



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2018-19 BUDGET ESTIMATES QUESTIONNAIRE

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.

- (a) 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. 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	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
Suburban Development	1.0	Funding has been provided through the 2018-19 State budget, as part of the 'Metropolitan Partnerships' initiative.	No effect on community expected.	Not Applicable
Making Communities Climate Ready – Protection of Priority Victorian Beaches and Foreshores	2.4	Funding has been provided through the 2018-19 State budget, as part of the 'Protecting Port Phillip Bay and its beaches' initiative.	No effect on the community expected.	Not Applicable
Improving biodiversity outcomes for Victorians: Leadbeater's Possum and Yellingbo Conservation Area	1.2	Funding has been provided through the 2018-19 State budget, as part of the 'Caring for our Environment – Faunal emblems' initiative.	No effect on the community expected.	Not Applicable

Program or initiative	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
Managing Victoria's Waste materials	1.5	Funding has been provided through the 2018-19 State budget, as part of the 'Illegal Dumping Strikeforce' initiative.	<p>No effect on the community expected, as program is being continued for a further four years, with greater funding being provided.</p> <p>*Note: Funding of \$6.3 million (over four years) provided in the 2014-15 budget 'Managing Victoria's Waste Materials', was to enable the Environment Protection Authority (EPA) to specifically address the issue of illegal dumping of industrial waste in Victoria.</p> <p>This program will continue for a further four years from 2018-19 to 2021-22, with \$9.1 million approved over four years.</p>	Not Applicable
Remediation of gun club sites	3.0	Funding has been provided through the 2018-19 State budget, as part of the 'Clean up of Contaminated Public Land' initiative.	No effect on the community expected.	Not Applicable

Program or initiative	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
Major Hazard Facilities	1.0	Not Applicable	No effect on the community expected.	<p>This was a one off initiative to improve land use planning decisions for areas around Victoria's major hazard facilities in response to the Major Hazard Facility Advisory Committee's report. Planning tools, policies and governance arrangements have been reviewed to better manage risk and amenity around these facilities.</p> <p>The funding allocation was sufficient to deliver the necessary work and therefore no further funding is required.</p>
Activating Victoria's heritage – Building on the Living Heritage program	5.0	Not Applicable	No effect on the community expected.	<p>\$5 million was provided as part of the 2017-18 State Budget, for additional repair and restoration works for 'at risk' State significant heritage places. This was an expansion on the 'Living Heritage Grants', where \$30 million was approved over four years as part of the 2016-17 State Budget. There is still funding allocated for this program until 2019-20.</p> <p>A full evaluation of the Living Heritage Program will be undertaken when the overall program lapses at 30 June 2020, with a continuation of funding requirements to be assessed then.</p>

Program or initiative	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
Fishermans Bend – Planning for a City’s Future	10.1	Funding has been provided through the 2018-19 State budget, as part of the ‘Fishermans Bend: from Planning to Delivering’ initiative.	No effect on the community expected.	Not Applicable
The Victorian Government’s contribution to the Murray-Darling Basin Authority	5.2	Funding has been provided through the 2018-19 State budget, as part of the ‘Victorian Government contribution to the Murray-Darling Basin Authority’ initiative.	No effect on the community expected.	Not Applicable
Science, Innovation and Excellence – Modelling and Feasibility	0.3	Not Applicable	No effect on the community expected.	This was a one off initiative to model and study the cost impacts of climate change on the health and human services system. The funding allocation was sufficient to deliver the necessary work and therefore no further funding is required.

*Forecast expenditure by 30 June 2018.

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	437.2	460.1	Not applicable	462.8	Not applicable
Grants and other transfers	782.2	835.3	Not applicable	1,053.0	Not applicable
Other operating expenses	773.2	666.0	The decrease is due to movements in supplies and services, and Intra government supplies and consumables, explained below.	718.0	The increase is due to supplies and services explained below.
Major components of 'other operating expenses' (please supply categories):					

	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
<ul style="list-style-type: none"> Supplies and services 	629.9	565.0	The decrease relates to the re-phasing of various projects including Greener Government Building and Plantation Establishment, and the Powerline Bushfire Safety Program.	616.0	The increase in supplies and services in 2018-19 primary reflects additional funding provided in 2018-19 budget, including the "Delivering greater community value from our forests" and "Reforming local government planning" initiatives. This is partially offset by once off funding carried over from 2016-17 into 2017-18.
<ul style="list-style-type: none"> Intra government supplies and consumables 	143.0	100.4	The decrease is primarily due to the re-phase of funding into future years, relating to the reset of the Goulburn-Murray Water (GMW) Connections Project.	101.2	Not applicable

- (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.

Not Applicable - estimates for other operating expenses included in response to question 3(c) above.

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.

An amount of \$16.7 million is estimated to be carried over from 2017-18 into 2018-19 for payments for non-financial assets.

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	-	-	-	-
Public order and safety	400.1	396.7	410.8	Not applicable
Education	-	-	-	-
Health	-	-	-	-
Social security and welfare	-	-	-	-
Housing and community amenities	2,735.1	2,463.3	2,914.7	This variance primarily reflects Commonwealth Grants funding to Local government being brought forward, as well as additional funding received for the Growing Suburbs Fund and Rural and Regional Council Transformation, as part of the 2018-19 State budget.
Recreation and culture	-	-	-	-
Fuel and energy	105.9	115.0	115.9	Not applicable
Agriculture, forestry, fishing and hunting	-	-	-	-
Transport and communications	-	-	-	-
Other economic affairs	-	-	-	-
Other purposes	-	-	-	-
Not allocated by purpose	-	-	-	-

Please note for future questionnaires: The Australian system of Government Finance Statistics (GFS) was revised by the Australian Bureau of Statistics, with the release of the Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015 Cat. No. 5514.0.

Implementation of the updated GFS manual has resulted in the 'classification of the functions of government' (COFOG) framework replacing the former 'government purpose classification' (GPC) framework, with effect from the 2018-19 financial year for financial reporting under AASB 1049. This change in framework has been implemented in the 2018-19 Budget.

The key reporting changes from GPC to COFOG are as follows:

- the number of categories has reduced from 12 under GPC to 10 under COFOG;
- the fuel and energy, agriculture, forestry, fishing and hunting categories have been abolished and are now part of the new economic affairs category. The majority of the outputs in other economic affairs are also included in this new category;
- public debt transactions have moved from the other purposes category (i.e. primarily interest expense on borrowings) to general public services category;
- a new environment protection category was created to include functions such as waste management, water waste management, pollution and production of biodiversity and landscape, which were previously classified under housing and community amenities category, as well as national and state parks functions from the recreation and culture category; and
- housing functions such as housing assistance and housing concessions are now part of the social protection category.

The COFOG framework disclosures required under AASB 1049 classify expenses, acquisition of non-financial assets of the public sector and total assets of the general government sector in terms of their purposes. This information is presented to facilitate improved inter-jurisdictional comparison of the financial operations of public sector jurisdictions.

The major COFOG groups reflect the broad objectives of government and the groups and subgroups detail the means by which these broad objectives are achieved. The major groups are:

General public services: Includes legislative and executive organs, financial and fiscal affairs, external affairs, foreign economic aid, general services, basic research, research and development – general public services, public debt transactions.

Public order and safety: Includes police services, civil and fire protection services, law courts, prisons, research and development.

Economic affairs: Includes general economic, commercial and labour affairs, agriculture, forestry, fishing and hunting, fuel and energy, mining, manufacturing, and construction, communication, other industries, research and development.

Environmental protection: Includes waste management, waste water management, pollution abatement, protection of biodiversity and landscape, research and development.

Housing and community amenities: Includes housing and community development, water supply, street lighting, research and development.

Health: Includes medical products, appliances, and equipment, outpatient services, hospital services, mental health institutions, community health services, public health services, research and development.

Recreation, culture and religion: Includes recreational and sporting services, cultural services, broadcasting and publishing services, religious and other community services, research and development.

Education: Includes pre-primary and primary education, secondary education, tertiary education, education not defined by level, subsidiary services to education, research and development.

Social protection: Includes sickness and disability, old age, survivors, family and children, unemployment, housing, social exclusion, research and development.

Transport: Includes road transport, bus transport, water transport, railway transport, air transport, multi-mode urban transport, pipeline and other transport, research and development.

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)	These measures will continue to be achieved through implementation of efficiency initiatives and corporate reform.	No material impact on service delivery.	6.9	No variation
Savings and efficiencies and expenditure reduction measures in 2016-17 Budget (2016-17 BP3 p.118)	These measures will continue to be achieved through implementation of efficiency initiatives and corporate reform.	No material impact on service delivery.	1.5	No variation

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
Savings measures in 2017-18 Budget (2017-18 BP3 p.114)	These measures will continue to be achieved through the implementation of efficiency initiatives and corporate reform in the areas of administration, procurement, communications, consultancy and staffing.	No material impact on frontline service delivery. These efficiency measures are intended to impact only on corporate related expenditure with no impact on frontline service delivery.	28.6	No variation
Any efficiency and expenditure reduction measures in 2018-19 Budget	Not Applicable – no new savings initiative as part of the 2018-19 Budget	Not Applicable	Not Applicable	Not Applicable

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	
Not applicable. For lapsing programs, see response to Question 2.			

- (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.

Not applicable.

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)
1.0	0.7	0.3	0.5

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	2,077.0	
Special appropriation	2.5	51.7	The movement is primarily due to additional revenue anticipated to be collected in 2017-18 from the Growth Area Infrastructure Contribution (GAIC).
New output initiative funding ¹	10.1	210.6	This relates to output initiatives announced as part of the 2018-19 Budget funded by state appropriation.
Lapsing or reducing programs	-3.6	-75.0	This relates to a series of initiatives sunsetting in 2017-18, and reducing initiatives (i.e. once off funding carried over from 2016-17 into 2017-18).
External (e.g. Commonwealth) funding for new initiatives	-2.7	-56.3	This reflects the re-phasing of the GMW Connections Project Stage 2 and is offset by higher Commonwealth Local Government Grants.
Savings and efficiency measures	-0.3	-6.0	This predominantly reflects the 2018-19 government efficiency dividend imposed and the savings for streamlining corporate areas within portfolio entities.
Inflation adjustment	-	-	Not applicable
Output resource allocation reviews	-	-	Not applicable
Base reviews	-	-	Not applicable
Other (please specify)	-3.6	-74.4	This is primarily due to the re-cashflow of various initiatives.
Total income from transactions 2018-19	n/a	2,127.6	

¹ This figure does not reconcile to 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. This is due to some initiatives being funded from reprioritisation, departmental controlled trust fund sources (i.e. Sustainability Fund), and other programs reflected as administered income.

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

Not applicable.

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)						
Not applicable						
PPPs in operation						
Expenses on behalf of the State (Administered Expenses)	125.5	155.8	161.1	134.8	139.4	Payment to AquaSure for the operating and maintenance costs of the Victorian Desalination Project.
Interest expense (Administered expenses)	431.7	422.7	415.1	408.2	404.5	Finance lease interest for the Victorian Desalination Project.

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

Not Applicable – this question applies to only the Department of Education and Training only.

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
Not Applicable.					

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
Not Applicable.						

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
Not Applicable.					

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	Provision of Outputs, receipts credited to appropriations and unapplied previous years appropriation	1,430.1	1,501.7	Not Applicable
Special appropriations	Revenue collected from GAIC and borrowing for future appropriation	122.4	144.6	The increase reflects the higher estimated revenue to be collected from GAIC in the forward year.
Interest	Investment income	13.8	12.4	The decrease reflects lower than forecast investment income from the Sustainability Fund.
Sale of goods and services	Revenue collected from external user charges and other fees charges	54.6	42.9	The change relates to the lower than expected external user charges, including those from the native vegetation and riparian, and wetlands projects.
Grants	Funding transfers from other departments and the Commonwealth Government	197.7	130.4	The movement predominantly relates to a reduction in the revenue to be received from the Commonwealth, as a result of the reset of Goulburn Murray Water Connections project.

Other Income	Predominantly relates to the Landfill Levy and the Metropolitan Improvement Rate	293.9	295.7	Not applicable
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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 Commonwealth Budget is due to be released on 8 May 2018. Impacts on the Department's 2018-19 budget (if any) cannot be addressed before this date.

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: Climate Change

Energy saved by Victorian schools participating in the ResourceSmart Schools program

This new measure has been introduced to complement the existing measure on the number of Victorian schools participating in the ResourceSmart Schools program. The new measure will provide additional information on the amount of energy saved by the schools participating in the program.

ResourceSmart Schools recruits Victorian schools to undertake activities that will enable them to reach five-star sustainability status. This is achieved through schools' participation in an online program and on-ground activities to embed sustainability into their operations and curriculum. Schools will upload total monthly energy usage (peak and off peak) and cost data from their energy bills into the ResourceSmart Schools online portal. The total savings will be aggregated across all participating schools.

Projections are based on the total potential energy savings across the target number of schools active in the ResourceSmart Schools program.

There are no known material shortcomings of this new measure.

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

TAKE2 actions committed to by individuals, community and business

This new measure reflects the evolution of the TAKE2 program, which from this year onwards, focusses on measuring the actions that pledgees commit to, rather than the number of parties pledging. By doing this, and integrating with research being undertaken by "ClimateWorks", it will provide a better understanding about the contribution that businesses, local governments,

community groups, education organisations, individuals and households are making towards moving Victoria to reaching the goal of zero emissions.

The Victorian Government's TAKE2 pledge program encourages individuals, schools, local governments and businesses in Victoria to commit to actions that will help Victoria reach its 2050 emissions target. The program seeks to encourage action through social marketing and the normalising of climate action.

Projections are based on the trajectory of pledge actions over the past 18 months.

There are no known material shortcomings of this new measure.

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

OUTPUT: Environment and Biodiversity

New permanently protected native vegetation on private land

This new measure has been introduced to reflect the goals and outcome measures within '*Protecting Victoria's Environment - Biodiversity 2037*'. The measure will report on the area of native vegetation on private land that has been protected each year, through an agreement-in-perpetuity placed on the property title of the land, or land that has been designated as an Indigenous Protected area. The agreement must place restrictions on actions that are detrimental to biodiversity, and/or require actions that promote biodiversity.

Permanently protected habitats are the backbone of biodiversity conservation. Expanding these areas on private land complements the public land reserve system by providing increased habitat options and linkages for native wildlife. This measure will report on progress towards this important priority.

Projections are based on the targets set within the '*Protecting Victoria's Environment - Biodiversity 2037*' strategy.

There are no known material shortcomings of this new measure.

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

Area treated for biodiversity conservation in priority locations

This new measure has been introduced to reflect the goals and outcome measures within '*Protecting Victoria's Environment - Biodiversity 2037*'. One approach under the strategy is to implement broader scale threat management that benefits multiple species and provides a preventative approach in reducing the risk of species becoming more threatened. This habitat management includes directly managing key threats such as weeds and pest animals, as well as creating additional habitat areas and connections.

The measure will report on the area treated with actions to manage threats to biodiversity. Actions include those that will assist with: pest animal control; over abundant wildlife control; livestock grazing; fenced areas; pest animal control; weed control; and revegetation works.

Projections are based on the targets set within the '*Protecting Victoria's Environment - Biodiversity 2037*' strategy.

There are no known material shortcomings of this new measure.

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

OUTPUT: Statutory Activities and Environment Protection

Environment condition notifications provided to Victorians via digital channels

This new measure has been introduced to reflect the Environment Protection Authority's (EPA's) commitment to equip the community and businesses with information about their environment. Providing Victorians with information about hazards in their environment is one of the key ways in

which EPA protects the health of all Victorians. It also represents an opportunity to engage with people in the community and build awareness of the risks associated with pollution and waste.

EPA provides environment condition notifications across multiple channels, including its website, social media and SMS notifications. For reporting purposes, EPA will measure the number of tweets issued relating to the current or forecast environment condition, such as air and water quality.

This target is based on historical reporting volumes from the previous twelve months.

The current measure may not capture all types of environment condition notification. EPA will continue to monitor the suitability of this measure and its definition.

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

EPA prosecutions are selected using a risk-based approach, focused on environmental outcomes and are successful

This new measure has been introduced to replace the previous measure 'EPA prosecutions are successful, and conditions in enforceable undertakings are focused on improving environmental performance'. The new measure more accurately reflects the new risk-based approach to prosecutions, following the implementation of recommendations from the *Independent Inquiry into the EPA*.

A key component of EPA's regulatory toolkit is the issuing of prosecutions, in the case of a significant breach of environmental laws. Prosecutions are significant undertakings that can have considerable impacts on both the defendant and the community, so it's imperative to ensure that they are held to a high standard of integrity and quality.

The target of 70 per cent reflects a greater risk appetite in EPA's use of prosecutions as a regulatory tool. It also reflects a degree of uncertainty in terms of the new legislative framework and its application, and a willingness to pursue prosecution outcomes in cases with fewer legal precedents. This target may increase gradually over the next few years, as the new legislative framework is implemented and new legal precedents are established.

The target includes prosecutions outcomes where:

- the choice to prosecute is assessed as being aligned with EPA's risk-based approach (based on an assessment of the benefits of success versus the risks of failure); and
- the prosecution is assessed as being focused on environmental outcomes (based on an assessment of the anticipated impacts on the environment and future behaviour); and
- the prosecution is resolved in EPA's favour.

There are no known material shortcomings of this new measure.

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

EPA provides technical advice to lead agencies within agreed timelines during emergency incidents

This new measure has been introduced to report on the timeliness of EPA's interactions with control agencies during emergency incidents. Following the recommendations in the *Independent Inquiry into the EPA*, the EPA has clarified its role as a support agency, with a specific role in providing technical advice, during emergencies. In an emergency, it's critical that EPA provides timely advice in accordance with emergency management guidelines.

EPA aims to respond to 100 per cent of emergency incidents within agreed timeframes. The target has been set at 90 per cent to allow for some unexpected complications (such as technical issues). It is expected that the EPA will respond to a relatively small number of emergency incidents each year.

There are no known material shortcomings of this new measure.

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

OUTPUT: Energy

Cumulative length of powerlines retired in high bushfire risk areas to reduce the risk of bushfires from electrical assets

This new measure has been introduced to reflect Recommendations 27 and 32 from the Victorian Bushfires Royal Commission. This measure will report on the length of bare wire powerline that is retired as a result of undergrounding works in areas of high bushfire risk. Data will be sourced from distribution companies and electricians conducting the undergrounding works. Distribution companies will provide monthly progress reports on works to date.

This measure supports the new overall quality measure of the relative reduction in state-wide powerline related bushfire risk.

The target is based on the number of projects planned for 2018-19 in areas identified as high risk.

There are no known material shortcomings of this new measure.

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

Inspections of newly built homes during construction for compliance with energy efficiency requirements

This new measure reports on the number of energy efficiency inspections of newly built homes, as part of the Energy Efficiency Inspections Program. It will provide information on non-compliance with the energy efficiency requirements and help to inform future actions to address it. This is a key measurable action in the Energy Efficiency and Productivity Strategy. The number of energy efficiency inspections, including field-based inspections and in-depth audits, will be conducted and recorded by the project partner, the Victorian Building Authority.

The Energy Efficiency Inspections Program will undertake 2,500 inspections from May 2018 to mid-2020. This target is set to deliver inspections to approximately two per cent of newly built homes in Victoria over this period. The target for 2018-19 is 1,150. Trained inspectors will be tasked with collecting data as part of delivery of this program. A data management system is being established for the project.

There are no known material shortcomings of this new measure.

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

Certificates surrendered for greenhouse gas emissions reduction under the Victorian Energy Efficiency Target

This new measure has been introduced to report on the number of Victorian energy efficiency certificates (VEECs) surrendered to meet the annual Victorian Energy Efficiency Target (VEET). The surrender of certificates in line with the target is a key sign that the market based scheme is operating as intended and driving a reduction of greenhouse gas (GHG) emissions.

Relevant entities (energy retailers with a liability under the scheme) are required to surrender their registered VEECs, equal to their VEET scheme liability, each calendar year. This measure is a count of certificates surrendered to meet the target. One certificate represents one tonne of GHG abatement. This measure helps to demonstrate the impact of the VEET in reducing GHG emissions.

The targets for each year up to 2020 were set in a 2015 amendment to the *Victorian Energy Efficiency Target Act 2007*.

A shortcoming of this measure is that the surrender of certificates occurs each year in April by the Essential Services Commission, therefore interim reporting is not available.

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

Relative reduction in state-wide powerline related bushfire risk

This new measure has been introduced to report on the Powerline Bushfire Safety Program (PBSP), specifically on the extent to which the community's exposure to powerline bushfire risk has been reduced, relative to the untreated bushfire risk, due to the introduction of new and safer electricity assets to protect High Voltage (HV) bare-wire powerlines.

The measure is calculated using geo-spatial risk modelling and asset data maintained in a Geographic Information System (GIS) database. There are three primary classes of data integral to the calculation: Powerline data (location, technology, network); Fire loss consequence data (using a tool developed by Melbourne University to model fire behaviour and estimate loss); and Ignition likelihood data (using a model developed by CSIRO to calculate likelihood).

The target for each reporting period is aligned to the regulatory obligations imposed on distribution businesses in the *Bushfire Mitigation Regulations 2013*.

The measure is restricted to bushfire risk under catastrophic weather/environmental conditions (which is relevant due to the origin of the program from Black Saturday). This means that these statistics cannot be extended to other weather/environment conditions. Also, this statistic makes no account for other risk mitigation initiatives, such as vegetation clearance.

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

OUTPUT: Management of Public Land and Forests

Beaches renourished in Port Phillip Bay

This new measure has been introduced to report on the number of beaches in Port Phillip Bay renourished as part of the 'Protecting Port Phillip and its beaches' initiative.

The coastline at many locations in Port Phillip Bay is naturally receding over time, which may present a risk to assets and a challenge to coastal managers and the community. Erosion of the coastline is an ongoing natural process that has been occurring for thousands of years. Beach renourishment involves the introduction of new sand to beaches and, in addition to hard structures such as seawalls and groynes where required, is a proven engineering solution to reduce erosion.

The target has been set at four beaches per annum, which is based on the annual budget of \$2 million. Depending on priorities and risk assessment, the target may vary year to year, but is likely to be four projects per annum averaged over the four-year program.

There are no known material shortcomings of this new measure.

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

Contaminated crown land sites assessed/prepared for remediation

This new measure has been introduced to report on the initiative 'Clean-up of Contaminated Public Land', which will assess and in the future, remediate, a small number of contaminated Crown land sites.

Sites for remediation are identified as high risk and have current EPA clean-up or pollution abatement notices that require the government to perform nominated actions to manage the contamination. The first three sites selected for remediation are contaminated former shooting ranges at Lysterfield, Geelong and Winchelsea. A further seven sites are planned within the four-year initiative. Their remediation will involve the removal or stabilisation of lead and other contaminants to mitigate risks to public health and the environment.

The 2018-19 target has been set at two sites in line with the program's deliverables. The target is expected to increase over time due to the expertise gained and efficiencies realised through analysis of past work.

There are no known material shortcomings of this new measure.

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

Investigations of alleged non-compliance with the Code of Practice for Timber Production are undertaken in accordance with the Environment Compliance Policy and associated procedures

This new measure has been introduced to replace the previous measure 'Level of compliance with environmental regulatory framework for commercial timber operations as required by the Forest Audit Program'. The new measure more accurately reflects DELWP's focus on conducting effective compliance operations and investigations to protect Victoria's forests and wildlife.

DELWP requires that VicForests be compliant with the Code of Practice for Timber Production (2014). The department will have an environmental compliance policy in place by the end of June 2018, and has developed standard operating procedures for the assessment of breaches of the code and case management of investigations.

The target is set at 100 per cent, as DELWP aims for compliance with the policy at all times.

There are no known material shortcomings of this new measure.

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

Preharvest surveys of areas planned for timber harvesting completed

This new measure has been introduced to demonstrate that areas planned for timber harvesting (timber coupes) are surveyed to identify and protect key biodiversity values, prior to harvesting operations commencing. The surveys will be carried out by an independent third-party provider, and results will determine if harvesting operations proceed, in order to ensure the protection of high value biodiversity.

The target has been set at 80 per cent to reflect the level of activity scheduled for the program.

There are no known material shortcomings of this new measure.

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

OUTPUT: Effective Water Management and Supply

People engaged to increase the knowledge/capacity of water management, including in citizen science programs

This new measure has been introduced to replace the previous measure 'People engaged to increase the knowledge/capacity of waterway management'. The new measure has been amended to include school children and community members who participate in funded citizen science programs, including Waterwatch, EstuaryWatch and River Detectives, in line with actions in the Water for Victoria strategy.

The target is based on expected numbers in line with the available funding, using past delivery profiles as a guide, plus allowances for the impact of natural disasters (fire and flood).

There are no known material shortcomings of this new measure.

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

Partnerships established and maintained to deliver integrated catchment management with the community

This new measure reports on the delivery of the "Our Catchments Our Communities" strategy, specifically on the partnerships established and maintained by Victoria's ten catchment management authorities. Integrated catchment management can only be achieved through the establishment and maintenance of partnerships between catchment management authorities and the community. These contribute towards the achievement of Goal 4 in the strategy on Clearer roles, strengthened accountability and coordination.

Projections are based on regional services agreements with catchment management authorities, who provide detailed project plans and reporting on an annual basis.

There are no known material shortcomings of this new measure.

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

Environmental works and management services to improve the health and resilience of catchments

This new measure reports on the delivery of the "Our Catchments Our Communities" strategy, specifically on the on-ground delivery of integrated catchment management projects by Victoria's ten catchment management authorities, focussed on implementing regional catchment strategy priorities.

The on-ground outcome of 19 integrated catchment management projects being delivered by catchment management authorities and their key regional partners will be measured. On-ground works include revegetation, pest plant and animal control, fencing for environmental outcomes, improved water use efficiency and improved property management. The collaboration and coordination achieved from formal partnerships will lead to improved on-ground action through reduced duplication, information sharing and leveraging.

The target is based on the detailed project plans for integrated catchment management projects.

There are no known material shortcomings of this new measure.

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

OUTPUT: Planning, Building and Heritage

Projects approved through the Streamlining for Growth program that benefit Councils

This new measure reports on whether the Victorian Planning Authority (VPA) has been successful in funding strategic and statutory planning projects that support Councils and reduced the time to deliver land for jobs and homes.

The Streamlining for Growth program provides support and capacity building for councils in regional Victoria and metropolitan Melbourne. Through the provision of targeted funding and staff resources, including development facilitation officers, the program assists to unblock delays in the strategic planning system and speed up the delivery of projects that provide employment growth and/or increased housing choice, diversity and affordability.

The target of 40 projects is based upon previous years' performance.

There are no known material shortcomings of this new measure.

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

Building permits inspected by the Victorian Building Authority to identify use of non-compliant cladding materials

This new measure reports on the percentage of buildings inspected by the Victorian Building Authority (VBA) to identify the potential use of non-compliant cladding materials. In accordance with the *Building Act 1993* and the building regulations, building surveyors submit detailed information relating to building permits to the VBA, who maintain it on the Building Permit Register.

This program has been created in response to the interim report of the Victorian Cladding Taskforce, to require the VBA to inspect more of Victoria's buildings each year, from less than 2% to up to 5%, putting building practitioners on notice.

There are no known material shortcomings of this new measure.

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

Building audits undertaken by the Victoria Building Authority to identify use of non-compliant cladding materials

This new measure reports on the number of building audits completed by the Victorian Building Authority (VBA) per annum, to ensure building practitioners are complying with building permits, the *Building Act 1993* and the building regulations.

The number of building audits to be undertaken in 2018-2019 is approximately 275, based on 5% of total building permits inspected (relating to the above new measure).

There are no known material shortcomings of this new measure.

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

Precinct Structure Plans completed to enable rezoning of land with the capacity to deliver a total of 40,000 lots

This new measure reports on if Precinct Structure Plans are completed to enable rezoning of land by December 2018. This indicates that the Government is maintaining the supply of zoned land to meet the demand for new residential lots, which contributes to improving liveability by contributing to housing affordability across Melbourne.

The VPA collects and reports on rezoned land in Melbourne's growth areas resulting from the Precinct Structure Planning process and estimates ultimate lots numbers.

The completion of the zoning of 40,000 lots will enable the current target of 100,000 lots to be met in accordance with the Minister's 2017-18 Statement of Expectations (60,000 lots are to be delivered in 2017-18).

There are no known material shortcomings of this new measure.

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

Fishermans Bend Employment Precinct plan finalised

This new measure reports on if the Fishermans Bend Employment Precinct plan is finalised by 30 June 2019. The Fishermans Bend Employment Precinct is intended to be Australia's leading design, engineering and advanced manufacturing precinct. The plan aims to deliver a Precinct Structure Plan (PSP) that will balance the certainty and flexibility required to grow the manufacturing sector, creating a hub for innovation, entrepreneurship and design excellence.

Development of the plan over 2018-19 includes targeted engagement, public engagement and then finalisation by June 2019.

There are no known material shortcomings of this new measure.

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

OUTPUT: Local Government

Submissions that fully meet the objectives within the Rural and Regional Councils Transformation – Regional Collaboration Fund program guidelines

This new measure has been added to reflect the introduction of the Rural and Regional Council Transformation Program, which aims to incentivize regional collaboration and shared service delivery at a scale that has not previously been achieved.

This measure will indicate the level of uptake by councils at the scale required for this program. DELWP will be responsible for establishing and communicating the program guidelines to the 48 rural and regional councils, who will be responsible for submitting the applications.

A target of 90% was set given the likely attractiveness of this program and the appetite for regional collaboration and shared services across the local government sector.

There are no known material shortcomings of this new measure.

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

OUTPUT: Suburban Development**Participants satisfied with their experience of partnership assemblies**

This new measure has been introduced to provide qualitative information on the level of community satisfaction with the metropolitan partnership assembly process. The metropolitan assemblies are an important community engagement event and a key component of the Metropolitan Partnerships annual process. The assemblies are an opportunity to bring together community members, business and industry representatives to discuss and evolve the social, economic and environmental priorities for the metropolitan region. Each metropolitan partnership uses the ideas from their assembly as an input to finalise their annual advice to the Victorian Government on the priorities for their region.

The 80 per cent target was set based on 2017 baseline data of 75 per cent satisfaction rate measured in 2017. Participants from each of the six Metropolitan assemblies will be asked about their level of satisfaction with the assembly they participated in. This data will be collected during the annual assembly process. It will be a qualitative measure based on a Likert scale.

There are no known material shortcomings of this new measure.

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

Partnership priorities receiving a government response by 30 June

This new measure has been introduced to report on the provision of responses to every Metropolitan Partnership priority action provided in the annual advice delivered to the Government. The Metropolitan Partnerships were established in 2016 to advise the Victorian Government on the priorities for jobs, services and infrastructure in each of the six metropolitan Melbourne regions.

The Partnerships deliver advice to the Minister for Suburban Development annually. In 2017-18, 114 priority actions were identified across the six regions. This new 2018-19 measure of a 100 per cent response rate by 30 June 2019 demonstrates that all actions have received a response.

There are no known material shortcomings of this new measure.

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

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.

Grade	30 June 2017 (Actual FTE number)	30 June 2018 (Expected FTE number)	30 June 2019 (Forecast FTE number)
Secretary	1	1	1
EO-1	2	1	1
EO-2	36	34	34
EO-3 ¹	33	64	64
VPS Grade 7 (STS)	31	20	20
VPS Grade 6	525	507	507
VPS Grade 5	765	786	786
VPS Grade 4	766	831	831
VPS Grade 3	612	623	623
VPS Grade 2	168	173	173
VPS Grade 1	1	1	1
Government Teaching Service	0	0	0
Health services	0	0	0
Police	0	0	0
Allied health professionals	0	0	0
Child protection	0	0	0
Disability development and support	0	0	0
Custodial officers	0	0	0
Other (Please specify) ²	407	458	458
Total	3,346	3,498	3,498

Notes:

¹The increase in EO-3 numbers forecast is due to the reclassification of STS and Principal Scientists roles, consistent with the current Executive Workforce Reform being led by the Victorian Public Sector Commission (VPSC), as well as a number of new positions created, to lead the delivery of new initiatives approved as part of the annual State budget process, and respond to service delivery requirements.

²Includes Field Staff, Project Fire Fighters, Principal Scientists, Wild Dog Controllers, Science Adaptive Classifications, Legal Adaptive Classifications and Trainees.

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

Department of Environment, Land, Water and Planning

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.

	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	2,851	3,027	2,939	3,106	2,939	3,106
Fixed-term	489	517	552	585	552	585
Casual	6	14	6	14	6	14
Total	3,346	3,558	3,498	3,705	3,498	3,705

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.

	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	1,828	1,863	1,899	1,934	1,899	1,934
Female	1,518	1,695	1,599	1,771	1,599	1,771
Self-defined	0	0	0	0	0	0
Total	3,346	3,558	3,498	3,705	3,498	3,705

	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 ¹	n/a	n/a	n/a	n/a	n/a	n/a
People who identify as having indigenous status	38	39	43	45	43	45

Notes:

¹The department does not collect data to determine the number of staff with a disability.

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?

The department engages consultants, contractors and labour hire, to typically fill the following gaps in capability and capacity:

- Consultants are engaged to provide expert advice that could not reasonably be expected to reside in-house; and
- Contractors are engaged to provide works or services for or on behalf of an entity. This includes outsourced IT services, project work (including IT projects) and administrative and business support.

Labour hire is a type of contractor and engaged to temporarily fill vacant positions and assist with project work.

Consultants, contractors and labour hire are engaged against a range of projects/areas, based on business need. Further detail on the use of consultants and contractors for 2017-18 is outlined in the response to question 20(d) and 20(e).

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

The department adopts the Government definition for 'contractor' and 'consultant' as per Financial Reporting Direction (FRD) 22H 'Standard Disclosures in the Report of Operations (May 2017)'.

A 'contractor' is defined as an individual or organisation that is formally engaged to provide works or services for or on behalf of an entity. This definition does not include casual, fixed-term or temporary employees employed by the entity.

A 'consultant' is defined as 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 defines 'labour hire' as a type of contractor that typically works on site to backfill roles or perform project based work. Those in labour hire roles tend to be integrated into the organisational hierarchy rather than be an external service provider or professional service.

- (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?

Refer to response above to question 20(a).

- (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:

As has been the reporting practice in previous years, an approved version of requested information will be available to Parliament under the *Other information on request* section of the Department's annual report. This information about consultancies and contractors will include:

- consultants/contractors engaged;
- services provided; and
- expenditure committed to for each engagement.

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

As has been the reporting practice in previous years, an approved version of requested information will be available to Parliament under the *Other information on request* section of the Department's annual report. This information about consultancies and contractors will include:

- consultants/contractors engaged;
- services provided; and
- expenditure committed to for each engagement.

- (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?

The department has a number of internal guidance materials to assist staff in making a decision to use a consultant, contractor or labour hire services. These include:

- Consultants Policy;
- Purchasing Policy;
- Financial Delegations Policy;
- Financial Code of Conduct;
- Contingent Worker Procedures;
- Procurement Policy; and
- Governance of Financial Management Training (mandatory training for financial delegates).

These materials are considered adequate in equipping staff (including financial delegate approvers) in making appropriate decisions on whether to engage these services.

- (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?

Refer to response above to question 20(a).

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

Risk	Mitigation Strategy
Inappropriate engagement of consultants, contractors and labour hire	<p>These risks are being managed at several levels, including:</p> <ul style="list-style-type: none"> Implementation of a Contingent Labour Category Strategy and Vendor Management System (VMS) to provide much greater rigor in the management and engagement of labour hire, enhanced reporting and stronger vision, and improved control over the management of agency staff for security and OH&S purposes; and Internal governance mechanisms.
Expertise may not transfer from the consultant to the department	Use of knowledge and skills transfer to enable staff to gain an understanding.
Labour hire costs may be higher than the employment of staff	Where there is an ongoing need for a role, the position will be advertised in line with the department's internal recruitment policies.
There may be quality issues with the service provided	The quality of work undertaken by consultants, contractors and agency staff is regularly assessed.

- (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 complies with reporting guidance note on FRD 22H which states that details of contractors must be maintained, and made available on request to the relevant Ministers, Members of Parliament and the public, subject to the provisions of the *Freedom of Information Act 1982*.

- (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	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)
Expenditure on labour hire staff	27.4	22.4	22.4

- (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		30 June 2018 expected ³		30 June 2019 forecast ⁴	
(FTE number) ¹	(head count) ²	(FTE number)	(head count)	(FTE number)	(head count)
Not available	Not available	Not available	1,046	Not available	Not available

Notes:

¹The department does not collect data to determine the FTE number for labour hire staff.

²30 June 2017 figure is not available, as the department has not had to historically provide headcount data for labour hire staff, only expenditure details per FRD 22H (refer to question 20d).

³The 2017-18 headcount figure is a projected estimate based on positions engaged at a point in time. The headcount figure may be overestimated as it may incorporate a single agency staff person engaged in a number of different roles across the department.

Labour hire expenditure decrease/increase (question 20(j)(i)) will not necessarily relate to a matching decrease/increase in actual number (headcount) of labour hire staff engaged. This is because although the number (i.e. headcount) of labour hire engagements may increase, these may be for shorter periods and at different rates, depending on the department's operational requirements at a given point in time

⁴The department is unable to provide accurate forecasts of future labour hire staff numbers at this time.

9. Enterprise Bargaining Agreements

Question 21 *EBAs anticipated to be completed during 2018-19*

- (a) Please list EBAs 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
Not Applicable. The only EBA that will be negotiated prior to 30 June 2019 is the replacement for the current Field Staff Agreement 2016. This is not expected to be finalised until after 30 June 2019	

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

Not Applicable.

10. Government actions to combat homelessness (Questions for the Department of Health and Human Services only)

Question 22 Cost and sources of funds

Question 23 Measuring the impact of Victoria's Homelessness and Rough Sleeping Action Plan

Not Applicable – Questions 22-23 apply to the Department of Health and Human Services only.

Whole-of-government questions (Department of Treasury and Finance only)

Question 24 Alterations to previous estimates for 2018-19

Question 25 Changing estimates of PPP and other investment

Question 26 Other grants for specific purposes

Question 27 Changes in general purpose grants estimates

Question 28 Equity funding from the Commonwealth

Question 29 Net debt by PNFC/PFC entity

Question 30 Reasons for changes to borrowings / net debt estimates

Question 31 Investments in financial assets for policy purposes

Not Applicable – Questions 24-31 apply to the Department of Treasury and Finance only.

11. Corporate planning and performance reporting

Question 32 *Performance measurement and reporting requirements review*

The Committee was informed in the *Government Responses to the Recommendations of the PAEC's Report in the 2016-17 Budget Estimates* that 'the Department of Treasury and Finance is undertaking a holistic review of performance measurement and reporting requirements. This review will result in extensive modifications to the Performance Management Framework and performance measurement in the State Budget, rolling out from Budget 2018-19'.

- (a) What are the recommendations of this review?
- (b) As a result of the review, what modifications have been made to
 - (i) the performance management framework?
 - (ii) reporting of performance measurement by departments and agencies in the State Budget?
- (c) What is the timeframe for the full rollout of the review?

Not Applicable – Refer to the response by the Department of Treasury and Finance in their PAEC questionnaire response.