



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2018-19 BUDGET ESTIMATES QUESTIONNAIRE

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1. Economic outlook for 2018-19

Question 1 *Impact of the economic outlook on the department/agency*

Budget Paper No.2: Strategy and Outlook contains a chapter on the Economic Context for Victoria over 2018-19, together with growth forecasts of the following key economic variables:

- GSP
- Employment
- Wage prices
- Consumer price index
- Wage index
- Population.

There is also a sensitivity analysis section in Appendix A of *Budget Paper No.2* that gives a further list of outcomes of economic variables that may influence the budgetary position including average weekly earnings, domestic share prices, overseas share prices, property prices, property volumes and interest rates.

- (a) How will the economic context for Victoria over 2018-19 outlined in Chapter 2 of *Budget Paper No.2: Strategy and Outlook* impact on:
- (i) the financial position of the department or agency
 - (ii) services delivered by the department or agency
 - (iii) outcomes for the community.

The Government centrally manages the State's resources through the budget allocation process. Given budgets are prepared on a forward-looking basis, expected revenue and expenditure decisions take into account the prevailing macroeconomic conditions in the State of Victoria. As such, it is not expected that the economic context outlined in *Budget Paper No. 2* will significantly impact the financial position or services delivered by the department or the outcomes for the community.

- (b) What are the three economic indicators that are most relevant to the department/agency (e.g. population, employment)? What are the implications for the department/agency for any positive or negative variation to the forecast for these published in *Budget Paper No.2: Strategy and Outlook*?

All the key economic indicators are relevant to the department, although population growth most directly impacts the demand for services delivered by the Government. However, given the base funding departments receive to deliver on their outputs, a significant shift in the economic environment would be required for any changes to appear in the departmental outcomes as measured by the performance reporting framework.

- (c) What plans are in place within the department or agency to manage the changing economic conditions that are set out in the budget papers over 2018-19?

Through the annual budget process, the Government explicitly plans for and responds to the economic conditions facing the State, including adapting to challenges and identifying future opportunities.

2. Spending

Question 2 *Lapsing programs or initiatives*

Please identify any programs or initiatives (including asset or output initiatives) that have lapsed in 2017-18 (that is, they will not be continued in 2018-19). For each program or initiative, please indicate the expenditure on this program/initiative in 2017-18. If the program or initiative is to be extended, please identify whether the Department's own sources will be used or name any initiatives in the 2018-19 Budget that replace the lapsing initiative. Please also identify the effect on the community of the lapsing program (*including rescheduling of service provision or commencement of service provision*). If there is no effect, please detail the actions undertaken by the Department to ensure this. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

Program or initiative ¹	Expenditure in 2017-18 (\$ million)	If it is to be extended into 2018-19, how is the program or initiative to be funded?	Effect on the community (<i>including rescheduling of service provision or commencement of service provision</i>) of lapsing programs	Actions taken by the Department to ensure that there is no effect on service delivery resulting from lapsing programs
Animal Welfare Reforms	1.2	Extended through 2018-19 Budget decision - Animal Welfare Reforms	This program is to be continued.	N/A
Jobs - Screen Industry and Business Development	7.1	Extended through 2018-19 Budget decision – Local Screen Production	This program is to be continued.	N/A
Expansion of the Central Bargaining Unit	1.0	Extended through 2018-19 Budget decision - Central Bargaining Unit	This program is to be continued.	N/A

¹ This table includes both lapsing programs and one-off / fixed term programs.

Program or initiative¹	Expenditure in 2017-18 (\$ million)	If it is to be extended into 2018-19, how is the program or initiative to be funded?	Effect on the community (<i>including rescheduling of service provision or commencement of service provision</i>) of lapsing programs	Actions taken by the Department to ensure that there is no effect on service delivery resulting from lapsing programs
Securing the Future Victoria's Defence and Security Strategy	2.2	Extended through 2018-19 Budget decision - Growing Defence Manufacturing Jobs	This program is to be continued.	N/A
Investing for More Victorian Jobs – Investment Attraction and Assistance Program Extension	40.0	Extended through 2018-19 Budget decision - Globally Connected Investment and Trade	This program is to be continued.	N/A
Mode Shift Incentive Scheme	3.7	Extended through 2018-19 Budget decision – The Transport Freight Plan	This program is to be continued.	N/A
Melbourne Bike Share (MBS)	2.5	This initiative is funded through internal reprioritisation	This program is to be continued.	N/A
Arterial road maintenance	3.0	Extended through 2018-19 Budget decision - Metropolitan Road Restoration and Maintenance	This program is to be continued.	N/A
Regional Road Restoration and Road Surface Replacement	215.3	Extended through 2018-19 Budget decision – Regional Road Restoration and Maintenance	This program is to be continued.	N/A
Metropolitan Road Restoration and Road Surface Replacement	52.9	Extended through 2018-19 Budget decision – Metropolitan Road Restoration and Maintenance	This program is to be continued.	N/A

Program or initiative¹	Expenditure in 2017-18 (\$ million)	If it is to be extended into 2018-19, how is the program or initiative to be funded?	Effect on the community (<i>including rescheduling of service provision or commencement of service provision</i>) of lapsing programs	Actions taken by the Department to ensure that there is no effect on service delivery resulting from lapsing programs
Small Business Mentoring	0.8	Extended through 2018-19 Budget decision - Supporting Victorian Small Businesses	This program is to be continued.	N/A
Small Business Workshops and Seminars	1.2	Extended through 2018-19 Budget decision - Supporting Victorian Small Businesses	This program is to be continued.	N/A
Victoria's Small Business Festival and Farm Debt Mediation	2.1	Extended through 2018-19 Budget decision - Supporting Victorian Small Businesses	This program is to be continued.	N/A
Jobs - Business Events Fund	4.5	Extended through 2018-19 Budget decision - Visitor Economy – Victoria's future jobs solution	This program is to be continued.	N/A
Jobs - Visit Victoria Marketing	19.0	Extended through 2018-19 Budget decision - Visitor Economy – Victoria's future jobs solution	This program is to be continued.	N/A
Review of Funding Frameworks for the Melbourne Convention Visitors Bureau and Business Events Cap	6.0	Extended through 2018-19 Budget decision - Visitor Economy – Victoria's future jobs solution	This program is to be continued.	N/A

Program or initiative¹	Expenditure in 2017-18 (\$ million)	If it is to be extended into 2018-19, how is the program or initiative to be funded?	Effect on the community (<i>including rescheduling of service provision or commencement of service provision</i>) of lapsing programs	Actions taken by the Department to ensure that there is no effect on service delivery resulting from lapsing programs
Employment start up	0.2	N/A	This is a one-off program. Program objectives have been reached.	N/A
Regional Blueprint - Industries for Today and Tomorrow	0.5	N/A	This is a one-off program. Program objectives have been reached.	N/A
Regional Blueprint - Innovation Through Clusters	0.3	N/A	This is a one-off program. Program objectives have been reached.	N/A
Back to Work Network	3.8	N/A	This is a one-off program. Program objectives have been reached.	N/A
Marysville Convention Centre	0.5	N/A	This is a one-off program. Program objectives have been reached.	N/A
Global Health Melbourne Plan	0.9	N/A	This is a one-off program. Program objectives have been reached.	N/A
Securing service improvements on Victoria's public transport network	6.9	N/A	This is a one-off program. Program objectives have been reached.	N/A
Funding for additional Authorised Officers - Reducing fare evasion	8.3	Authorised Officers will continue as part of the new franchise agreements for metropolitan trains and trams	This program is to be continued.	N/A
Development funding for next phase of Regional Network Development Plan works	2.5	N/A	This is a one-off program. Program objectives have been reached.	N/A

Program or initiative¹	Expenditure in 2017-18 (\$ million)	If it is to be extended into 2018-19, how is the program or initiative to be funded?	Effect on the community (<i>including rescheduling of service provision or commencement of service provision</i>) of lapsing programs	Actions taken by the Department to ensure that there is no effect on service delivery resulting from lapsing programs
Network Transition Program	28.2	N/A	This is a one-off program. Program objectives have been reached.	N/A
Great Ocean Road Upgrade	4.8	N/A	This is a one-off program. Program objectives have been reached.	N/A
Mordialloc Bypass - Development	1.7	N/A	This is a one-off program. Program objectives have been reached.	N/A
Better Roads for More Communities - Building Our Regions	0.5	N/A	This is a one-off program. Program objectives have been reached.	N/A
Murray River Bridges - Tooleybuc Bridge	0.2	N/A	This is a one-off program. Program objectives have been reached.	N/A
Port Phillip Bay Fund	4.0	N/A	This is a one-off program. Program objectives have been reached.	N/A
Short Term Registration	3.1	N/A	This is a one-off program. Program objectives have been reached.	N/A
Victoria Prize and Victoria Fellowship	0.2	Extended through other initiatives including Awareness - Science and Community	This program is to be continued.	N/A
Regional tourism	0.3	N/A	This is a one-off program. Program objectives have been reached.	N/A
Victoria's China Tourism Strategy	1.4	N/A	This is a one-off program. Program objectives have been reached.	N/A

Program or initiative¹	Expenditure in 2017-18 (\$ million)	If it is to be extended into 2018-19, how is the program or initiative to be funded?	Effect on the community (including rescheduling of service provision or commencement of service provision) of lapsing programs	Actions taken by the Department to ensure that there is no effect on service delivery resulting from lapsing programs
South Yarra Station – Stage 1	2.1	N/A	This is a one-off program. Program objectives have been reached.	N/A
Hurstbridge Line Upgrade - Stage 2	5.0	Extended through 2018-19 Budget decision - Hurstbridge Line Upgrade Project - Stage 2	This program is to be continued.	N/A
Commercial Passenger Vehicle Reforms – Implementation Costs	2.8	N/A	Commercial Passenger Vehicle Industry Amendment (Further Reforms) Bill 2017 will be proclaimed on 1 July 2018, and long-term benefits of this legislation will begin to flow through to the community - i.e. introduction of safety framework	Cashflow adjustment request from 2017-18
Monash Corridor Upgrade Stage 2 Planning	4.0	N/A	This is a one-off program. Program objectives have been reached.	N/A
West Gate Bridge maintenance	5.7	Extended through 2018-19 Budget decision - West Gate Bridge Maintenance	This program is to be continued.	N/A
Monash Freeway Truck speed trial	0.6	N/A	This is a one-off program. Program objectives have been reached.	N/A
School crossing program	4.9	Extended through 2018-19 Budget decision - School Area Safety	This program is to be continued.	N/A
Music cities convention	0.3	N/A	This is a one-off program. Program objectives have been reached.	N/A

Program or initiative ¹	Expenditure in 2017-18 (\$ million)	If it is to be extended into 2018-19, how is the program or initiative to be funded?	Effect on the community (<i>including rescheduling of service provision or commencement of service provision</i>) of lapsing programs	Actions taken by the Department to ensure that there is no effect on service delivery resulting from lapsing programs
Glenelg Future Strategy	0.5	N/A	This is a one-off program. Program objectives have been reached.	N/A
Commercial Passenger Vehicle Reform - Taxi Hardship Fund	80.0	N/A	This is a one-off program. Program objectives have been reached.	N/A

Question 3 Variations from prior year

Please explain any variations of more than ± 10 per cent (or greater than \$100 million) between the revised estimate for 2017-18 and the budget for 2018-19 for the following line items in the Department's operating statement in the Statement of Finances budget paper:

- (a) 'employee benefits'
- (b) 'grants and other transfers'
- (c) 'other operating expenses' in aggregate
- (d) the major components of 'other operating expenses' for your department (please supply categories as appropriate).

	2017-18 (budget estimate) (\$ million)	2017-18 (revised estimate) (\$ million)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million) 2017-18 budget estimate vs. revised estimate	2018-19 (Budget) (\$ million)	Explanation for any change greater than $\pm 10\%$ (or greater than \$100 million) 2018-19 budget estimate vs. revised estimate
Employee benefits	880.2	908.9		914.0	
Grants and other transfers	3,752.8	3,673.5		3,977.3	Increase is largely due to additional expenditure in transport including Rolling Stock lease payments, payments relating to the new franchise agreements for metropolitan trains and trams, and VicTrack capital assets charge, and rephasing of departmental projects including the Agriculture Infrastructure and Jobs Fund, and Back to Work program.
<i>- Grants to VicTrack for Capital Assets Charge</i>	2,196.5	2,289.4		2,505.6	<i>Increase in VicTrack capital assets charge is largely due to additional asset investments.</i>

	2017-18 (budget estimate) (\$ million)	2017-18 (revised estimate) (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million) 2017-18 budget estimate vs. revised estimate	2018-19 (Budget) (\$ million)	Explanation for any change greater than ±10% (or greater than \$100 million) 2018-19 budget estimate vs. revised estimate
- Other	1,556.3	1,348.0	<i>Decrease mainly relates to rephasing of departmental projects including the Agriculture Infrastructure and Jobs Fund, and Back to Work program.</i>	1,471.6	<i>Increase is largely due to additional expenditure in transport including Rolling Stock lease payments, payments relating to the new franchise agreements for metropolitan trains and trams, and rephasing of departmental projects including the Agriculture Infrastructure and Jobs Fund, and Back to Work program.</i>
Other operating expenses	3,636.7	4,068.1	Increase is mainly driven by expenses relating to the new franchise agreements for metropolitan trains and trams.	4,447.0	Increase mainly relates to additional funding in the 2018-19 Budget and expenses relating to the new franchise agreements for metropolitan trains and trams.
Major components of 'other operating expenses' (please supply categories):					
- Public Transport Service Payments (Excluding V/Line)	2,085.7	2,343.3	<i>Increase is mainly driven by expenses relating to the new franchise agreements for metropolitan trains and trams.</i>	2,572.0	<i>Increase relates to new franchise agreements for metropolitan trains and trams and additional funding in the 2018-19 Budget, including metro bus improvements, Rail timetable changes on the Clifton Hill Group, Werribee and Dandenong Line, Regional Rolling Stock and Cranbourne-Pakenham and Sunbury Line Upgrades.</i>

	2017-18 (budget estimate) (\$ million)	2017-18 (revised estimate) (\$ million)	Explanation for any variances greater than ±10% (or greater than \$100 million) 2017-18 budget estimate vs. revised estimate	2018-19 (Budget) (\$ million)	Explanation for any change greater than ±10% (or greater than \$100 million) 2018-19 budget estimate vs. revised estimate
- Road Asset Management, Operations and Network Improvements	854.4	945.9		851.1	Reduction relates to revised estimated spend for Level Crossing Removal projects, as well as various roads projects.
- Other	696.6 ²	778.9	Increase largely due to carryover from 2016-17.	1,023.9	Mainly reflects current estimates for CarbonNet project and Victorian Gas Program.

- (e) If the Department is unable to provide estimates for the components of 'other operating expenses' in 2018-19, please explain how the amount of 'other operating expenses' listed for 2018-19 in the budget papers was calculated.

N/A

Question 4 Carryover funding for payments for non-financial assets

For the line item 'payments for non-financial assets' for 2018-19 in the departmental cash flow statement in the Statement of Finances budget paper, please identify the amount that is expected to be funded using funds carried over from 2017-18.

N/A no carryover estimate included in the department's 'payments for non-financial assets'.

² The 2017-18 budget estimate figure for "Other" has been revised from that reported in the department's response to the 2017-18 Budget Estimates PAEC Questionnaire of \$692.6 million due to minor administration error.

Question 5 Expenditure by government purpose classification

In relation to the break-down of expenses from transactions disaggregated by government purpose classification in the budget papers (if provided in the 2018-19 budget papers – see Table 1.3.5 in the 2017-18 Statement of Finances budget paper, p.29), please provide details of the Department's component of the expenses in each category for 2017-18 and 2018-19. Please explain any variations between the years that are greater than ± 10 per cent or greater than \$100 million between 2017-18 and 2018-19 estimates.

Government purpose classification	2016-17 actual (\$ million)	2017-18 revised estimate (\$ million)	2018-19 Budget (\$ million)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million) between 2017-18 and 2018-19 estimates.
General public services	0.1	0.5	0.5	N/A
Recreation and culture	556.3	567.6	565.1	N/A
Fuel and energy	44.3	82.2	169.3	Increase is mainly due to the scheduling of several key projects which have increased work in 2018-19 such as the CarbonNet work program and additional funding from the 2018-19 State Budget.
Agriculture, forestry, fishing and hunting	445.2	469.3	525.6	Increase is mainly due to timing of Agriculture Infrastructure and Jobs Fund grants due to revised contractual commitments and additional funding from the 2018-19 State Budget.
Transport and communications	7,158.2	7,896.0	8,359.8	Increase is mainly due to the additional funding from the 2018-19 State Budget, increases in expenditure associated with new franchise agreements for metropolitan trains and trams, change in accounting treatment for Rolling Stock lease payments and increase in capital assets charges due to the increase in investments in infrastructure projects.
Other economic affairs	1,003.3	918.4	1,024.6	Increase is mainly due to timing differences for several projects, and additional funding from the 2018-19 State Budget.

3. Expenditure reduction measures

Question 6 *Savings initiatives from past budgets*

For each of the savings initiatives detailed in the table below, please detail (on the same basis of consolidation as the budget papers):

- (a) how the Department will meet the various savings targets in 2018-19
- (b) the nature of the impact that these actions will have on the delivery of services during 2018-19
- (c) the Department's savings target for 2018-19, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released. If the change in Government affected the implementation of these measures, please provide a more detailed explanation.

Initiative	Actions the Department will take in 2018-19	Impact of these actions on service delivery in 2018-19	Savings target for 2018-19 (\$ million)	Explanation for variances to the original target
Efficiency and expenditure reduction measures in 2015-16 Budget (2015-16 BP3 pp.105-7)	Reductions in executive officer appointments, printing and travel arrangements and labour hire firm engagements.	The savings strategy has been designed to avoid impacts on service delivery.	19.9	N/A
Savings and efficiencies and expenditure reduction measures in 2016-17 Budget (2016-17 BP3 p.118)	Initiatives underway include a range of corporate efficiency measures, vacancy management, improved procurement, reduction in consultancy expenditure, and an enhanced approach to insurance and commercial revenue generation.		3.0	N/A
Savings measures in 2017-18 Budget (2017-18 BP3 p.114)	DEDJTR is also designing a broad-ranging program to modernise its work-practices and leverage the purchasing power of the portfolio.		50.3	N/A
Any efficiency and expenditure reduction measures in 2018-19 Budget	N/A	N/A	N/A	N/A

Question 7 Use for funds saved from other programs or initiatives

In relation to any programs or initiatives that have been reprioritised, curtailed or reduced for 2018-19 (including lapsing programs), please identify:

- (a) the amount expected to be spent under the program or initiative during 2018-19 at the time of the 2017-18 Budget
- (b) the amount currently to be spent under the program or initiative during 2018-19
- (c) the use to which the funds freed by this reduction will be put. Please include the name(s) of any program or initiative that will be funded or partially funded.

Program/initiative that has been reprioritised, curtailed or reduced	The amount expected to be spent under the program or initiative during 2018-19:		The use to which the funds will be put
	at the time of the 2017-18 Budget	at the time of the 2018-19 Budget	
City Loop fire and safety upgrade (Stage 2) and intruder alarm	58,686,000	56,536,000	The funding has been allocated to planning for the next Stage of works.
Safer Country Crossings	12,020,000	5,446,000	Unspent contingency funding has been allocated towards additional level crossing upgrades on the Warrnambool line.

- (d) Please identify any programs or initiatives (asset or output) over \$2.0 million relevant to the Department that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2017-18 and 2018-19. In describing the programs or initiatives, please use the same names that are used in the budget papers where applicable.

The \$30 million Advanced Lignite Demonstration Program (ALDP), which was awarded to Coal Energy Australia (CEA) and jointly funded with the Commonwealth, is not proceeding. This project was focused on producing fertiliser, oil and high value coal for steel making. The Victorian and Commonwealth governments have not made any payments to CEA and key milestones have now passed, formally concluding the CEA project and the ALDP. The Commonwealth's \$15 million share of the agreement will be returned and the State's share returned to consolidated revenue.

Question 8 *Department's share of reprioritisation of existing resources*

Please provide the Department's contribution to the whole-of-government amount identified as 'funding from reprioritisation of existing resources' in the 'net impact of the 2018-19 Budget new output initiatives' table.

Amount reprioritised for 2018-19 (\$ million)	Amount reprioritised for 2019-20 (\$ million)	Amount reprioritised for 2020-21 (\$ million)	Amount reprioritised for 2021-22 (\$ million)
54.1	5.3	4.6	5.1

4. Output and asset initiative funding

Question 9 *Development of the Department's budget*

- (a) Please list the factors by which the Department developed its overall budget, in terms of total income from transactions, relating to total income from transactions for 2017-18. Please include explanations for all items.

	Amount		Explanation
	(per cent)	(\$ million)	
Total income from transactions 2017-18	N/A	9,483.7	
New output initiative funding ³	4%	374.3	Variance is due to new initiatives funded in the 2018-19 Budget, funded from Output appropriations.
Lapsing or reducing programs	-3%	(248.4)	Mainly due to initiatives that were funded as output appropriations, but have lapsed in 2017-18 or programs of works that are now completed.
External (e.g. Commonwealth) funding for new initiatives	-1%	(64.5)	Mainly due to a net reduction in Commonwealth funding received for road projects.
Savings and efficiency measures	-1%	(50.3)	Savings allocated to DEDJTR.
Inflation adjustment	N/A	N/A	
Output resource allocation reviews	N/A	N/A	
Base reviews	N/A	N/A	
Other:			
- Grants	1%	142.1	Mainly due to current estimates for funding into 2018-19 relating to projects funded by Growth Areas Infrastructure Contribution and the Transport Accident Commission.
- Machinery of Government Changes	N/A	N/A	
- Sales of goods and services	1%	94.2	Mainly due to increases in public transport fare revenue.

³ This is the 2018-19 total from the department's 'output initiatives' table plus the department's share of any whole-of-government initiatives released in Budget Paper No.3.

	Amount		Explanation
	(per cent)	(\$ million)	
- Other including year on year variations	7%	676.8	Mainly due to additional funding for increased expenditure associated with new franchise agreements for metropolitan trains and trams, Regional Jobs and Infrastructure Fund projects, VicTrack capital assets charge due to increase in capital project investments and changes in accounting treatment for rolling stock balloon payments. This also includes inflation adjustments.
Total income from transactions 2018-19	N/A	10,407.9	

- (b) If this is not the way the Department developed its overall budget, please provide a description of the process that was followed.

N/A

5. Public private partnership expenditure

Question 10 PPP expenditure on operating statement

For each line item in the Department's comprehensive operating statement or statement of cash flows (as indicated in the Statement of Finances budget paper) which includes expenditure on all PPP projects in 2018-19 or across the forward estimates period, please identify:

- the line item
- the value of expenditure (**including staff costs**) on PPP projects included within that line item
- what the expenditure is for (for example, labour costs, payment of interest, payment of capital, purchases of services, payment of contracted penalties etc.).

Line item	2017-18 revised (\$ million)	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	Explanation
PPPs under construction (including in planning)						
<u>High Capacity Metro Trains⁴</u>						
Interest charges	0.0	8.7	27.0	43.6	60.7	
Operating Expenses	0.0	0.0	2.6	8.1	14.2	
Principal Reduction	0.0	0.0	0.0	0.0	38.0	
<u>Melbourne Convention and Exhibition Centre - Expansion</u>						
Interest charges	0.6	3.4	3.3	3.2	3.2	
Principal Reduction	0.1	0.5	0.6	0.8	0.9	

⁴ The figures for High Capacity Metro Trains have been revised from those reported in the department's response to the 2017-18 Budget Estimates PAEC Questionnaire due to an administration error which has now been addressed.

Line item	2017-18 revised (\$ million)	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	Explanation
Western Road Upgrade						
Interest charges	0.0	0.0	1.7	43.9	43.0	Increase in interest payment from 2020-21 is due to Tranche 2 and 1 asset investment.
Operating Expenses	0.0	29.8	28.1	27.0	26.8	Quarterly Service Payments commence in July 2018, while the asset is under construction.
Principal Reduction	0.0	0.0	0.0	0.0	20.0	Tranche 1 & 2 reach financial completion in 2020-21 hence the first principal repayment commences in 2021-22 and onwards.
PPPs in operation						
Peninsula Link project						
Interest charges	82.9	80.7	78.6	75.8	73.1	
Operating Expenses	8.7	8.9	9.6	40.5	11.0	Increase in 2020-21 operating expenses relates to major pavement and resurfacing maintenance costs which occur every eight years.
Principal Reduction	19.0	20.5	21.7	23.4	24.5	

Line item	2017-18 revised (\$ million)	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	Explanation
<u>Southern Cross</u>						
Interest charges	32.4	32.1	31.7	31.2	30.6	
Operating Expenses	22.4	19.0	23.5	23.0	26.7	
Principal Reduction	2.7	3.9	5.2	6.6	8.1	
<u>Showgrounds redevelopment⁵</u>						
Interest & operating charges	9.1	8.6	8.3	8.0	7.6	Estimates reflect conversion of capital to output to align departmental accounts with contract schedules.
Principal Reduction	3.0	3.3	3.6	4.0	4.4	Estimates reflect conversion of capital to output to align departmental accounts with contract schedules.
<u>Biosciences Research Centre (BRC)</u>						
Interest charges	20.5	20.3	20.1	19.7	18.9	
Operating Expenses	12.4	13.5	13.1	19.8	14.8	Increase in 2020-21 operating expenses is due to projected increases in State's lifecycle maintenance and refurbishment operating costs.
Principal Reduction	2.1	2.8	3.4	4.3	5.2	

⁵ The figures for the Showgrounds redevelopment have been revised from those reported in the department's response to the 2017-18 Budget Estimates PAEC Questionnaire due to an administration error which has now been addressed.

Line item	2017-18 revised (\$ million)	2018-19 (\$ million)	2019-20 (\$ million)	2020-21 (\$ million)	2021-22 (\$ million)	Explanation
Melbourne Convention and Exhibition Centre						
Interest charges	40.0	39.6	39.0	38.3	37.8	
Operating Expenses	24.6	25.3	26.6	28.0	29.1	
Principal Reduction	5.9	7.6	9.4	11.4	13.6	

Question 11 *Schools-related PPP projects (Department of Education and Training only)*

Currently, there are two PPP projects relating to school construction: *New Schools PPP – Tranche 1* and *New Schools PPP – Tranche 2*. Tranche 1 was commissioned during 2016-17 and Tranche 2 is still in procurement.

- (a) Please advise:
- (i) the most recent public sector comparator for the two tranches of the *New Schools PPP* project
 - (ii) what were the nature and extent of scope changes made to the project since the most recent public sector comparators were estimated.
- (b) Apart from these two projects, please advise what plans there are to open new schools in Victoria over the forward estimates period:
- (i) through PPP arrangements
 - (ii) through direct asset investment.
- (c) Please advise which new schools are planned:
- (i) in growth areas
 - (ii) in other areas.
- (d) Please advise the amount of total expenditure on new schools provided through PPPs and those provided through direct investment (including both capital and operating) anticipated:
- (i) in each year of the forward estimates period
 - (ii) in present value terms for the whole of the project life.

Expected investment expenditure over the forward estimates period	2018-19	2019-20	2020-21	2021-22
New schools expected to be provided through PPP procurement				

New schools expected to be provided through direct asset investment				
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Present value of expected expenditure over the whole of the project life	(\$ million, 2018-19 values)
New schools expected to be provided through PPP procurement	
New schools expected to be provided through direct asset investment	

- (e) Please describe how operating schools are managed, highlighting differences (such as the maintenance of school buildings) between operating schools provided through PPP arrangements and schools procured through direct investment.
- (f) Please describe the planning process for new schools that are to be developed, including
- (i) the use of population projections and other data analysis undertaken by either the department or external contractors or consultants.
 - (ii) the involvement of education agencies such as the Victorian Schools Building Authority
 - (iii) the involvement of other Victorian Government departments and agencies e.g. the Department of Treasury and Finance
 - (iv) community engagement activities.

6. Revenue

Question 12 *Revenue raising initiatives*

In relation to 2018-19, please outline any new revenue-raising initiatives released in the 2018-19 Budget. For each initiative, please explain:

- (a) the reasons for the initiative
- (b) the assumptions underlying the reasons
- (c) the impact of any changes on service delivery (that is, please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives)
- (d) any performance measures or targets altered as a result of the initiative
- (e) the anticipated total value of revenue gained/foregone as a result of the initiative.

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	Impact of changes on service delivery	Performance measures or targets altered	Anticipated total value of revenue gained/foregone
N/A					

Question 13 Changes to existing revenue initiatives

In relation to 2018-19, please outline any other major changes to existing revenue initiatives. For each change, please explain:

- (a) the reasons for the change
- (b) the assumptions underlying the reasons
- (c) the impact of any changes on service delivery (that is, please detail all programs/projects that have been revised as a result of the change)
- (d) any performance measures or targets altered as a result of the change
- (e) the anticipated total value of revenue gained/foregone as a result of the change.

Where possible, please use names for programs or initiatives that are used in the budget papers.

Initiative	Change	Reasons for the change	Underlying assumptions	Impact of changes on service delivery	Performance measures or targets altered	Anticipated total value of revenue gained/foregone
Commercial Passenger Vehicle Service Levy	Decrease in the taxi levy	Updated estimates to reflect \$1 reduction in levy for a commercial passenger vehicle (CPV) transaction as per the CPV legislation (<i>Commercial Passenger Vehicle Industry Act 2017</i>)	N/A	N/A	N/A	Revenue decrease: \$14.3 million in 2018-19 \$15.5 million in 2019-20 \$16.8 million in 2020-21

Question 14 New or changed tax expenditures/concession/subsidy initiative

In relation to 2018-19, 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 reasons
- (c) the impact of any initiatives/changes on service delivery (that is, please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives)
- (d) any performance measures or targets altered as a result of the initiative/change
- (e) 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	Impact of changes on service delivery	Performance measures or targets altered	Anticipated total value of revenue gained/foregone
N/A					

Question 15 *Growth in income categories*

For the Department's income categories (as they appear in the Department's operating statement in the Statement of Finances budget paper), please provide a description of the income category, an explanation for any items that have a variance of greater than ± 10 per cent or \$100 million between the revised estimate for 2017-18 and the budget for 2018-19.

Income category	Description of income category	Revised estimate for 2017-18 (\$ million)	Estimate for 2018-19 (\$ million)	Explanation
Output appropriations	Output appropriations is revenue provided by the State Government under the Appropriation Act to fund the provision of outputs and services.	8,150.6	8,559.4	The variance in output appropriation is predominately due to new budget funding approved for 2018-19.
Special appropriations	Special appropriations represent a standing authority and remain in force until the relevant legislation providing for the special appropriation is amended or repealed by Parliament.	277.0	294.0	N/A
Grants	Grant payments can be made between entities from within the same portfolio, or across portfolios within the Victorian Government, local government councils, other territory or state governments, commonwealth government agencies or private sector businesses.	685.1	664.5	N/A
Fair value of assets and services received free of charge or for nominal consideration	Contributions of assets and services at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements.	79.5	55.8	The variance reflects VicRoads' changes in the forecast for assets received free of charge from local councils.

Question 16 Commonwealth – State relations

What impact have developments at the Commonwealth level had on the Department's component of the 2018-19 State Budget?

The 2018-19 State Budget includes Victoria's funding for a number of projects being delivered through the Commonwealth's Infrastructure Investment Program, including Monash Freeway Upgrade – Stage 2, Bridge strengthening and upgrades and Regional and metropolitan road upgrades.

The Commonwealth's contribution to the projects within the Urban Congestion Package - Tranche 2 and Regional and Rural Highway Upgrades Package - Tranche 2, along with Regional Development Australia, have also been confirmed as part of the 2018-19 Budget.

The 2018-19 Budget also includes funding for ongoing Commonwealth and State funded projects, such as the Regional Rail Revival program, Murray Basin Rail Project, M80 Ring Road Upgrade and Western Highway duplication - Ballarat to Stawell.

7. Performance measures

Question 17 *New performance measures*

For each quality, quantity or timeliness performance measure newly introduced in the 2018-19 Budget, please attach any supporting documentation the Department has produced in developing the measure, such as:

- (a) a description of the measure, including the data that support it, assumptions made, and how the data are collected and transformed
- (b) if the measure is a ratio (including a percentage), please include a description of the numerator and denominator series that provide the ratio
- (c) how the measure evaluates the performance of the Department or the task faced by the Department
- (d) the process the Department employed to set a target or anticipated result for this measure
- (e) a description of what constitutes good performance and how the performance measure indicates this
- (f) any shortcomings of the measure
- (g) how the department intends to estimate the 'expected outcome' of the measure at the time of the 2018-19 Budget
- (h) how the department intends to evaluate the effectiveness of the measure in the future.

Output: Creative Industries Access, Development and Innovation

VicArts Grant acquittals assessed within 30 days of submission date

- a) This performance measure assesses the efficiency of the acquittal assessment process carried out by staff. A grants acquittals process is a standard process VicArts grant recipients undergo to account for the expenditure of the funds allocated to them. After their funded activity, grant recipients are asked to acquit back to the program area to ensure that all the funds were used for the purpose they were originally granted for.
- b) A percentage is calculated by comparing the number of assessments completed within 30 days to the total number of VicArts grants.
- c) The measure ensures a timely turnaround on the acquittals process to complete the VicArts discretionary grants funding rounds, thereby providing good service to the grant recipients.
- d) The target is estimated based on past performance and resourcing for the year.
- e) Good performance is achieving or exceeding the target. Achieving a target of 95 per cent or higher will ensure grants acquittals are occurring quickly.
- f) There are no known material shortcomings of this measure.
- g) The department will forecast the expected outcome using year-to-date performance and estimates based on resourcing for the remainder of the year.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Output: Tourism, Major Events and International Education

Visitors: regional Victoria (intrastate overnight)

- a) This performance measure reports the number of Victorians travelling overnight to, and within, regional Victoria (intrastate visitors). Intrastate visitors are defined as those who have taken a trip away from home for at least one night (and less than one year), at a place at least 40km from home. The information is derived from Tourism Research Australia's National Visitor Survey, a large-scale telephone survey with an annual sample of 120,000 Australian residents aged 15 years or older.
- b) The number of domestic visitors staying overnight within regional Victoria aged 15 years or older.
- c) This measure evaluates performance by capturing the contribution to intrastate travel from regional Victoria tourism campaigns and the change in the number of intrastate travellers over time.
- d) The target is set by analysing the survey results from Tourism Research Australia and determining the expected impact of policy outcomes.
- e) Good performance is achieving or exceeding the target.
- f) Visitation in regional Victoria is impacted by more than destination marketing, such as advertising and pricing from competitive destinations and environmental and economic factors. The results given in the National Visitor Survey are based on a sample, rather than a census, of Australian residents. As with all sample surveys, the results are subject to sampling variability and therefore may differ from figures that would have been obtained if the entire Australian population had been included in the survey.
- g) The department will forecast the expected outcome through analysis of the most recent intrastate visitation results for regional Victoria from the National Visitor Survey, which is published quarterly.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Visitor expenditure: regional Victoria (intrastate overnight)

- a) This performance measure reports the total expenditure by Victorians aged 15 years or older, travelling overnight to, and within, regional Victoria. Intrastate visitors are defined as those who have taken a trip away from home for at least one night (and less than one year), at a place at least 40km from home. The information is derived from Tourism Research Australia's National Visitor Survey, a large-scale telephone survey with an annual sample of 120,000 Australian residents aged 15 years or older, and the Regional Expenditure Model.
- b) The estimated dollar value of expenditure for the year is reported.
- c) This measure evaluates performance by capturing the contribution from the regional Victoria tourism campaigns to the estimated expenditure of intrastate overnight visitors.
- d) The target is set by analysing the survey results from Tourism Research Australia and determining the expected impact of policy outcomes.
- e) Good performance is achieving or exceeding the target.
- f) Expenditure in regional Victoria is impacted by more than destination marketing, such as advertising and pricing from competitive destinations and environmental and economic factors. The results given in the National Visitor Survey are based on a sample, rather than a census, of Australian residents. As with all sample surveys, the results are subject to sampling variability and therefore may differ from figures that would have been obtained if the entire Australian population had been included in the survey.
- g) The department will forecast the expected outcome through analysis of the most recent intrastate spend results for regional Victoria from the National Visitor Survey, which is published quarterly.

- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Visit Victoria's total engaged digital audience

- a) This performance measure reports on the global digital audience that Visit Victoria directly interacts with across digital, social media and email channels via data driven digital marketing communications.
- b) The number of domestic or international consumer profiles that can be marketed to directly via subscribed email, social media or behavioural based activity.
- c) The global digital audience is a measure of the effectiveness of Visit Victoria's digital acquisition strategies, including website visitation, social media reach and data acquisition strategies.
- d) The target is set using growth forecasts and targets for each online channel. A result equal to or greater than the target represents achieving the policy outcomes.
- e) Good performance is achieving or exceeding the target.
- f) Global digital audience to web and social media channels can be impacted by more than direct digital marketing. Other factors including competitor activity and digital travel trends can influence total digital audience numbers.
- g) The department will forecast the expected outcome based on current actual performance and estimated growth rates from planned campaigns.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Output: Industrial Relations

Education and compliance inspections of providers/users conducted under the Labour Hire Licensing Scheme

- a) The Labour Hire Licensing Bill 2017 seeks to introduce a Labour Hire Licensing Scheme to regulate the provision of labour hire services in Victoria. The proposed legislation establishes a Labour Hire Licensing Authority to oversee the Scheme. This performance measure reports on the number of inspections conducted by the Licensing Authority to educate providers/users and ensure compliance under the new Scheme. The target includes individual site visits and information forums for prospective licence holders.
- b) The number of inspections conducted.
- c) The measure evaluates performance by ensuring the Licensing Authority provides support to users/providers regarding their obligations under the legislation and monitors compliance with the Scheme through compliance inspections.
- d) The target is set based on estimated activity in the reporting period dependant on resourcing for the year.
- e) Good performance is achieving or exceeding the target as it will indicate the Licensing Authority has had the opportunity to educate and/or monitor compliance in relation to a number of providers/users of labour hire. The target is anticipated to increase in future years to account for increased monitoring and compliance activities.
- f) This measure is contingent on the passage of the Labour Hire Licensing Bill 2017 through the Victorian Parliament and resourcing available to the Licensing Authority. It assumes that the Licensing Authority will be operational for only part of the 2018-19 financial year. External factors may delay implementation of the Scheme.
- g) The department will assess recent and planned activity to estimate the expected outcome. It is anticipated that the Licensing Authority will obtain information relevant to setting and evaluating targets in future years through its regulatory activities.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Licence holders registered under the Labour Hire Licensing Scheme

- a) The Labour Hire Licensing Bill 2017 seeks to introduce a Labour Hire Licensing Scheme to regulate the provision of labour hire services in Victoria. The proposed legislation requires labour hire providers to be licensed. Additionally, users of labour hire will be required to only use licenced providers. This performance measure reports on licensed labour hire operators in Victoria. Data for this measure will be sourced internally.
- b) The number of licence holders registered under the Scheme.
- c) The measure evaluates performance by monitoring the level of regulatory oversight provided by the Authority in relation to labour hire.
- d) The target is set based on the number of licence holders expected to apply and be granted licences in this period.
- e) Good performance is achieving or exceeding the target as it will be an indicator of success of the Labour Hire Licensing Scheme. The target will be increased in future years.
- f) This measure is contingent on the passage of the Labour Hire Licensing Bill 2017 through the Victorian Parliament and resourcing available to the Licensing Authority. It assumes the Licensing Authority will be operational for only part of the 2018-19 financial year. External factors may delay implementation of the Scheme.
- g) The department will forecast the expected outcome based on preliminary internal information relating to the number of licences applied for and issued. It is anticipated that the Licensing Authority will obtain information relevant to setting and evaluating targets in future years through its regulatory activities.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Workers registered under the Portable Long Service Leave Scheme

- a) This performance measure reports on the number of workers registered under the Portable Long Service Leave Scheme. The objective of the Scheme is to provide portability of long service leave benefits to workers in the contract cleaning industry, security industry and community services sector.
- b) The number of workers registered under the Scheme.
- c) The measure evaluates performance by monitoring the number of workers covered by the Scheme.
- d) The target is set based on the number of workers expected to be registered in the reporting period. The target will be increased in future years as the Scheme becomes more established.
- e) Good performance is achieving or exceeding the target as it will be an indicator of success of the Scheme.
- f) This measure is contingent on the passage of the Long Service Benefits Portability Bill 2018 through the Victorian Parliament. It assumes the Scheme will be operational for only part of the 2018-19 financial year. External factors may delay implementation of the Scheme.
- g) The department will forecast the expected outcome based on trends in relation to the number of workers registered on a register to be established and maintained by the Portable Long Service Benefits Authority.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Employers informed on OH&S obligations under both State and Commonwealth legislation and regulations

- a) This performance measure reports on grants provided to Incolink, a joint enterprise of employer associations and industry unions, to support industry training and development and improve occupational health and safety awareness in the building and construction sector. Data on the number of employers informed about occupational health and safety will be provided by Incolink.
- b) The number of employers informed about occupational health and safety legislation and regulations.
- c) The measure evaluates performance by ensuring that grants provided to Incolink support occupational health and safety initiatives to inform employers in the building and construction sector.
- d) The target is set based on past grants provided by Incolink to industry associations to deliver occupational health and safety and training and development initiatives.
- e) Good performance is achieving or exceeding the target.
- f) This measure assumes that timely and accurate data will be provided by Incolink for reporting purposes in accordance with funding arrangements.
- g) The department will forecast the expected outcome based on data provided Incolink.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Workers informed on OH&S obligations under both State and Commonwealth legislation and regulations

- a) This performance measure reports on grants provided to Incolink, a joint enterprise of employer associations and industry unions, to support industry training and development and improve occupational health and safety awareness in the building and construction sector. Data on the number of workers informed about occupational health and safety will be provided by Incolink.
- b) The number of workers informed about occupational health and safety legislation and regulations.
- c) The measure evaluates performance by ensuring that grants provided to Incolink support occupational health and safety initiatives to inform workers in the building and construction sector.
- d) The target is set based on past grants provided by Incolink to industry associations to deliver occupational health and safety and training and development initiatives.
- e) Good performance is achieving or exceeding the target.
- f) This measure assumes that timely and accurate data will be provided by Incolink for reporting purposes in accordance with funding arrangements.
- g) The department will forecast the expected outcome based on data provided Incolink.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Education and awareness strategy developed to increase women's participation in the building and construction sector

- a) This performance measure reports on the development of a strategy to increase women's participation in the building and construction sector.
- b) The development of a strategy in the reporting period.
- c) The measure evaluates performance by ensuring that a strategy is developed to increase women's participation in the building and construction industry.

- d) The target is set based on need for a strategic approach to improve women's participation in the building and construction sector.
- e) Good performance is achieving the target by developing a clear strategy in consultation with key stakeholders.
- f) There are no known material shortcomings of this measure.
- g) The department will forecast the expected outcome based on internal project timelines to monitor the delivery of the expected outcome.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Output: Industry and Enterprise Innovation

Participation in Small Business Victoria targeted and inclusive events and business programs

- a) This performance measure reports on the number of small business operators engaging in Small Business Workshops and events such as the Small Business Festival that are now targeted to support disadvantaged business cohorts and locations. It also captures a broader range of face-to-face business support such as the Small Business Mentoring program and Small Business Bus visits to regional and metropolitan areas.
- b) The number of small business operators or potential business owners participating in the small business support services.
- c) The measure evaluates performance by capturing the number of small business operators engaging with activities facilitated by Small Business Victoria and its contracted service providers thereby indicating the success of the face-to-face targeted and inclusive workshops, events and support programs.
- d) The target is set based on Small Business Victoria's records including attendances at previous face-to-face workshops, events and small business support services.
- e) Good performance is achieving or exceeding the target.
- f) This measure relies on participants completing a brief evaluation survey at the completion of the service and may not account for participants that are not registered.
- g) The department will forecast the expected outcome by analysing year-to-date performance and estimates based on scheduled events and programs during the remainder of the year.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Visits to Business Victoria digital channels

- a) This performance measure reports on the number of individual engagements with and visits to the Small Business Victoria digital channels such as the Business Victoria website, Business Victoria Hub (digital), Business Victoria Facebook and Twitter platforms and the Small Business Victoria Update e-newsletter.
- b) The total number of engagements with and visits to Business Victoria's digital channels is reported.
- c) The measure evaluates performance by capturing the number of individual visits seeking information from the Small Business Victoria digital channels.
- d) The target is set based on historical records of visitor traffic on the Business Victoria website and digital channels.
- e) Good performance is achieving or exceeding the target.
- f) There are no known material shortcomings of this measure.
- g) The department will forecast the expected outcome by year-to-date performance and estimates based on scheduled content during the remainder of the year.

- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Output: Integrated Transport

Ballarat Line Upgrade - delivery: milestones delivered in accordance with agreed budget and timelines

- a) This performance measure reports the progress of delivery of the Ballarat Line Upgrade program plan. Data for this measure will be sourced internally from the Ballarat Line Upgrade program plan, together with the planned budget and actual expenditure to track project delivery.
- b) A percentage is calculated by comparing the number of milestones delivered in accordance with agreed budget and timelines to the total number of milestones.
- c) The measure evaluates performance by quantifying whether project delivery is occurring as planned.
- d) The target is set based on the project's annual budgeted expenditure and program for 2018-19.
- e) Good performance will be achieving the target.
- f) There are no known material shortcomings of this measure.
- g) The department will forecast the expected outcome using analysis of year-to-date budget expenditure against actuals and through review of the Ballarat Line Upgrade program to evaluate whether it delivered the milestones on time.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Metro Tunnel Project – delivery: milestones delivered in accordance with agreed budget and timelines

- a) This performance measure reports the progress of delivery of the Metro Tunnel Project plan. Data for this measure will be sourced internally from the Metro Tunnel Project program plan, together with the planned budget and actual expenditure to track project delivery.
- a) A percentage is calculated by comparing the number of milestones delivered in accordance with agreed budget and timelines to the total number of milestones.
- b) The measure evaluates performance by quantifying whether project delivery is occurring as planned.
- c) The target is set based on the project's annual budgeted expenditure and program for 2018-19.
- d) Good performance will be achieving the target.
- e) There are no known material shortcomings of this measure.
- f) The department will forecast the expected outcome using analysis of year-to-date budget expenditure against actuals and through review of the Metro Tunnel Project program to evaluate whether it delivered the milestones on time.
- g) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Output: Port and Freight Network Access

Progress with delivery of a Metropolitan Intermodal System – percentage of project funding expended

- a) This performance measure reports on the expenditure of funds that have been allocated to achieve a Port Rail Shuttle Network for Melbourne.
- b) A percentage is calculated by comparing the cumulative expenditure over the life of the project to the total budget over the life of the project.

- c) The measure evaluates performance by reporting progress towards delivering the Port Rail Shuttle. Expenditure of funds is an indicator of progress in delivering the project.
- d) The target is set to align with the milestones in the funding agreements to be executed with successful proponents.
- e) Good performance is achieving the target.
- f) There are no known material shortcomings of this measure.
- g) The department will forecast the expected outcome through analysis of financial reporting and reviewing year-to-date expenditure against budget.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Output: Regulation of Commercial Passenger Vehicle Services

Calls to the Taxi Services Commission call centre resolved at the first point of contact

- a) This performance measure reports on the quality of customer service provided by the Taxi Services Commission (TSC) resources in its Customer Call Centre (1800 639 802) which channels and receives all telephone enquiries from customers, industry participants and members of the public. Responsiveness to call enquiries is required as part of the TSC's obligations under section 164 of the *Transport (Compliance & Miscellaneous) Act 1983*.
- b) A percentage is calculated by comparing the number of telephone calls resolved at first point of contact to the total number of telephone calls received.
- c) The measure evaluates performance through first call resolution, which means telephone enquiries are resolved by the Customer Support Officer on the first interaction with the customer.
- d) The target is set by considering the historical number and nature of telephone calls received by the Customer Call Centre, staff resources available for Call Centre duties for the budget year, and the possible impact of changes to the commercial passenger vehicle services industry to be implemented during the budget year.
- e) Good performance will be achieving or exceeding the target.
- f) There are no known material shortcomings of this measure.
- g) The department will forecast the expected outcome by using trend figures for the calls received and closed for the year-to-date and available resources for the remainder of the year.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Commercial passenger vehicle industry participants conform to key safety requirements

This performance measure is proposed to replace the 2017-18 performance measure 'Taxi and hire vehicle compliance and enforcement interventions'. The new performance measure reflects Government priorities outlined in the Commercial Passenger Vehicle Industry Amendment (Further Reforms) Act 2017 to promote continuous improvement and effective management of commercial passenger vehicle safety.

The approach to measuring performance will be finalised once the Regulations supporting the implementation of the safety objectives in the Act are completed from June 2018.

In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Commercial passenger vehicle registration applications received online

- a) This performance measure reports on the proportion of commercial passenger vehicle registrations received online. The Taxi Services Commission (TSC) is responsible under legislation for registering commercial passenger vehicle licences to operate in Victoria. Registration is available 'as of right' to all eligible applicants who are deemed a fit and proper person for an annual fee.
- b) A percentage is calculated by comparing the number of registration applications received online compared to all registration applications received.
- c) The measure evaluates performance through demonstrating the value of investment in online application systems and improved convenience for commercial passenger vehicle industry licence applicants. Applications are received in a number of ways such as by mail or in person at the TSC's Customer Service Centre. Vehicle registration online applicants will save time compared to those who apply by mail or in person due to convenience, online fee payment and in-built validation facilities. There are also considerable internal efficiencies for the TSC in receiving online applications, including reduction in data entry, the potential for errors and improved staff productivity. The efficiencies will also flow on to improve service delivery to the industry.
- d) The target is set based on the number of licence applications received in previous reporting periods in this first year of implementation.
- e) Good performance will be achieving or exceeding the target that reflects a high uptake of the online system.
- f) There are no known material shortcomings of this new measure.
- g) The department will forecast the expected outcome using the most recent results available at the time, and any observable trends.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

New and renewed commercial passenger vehicle and bus driver accreditation applications processed

- a) This performance measure reports the number of new and renewed commercial passenger vehicle and bus driver accreditation applications processed by the Taxi Services Commission (TSC). Applications are made by people who wish to apply to become commercial passenger vehicle drivers by post, online or they are lodged in person at the TSC's Customer Service Centre located at 1 Spring Street, Melbourne or at a VicRoads' office.
- b) The measure is equal to the number of new and renewed driver accreditation applications processed within a financial year.
- c) The measure evaluates performance as the result reflects the volume of work completed by the TSC in servicing the demand for new and renewed commercial passenger vehicle and bus driver accreditation applications. The TSC is responsible for assessing applicants to be granted accreditation to drive commercial passenger vehicles, including taxis, and to operate in Victoria in line with the *Transport (Compliance & Miscellaneous) Act 1983*.
- d) The target is set by considering the number of new driver accreditation applications received over the past year, any trends identified in relation to the processing of these applications, the impact of any changes to driver accreditation to be implemented during the year, and staff resources anticipated to be available to process applications.
- e) Good performance is achieving the target.
- f) The shortcoming of this measure is that the target is based on an estimate of future demand for accreditation. However, demand is market driven and outside of the TSC's control.
- g) The department will forecast the expected outcome through analysis of year-to-date results, and trends and the available resources expected for the remainder of the year.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Overall satisfaction with level of commercial passenger vehicle regulatory service provided by the Taxi Services Commission

- a) This performance measure reports on how satisfied the users of the Taxi Services Commission (TSC) regulatory activities are with the quality and timeliness of the TSC services, including communications and customer service experience.
- b) An overall score is calculated by averaging the scores of satisfaction from surveyed industry participants.
- c) The measure evaluates performance by identifying how regulated parties experience the service provided by the TSC.
- d) The target is set based on the most recent results available.
- e) Good performance will be achieving or exceeding the target.
- f) The shortcoming of this measure is that results provided by a survey are based on a sample, instead of all users of the TSC's services. As with all sample surveys the results are subject to sampling variability and therefore may differ from figures that would have been obtained if all users of the TSC's services had been included in the survey.
- g) The department will forecast the expected outcome using year-to-date results.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Safety and quality rating for commercial passenger vehicles available for booked and unbooked services

- a) This performance measure reports on the safety and quality of commercial passenger vehicles for unbooked and booked services. Unbooked services are secured by hailing in the street or waiting at a rank. Booked services are secured by calling a commercial passenger vehicle booking service provide on their advertised business telephone number, using an online facility on their website or using a mobile telephone application. Taxi Services Commission (TSC) authorised officers are empowered under legislation to intercept commercial passenger vehicles on any public access roads in Victoria and at Melbourne Airport, conduct inspections and issue rectification notices and penalty infringement notices, when appropriate. Inspections data is recorded at the time and place of inspection in hand-held devices which are linked to a database. Data is collected everyday by the TSC. Further data may be recorded from investigations, driver and operator interventions and from audits. Data is analysed and reported on a regular basis.
- b) An average of the safety and quality ratings for metropolitan Melbourne commercial passenger vehicles is calculated for the financial year. Ratings for vehicles operating outside of Melbourne are calculated less often and are not included in the calculation.
- c) The measure evaluates performance by reporting on compliance with legislation that ensures safety for passengers and drivers.
- d) The target is set by considering safety and quality ratings over the past year, any trends identified, and the possible impact of Government policy or other changes on the industry and services. It is expected that competition within the industry will improve the result for this performance measure.
- e) Safety and quality rating scores range from 1.0 (highest safety and quality) to 7.0 (lowest safety and quality). Good performance will be achieving the target or a lower score closer to 1.0.
- f) The shortcoming of this measure is that results may be affected by a large influx of vehicles entering the market operated by people who are not familiar with meeting expected standards.
- g) The department will forecast the expected outcome using the year-to-date results and through analysis of trends.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Output: Road Operations and Network Improvements

North East Link Project: milestones delivered in accordance with agreed budget and timelines

- a) This performance measure reports on the progress of planned major infrastructure procurement activities undertaken by North East Link Authority (NELA) in readiness for procurement to commence in 2018-19.
- b) A percentage is calculated by comparing the number of milestones delivered in accordance with agreed budget and timelines to the total number of milestones.
- c) The measure evaluates performance by tracking project activity and expenditure against the North East Link program plan, together with the planned budget and actual expenditure during 2018-19.
- d) The target is set in accordance with the project's annual budgeted expenditure and program for 2018-19.
- e) Good performance is achieving the target.
- f) There are no known material shortcomings of this measure.
- g) The department will forecast the expected outcome by tracking year-to-date budget expenditure and reviewing the program to evaluate whether it delivered the milestones on time.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Output: Train Services

myki device availability

- a) This performance measure assesses when a myki device is available for use by a customer. Myki devices are defined in this performance measure as any device installed in train stations, trams, buses, bus interchanges, tram superstops, depots, myki retailers as well as hand held devices used by V/Line Conductors and Authorized Officers. These devices are used for many purposes including to touch on or touch off, make payments and to check tickets.
- b) A percentage is calculated by comparing device availability to the total number of hours that devices are expected to be available. The availability is weighted on whether the device outage occurred during peak times and whether the device is located at the busiest 10 per cent of train stations.
- c) The measure evaluates the performance of the myki ticketing system through quantifying the prevalence of myki device outages. Raw data is extracted from a data warehouse for each one-month period. The total outage period is calculated for all deployed devices.
- d) The target is set by considering historical performance and the level of device availability required to ensure good customer experience and the ability to provide services.
- e) Good performance will be achieving or exceeding the target.
- f) There are no known material shortcomings of this new measure.
- g) The department will forecast the expected outcome using year-to-date data, circumstances at the point of time and remaining forecast adjusted if appropriate.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Scheduled services not delayed by infrastructure faults: regional train network

- a) This performance measure reports the impact of Major Periodic Maintenance (MPM) on reducing passenger service delays due to infrastructure faults.
- b) A percentage calculated by comparing the number of passenger services delayed by infrastructure faults comparing this to the total number of scheduled services for each month. The 12-month average is taken for the financial year and is reported against the target.

- c) This performance measure evaluates performance by demonstrating the effectiveness of expenditure on maintenance on reducing the occurrence of daily faults. Passenger services are measured as the number of services to be delivered in accordance with the timetable and infrastructure faults are measured in accordance with V/Line incident and fault recording. V/Line report train delays and faults with telemetry, GPS and manually recorded data.
- d) The target is set based on assessment of service performance and infrastructure reliability over the past financial year and approved funding for MPM.
- e) Good performance is achieving or exceeding the target of a high percentage of trains not delayed by infrastructure faults.
- f) The shortcoming of the measure is that the performance target is passenger network wide. Detailed analysis will be required to understand the root cause when the target is not being achieved.
- g) The department will forecast the expected outcome using the year-to-date results.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Output: Transport Safety, Security and Emergency Management

Prosecution success rate for transport safety offences

- a) This performance measure has been introduced to measure Transport Safety Victoria's success in prosecuting transport operators or individuals committing transport safety offences.
- b) A percentage is calculated by comparing the number of successful prosecutions to the total number of prosecutions.
- c) This measure evaluates performance by reporting on the quality of review and advice provided regarding sufficiency of evidence, particularisation of charges and public interest considerations. It also reflects performance in preparing charge-sheets, assisting with the preparation of witness statements, filing of court documents within court imposed timeframes and effective collaboration with external counsel to appear on Transport Safety Victoria's behalf. A register of prosecutions is maintained by Transport Safety Victoria and updated following key milestones including filing of charges, service of brief of evidence and court outcomes.
- d) The target is set based on targets set by similar agencies.
- e) Good performance will be achieving or exceeding the target.
- f) There are no known material shortcomings of this new measure.
- g) The department will forecast the expected outcome using year-to-date data, circumstances at the point in time and forecast results.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Risk assessment of managed and unmanaged Victorian waterways with high levels of boating activity and competing use

- a) This performance measure reports the number of Victorian waterway audits conducted. Waterway audits contribute to Transport Safety Victoria's (TSV's) strategic plan by driving greater voluntary compliance across the maritime sector, and by focussing regulatory effort on risk. The audit plan focusses on waterways that pose the greatest risk to safety for waterway users, based on high speed use, congestion and competing activities.
- b) The number of audits completed is reported.

- c) The measure evaluates performance by collecting data recorded by waterway safety officers. This data is stored in the waterway risk database to build on the overall waterway risk profile. Output audit reports are stored in a records management system and provided to waterway managers. The plan is constantly reviewed as the risk profile of each waterway is dynamic based on changes to the physical characteristics of the waterway and the scope and scale of activity that occurs on it.
- d) The number of audits is established by the yearly audit plan which is prepared by assessing the risks posed from data sources including: waterways risk database, incident data, compliance and enforcement data and previous audit data.
- e) Good performance will be achieving or exceeding the target.
- f) There are no known material shortcomings of this new measure.
- g) The department will forecast the expected outcome using a review of progress against the yearly audit plans. It is expected that waterway audits of individual waterways of various complexity will be completed, each producing an audit report. The type and complexity of the audit report is determined by the type of audit: site inspection (criteria established against waterway rules); navigational safety (non-spatial); and navigational safety (spatial GIS).
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

Transport and marine safety investigations: investigations completed within 12 months

- a) This performance measure reports on the timeliness of transport and marine safety investigations undertaken by the Chief Investigator, Transport Safety.
- b) A percentage is calculated by comparing the number of transport and marine safety investigations completed within 12 months compared to the total number of marine safety investigations completed in the financial year.
- c) The measure evaluates performance by quantifying the timeliness of transport and marine safety investigations.
- d) The target is set by considering benchmark performance by similar agencies, historical performance of the department, and targets for improved performance. The rationale for the 12-month investigation period is that it allows for the use of expertise outside of the team, furthers investigation as a result of expert advice and aligns with timeframes used by similar Commonwealth and state-based agencies.
- e) Good performance will be achieving or exceeding the target.
- f) The shortcoming of this measure is that the result is subject to the external influence of expertise and advice being sought from outside the unit.
- g) The department will forecast the expected outcome by estimating the completion dates of current investigations.
- h) In accordance with standard departmental practice, all performance measures will be reviewed annually for effectiveness, relevance, consistency with departmental objectives and the performance management framework.

8. Staffing matters

Question 18 *FTE by employment category*

- (a) Please fully complete the table below, providing actual FTE staff numbers at 30 June 2017 and estimates of FTE staff numbers (broken down by the categories listed below) at 30 June 2018 and 30 June 2019 for the Department. Please provide figures consolidated on the same basis (that is, including the same entities) as is reported in the Department's most recent annual report.

DEDJTR	30 June 2017 (Actual FTE number)	30 June 2018 (Expected FTE number)	30 June 2019 (Forecast FTE number)
Secretary	1.0	1.0	1.0
EO-1	9.0	10.0	10.0
EO-2	54.8	54.6	54.6
EO-3	62.3	62.0	62.0
VPS Grade 7 (STS)	57.1	66.7	66.7
VPS Grade 6	523.3	554.7	554.7
VPS Grade 5	588.1	618.9	618.9
VPS Grade 4	481.8	472.9	472.9
VPS Grade 3	306.5	279.9	279.9
VPS Grade 2	187.2	167.5	167.5
VPS Grade 1	3.0	8.8	8.8
Science A	171.3	163.9	163.9
Science B	166.7	172.7	172.7
Science C	154.9	159.2	159.2
Science D	92.4	84.6	84.6
Fisheries Officer 2*	9.0	0.0	0.0
Fisheries Officer 3*	39.0	0.0	0.0
Senior Fisheries Officer 4*	24.0	0.0	0.0
Fisheries Supervisor 5*	6.0	0.0	0.0
Fisheries Manager 6*	3.6	0.0	0.0
Regional Fisheries Supervisor 6	0.0	1.0	1.0

DEDJTR	30 June 2017	30 June 2018	30 June 2019
	(Actual FTE number)	(Expected FTE number)	(Forecast FTE number)
Legal Officer	7.0	7.0	7.0
VicRoads grades ⁶	31.6	27.8	27.8
Principal Scientist	51.2	41.8	41.8
Total	3,030.8	2,955.0⁷	2,955.0⁸

* Transferred to the Victorian Fisheries Authority effective 1 July 2017

Level Crossing Removal Authority (LXRA)	30 June 2017	30 June 2018	30 June 2019
Grade	(Actual FTE number)	(Expected FTE number)	(Forecast FTE number)
EO-1	1.0	1.0	1.0
EO-2	13.0	15.1	14.0
EO-3	7.0	6.1	7.2
VPS Grade 7 (STS)	11.9	19.0	18.5
VPS Grade 6	75.0	94.4	96.4
VPS Grade 5	50.1	63.3	74.3
VPS Grade 4	56.8	62.2	62.5
VPS Grade 3	43.0	64.3	53.3
VPS Grade 2	0.8	6.6	4.0
Principal Scientist	42.8	44.7	42.7
Total	301.4	376.7⁹	373.9

⁶ VicRoads grades refer to some of the staff transferred as a part of establishing Transport for Victoria.

⁷ The reduction from June 2017 to June 2018 is primarily due to the transfer out of employees to the newly established VFA which commenced on 1 July 2017.

⁸ DEDJTR's staffing forecast for June 2019 will be completed once the department's strategic planning and resource allocation process for 2018-19 is finalised.

⁹ Projected increase from June 2017 to June 2018 is due to project mobilisation.

Melbourne Metro Rail Authority (MMRA including Office of Coordinator General)	30 June 2017	30 June 2018	30 June 2019
Grade	(Actual FTE number)	(Expected FTE number)	(Forecast FTE number)
EO-1	1.0	1.0	1.0
EO-2	23.0	38.7	43.7
EO-3	2.9	2.9	2.9
VPS Grade 7 (STS)	14.4	21.8	23.8
VPS Grade 6	55.6	79.1	90.1
VPS Grade 5	48.8	72.4	80.4
VPS Grade 4	38.8	53.4	59.4
VPS Grade 3	49.4	54.0	54.0
VPS Grade 2	2.2	16.4	16.4
Principal Scientist	36.8	56.0	61.0
Total¹⁰	272.9	395.7¹¹	432.7

North East Link Authority (NELA)	30 June 2017	30 June 2018	30 June 2019
Grade	(Actual FTE number)	(Expected FTE number)	(Forecast FTE number)
EO-1	1.0	1.0	2.0
EO-2	3.0	9.0	11.0
EO-3	0.0	1.0	8.0
VPS Grade 7 (STS)	0.0	7.0	12.0
VPS Grade 6	2.0	14.6	25.0
VPS Grade 5	4.0	13.4	32.0
VPS Grade 4	2.6	9.0	30.0
VPS Grade 3	1.0	6.0	26.0
Principal Scientist	1.0	1.0	2.0
Total¹²	14.6	61.0	150.0

¹⁰ Projected increase from June 2017 to June 2019 is due to project mobilisation.

¹¹ The 2017-18 Budget Estimates PAEC questionnaire predicted 299.4 FTE for 30 June 2018. The project has since accelerated its development, requiring additional staff consistent with the work now being undertaken.

Western Distributor Authority (WDA)	30 June 2017	30 June 2018	30 June 2019
Grade	(Actual FTE number)	(Expected FTE number)	(Forecast FTE number)
EO-1	1.0	1.0	1.0
EO-2	3.0	6.0	6.0
EO-3	0.0	0.0	0.0
VPS Grade 7 (STS)	4.0	9.0	13.0
VPS Grade 6	9.0	16.0	23.0
VPS Grade 5	7.0	12.0	16.0
VPS Grade 4	4.0	9.0	12.0
VPS Grade 3	4.0	7.0	12.0
VPS Grade 2	0.0	0.0	0.0
Principal Scientist	0.0	0.0	0.0
Total¹³	32.0	60.0	83.0

(b) Please list the entities that contribute to the table above

Department of Economic Development, Jobs, Transport and Resources (including Chief Investigator Transport Safety, Regional Development Victoria, Transport Safety Victoria, Victorian Trade and Investment Office Pty Ltd)

Level Crossing Removal Authority

Melbourne Metro Rail Authority (including Office of the Coordinator-General)

North East Link Authority

Western Distributor Authority

¹² Projected increase from June 2017 to June 2019 is due to project mobilisation.

¹³ Projected increase from June 2017 to June 2019 is due to project mobilisation.

Question 19 Ongoing, fixed term or casual staff

- a) Please break down the actual staff numbers in your department as at 30 June 2017 and the estimates as at 30 June 2018 and 2019 according to the number of staff that are ongoing, fixed-term or casual.

DEDJTR	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast ¹⁴	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Ongoing	2,630.1	2,780	2,505.2	2,648	2,505.2	2,648
Fixed-term	392.0	408	439.7	458	439.7	458
Casual	8.6	18	10.1	18	10.1	18
Total	3,030.8	3,206	2,955.0	3,124	2,955.0	3,124

LXRA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Ongoing	0.0	0	0.0	0	0.0	0
Fixed-term	301.4	305	376.7	384	373.9	405
Casual	0.0	0	0.0	0	0.0	0
Total	301.4	305	376.7	384	373.9	405

MMRA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Ongoing	3.0	3	2.0	2	2.0	2
Fixed-term	269.7	272	391.7	400	428.7	437
Casual	0.2	1	2.0	2	2.0	2
Total	272.9	276	395.7	404	432.7	441

¹⁴ DEDJTR's staffing forecast for June 2019 will be completed once the department's strategic planning and resource allocation process for 2018-19 is finalised.

NELA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Ongoing	0.0	0	0.0	0	0.0	0
Fixed-term	14.6	15	61.0	62	150.0	152
Casual	0.0	0	0.0	0	0.0	0
Total	14.6	15	61.0	62	150.0	152

WDA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Ongoing	0.0	0	0.0	0	0.0	0
Fixed-term	32.0	32	59.0	59	83.0	83
Casual	0.0	0	1.0	1	0.0	0
Total	32.0	32	60.0	60	83.0	83

- b) Please break down the actual staff numbers in your department as at 30 June 2017 and the estimates as at 30 June 2018 and 2019 according to gender and indicate if the Department has employees identifying as indigenous or having a disability.

DEDJTR	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast ¹⁵	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Male	1,512.8	1,543	1,398.6	1,428	1,398.6	1,428
Female	1,518.0	1,663	1,555.9	1,695	1,555.9	1,695
Self-defined	0.0	0	0.4	1	0.4	1
Total	3,030.8	3,206	2,954.9	3,124	2,954.9	3,124

¹⁵ DEDJTR's staffing forecast for June 2019 will be completed once the department's strategic planning and resource allocation process for 2018-19 is finalised.

LXRA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Male	182.8	183	224.0	158	219.9	238
Female	118.6	122	152.7	226	154.0	167
Self-defined	0.0	0	0.0	0	0.0	0
Total	301.4	305	376.7	384	373.9	405

MMRA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Male	150.6	151	222.4	226	240.9	244
Female	122.3	125	173.3	178	191.8	197
Self-defined	0.0	0	0.0	0	0.0	0
Total	272.9	276	395.7	404	432.7	441

NELA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Male	7.0	7	32.0	32	32.0	32
Female	7.6	8	23.0	24	23.0	24
Self-defined	0.0	0	0.0	0	0.0	0
Unknown ¹⁶			6.0	6	81.0	83
Total	14.6	15	61.0	62	150.0	152

¹⁶ There are six positions currently being recruited as well as a forecast of 83 positions for 30 June 2019, where gender of recommended candidate is unknown.

WDA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
Male	15.0	15	31	31	42	42
Female	17.0	17	29	29	41	41
Self-defined	0.0	0	0.0	0	0	0
Total	32.0	32	60	60	83	83

DEDJTR	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
People who identify as having a disability ¹⁷	32.1	33	25.4	26	36.0	40
People who identify as having indigenous status	8.8	9	4.0	4	10.0	12

LXRA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
People who identify as having a disability	2.4	3	2.0	2	2.0	2
People who identify as having indigenous status	4.0	4	2.0	2	2.0	2

¹⁷ This data represents staff who have personally identified as having a disability on the department's systems. However, the anonymously completed 2017 People Matter Survey data for the department indicates that the actual occurrence of disability is approximately 4 per cent, which would equate to a head count of 128 staff with a disability.

MMRA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast ¹⁸	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
People who identify as having a disability	2.0	2	2.9	3		
People who identify as having indigenous status	0.0	0	4.0	4	5.0	5

NELA	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast ¹⁹	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
People who identify as having a disability	0.0	0	1.0	1		
People who identify as having indigenous status	0.0	0	0.0	0		

WDA ²⁰	30 June 2017 actual		30 June 2018 expected		30 June 2019 forecast	
	(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
People who identify as having a disability	0.0	0				
People who identify as having indigenous status	0.0	0				

¹⁸ Forecast unable to be provided.

¹⁹ Forecast unable to be provided.

²⁰ Forecast unable to be provided.

Question 20 Use of consultants, contractors and labour hire

- (a) What are the main gaps in the department's capability and capacity identified in 2017-18, 2018-19 and 2019-20?

Department

The department has focussed on developing capability in the categories of leadership capability, people management, interpersonal skills and proficiency (or efficiency) capability, and will continue to build capability and capacity in the forward years in:

- People management skills, including managing diversity and building coaching capability
- Development for established and emerging leaders
- Building interpersonal skills that enable effective collaboration
- Continuous improvement in work productivity and efficiencies

Administrative offices (LXRA, MMRA, NELA and WDA)

The Office of the Coordinator-General is undertaking a strategic workforce planning review on the Major Transport Infrastructure Program.

In particular, MMRA notes that while it has been able to effectively recruit across all disciplines, the following disciplines have proven the most challenging to fill during 2017-18 and are forecast to be the most challenging during 2018-19 and 2019-20: Lawyers, Stakeholder Relations, Signalling and Senior Project Engineers.

- (b) How does the department define the terms 'contractor', 'consultant' and 'labour hire'?

Department and Administrative Offices

The Department and Administrative Offices define a contractor consistent with the FRD 22H definition where a contractor "is an individual or organisation that is formally engaged to provide works or services for or on behalf of an entity. This definition does not apply to casual, fixed-term or temporary employees directly employed by the entity."

The Department and Administrative Offices define a consultant consistent with the FRD 22H definition where a consultant "is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through:

- provision of expert analysis and advice; and/or
- development of a written report or other intellectual output."

The Department and Administrative Offices define labour hire as "Agency on-hire contractors are employed by an external recruitment agency to provide short term services to the department and are not classified as VPS employees and do not receive VPS employment entitlements. Agency on-hire contractors receive hourly or daily award rates and can be otherwise known as labour hire contractors."

- (c) What are the key drivers for the use of consultants, contractors and labour hire in the department in 2017-18, 2018-19 and 2019-20?

Department

The main drivers of labour hire engagements are:

- short-term increases in workload e.g. projects;
- backfill for approved leave of employees; and
- to obtain skills not readily available in the department.

The short-term workload increases are expected to continue to be the main driver of labour hire.

The department utilises consultants and contractors to access specialist external expertise to help it deliver on the Government's strategic priorities and initiatives.

The department uses these consultancy and contractor service engagements in a disciplined manner, where there is a sound business case in order to deliver an overall value for money outcome. These engagements are for services where the expertise sought would not normally reside within the department.

There has been significant growth in the delivery of the Government's programs over the past 12 months, with increased activity in Transport for Victoria (TfV), plus expansion of the Major Transport Infrastructure Program to incorporate the North East Link Authority. All rely on the use of external resources, such as consultants and contractors, in order to provide the required transport industry expertise needed to deliver against the State's priority project milestones.

Over the next twelve months, the department will continue to focus on the delivery of the Government's priorities. Accordingly, expenditure on consultants and contractors is expected to increase as the major transport infrastructure projects and as other projects funded in the budget gain further momentum.

Administrative Offices (MMRA, LXRA, NELA, WDA)

The main drivers of labour hire engagements were:

- short-term increases in workload;
- backfill for approved leave of employees; and
- to obtain senior technical specialist skills not readily available in the current market.

(d) Please provide a table of consultancy expenditure for contracts over \$10,000 from 1 July 2017 to 31 March 2018, as set out below:

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (\$ ex GST)	Expenditure 1 July 2017 to 31 March 2018 (\$ excluding GST)	Future expenditure (\$ excluding GST)

Consultancy expenditure has not yet been through the usual validation process and therefore cannot be provided. It will be available in the department's Annual Report later in the year, in line with usual reporting practice.

(e) Please provide a table of contractor expenditure from 1 July 2017 to 31 March 2018 as set out below:

Contractors engaged	Services provided	Expenditure (\$ excluding GST)	Start date

Contractor expenditure has not yet been through the usual validation process and therefore cannot be provided. It will be available in the department's Annual Report later in the year, in line with usual reporting practice.

- (f) What guidance material and advice does the department utilise in making a decision to use a consultant, contractor or labour hire? How could this guidance and advice be improved to support the decision making of the department?

Department

The department has a comprehensive Procurement Policy that sets out the fundamental rules, behaviours and standards applicable to public procurement activity. The use of a consultant or contractor must adhere to the department's Procurement Policy.

The department has a comprehensive labour hire policy, which includes guidance on the situations in which labour hire might be appropriate, together with the requirement that labour hire not replace work traditionally undertaken by Victorian Public Service (VPS) employees and that hiring managers are to consider VPS employment if practicable.

Improvements to labour hire processes currently under consideration include process and policy changes to make VPS recruitment more responsive to business needs, guidance on costs of labour hire and stricter business case requirements for longer term engagements.

Administrative Offices (MMRA, LXRA, NELA, WDA)

The Administrative Offices use labour hire for short-term engagements where hiring a VPS role is not practical within the necessary timeframe required to fill the role (i.e.: short-term engagement of 2-3 months to cover a period of leave/temporary increased workload). Administrative Offices engage a small number of long-term contractors to undertake senior technical roles. Consultant firms are engaged in accordance with the Victorian Government Purchasing Board guidelines and the relevant procurement framework.

- (g) What are the benefits of the use of consultants, contractors and labour hire in delivering outcomes for the department? What impact did contractors, consultants and labour hire have on the capability and capacity of the department in 2017-18?

Department and Administrative Offices

Given the increase in project activity particularly across the transport portfolio, professional services (contractors and consultants) are of benefit in enhancing the department's ability to mobilise projects and deliver against the department's business priorities.

The benefits of the use of labour hire in delivering outcomes for the department are in managing short-term variations in workload, backfilling for leave and meeting immediate needs to occupy vacancies either pending completion of a selection process or where a recruitment process has failed to identify a suitable candidate.

The major impact of labour hire engagements was to enhance the capacity of the department to deliver business outcomes by responding to short term increases in workload. Enhancement or supplementation of capability was a relatively small part of the reasons for engagement of labour hire staff.

- (h) What risks have been identified in relation to the use of consultants, contractors and labour hire? How are these risks managed?

Consultants and Contractors (DEDJTR and Administrative Offices)

The department manages risks around the engagement of consultants and contractors through:

- Secretary approval of new consultancy engagements valued at \$100,000 inc GST or above, over the life of the engagement as part of the Market Engagement Strategy approval phase, prior to engaging the supplier.
- Secretary approval of variations to existing consultancy engagements, where the new cumulative value exceeds \$100,000 inc GST.
- Placing accountability for ensuring Secretary oversight takes place with the financial delegate for the relevant procurement.
- Ensuring all goods and services related contractor and consultant arrangements (based on financial thresholds, as defined in the procurement policy) are subject to competitive testing, via the number of quotations, request for tender process required.

Labour Hire (DEDJTR and Administrative Offices)

Identified risks:

The Victorian Government is committed to give preference to ongoing forms of employment wherever possible. This commitment is written into the Victorian Public Service Enterprise Agreement 2016 (VPS Agreement). The department's non-executive employees are employed under the VPS Agreement.

Inappropriate use of consultants, contractors or labour hire would leave the department exposed to potential risks such as:

- Allegations of inappropriate engagement of consultants, contractors or labour hire without meeting the indicia for independent contractors.
- Industrial disputation.
- Where either of the above occurs, reputational risk.

Risk management:

To assist hiring managers prior to finalising the terms of engagement of an agency on-hire contractor, a Guidance Note has been developed to highlight the key differences between contractors and employees. The Guidance Note is available on the department's intranet.

Further this department's Engagement of agency on-hire contractor policy clearly states that before agency on-hire contractors can be engaged, opportunities for internal VPS employees by way of higher duties or fixed term secondments must be considered and used if practicable.

The department is also monitoring the use and duration of agency on-hire workers.

- (i) How is labour hire reported by the department with reference to the Department of Treasury and Finance's guidance note on FRD 22H?

The department reported labour hire as contractor expenditure with the supplier listed as the contractor engaged. This is consistent with the DTF Guidance Note on FRD 22H.

(j) Please advise, for the entities reported in the Department's most recent annual report:

(i) the amount spent by the Department on labour hire staff during 2016-17 and amounts expected to be spent during 2017-18 and 2018-19.

Expenditure on labour hire staff DEDJTR	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)
	39.9	43.5	39.9

Expenditure on labour hire staff LXRA	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)
	4.5 ²¹	3.1	2.8

Expenditure on labour hire staff MMRA	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)
	4.1	3.3	3.4

Expenditure on labour hire staff NELA	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)
	0.1	0.6	0.6

Expenditure on labour hire staff WDA	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)
	0.5	0.3	0.1

²¹ Note that LXRA has corrected the 2016-17 labour hire expenditure figure from \$5.3 million to \$4.5 million. This figure was incorrectly reported in the 2016-17 PAEC outcomes questionnaire.

- (ii) the amount of labour hire staff (FTE and headcount) used by the Department on the last working day of 2016-17, and the numbers expected on the last working days of 2017-18 and 2018-19

30 June 2017 actual DEDJTR ²²		30 June 2018 expected		30 June 2019 forecast	
(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
	397		353		316

30 June 2017 actual LXRA		30 June 2018 expected		30 June 2019 forecast	
(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
18	18	9	9	9	9

30 June 2017 actual MMRA		30 June 2018 expected		30 June 2019 forecast	
(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
12.8	13	9.6	10	9.6	10

30 June 2017 actual NELA		30 June 2018 expected		30 June 2019 forecast	
(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
1.0	1	4.0	4	5.0	5

30 June 2017 actual WDA		30 June 2018 expected		30 June 2019 forecast	
(FTE number)	(head count)	(FTE number)	(head count)	(FTE number)	(head count)
3	3	2	2	0	0

²² Data on actual days and hours worked (i.e. FTE) is not available.

9. Enterprise Bargaining Agreements

Question 21 *EBA's anticipated to be completed during 2018-19*

- (a) Please list EBA's that are expected to be completed during the year that affect the Department, along with an estimate of the proportion of your Department's workforce (EFT) covered by the EBA.

Name of EBA under negotiation	Proportion of Department's EFT covered
Nil	

- (b) Please describe the effect the EBA's listed above have had on estimates of 2018-19 employee benefits.

N/A