Public Accounts and Estimates Committee 2017-18 budget estimates hearings:

Appearance of the Treasurer of Victoria, Tim Pallas MP, Friday 12 May 2017

Matters which were taken as questions on notice or in respect of which the Treasurer agreed to provide further information

1. Regarding the amount paid by the Transport Accident Commission (TAC) to the general government sector through the item 'Other contributions and grants':

   Please advise the revised amounts expected from the TAC in 2016-17; and the amounts expected between 2017-18 and 2020-21.

   (Page 7 of the Treasurer's portfolio transcript)

   Response:

   As stated by the Secretary of the Department of Treasury and Finance at the Minister for Finance's PAEC hearing on 2 June 2017: The amount for 2016-17 is $109 million, and the total amount over the next four years from 2017-18 to 2020-21 is $1.751 billion. The figure for 2017-18 is $505 million; 2018-19, $431 million; 2019-20, $563 million; and 2020-21, $252 million.

2. Regarding the debt held by the Treasury Corporation of Victoria:
   a. Please advise the amounts that will mature in the next:
      i. 1 year
      ii. 3 years
      iii. 5 years
      iv. 10 years and
      v. More than 10 years.
   b. Please advise the average interest rate spread for these bond terms currently issued by TCV
   c. Please provide a list of TCV loans to state-related entities, including who has taken the loan, its purpose and amount.

   (Page 25 of the Treasurer's portfolio transcript)

   Response:

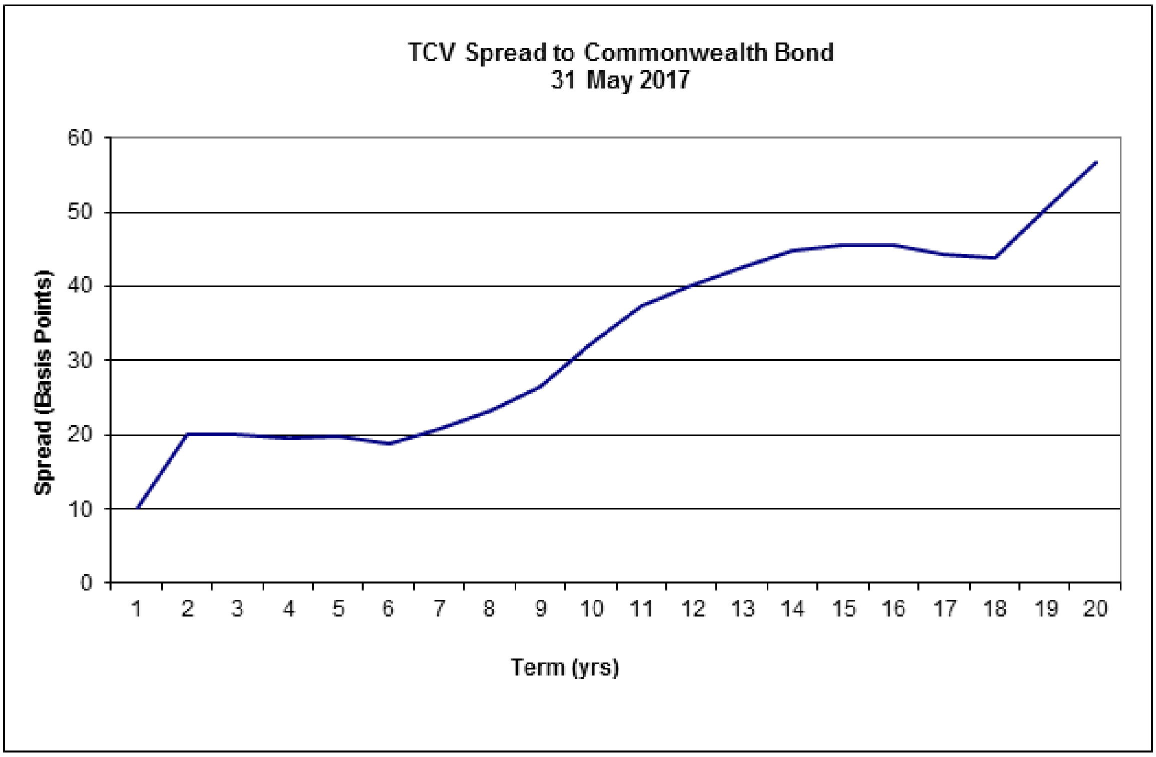
   a. TCV's debt maturity profile is detailed below:

	0-1 year $ million	2-3 years $ million	4-5 years $ million	6-10 years $ million	More than 10 years $ million	Total $ million
Benchmark Bonds	2,937	4,112	5,960	15,985	1,465	30,459
Short-term Program	233	0	0	0	0	233
EMTN	0	0	0	34	125	159
Non-benchmark issues	0	0	300	0	1,020	1,320
Offshore	0	0	0	0	106	106
Other*	410	762	400	57	29	1,658
	3,580	4,874	6,660	16,076	2,745	33,935

*Other: Migration bonds & inflation indexed debt

Email Rcvd 03/07/2017

b. TCV's spread to Commonwealth Bond at 31 May 2017 was:



c. As at 31 May 2017, TCV has provided loans to the following entities subject to Treasurer guarantees. All loans relate to capital expenditure funding. Loans to DTF provide part of the funding for asset investment by departments in public infrastructure, including construction of roads, public transport, schools, hospitals, police stations and other public facilities.

All loans that are provided to the Victorian water businesses relate to their capital works programs. Water businesses area capital intensive by nature and invest millions of dollars in renewals and new infrastructure annually.

TCV has also provided loans to two entities which are not part of the Victorian Government to fund significant infrastructure for public purposes: $176.6 million to Melbourne Cricket Club to fund the Northern Stand redevelopment at the MCG; and $10 million to the Australian Ballet to fund the construction of its production centre in Altona.

Loans	**Face Value ($m)**
DTF	19,555.0
Water (19)	10,914.0
Hospitals (16)	210.2
Other* (13)	511.2
Schools (23)	7.0
Total	31,197.4

* Other includes loans to other government businesses such as Development Victoria, Alpine Resorts, Melbourne Market Authority, Federation Square. TCV has also provided loans to the Melbourne Cricket Club and the Australian Ballet.

3. Please provide an itemised list of all travel and accommodation and other expenses paid for and reimbursed by TCV for the benefit of TCV board members including Ms Cassandra Kelly

   (Page 26 of the Treasurer's portfolio transcript)

   Response:

   The manner and costs associated with the attendance of board members is a matter for the TCV Board. TCV has an established policy that provides for the payment of a component of travel expenses for directors. The reimbursement of travel expenses is a matter solely for the TCV board.

   The Government has had no involvement with the reimbursement of the expenses of the Deputy Chair or any other director. The costs associated with travel by board members comprises a very small percentage of the overall costs incurred by TCV.

4. Regarding 2017-18 estimates for 'net increase in provision for doubtful receivables' and 'bad debts written off',[1] please disaggregate these amounts by category.

   (Page 27 of the Treasurer's portfolio transcript)

   Response:

   The 2017-18 estimates for 'net increase in provision for doubtful receivables' of $205 million and 'bad debts written off' of $159 million predominantly relate to fines and regulatory fees within the Department of Justice and Regulation portfolio, with $171 million and $144 million of the balances respectively. These items mainly relate to traffic enforcement, including toll enforcement arrangements.

   The remaining balances primarily relate to provisioning for sales of goods and services items across public sector bodies, consistent with accounting reporting requirements.

[1] Department of Treasury and Finance, *Budget Paper No. 5: 2017-18 Statement of Finances* (2017), p. 42

5. Regarding the vacant residential property tax,[2]

   Please describe sanctions for not reporting.

   (Page 32-3 of the Treasurer's portfolio transcript)

   Response:

   Under the legislation, an owner of vacant residential land will be required to notify the Commissioner of State Revenue by 15 January in each tax year of the vacant status of the property.

   Where an owner fails to make a notification by 15 January, it will be a notification default and potentially subject to penalty tax amounting to 25% of the tax liability pursuant to the Taxation Administration Act 1997.

   In addition, the State Revenue Office (SRO) has a comprehensive investigation program to detect non-compliance. This includes extensive data matching using information from state and federal agencies and other entities. Investigations are underpinned by law enforcement powers, which allow the SRO to compel document provision, conduct searches, and require persons to attend interviews. Where non-compliance is identified as a result of an SRO investigation, depending on the circumstances and the level of culpability of the taxpayer, penalty tax can be increased to as much as 90% of the tax liability.

[2] Department of Treasury and Finance, *Budget Paper No. 3: 2017-18 Service Delivery* (2017), p. 111