

PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



2019-20

**Financial and Performance Outcomes
General Questionnaire**

Transport Accident Commission

Contents

Contents	i
Introduction – Financial and Performance Outcomes Questionnaire	1
Section A: Output variances and program outcomes	2
Section B: Asset investment	3
Section C: Revenue and appropriations	4
Section D: Expenses.....	6
Section E: Overall financial performance	14
Section F: Public sector workforce	15
Section G: Government decisions impacting on the finances.....	19
Section H: General.....	21
Section I: Implementation of previous recommendations	23
Section J: Department of Treasury and Finance only.....	23
Section K: Treasury Corporation of Victoria only	Error! Bookmark not defined.

Introduction – Financial and Performance Outcomes Questionnaire

The Committee's inquiry into the 2019-20 Financial and Performance Outcomes examines:

- the Government's actual expenditure and revenue compared to the budgeted expenditure and revenue
- the actual performance outcomes against the targeted performance outcomes at a departmental/agency level.

The inquiry aims to benefit the Parliament and the community by:

- promoting the accountability, transparency and integrity of the executive and the public sector
- encouraging the effective and efficient delivery of public services and assets.

This questionnaire seeks information on the departmental/agency financials for the 2019-20 financial year, what was achieved during those years and how that compares to expectations.

Timeline and format

Responses to this questionnaire are due by **5.00pm on Monday 1 February 2021**.

Please email the completed questionnaire (in word and pdf) to paec@parliament.vic.gov.au

Please also email a signed copy.

Consistency with the budget papers

Whenever referring to an initiative/program/project that is referred to in the budget papers, please use the same name as is used in the budget papers. This ensures that the Committee can correlate the information provided by the department with the information in the budget papers.

Basis of consolidation

For departments, please use the same basis of consolidation as was used in the budget papers and in the budget portfolio outcomes statement in the department's annual report.

Guidance

Please contact the secretariat should you require guidance in relation to any questions:

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Section A: Output variances and program outcomes

Question 1 (all departments) Completed output initiatives from past budgets

This question does not apply to this entity.

Question 2 (all departments) Program outcomes

This question does not apply to this entity.

Question 3 (all departments) Treasurer's advances and other budget supplementation

This question does not apply to this entity.

Section B: Asset investment

Question 4 (all departments) Capital expenditure variances, completion date and scope changes – existing projects

This question does not apply to this entity.

Question 5 (all departments) Details of actual capital expenditure – completed projects (or expected to be completed)

This question does not apply to this entity.

Question 6 (all departments) High-value high-risk projects, gateway reviews and business cases

This question does not apply to this entity.

Question 7 (all departments) Public Private Partnership (PPP) expenditure – existing and completed

This question does not apply to this entity.

Section C: Revenue and appropriations

Question 8 (all departments and entities) Revenue – variances from previous year

Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million between the actual result for 2018-19 and 2019-20 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue affected service delivery and then link it to the relevant output and portfolio.

Please also detail the outcomes in the community¹ achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no revenue/income categories for the department/agency for which the 2019-20 expenditure changed from the prior year's expenditure by more than $\pm 10\%$ or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Revenue category	2018-19 actual (\$ million)	2019-20 actual (\$ million)	Explanations for changes $\pm 10\%$ or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, how was this achieved	Relevant output(s) and portfolio(s)
<i>Net investment Income</i>	1,077.0	108.9	<i>Market downturn in response to COVID-19 Pandemic.</i>	<i>Despite the low investment return for 2019/20, TAC's long-term average remained above target at 8.94% (target 7.25%).</i>	

¹That is, the impact of service delivery on the community rather than a description of the services delivered.

Question 9 (all departments and entities) Revenue – variances from budget to actual

Please explain any variances equal to or greater than $\pm 10\%$ or \$100 million between the initial budget estimate (not the revised estimate) and the actual result for 2019-20 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue affected service delivery and then link it to the relevant output and portfolio.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Revenue category	2019-20 Budget estimate (\$ million)	2019-20 actual (\$ million)	Explanations for changes $\pm 10\%$ or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, explain why	Relevant output(s) and portfolio(s)
<i>Net investment income</i>	773.3	108.9	<i>Market downturn in response to COVID-19 Pandemic.</i>	<i>Despite the low investment return for 2019/20, TAC's long-term average remained above target at 8.94% (target 7.25%).</i>	

Section D: Expenses

Question 10 (all departments and entities) Expenses changed from previous year

Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million with regards to the actual result for 2018-19 and 2019-20 for each category of expenses detailed in your operating statement. Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million with regards the actual result for 2019-20 and the initial budget estimate (not the revised budget). Please also detail the outcomes in the community² achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Expenses category	2018-19 Actual \$ million	2019-20 Actual \$ million	Explanations for variances $\pm 10\%$ or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
<i>Unexpired risk liability</i>	243.8	(269.3)	<i>A Liability Adequacy Test is performed at the end of each financial year. At 30 June 2020, only a slight deficiency in net premium was calculated such that the previous provision for Unexpired Risk was fully extinguished. This came principally because of the decrease in expected future claims payments (improved claims experience).</i>	<i>Reduction in TAC's Net Asset Deficiency position.</i>
<i>Net claims incurred</i>	7,212.1	1,545.0	<i>The 2019-20 Financial Year saw a decrease of \$459M in net claims incurred due to external economic factors. This compares very favourably to an increase in net claims incurred of \$3,636M in 2018-19 due to external factors.</i> <i>Furthermore, scheme performance initiatives and a corresponding decrease in paramedical costs contributed to a favourable actuarial valuation at 30 June 2020.</i>	<i>Favourable variance on claims incurred – internal – retained in the scheme to improve TAC's overall net asset deficiency.</i> <i>Favourable variance on claims incurred – external – N/A.</i>

²That is, the impact of service delivery on the community rather than a description of the services delivered.

Expenses category	2018-19 Actual \$ million	2019-20 Actual \$ million	Explanations for variances $\pm 10\%$ or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
Safe system road infrastructure (SSRIP)	299.4	235.9	In 2019-20, costs for SSRIP have come in lower due to some project delays (i.e. relating to Bushfires). Further, some projects were delivered at a lower cost.	No impact – this forms part of TAC's \$1.7b commitment to safety improvements of road infrastructure and will be spent over the coming years.
Health compensation and disability research	4.0	5.1	2019-20 saw an increase from the previous year as TAC's new research strategy was operational for the whole of the financial year.	Immaterial impact.
Repayment of capital	255.0	-	No capital repayment was requested by DTF in 2019-20. Scheduled capital repayments have been reforecast.	The increase in investment base due to no capital repayments resulted in an improvement to future investment returns, improved net asset position and insurance funding ratio.
Income tax expense/ (benefit)	(1,549.4)	51.5	2019-20 saw an income tax expense, the result of TAC recording a net profit before tax of \$230M (\$5,351M loss before tax in 2018-19).	Nil impact – There is no cash outflow by TAC. Instead, there is a utilisation of TAC's carried forward tax losses to the extent that any tax expense is brought down to nil tax payable.

Expenses category	2019-20 Budget \$ million	2019-20 Actual \$ million	Explanations for variances $\pm 10\%$ or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
<i>Unexpired risk liability</i>	22.4	(269.3)	<p><i>A Liability Adequacy Test is performed at the end of each financial year. At 30 June 2020, only a slight overall deficiency in net premium was calculated, rather than an increase to the existing premium deficiency as budgeted.</i></p> <p><i>To that end, the previous provision for Unexpired Risk was fully extinguished. This came principally because of the decrease in expected future claims payments (improved claims experience).</i></p>	<i>Reduction in TAC's Net Asset Deficiency position.</i>
<i>Net claims incurred</i>	3,015.7	1,545.0	<i>Favourable variance to budget the product of Scheme Performance initiatives that resulted in a reduced claims and payments and improvement in external economic factors. Further reductions in claims payments experienced as a result of COVID-19 travel restrictions.</i>	<i>Retained in the scheme to improve (reduce) TAC's overall net asset deficiency as compared with budget.</i>
<i>Marketing & road safety</i>	114.9	91.7	<i>Program delays largely driven by COVID-19.</i>	<i>Minimal impact – some program expenditure deferred to later years.</i>
<i>Safe system road infrastructure (SSRIP)</i>	302.0	235.9	<i>In 2019-20, costs for SSRIP have come in lower due to some project delays (i.e. relating to Bushfires). Further, some projects were delivered at a lower cost.</i>	<i>No impact – this forms part of TAC's \$1.7b commitment to safety improvements of road infrastructure and will be spent over the coming years.</i>

Expenses category	2019-20 Budget \$ million	2019-20 Actual \$ million	Explanations for variances ±10% or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
<i>Health compensation and disability research</i>	8.0	5.1	<i>COVID-19 restrictions experienced in 2019-20 meant many research projects were delayed or unable to commence.</i>	<i>Minimal impact.</i>
<i>Repayment of capital</i>	890.0	-	<i>Victorian State Budget 2019-20 detailed a capital repayment of \$890m be paid by TAC, however, DTF determined the repayment was no longer required at this time.</i>	<i>The increase in investment base due to no capital repayments resulted in an improvement to future investment returns, improved net asset position and insurance funding ratio.</i>
<i>Income tax expense/(benefit)</i>	(287.3)	51.5	<i>2019-20 net profit before tax was favourable compared to budget (driven largely by favourable variances in claims incurred). This resulted in an actual income tax expense, as opposed to the budget income tax benefit.</i>	<i>Nil impact – There is no cash outflow by TAC. Instead, there is a utilisation of TAC's carried forward tax losses to the extent that any tax expense is brought down to nil tax payable.</i>

Question 11 Expenses/interventions related to COVID-19 pandemic response

For the year 2019-20, please outline the programs and/or initiatives that were announced as part of the Victorian Government's response to the COVID-19 pandemic in the order of the highest amount allocated.

Please indicate if the department made use of emergency advances and retroactive funding approvals.

Please note whether there are identified performance measures in the budget papers related to the announced programs. If not, please explain where progress is being reported.

a) On budget –

Name of the program/initiative	Program/initiative objectives	Expenditure as at 30 June 2020	Output/Portfolio	Use of emergency advances/ retroactive funding approvals – Yes or No	Performance measures for the program/Initiative (including where published)	Explanation
<i>Waiver of re-registration requirements for vehicles registered to businesses affected by COVID-19</i>	<i>To provide financial relief to businesses affected by COVID-19 by waiving fees for the re-registration of vehicles and number plates used only for business purposes, whereby such vehicles' registrations had been cancelled or expired while the vehicles were not required for use due to COVID-19 business restrictions.</i>	<i>N/A - arrangements were made available following 30 June 2020 for vehicles cancelled in the period 16 March – 30 June 2020</i>	<i>Roads and Road Safety</i>	<i>No</i>	<i>N/A</i>	<i>N/A</i>
<i>TAC Premiums (TAC Charge)</i>	<i>In line with the Treasurer's announcement freezing fees and fines for the 2020-21 financial year, the TAC Premium was suppressed rather than indexed for the 2020-21 financial year</i>	<i>N/A – the initiative impacts the 2020-21 financial year</i>	<i>Roads and Road Safety</i>	<i>No</i>	<i>N/A</i>	<i>N/A</i>

b) Off budget – Not applicable

Name of the program/initiative	Program/initiative objectives	Expenditure as at 30 June 2020	Output/Portfolio	Use of emergency advances/ retroactive funding approvals – Yes or No	Performance measures for the program/Initiative (including where published)	Explanation
N/A						

c) What additional budgetary control and tracking/traceability measures were introduced by the department in 2019-20 to ensure COVID-19 programs/initiatives were deployed effectively and in line with the intended purpose?

N/A

Question 12 (all departments and entities) Changes to service delivery from savings initiatives

For each of the savings initiatives detailed in the 2016-17 Budget, 2017-18 Budget, 2018-19 Budget, and 2019-20 Budget, please provide the following details of the impact on service delivery:

- Savings target in the 2016-17, 2017-18, 2018-19 and 2019-20 Budgets and the amount of the savings target allocated to the department/entity
- Actual savings achieved in 2016-17, 2017-18, 2018-19 and 2019-20 and the actions taken to achieve the savings target allocated and their impact, including the link to the relevant output and portfolio impacted.

Savings initiative in the Budget \$ million	Savings target allocated to the department/entity in 2019-20	Actual savings achieved in 2019-20 \$ million	Actions taken to achieve the allocated savings target	What was the impact as a result of the measures taken to achieve the savings target? <i>(e.g. frontline and/or other areas of business that saw the impact)</i> If no impact, how was this achieved	Which output(s) and portfolio(s) were impacted (if relevant)
2016-17	N/A				
2017-18	N/A				
2018-19	N/A				
2019-20	N/A				

Question 13 (all departments) Achievement of reprioritisation of existing resources

This question does not apply to this entity.

Question 14 (all departments) Contractors, Consultants and Labour Hire Arrangements

This question does not apply to this entity.

Question 15 (PNFC and PFC entities only) Dividends and other amounts paid to the general government sector

Please detail the type and value of dividends, amounts equivalent to dividends, non-dividend grants, and capital repatriations paid by your agency to the general government sector in 2019-20, explaining the reasons for any significant changes over that period and the impact of any changes on the entity.

Please provide the economic funding ratio or accounting funding ratio as applicable at 30 June 2020. Please provide details of the methodology used for the ratio calculation.

Type of dividend paid	2019-20 Budget (\$ million) <i>BP 5, pg. 22</i>	2019-20 Actual (\$ million)	Explanations for variances $\pm 10\%$ or \$100 million	Impact on the agency. If no impact, how was this achieved	Funding ratio at 30 June 2020
<i>Capital repatriation</i>	<i>890.0</i>	<i>Nil</i>	<i>Repayment request deferred by DTF</i>	<i>Increased investment asset base positively impacting future investment income. Estimated increase of 8% to the insurance funding ratio due to deferral of the capital repayment</i>	<i>137.1%</i>

Economic funding ratio / accounting funding ratio as at 30 June 2020	Details of the methodology
<i>Insurance Funding Ratio = 137.1%</i>	<i>Percentage of net funding assets to net outstanding claims liabilities which are valued using long term market rate and includes a prudential margin.</i>

Section E: Overall financial performance

Question 16 (all departments) Impact of COVID-19 on financial performance – 2019-20

This question does not apply to this entity.

Section F: Public sector workforce

Question 17 (all departments and entities) Full Time Equivalent (FTE) staff by level and category

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2018, at 30 June 2019 and 30 June 2020 (broken down by the categories listed below) for the department. Please include specific categories as relevant to the department/entity and where relevant, provide a description of what categories constitute 'other'. Please provide figures consolidated on the same basis as the expenditure for the department in the budget papers and detail which, if any, entities are included in the FTE numbers provided.

Category	30 June 2018 Actual FTE number	30 June 2019 Actual FTE number	30 June 2020 Actual FTE number
Secretary			
EO-1			
EO-2			
EO-3	63.3	55.5	51.5
VPS Grade 7 (STS)			
VPS Grade 6	167.04	185.13	174.76
VPS Grade 5	193	262.51	269.95
VPS Grade 4	334.26	325.38	314.48
VPS Grade 3	151.26	172.13	170.19
VPS Grade 2	38.17	36.74	35.1
VPS Grade 1			
Government Teaching Service			
Health services			
Police			
Nurses/Midwives			
Allied health professionals			
Child protection			
Disability development and support			
*Youth custodial officers			
*Custodial officers			
**Other			
Total	947.03	1037.39	1015.98

***Please provide a breakdown for Youth custodial and Custodial officers by level (for example, YW1, YW2, YW3, YW4, YW5 and YW6).**

****Other includes:**

Numbers include FTE for the following entities:

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Question 18 (all departments and entities) Salary by employment category

In the table below, please detail the salary costs for 2017-18, 2018-19 and 2019-20, broken down by ongoing, fixed-term and casual, and explain any variances equal to or greater than $\pm 10\%$ or \$100 million between the years for each category.

Employment category	Gross salary 2017-18 (\$ million) *	Gross salary 2018-19 (\$ million) *	Gross salary 2019-20 (\$ million)	Explanation for any year-on-year variances $\pm 10\%$ or \$100 million
Ongoing	84.64	96.21	104.66	Growth in ongoing salaries in 2019-20 is 8.79%. 3.25% of this will relate to EA increases, with the balance of growth relating to increased FTEs across both the 2018-19 and 2019-20 financial years.
Fixed-term	20.87	18.46	18.76	
Casual	-	-	-	
Total	105.51	114.67	123.42	

*The gross salary figures for 2017-18 and 2018-19 have been updated from those provided in previous questionnaires to correct the calculations whereby pre-tax deductions were added, rather than subtracted, from the total salaries in arriving at the gross salary figure to report.

Question 19 (all departments and entities) Executive salary increases

Please detail the number of executives who received increases in their base remuneration in 2019-20, breaking that information down according to what proportion of their salary the increase was, and explaining the reasons for executives' salaries increasing in each bracket.

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2019-20, apart from increases outlined in employment agreements			Reasons for these increases
	Female	Male	Self-described	
0-3%	28	29		<ul style="list-style-type: none"> Total of 57 executives 49 of these executives received the annual 2% adjustment approved by the Victorian Premier. 8 executives were ineligible and received 0%. The ineligibility was based on the executive being paid well above TAC's targeting position,

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2019-20, apart from increases outlined in employment agreements			Reasons for these increases
				<p><i>or the executive moved to a higher position and received an increase at that point in time.</i></p> <ul style="list-style-type: none"> <i>• All increases were approved by the TAC Board and ineligibility was approved by TAC's CEO.</i>
3-5%				
5-10%				
10-15%				
greater than 15%				

Section G: Government decisions impacting on the finances

Question 20 (all departments and entities) Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2019-20 which had not been anticipated/not been concluded before the finalisation of the State budget in 2019-20 and their impact(s) on the department's/entity's finances or activities during those years (including new funding agreements, discontinued agreements and changes to funding levels). Please quantify the impact on income and expenses where possible.

Commonwealth Government decision	Impact(s) in 2019-20	
	on income (\$ million)	on expenses (\$ million)
<i>No Commonwealth Government decisions impacting 2019/20 operations.</i>		

Question 21 (all departments and entities) Commonwealth and National Cabinet decisions

Please identify any Commonwealth and National Cabinet decisions during 2019-20 which had not been anticipated/not been concluded before the finalisation of the State Budget in 2019-20 and their impact(s) on the department's/entity's finances or activities during those years (including new funding agreements, discontinued agreements and changes to agreements). Please quantify the impact on income and expenses where possible.

Commonwealth Government decision	Impact in 2019-20	
	on income (\$ million)	on expenses (\$ million)
<i>No Commonwealth Government decisions impacting 2019/20 operations.</i>		

National Cabinet decision	Impact in 2019-20	
	on income (\$ million)	on expenses (\$ million)
<i>No National Cabinet decisions impacting 2019/20 operations.</i>		

Section H: General

Question 22 (all departments and entities) Reviews/studies undertaken

- a) Please list all internal³ and external reviews/studies, established, commenced or completed by or on behalf of the department/agency in 2019-20 and provide the following information:
- i. Name of the review/study and which portfolio and output/agency is responsible
 - ii. Reasons for the review/study
 - iii. Terms of reference/scope of the review/study
 - iv. Timeline for the review/study
 - v. Anticipated outcomes of the review/study
 - vi. Estimated cost of the review/study and final cost (if completed)
 - vii. Final cost if completed
 - viii. Where completed, whether the review/study is publicly available and where.

Name of the review (portfolio(s) and output(s)/agency responsible)	Reasons for the review/study	Terms of reference/scope	Timeline	Anticipated outcomes	Estimated cost (\$)	Cost if completed (\$)	Publicly available (Y/N) and URL
<i>N/A – No externally published projects</i>							

- b) Please outline the Department's/Agencies in house skills/capabilities/expertise to conduct reviews/studies/evaluations/data analysis of the programs and services for which the Department /Agency is responsible.

N/A.

³ Internal reviews do not include internal costings. Internal reviews/studies include any reviews or studies undertaken by your department and not given to external consultants. Internal reviews/studies do not include inquiries carried out by Parliamentary Committees or reviews undertaken by integrity agencies.

Question 23 (all departments) Annual reports – performance measure targets and objective indicators

This question does not apply to this entity.

Question 24 (all departments and entities) Challenges experienced by department/agency

Please list a minimum of five main challenges/risks faced by the department/agency in 2019-20.

A significant challenge may be any matter or strategy that impacted the department/agency, whether it arose externally or internally or as a result of new policy or legislation.

	Challenge experienced	Internal/ External	Causes of the challenge	Action taken to manage the challenge/risk
1.	<i>Business Disruption</i>	<i>Internal</i>	<i>Pandemic (COVID-19)</i>	<i>All staff remote working from March 2020, technology upgrades prioritised, workforce scenario and risk planning, ongoing monitoring of business performance</i>
2.	<i>Employee Health Safety Wellbeing</i>	<i>Internal</i>	<i>Remote working</i>	<i>Staff surveys, home ergonomic assessments, access to Corporate Health Provider, HSW support package, additional leave provisions, CEO all staff sessions, alignment with Whole of Victorian Government (WoVG) HSW initiatives</i>
3.	<i>Client continuity of care/access to services</i>	<i>Internal</i>	<i>Pandemic (COVID-19)</i>	<i>Negotiated priority access to PPE for providers supporting our clients in shared supported accommodation, effective partnerships and the introduction of alternative service delivery models e.g. Telehealth</i>
4.	<i>Cyber Risk</i>	<i>Internal</i>	<i>Increase in Cyber crime</i>	<i>Update Business Impact Level Assessments, Privacy and Working from Home online training, review of VPDSF Security Risk Profile Assessment, continued interagency linking with DPC around emerging Cyber security risks</i>
5.	<i>Scheme Performance</i>	<i>Internal</i>	<i>Pandemic (COVID-19)</i>	<i>Ongoing discussions with external actuaries regarding assumptions and potential COVID impacts to TAC's liability, and associated management actions as required.</i>

Question 25 (all departments) Newly created bodies

This question does not apply to this entity.

Section I: Implementation of previous recommendations

Question 26 (relevant departments only)

This question does not apply to this entity.