Entity-specific questionnaire – DET

1. Unapplied previous years appropriation

The 2017-18 Budget papers state there is a revision to the Department's 2016-17 unapplied previous years appropriation from $200.0 million to $264.0 million. What has caused the revision to the unapplied appropriation figure?

As part of the annual budget cycle process and requirements, the Department provided a carry forward estimate in early 2016 in order to inform the State Budget Process, which was completed in May 2016. This was the best estimate at the time of the unapplied appropriation remaining at the end of 2015-16 which would still be required to enable the delivery of planned projects, programs and services.

The additional $64 million relates to the difference between the anticipated carry forward ($200.0 million) forecasted during State Budget 2016-17 and the actual carry forward ($264.0 million) approved in 2016-17. The additional $64.0 million comprises:

- $46.0 million in provision of outputs (from $200.0m to $246.0m)
- $18.0 million in additions to net assets reflecting the carry forward of Commonwealth funding for the Trade Training Centres initiative (from nil to $18.0m).

2. Training, Higher Education and Workforce Development output

The 2017-18 Budget figure for the *Training, Higher Education and Workforce Development* output has been reduced 1.8 per cent or $45.5 million, to $2.4 billion for this financial year, compared to $2.5 billion in the 2016-17 Budget. What are the causes behind the reduction in funding over 2017-18 for this output?

- The 2017-18 Budget reflects that the TAFE and training system in Victoria is entitlement based and demand driven, and therefore, subject to fluctuations.
- The 2017-18 Budget output figures have been reset to reflect genuine forecast industry demand and quality training that leads to real jobs. Programs within this output have been realigned to improve training quality and better meet employment outcomes more efficiently, as a result of Skills First being established. This has led to a reduction of funding required in the Training, Higher Education and Workforce Development Output.
- These expenditure reductions will not undermine Skills First reforms.

3. Asset initiatives - New schools

The Budget includes funding for $192.2 million for additional stages in schools and construction of nine new schools: four P-6 schools; one P-2 school; two secondary colleges; and two P-9 schools (ref. BP3 pages 61-62).

(a) With the increased public infrastructure activity, emerging skills shortages and limited competition for contracts, cost increases in projects can become a higher risk. What systems and processes are in place to manage these risks, monitor projects and ensure budget overruns are minimised?

The Department of Education and Training, through the Victorian School Building Authority (VSBA), manages the delivery of projects to upgrade, maintain and build schools throughout Victoria. The VSBA regularly reports to Government and utilises strong asset policy integration to monitor projects, manage risks and ensure budget overruns are minimised.

The VSBA has established a number of procedures to manage the significant volume of projects it delivers. Most recently, the VSBA has created a dedicated reporting unit to help monitor and track project delivery and budget management.

The VSBA provides full oversight for all school construction, planning and maintenance projects through the Project Management Framework (PMF). The PMF provides the framework and procedures within which all capital and maintenance projects must be delivered.

The PMF has been developed to ensure that capital and maintenance projects will:

- Provide high quality and safe facilities that meet relevant building and departmental standards;

- Provide modern, purposeful designs that cater to changing educational needs;

- Provide facilities consistent with a school's overall area entitlement;

- Deliver value for money for schools and communities;

- Demonstrate open and transparent use of public funds;

- Satisfy government procurement requirements; and

- Be delivered on time and within the allocated budgets.

Internal project management systems provide the VSBA with up to date project delivery status, allowing the VSBA to maintain oversight and better manage projects.

All current capital projects are reviewed at milestone points at specified phases of the project. Cost management reviews occur at each of these phases; specific examples of these include:

- **Cost Review:** The cost for each project is reviewed by a quantity surveyor to validate all design and project costs.

- **Quality Assurance Review:** The VSBA also engages a portfolio management organisation to provide a compliance review in regard to the DET's design standards and project methodology framework.

- **Tender Options:** Tender options, identified when developing the overall scope of works, are a discrete component of the project works that can be removed should tenders received exceed the available project budget or construction contingency.

- **Value Engineering:** Should tenders close over budget, the project will go through a value engineering process or value management workshop to identify a more cost-effective solution for the project. This may include re-scoping and subsequent re-tendering for the works.

Recognising the significant increase in capital investment, the VSBA has been proactive in engaging broadly with contractors to expand the capability and availability of consultants and construction contractors available to respond to this increase. The VSBA conducts regular industry briefing forums for companies tendering for the design and construction of school infrastructure projects. This ensures that the market is well informed, new entrants are encouraged to participate and competitive tension is maintained.

(b) The Office of Projects Victoria (OPV) has been established to oversight the Government's infrastructure program (refer BP4 p.2). What role if any, will the OPV have in the oversight of the Department's school infrastructure program? Will it have a role in relation to oversighting the work of the Victorian School Building Authority? What role does the Department of Treasury and Finance have in oversighting the construction of new schools?

The Office of Projects Victoria (OPV) is being established to improve planning and implementation of infrastructure projects in Victoria, improve public sector capability and skills in project development and delivery, and improve the quality of advice available to the Victorian Government when developing and implementing new infrastructure projects.

The VSBA is working with the OPV and will provide information and report to them as required. DET will also continue to work with the OPV in achieving their aims.

The Department of Treasury and Finance (DTF) oversees and monitors each Department's progress in delivering capital projects, including the VSBA and school projects.

Like all departments, the VSBA submits quarterly reports to DTF on the financial progress of all DET projects published in Budget Paper 4, as well as updates on each project's progress against milestones. DTF uses this, in conjunction with other information, as part of its quarterly asset management process

(c) High numbers of primary school students in Melbourne's outer suburbs suggest that demand for secondary schooling in six to ten years. Can the Department advise how the future demand for secondary schooling is being planned for?

In planning for Melbourne's outer suburbs, the Department works closely with the Victorian Planning Authority and local Councils to ensure that it is able to meet future demand for primary and secondary schools for these growing communities. This includes ensuring that possible sites for government schools are identified in the precinct structure plans that guide development in these areas. In forecasting likely future enrolment trends, the Department uses demographic modelling that estimates demand 20 years into the future. This is further refined by actual enrolment trends in government primary and secondary schools to identify the priority list of new schools for the next five years. The Department updates its modelling annually for actual enrolments and changes in demographic and development patterns gathered through consultation to ensure the Department can provide up-to-date advice to government on forecast demand.

(d) Given that it takes between 18 months and two years to plan, design, fund and build a new school, please explain the rationale behind the decision to build P-9 schools (e.g. Tarneit; Point Cook; Truganina East; Sanctuary Lakes South) compared with building a P-12 school now?

Planning for schools in Melbourne's outer suburbs can take place years before these schools need to be delivered. The school delivery model that was in place at the time of planning for schools across Tarneit, Point Cook, Truganina East and Sanctuary Lakes South was based on government school education being delivered through a network of Prep to Year 9 (P-9) schools together with senior secondary schools. The number and size of the proposed government school sites that were identified across these suburbs were in line with that model. The P-9 schools that are still being delivered in this area are part of this network. Senior secondary schools complete the network and provide for senior years government school education in purpose-built facilities – for example, the Government announced funding as part of the 2016-17 Budget for Stage 2 of Tarneit Senior College to expand the capacity of the school to meet growing enrolments.

5. Telecommunications expenditure figures for 2016-17 financial year

The figures provided by DET in its response to the general questionnaire (ref: Q25) are presented below.

Please provide updated figures for the 2016-17 financial year (or best estimate of the full year costs).

Year	Data ($)	Fixed Voice ($)	Mobile ($)	Internet ($)	Unified Communications ($)
2016-17*	32,992,000	1,605,000	1,149,000	4,403,000	n/a

*2016-17 year-to-date expenditure

The Department's updated estimates for 2016-17 are as follows**:

Year	Data ($)	Fixed Voice ($)	Mobile ($)	Internet ($)	Unified Communications ($)
2016-17	44,021,387	2,316,763	1,652,241	5,869,903	n/a

**The increase in full year cost estimates for 2016-17 is because the updated figures reflect cost estimates to 30 June 2017 rather than 31 March 2017

6. Managing telecommunications usage and expenditure

(a) **DET advises in the response to the general questionnaire that 'access to DET-funded telecommunications services is provided under the auspices of DET policies and guidelines including DET's Acceptable Use policy.' (Ref: response to Q26(a))**

- **Please provide a copy of DET's *Acceptable Use Policy* together with any other policies or guidelines which DET uses to manage and oversight telecommunications usage and expenditure.**

Acceptable Use Policy (AUP) – Attachment A

The AUP also refers to the Code of Conduct for the Victorian Public Sector, the Education and Training Reform Act 2006 (Vic) and the Public Administration Act 2004 (Vic).

DET is currently reviewing and updating the AUP.

The following internal policy documents are also relevant to the management and oversight of telecommunications usage and expenditure within the Department:

- CoMET mobile devices and overseas business travel guidelines – **Attachment B**
- CoMET mobile devices and overseas business travel - Approval form – **Attachment C**
- ICT Security Policy – **Attachment D**
- Portable Storage Device Security Policy – **Attachment E**

(b) DET refers to monitoring of mobile phone bills within monthly cost parameters (benchmark) - Ref: responses to Q26(b) and (c)
- **How are these cost parameters/benchmarks established?**
- **Are they uniform across the Department?**

DET corporate staff requesting a mobile phone are required to complete a Mobile Phone Order eform through the procurement system.

Default benchmarks apply to all corporate staff, and are based on the type of device and associated mobile telephony service(s) that would be used with that device. The default benchmarks are:

Device	Benchmark
Non-smartphone	$ 20
Smartphone	$ 110
Cellular Tablet	$ 50

The default benchmark value can be increased or decreased as part of the approval process. The Mobile Phone Order eform, and therefore any variation in the default benchmark, must be approved by the requester's financial delegate.

(c) DET refers to the conduct of "regular periodic" auditing of fixed voice services - Ref: response to Q26(b)
- **Please advise what is meant by "regular periodic" i.e. how often are these audits undertaken?**

DET undertakes audits of voice services every few years with the last audit undertaken in 2014. Consistent with DET's audit cycle, the next audit will be undertaken in 2017.

New telecommunications technologies, specifically Voice over IP (VoIP), result in improved reporting tools and technologies that will facilitate annual reviews.

7. Managing the use of Mobile phones

(a) **Regarding the allocation of mobile phones to DET staff - Ref: response to Q27(b)**
- **Are DET staff required to formally agree to the terms and conditions of usage of a mobile phone?**
- **If so, please provide a copy of the agreement/acknowledgement form which DET staff are required to complete.**

As part of the process of completing the Mobile Phone Order eform, staff are required to acknowledge that the device and resources are provided for business purposes and agree to comply with all Departmental policies and guidelines.

The user is presented with, and must acknowledge compliance with, Departmental policy when submitting the Mobile Phone eform request. Specifically:

"I acknowledge that the device(s) and resources requested by me are provided by DET for business purposes and to enhance effectiveness and efficiency at work. I also agree to conform to all Departmental policies and guidelines, including and not limited to, the DET ICT (Information, Communications and Technology) Resources Acceptable Use Policy and the DET ICT Portable Storage Device Policy."

(b) **DET advises there are no thresholds for personal use of mobile phones - Ref: response to Q27(c) and that under the delegated model, the user electronically validates invoices relating to their use of the mobile phone – Ref: response to Q26(f) and Q27(d)**
   - **How does DET enforce the policy in respect to personal usage when compliance is self-regulated?**
      - **To what extent is there senior management oversight of the use of mobile phones in line with the DET policy and guidelines or is the onus only on individuals to self-regulate and verify the accuracy and appropriateness of costs incurred?**

DET has a $0 threshold for personal use of mobile phones. This means the individual reimburses the Department for *all* personal calls.

The individual mobile phone holder is required to identify and mark personal calls on the itemised electronic bill received through DET's purchasing system. While the individual identifies personal calls in the first instance, controls exist to provide assurance for accuracy and alignment with DET policy and guidelines. For example:
   - The system remembers the numbers identified for personal calls and automatically flags these as personal calls in future monthly bills.
   - Bill variances for business calls exceeding benchmark costs require the user to state reasons for the variance. Increases in misclassified personal calls that contribute to material increases in the monthly bill can be picked up through this process.
   - Management oversight requires the financial delegate to approve bills and raise any anomalies or queries with individuals.

(c) **DET advises that there is a system of automatic escalation for any "un-submitted mobile phone statements".**
   - **Are these instances reported to senior management for noting or only the financial delegate for follow-up?**

There is a multi-stage escalation process that is designed to assist the financial delegate(s) to act on un-submitted mobile phone statements:
   - After 35 days the financial delegate receives a message identifying all holders with un-submitted statements.
   - After 49 days a second reminder is sent to the financial delegate and the Executive Director.
   - After 63 days the statement is automatically forwarded to the financial delegate for approval.

In each instance the mobile phone user is also notified.

8. Identifying cost savings in telecommunications

(a) TPAMS2025 – DET advises it is currently evaluating the new WoVG arrangements – Ref: response to Q28

- **Please advise when the Department expects to complete its evaluation and make a decision on any future adoption of arrangements offered through the TPAMS2025.**

The Department is working through the evaluation process and will be making decisions on the mandated TPAMS2025 service towers in priority order of:
- Data Services.
- Fixed Voice.
- Mobile Services.
- Internet Services.

The Department expects to confirm these arrangements in 2017.

DET advises that it is currently piloting an enterprise voice solution based on VoIP technology – Ref: response to Q28(e)

- **Please advise the anticipated benefits of this technology, the extent of the pilot, when the pilot is expected to be completed, and a decision made on future strategy?**

Anticipated benefits of this technology release include:
- Improved productivity through new features:
  - Click-to-dial.
  - Dual calling (e.g. incoming call can go to your desk phone and mobile simultaneously).
  - Voicemail-to email.
  - Remote collaboration.
  - Online meetings, alerts.
  - HD video call capability.
  - Integration with other desktop applications.
- Cost avoidance:
  - Streamlining the process for Moves Adds and Changes (MACs) for accommodation changes as the telephone number is assigned to the person not a desk. Telephone number will follow the person.
- Enhanced mobility features:
  - Skype for Business app on smartphones and tablets.
  - Audio and Video conferencing from mobile device 'like FaceTime'.
  - Overseas use, make calls and receive messages over Wi-Fi networks rather than expensive international calls over carrier networks.
- Leverages current IT investments and infrastructure (licenses, platforms, network).

The extent of the pilot includes:
- 300 initial users
- Then extended to 350 users
- Pilot users, which are located in Departmental central and regional offices.

Pilot users have made 42,000 calls over 12 months with a low 'unexpected failure' rate of 0.39%.

Timeframes:

- The pilot is continuing pending a decision on the standard telephony solution for Departmental corporate staff.

Decision on future strategy (standard telephony solution for Departmental corporate staff)

- It is expected that a decision on the standard telephony solution for Departmental corporate staff will made by August 2017.