributions the school received and any other matter that the Minister considers appropriate (Section 82, *State Taxation Amendment Bill 2023*).

The State Revenue Office (SRO) has limited discretion to provide relief or exemptions for taxpayers. However, under Section 49 of the *Tax Administration Act 1997*, the SRO may extend the time for payment of tax by a taxpayer or accept the payment of tax by instalments.

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Question

Mr McGOWAN: I refer to budget paper 4, page 67. Before the election the government promised more than \$4 billion in funding for seven hospitals, which the government has grouped together as the Hospital Infrastructure Delivery Fund. The government committed to fully funding seven healthcare facilities in Gippsland, Monash, Dandenong, Wonthaggi, Ringwood and in Melbourne's north... Premier, **are you able to provide a break-up of the \$320 million that is included in the budget across the hospitals?... If you could take that on notice, that would be appreciated.**

Mr ANDREWS: Yes, sure. But there will be a team at the health building infrastructure authority over in Minister Thomas's department, where they will be working to deliver all the planning necessary for all of those projects, and that will inform bids that come to ERC. Then when I am back here next year, we will be able to talk to you about further budget allocations to not plan hospitals but to build the first stage or build the entire hospital.

Answer

The 2023–24 Budget allocates an additional \$4.9 billion to support our healthcare system – and the dedicated workers who care for Victorians – to deliver the best possible care.

This includes \$320 million to establish the Hospital Infrastructure Delivery Fund to commence service and capital planning, land acquisition and early works to progress the following LFS hospital commitments:

- A new hospital and public sector residential aged care facility for West Gippsland
- A bigger and better Monash Medical Centre, with more operating theatres and a new intensive care unit
- An expanded emergency department, new intensive care unit and new outpatient clinic at Dandenong Hospital
- A new emergency department and inpatient tower at Northern Hospital
- An expanded emergency department and upgraded short stay unit at Austin Hospital
- A new emergency department and inpatient towers at Queen Elizabeth II Hospital in Melbourne's growing eastern suburbs
- Extra beds, a new birthing complex and new outpatient clinic for Wonthaggi Hospital

Following detailed due diligence and design, the Government will confirm total estimated investments and cashflows in future budgets and associated details including procurement, market engagement and timelines for each hospital.

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Question

Ms McARTHUR: Premier, go to budget paper 3, page 354, and I am sure the committee is very excited by the significant increase to parliamentary investigatory committees, which are set to receive \$137.3 million next financial year. **Is that a budget mistake, Premier?**

Mr ANDREWS: I am not sure what that is about, but I am happy to chase it up for you.

Answer

The figure on page 354 of Budget Paper 3 showing \$137.3 in million in 2023–24 for Parliamentary Investigatory Committees is a typographical error. The correct amount for 2023–24 is \$7.0 million, as stated on page 358 of the departmental performance statement.

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Question

Mr O'BRIEN: Last year the budget papers allocated an additional \$7.9 million for IBAC in the 2023–24 year. **Can I clarify then whether that money has been reprioritised or whether that is now part of the \$62.2 million that is in the budget for this year....** If you can take that on notice...

Mr ANDREWS: I stand to be corrected, and I will get you the full answer, but I think that might have been an underspend from the previous year... I am happy to – more than happy to. But I would fully expect, and only time will tell, if they work out that they want X dollars more to do whatever they want to do, they will come to their minister and ask for that and the government will duly consider that.

Answer

The additional \$7.9 million allocated to the Independent Broad-based Anti-corruption Commission (IBAC) in the 2022–23 Budget is part of the \$62.2 million of total base funding that IBAC is receiving in 2023–24 this year. This amount is part of the \$32.1 million in increased output funding that IBAC received in the 2022–23 Budget over four years (2022–23 BP3, p. 127).

The Government provides IBAC with significant financial support and has done so since coming to office. While IBAC did not submit a budget bid for the 2023–24 Budget, the Government will continue to consider any future funding requests by IBAC.

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Question

Ms McARTHUR: And so you are confirming, Premier, that neither the Auditor-General nor the PBO have come to you, or whomever they are meant to go to, to get extra funding... **But there have been cuts to the Auditor-General and the PBO as well.**

Mr ANDREWS: I do not know about that. I am happy to take that on notice.

Answer

There have been no cuts to funding for the Victorian Auditor-General's Office (VAGO) or the Parliamentary Budget Office (PBO).

VAGO will receive funding of \$49.1 million in 2023–24, which is 3.2 per cent higher than the 2022–23 budgeted figure of \$47.6 million (2023–24 BP3, p. 354).

However, VAGO's actual costs increased in 2022–23, meaning that the revised 2022–23 funding of \$50.2 million was greater than the 2022–23 budgeted figure of \$47.6 million. Actual costs increased above the set indexation due to increased costs of audit service providers and contractors, in auditing standards and increased scope of some audits (2023–24 BP3, p. 360).

The PBO received output funding of \$3.9 million in 2022–23 and will receive output funding of \$3.4 million in 2023–24 (2023–24 BP3, p. 354). The decrease in funding from 2022–23 to 2023–24 is due to surge funding provided to the PBO for the 2022 State Election.

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Question

Mr O'BRIEN: Premier, the Treasurer's speech and the budget papers clearly talk about \$31.5 billion of COVID debt... **DTF has a link on its website with a list of the COVID expenditure and includes spending like the Metro Tunnel, the Breakthrough Victoria Fund and the \$250 power saving bonus. How is that possibly COVID spending?**

Mr ANDREWS: I am happy to take on notice a definitive list if one can be produced. There is a website. There was advice from the Auditor-General as I understand it – not recently, but going back some time ago – about what should be considered. We have taken a pretty conservative approach. Some one-off expenditure that you might say was about stimulus – that has been included, and other kinds of consumables like PPE and vaccines and hubs and all of that sort of stuff, business support obviously. But then things like, for instance, some projects that we brought forward, like the gallery, for instance, have not been included in the \$31.5 million. It is always difficult because there was a lot of expenditure during that time, but I believe we have put together a good-faith, conservative estimate that could have been bigger.

Answer

The Government commitment to capture and report a list of Coronavirus (COVID-19) expenditure between 2019–20 and 2021–22 financial years can be found at the following DTF website:

www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting.

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Question

Mr O'BRIEN: Okay. Secretary, can I ask what is the current figure for 2022-23 of ministerial staff numbers in the government and in the PPO specifically?... Can you tell me what the cost of those staff is as well? Would you be able to take that on notice and provide a breakdown on the PPO as well?

Mr MOULE: 183 in other ministerial offices. That compares to last year's figure of 83 in the Premier's office and 202 across ministerial offices... If we have that data, I am happy to do that.

Answer

As at March 2023, ministerial office staff totalled 265.7 full-time equivalent (FTE) . This comprised 82.6 FTE staff in the Premier's office and 183.1 FTE staff in all other ministerial offices. The cost was \$12.2 million for Premier's office staff and \$29.8 million in all other ministerial offices.

Witness	Mr Jeremi Moule
Committee member	Ms Ellen Sandell
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Question

Ms SANDELL: A further question around consultancies, and maybe this one is to the Secretary – we understand that workers are being made redundant in the DPC media monitoring unit because the function has been outsourced to a private provider, but then the public service workers have been asked to train these private providers. Is that correct?... **who has been awarded that contract? Can you take that on notice?**

Mr MOULE: I would need to check the name of the company, but it is a company that exclusively deals with media monitoring. I am happy to provide that.

Answer

The company which has been awarded the media monitoring contract is Stream Pty Ltd. DPC is currently consulting with affected staff on a proposed new operating model for the in-house team to continue to provide media monitoring and communications insights.

Witness	Mr Daniel Andrews
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Question

Ms SANDELL: A question now for the Premier on a different topic: I note that in budget paper 2, page 54, Victoria has received \$3.5 billion in ‘Other revenue and income’, which I understand includes royalties from gas projects, gas drilling and such. **Does the Victorian government intend to continue to allow gas drilling in Victoria onshore and offshore into the future and therefore continue to receive income from royalties such as these?**

Mr ANDREWS: Can I answer in two parts – firstly, I would need to go and double check whether that is in fact a source of revenue that is accounted for in that global number. It may well be, but I will take that on notice and come back to you.

Answer

‘Other revenue and income’ outlined in the budget papers includes fines, royalties, donations and gifts, assets received free of charge and other miscellaneous revenues (2023–24 Budget Paper 2, page 57). State royalties on natural gas are included in this figure.