

3.8 Department of Premier and Cabinet

3.8.1 Departmental assumptions and performance measures

3.8.1.1 Question

Please list the key assumptions (up to five) that have been used to develop the department's budget projections for 2008-09.

Response

The key assumptions that are being used to develop the Department's budget projections for 2008-09 are that service delivery requirements will be maintained, a high demand for policy advice and input into the Intergovernmental and National Reform Agenda will continue, and efficiencies are to be pursued.

3.8.1.2 Question

What have been the key budget themes/issues that have had to be taken into account in framing the department's budget?

Response

The key budget themes that are being taken into account are the Government's priorities, strengthening organisational capability and efficiency savings.

3.8.1.3 Question

What impact have developments at the Commonwealth level had on preparing the department's component of the 2008-09 state budget?

Response

There has been no direct impact on the departmental budget other than recognition of the continued importance of policy advice to the Premier and Victoria's input into the National Reform Agenda.

3.8.1.4 Question

Please provide the rationale for any change in performance measures presented in the budget papers for 2008-09 (including new and discontinued measures).

Response

The Arts Portfolio Agencies measure 'Public Record Office Victoria – Departments with primary capability deployed' has been discontinued as it is associated with the 5-year implementation of the Victorian Electronic Record Strategy (VERS) which ends in June 2008. Of the 10 Victorian Government Departments, the expected outcome by the end of 2007-08 is that 7 would have achieved primary capability. The remaining 3 departments are in the process of achieving primary capability.

The Strategic Policy Projects performance measure ‘other policy projects’ was amalgamated into ‘whole-of-government strategic projects’, to better reflect the nature of projects undertaken at DPC. All projects in the measures were both whole-of-government and strategic in nature, and on average were of similar size so there was seen to be little merit in distinguishing between the two types of project.

Ombudsman Services – Finalise consideration of cases including general, Freedom of information and Whistleblower complaints - During 2007-08 Ombudsman Victoria implemented a new case management system which better records case data. The change from ‘complaint’ to ‘case’ nomenclature does not, in itself, reflect a change in the number of complaints received, or cases finalised. It is changed to better reflect the wording used at Ombudsman Victoria.

3.8.1.5 Question

For any performance measures where there is a variance of over 10 per cent between the expected outcome for 2007-08 and the target for 2008-09, please provide the reasons for the variance.

Response

Performance measure	Reason for Variance
Arts Portfolio Agencies	
Public Records Office Victoria – digital records preserved	This measure was new in 2007-08, arising from the completion of the State's \$8.5 million world leading Digital Archive. The process of transferring digital records into this facility is a new process for government. As such government departments and agencies as well as PROV are still developing appropriate methodologies for estimating and forecasting this work. As government develops capacity in these new processes, more accurate forecasting will be possible.
Access – online visitors to Agency websites	The increase in the target for online visitation is an increase in State Library of Victoria growth in visits as well as the inclusion of the Vicnet portal which has not previously been counted for Budget Paper 3. The Vicnet portal is reported in line with the Slv21 objective 'Communities online' in which the Library aims to accelerate the development of Victoria's online community.
Arts Development and Access	
Access to a diverse range of supported projects: artist residencies in schools	The over-achievement against target in 2007-08 is a result of the State Government's 2006 election policy commitments under Imagination Unlimited.
Attendances at Major Performing Arts Organisations	Attendances in 2007-08 increased as Circus Oz toured extensively.
Strategic Policy Advice	
Number of briefs	The number of briefs is significantly higher than target, reflecting the ongoing high demand for advice.
Government Information Services and Support	
Government Information Services - Reviewed by GCRG	The higher number of communication activities/products reviewed by the GCRG reflects the increased awareness of the GCRG process and its mandatory requirements.
Chief Parliamentary Counsel Services	
Advice given on legislation in response to written requests	The level of advice in 2007-08 reflects fewer requests for advice on the commencement of an Act, as commencement dates are increasingly included as part of the draft Bill.
Versions of Acts and Statutory Rules published electronically	There was an increase to the number of versions published electronically as the Legislation Amendment Act 2007 provided for updating of all Acts and Statutory Rules to bring them in line with current drafting practices.

Performance measure	Reason for Variance
<i>Ombudsman Services</i>	
Own motion investigation studies	The number of Own Motion and investigation studies was increased in 2007-08 because of increased activity in this area. A number of Own Motion studies were commenced in 2006-07 and completed in this financial year.
Outreach initiatives delivered	The Outreach Program is constantly being developed to best deliver the Ombudsman's community education and access program and, as such, in 2007-08, a higher number of initiatives are expected to be delivered.
<i>State Services Authority</i>	
Number of formal events and activities delivered across the public sector that promote values and employment principles; effective workforce planning and development; good governance in public sector entities; and effectiveness in public administration.	The high result in number of formal events reflects the State Services Authority's increased engagement with stakeholders in the development and refinement of products, as well as high demand for road show activities to launch products.

3.8.2 Asset funding

3.8.2.1 Question

Please provide a list of the asset investment projects for which capital expenditure is budgeted to occur in 2008-09.

Response

Arts and Cultural Facilities Maintenance	\$5.000m
Redevelopment of Core Business Systems	\$1.460m
Melbourne Recital Centre and Melbourne Theatre Company	\$9.332m
Public Record Office Victoria – Asset Management	\$1.421m
Australian Centre for the Moving Image – New Exhibition of 100 Years of the Moving	\$3.856m
City of Literature	\$7.400m
Arts Centre Precinct – Design and Business Case Development	\$2.000m
Centre for Books, Writing and Ideas	\$3.200m
Museum Victoria – Exhibition Renewal	\$4.000m

3.8.2.2 Question

(a) What are the future infrastructure challenges (immediate and long-term) facing Victoria that relate to the department's responsibilities?

Response

Challenges facing the arts portfolio include:

- asset renewal, facilities management and operating maintenance pressures;
- compliance with legislation (OH&S, DDA, Fire and Emergency etc);
- climate change and environmental sustainability and design;
- population and urban growth;
- increased visitation and use; and
- rising standards and changing community demands (aging population etc).

(b) Has the department undertaken (or plans to undertake) any forward looking assessment of infrastructure demand and future needs as they relate to the department's operations? If so, please provide details of the findings.

Response

In order to deliver services, the portfolio arts agencies and non-government organisations need to maintain their assets to a certain standard. The 'sustainability envelope' is part of the Government's

commitment to ensuring better management of the state's assets and provide better services for all Victorians through responsible financial management.

Over the next twelve months Arts Victoria will seek endorsement of a sustainability envelope of its asset infrastructure consistent with the Department of Treasury and Finance's Asset Management Framework.

(c) Please outline any asset investment projects of the department to be undertaken in 2008-09 that are linked to whole of government infrastructure initiatives.

Response

Arts Victoria will be undertaking further consultation about the Southbank Cultural Precinct.

3.8.2.3 Question

In relation to the unapplied output and asset funding carried forward to 2008-09, please provide:

(a) a breakdown of the carried forward funding for both output and asset initiatives;

Response

Departments can apply to carry forward up to 3% of their recurrent budget. Carry forward in relation to the capital program is usually determined on individual projects. A final carry forward amount is not finalised until the end of the financial year, therefore at this stage no precise figure has been formalised.

(b) the underlying reasons for the department's funding carryover for each category; and

Response

For Provision of Output carryovers the carryover funding is for specific outputs not delivered in the 2007-08 financial year. In relation to ATNAB carryovers the funding has been carried over to enable the progression of capital projects which have been either delayed or revised cash flow estimates.

(c) the intended revised timing for use of the carried forward funds.

Response

Carryovers for both categories of expenditure are expected to be fully utilised in the 2008-09 financial year.

3.8.3 *Efficiencies and savings*

3.8.3.1 *Question*

In relation to the estimated efficiencies to be derived in 2008-09 (including from the various measures that fall under the umbrella of the *Efficient Government* policy and the other targeted initiatives, as initially presented in the 2007-08 State Budget), please provide:

- (a) a breakdown of the planned efficiency savings according to the various measures of efficiency that apply to the department's operations;

Response

DPC - Efficiencies & Savings	2008-09 (\$ million)
Buying Smarter Buying Less	1.695
Shared Services	0.158
Better Grants Administration	0.107
Fleet Management	0.000
Advertising and Consultancies	0.209
Integrated Focus on ICT	0.071
Grants Reform	0.180
Head Office Capping	0.587
VMIA	0.239
WorkCover	0.116
General Efficiency Savings	8.320
Total Savings	11.682

- (b) an explanation of:

- (i) how decisions regarding applicable savings measures are to be made;

Response

The Department's savings will be applied in accordance with the *Efficient Government's* targeted areas and to discretionary expenditure, with consideration to fixed and variable costs, past expenditure trends and expenditure which is considered essential to achieve the required outcomes.

- (ii) the nature of their expected impact on programs such programs accelerated or deferred;

Response

The increased efficiency target will require even greater consideration to be given to recruitment requirements, potential efficiencies and a focus on essential deliverables.

- (iii) the basis for estimating the savings target to be achieved for each measure;

Response

The basis of estimating the savings target will be through consideration of fixed and variable costs, past trends, budget capacity and expenditure required to achieve the department's required outcomes.

- (c) particulars of any changes to the department's allocated savings for 2008-09 from the data shown in the 2007-08 Budget.

Response

There is additional efficiency savings of \$8.3 million applied from 2008-09.

3.8.4 Economic impacts, initiatives and improvements

3.8.4.1 Question

Please explain how the following economic related factors and the impact on departmental initiatives have been addressed in framing the department's budget for 2008-09:

Response

- (a) interest rates

Response

Nil

- (b) inflation

Response

Escalation funding of 2.75% has been budgeted.

- (c) productivity improvement

Response

Additional savings of \$8.3 million included.

- (d) National Reform Agenda initiatives

Response

The provision of policy advice to the Premier and Intergovernmental input continues to be a budget priority within the Department's resource allocation.

3.8.5 Environmental challenges

3.8.5.1 Question

- (a) What are the key environmental issues that are predicted to have an impact on services delivered by the department's portfolios in 2008-09?

Response

The Office of Climate Change and the Office of the Victorian State Architect will continue to provide policy advice to government which involve environmental issues.

Additionally, the key environmental issues of climate change, environmental sustainability and design, energy efficiency, water and waste management will impact on services delivered by the Art's portfolio.

Arts Victoria may be required to mitigate and/or adapt to the effects of climate change on cultural infrastructure through its policies and programs into the department's asset management planning.

Arts Victoria is seeking to develop a strategic approach in the longer term towards energy efficiency, water management and waste management with the aim to develop broad principles and elements that will apply across Arts Agency activities.

Capital planning, new construction and retrofitting projects will need to incorporate design elements which will assist in lessening the impact on the environment and play a role in reducing greenhouse emissions.

- (b) How have these issues been addressed in the department's budget estimates for 2008-09?

Response

Not applicable.

- (c) Please list five projects or programs worth over \$1million (new and/or existing) where increased funding has been provided in the budget to address environmental issues (including responding to climate change) (please provide a comparison of funding levels for 2007-08 and 2008-09 for existing projects if applicable).

Response

Not applicable.

3.8.5.2 Question

What initiatives are planned to be implemented by the department in 2008-09 in order to enhance energy reporting?

Response

Energy consumption data in 1 Treasury Place and 1 Macarthur Street is collected using zoned "smart meters". These meters measure and store energy consumption data, allowing it to be read and verified at any point in time.

In 2007-08 DPC will be reporting to the revised Financial Reporting Directive (FRD) 24 which now requires additional information on: energy consumption trends and targets; energy management actions undertaken; and provision greater context to the energy data reported. Furthermore, there is now a separate section in FRD 24 that specifically deals with the greenhouse emissions associated with energy use, transport activities and waste production.

DPC is also providing input to the development of a whole of government data management and reporting tool to provide greater consistency in energy reporting.

3.8.6 Financial information

3.8.6.1 Question

In relation to output costs, please explain any variations of more than 10 per cent between the expected outcome for 2007-08 and the target for 2008-09 for individual outputs.

Response

The Table below outlines DPC output costs for 2007-08 and 2008-09

Output group/output	Column 1	Column 2	Column 3
	2007-08 Expected Outcome	2008-09 Target	Variation Column (2-1)/1
	(\$ million)	(\$ million)	(%)
Strategic Policy Advice and Projects			
Strategic Policy Advice	34.2	33.3	-2.6%
Strategic Policy Projects	27.3	10.1	-63.0%
Government Information Services and Support	44.0	43.7	-0.7%
Protocol and Special Events	2.0	2.1	5.0%
Public Sector Management, Governance and Support			
Advice and Support to the Governor	8.8	8.8	0.0%
State Services Authority	12.2	12.1	-0.8%
Ombudsman Services	6.8	7.2	5.9%
Chief Parliamentary Counsel Services	4.5	4.7	4.4%
Arts and Cultural Development			
Arts Development and Access	41.5	41.2	-0.7%
Creating Place and Space	99.0	98.2	-0.8%
Portfolio Services and Policy	4.8	4.9	2.1%
Arts Portfolio Agencies	242.0	266.2	10.0%
Total	527.1	532.5	1.0%

Variations of over 10% are due to the following:

- Strategic Policy Projects – Due to one-off grant funding provided for the establishment of the Australian Institute for Public Policy in 2007-08.
- Art Portfolio Agencies – This increase reflects a change in the accounting treatment of capital funding (One-off transfer of output funding to capital funding in 2007-08 of \$24 million).

3.8.6.2 Question

In relation to expenses from transactions that relate to ‘Employee Benefits’, if a variation of more than 10 per cent arises between the Estimated Actual for 2007-08 and the budget for 2008-09, please provide an explanation.

Response

The variation between estimated actual for 2007-08 and the budget for 2008-09 is less than 10%.

3.8.7 Regional and rural considerations

3.8.7.1 Question

- (a) What are the critical issues facing regional and rural communities in 2008-09 that depend on services provided by the department (please provide comment relating to particular areas of the state where applicable)?

Response

The critical issue for regional and rural communities is access to quality arts product that is equitable with urban populations.

Statutory Arts Agencies

Services provided by the State-owned arts agencies are available to all Victorians, regardless of where they live. The agencies aim to improve access to the arts for people who live and work in regional Victoria by contributing to the range and quality of programs available to them, including through regional touring, outreach programs or online services. With digital technology, some of the agencies’ services and collections are increasingly accessible online by Victorians wherever they may be. Agencies also contribute to the Cultural Victoria website allowing virtual access to Victoria's collections.

Non-Government sector

Arts product and services are generally delivered through local government owned and operated art galleries and performing arts centres. The services are important regional employers of artists, administrators and technical staff and there is pressure on many councils to reduce that expenditure via grants.

(b) How does the department's 2008-09 budget address these issues?

Response

Arts Victoria has a number of ongoing programs and initiatives which address access by regional and rural communities to quality arts product. These programs include support for the ongoing operation and program delivery of the State Government owned major agency, the Geelong Performing Arts Centre, partnerships with local government and support for non-Government sector organisations and activity.

(c) Please provide a table showing for up to ten of the department's largest projects (in terms of expenditure) the:

- (i) budget allocation for 2008-09 dissected between new and existing projects
- (ii) the purpose of each project
- (iii) how the funding is to be spent
- (iv) the performance measures in place to assess performance

Response

Budget allocation	Purpose of project	How funding spent	Performance measures
Local Partnerships Program			
\$1.653 million from recurrent budget plus \$1.5 million p.a. from <i>Moving Forward</i> initiative until 2010 (existing)	Negotiated incentive funding program for local councils to encourage professional arts programs in their regional art galleries and performing arts centres	Grants to local government delivered through Memoranda of Understanding with participating councils	Service delivery goals and specific targets agreed in MoU; face to face annual review (performance audit) with each council, financial accountability linked with council's statutory reporting requirements.
Touring Victoria			
\$1.81 million including \$500,000 from CSF and \$500,000 from <i>Moving Forward</i> initiative until 2010 (existing)	Touring Victoria is a cross-artform funding program that enables access to professional artistic and cultural experiences for communities in outer-metropolitan, regional and rural Victoria and extends the life of performances, exhibitions and programs.	Grant funding for artists and arts organisations to tour performances and exhibitions in regional and outer-metropolitan Victoria. Support for venues through a Guarantee Against Loss and a Fine Arts Indemnification scheme.	<u>Budget Paper 3 performance measure:</u> Output Group: Arts and Cultural Development Output: Arts Development and Access Measure: Access to a diverse range of supported projects: number of regional touring destinations.

3.8.8 Communication, advertising and promotion

3.8.8.1 Question

- (a) What is the communication, advertising and promotion budget for 2008-09? Please also provide the expected actual expenditure for 2007-08.

Response

Advertising and communications activities are not independent of program and policy development, implementation and evaluation. As such, it is not a stand alone budget item but rather the advertising and communications expenditure is formulated as part of an overall program delivery or output as required by the Government's Output-Based Management Framework.

Expenditure is reported by financial years and therefore the actual spend for 2007-08 is provided below from the financial period of July 1, 2007 – March 31, 2008.

Actual Expenditure DPC including Arts Victoria

Campaign media expenditure (as monitored through MAMS contract)	\$ 2,056,604
Campaign advertising services expenditure (as monitored through MSP contract)	\$ 541,043
Functional media expenditure (eg: tenders, public notices as monitored through MAMS contract)	\$ 80,848
Functional production (as monitored through MAMS contract)	\$ 1,660
<u>Advertising and Promotion</u> Defined as communication agency services, production, design, print collateral and sponsorship	\$ 290,350

NB: Expenditure quoted excludes Arts and Portfolio Agencies.

- (b) How does the 2008-09 budget compare with the estimated expenditure to be incurred on communications, advertising and promotion during 2007-08 (due to machinery of government changes relating to the structure of departments, if applicable please break down according to like agencies where possible for comparative purposes)?

Response

As stated in the response 9.1(a) advertising and communication activities are not a stand alone budget item and therefore estimated annual budgets are not determined in advance. A comparison is therefore not possible.

3.8.9 Non government sector

3.8.9.1 Question

- (a) Please provide a summary of the funding provided through the budget that will be disseminated by the department through to the non-government sector in 2008-09

Response

In 2007-08, the total funding provided to the non-Government sector is \$35.7 million through Arts Victoria cultural activity grants. This amount is indicative for 2008-09. At the time of completion of the questionnaire, the 2008-09 budget had not been finalised.

Details of the breakdown of the \$35.7 million are below.

2007-08 ARTS PORTFOLIO FUNDING TO NON-GOVERNMENT SECTOR

Funding program	\$000
Organisations - Major Performing Arts	7,059
Organisations - Multi-year	20,254
Programming	400
Organisations - Festivals	600
Organisations - Annual Operations	150
Touring Victoria	811
International	823
Indigenous Arts Development	100
Arts Development	1,238
Public Galleries & Museums	327
Local Partnerships Program	3,153
Victoria Rocks	769
TOTAL	35,684

- (b) Please provide a brief description of the performance monitoring framework that will be in place during 2008-09 to enable the department to monitor whether government funding is spent efficiently and effectively by non-government organisations for the intended purpose

Response

The performance monitoring framework is detailed in the Arts Victoria Grants Financial Management Statement prepared by the Arts Victoria Executive in compliance with Direction 3.4.12 Administration of Discretionary Financial Benefits (Standing Directions of the Minister for Finance under the Financial Management Act 1994).

As outlined in the Statement, organisations are required to:

- comply with requirements to ensure financial viability to deliver the desired outcome before funding is provided;
- provide acquittal reports for grant agreements; and
- provide mid-year and end-year budgets and financial reports.

Arts Victoria's funding programs are linked to GVT and reported in Budget Paper No.3 as an output called Arts Development and Access.

The Victorian Arts Industry Checklist is part of the grants acquittal process and provides a series of reports on performance measures for recurrently funded non-government organisations including attendance by location, core measures and benchmarks.

3.8.10 Revenue initiatives/departmental income

3.8.10.1 Question

- (a) In relation to 2008-09, please outline any new revenue raising initiatives and/or major changes to existing revenue initiatives? If applicable, please provide details of these initiatives together with anticipated revenue collections.

Response

Not applicable

- (b) Please outline the actual and expected financial impact in 2008-09 of any revenue foregone initiatives (such as tax relief measures) falling within the responsibility of the department.

Response

Not applicable

3.8.10.2 Question

For the department's income categories shown in its operating statement, please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2007-08 and the budget for 2008-09.

Response

The Table below outlines the income in DPC's Operating Statement for 2007-08 and 2008-09

DPC Operating Statement	Column 1	Column 2	Column 3
	2007-08 Expected Outcome (\$ million)	2008-09 Target (\$ million)	Variation Column (2-1)/1 (%)
Income			
Output appropriations	438.5	473.1	7.9%
Special appropriations	6.2	6.2	0.0%
Resources received free of charge or for nominal consideration	0.4	21.4	5250.0%
Sale of goods and services	34.7	35.5	2.4%
Commonwealth grants	
Taxes	

DPC Operating Statement	Column 1	Column 2	Column 3
	2007-08 Expected Outcome (\$ million)	2008-09 Target (\$ million)	Variation Column (2-1)/1 (%)
Fines and fees	
Revenue from other parties and other income	35.2	66.5	88.7%
	515.1	602.8	

Variations of over 10% are due to the following:

- **Resources received free of charge or for nominal consideration** – land received free of charge for the Melbourne Recital Centre (MRC) complex (\$21.0 million)
- **Revenue from other parties and other income** – Due to a contribution by Melbourne University towards the building of the Melbourne Theatre Company (MTC) complex (\$17.1 million).

3.8.11 Fees, fines, concessions and subsidies

3.8.11.1 Question

Please provide a list of fees, fines, charges etc. administered by the department and the expected revenue from each of these in 2008/09. What is the expected increase for each of these (eg. in dollars and percentage terms), if any?

Response

The Department of Premier and Cabinet's estimated annual administered revenue for 2008-09 is \$770,000 comprising Office of Chief Parliamentary Counsel royalty payments (\$250K) which the OCPC receives for sale / reproduction of all state legislation for which it owns the copyright, user charges relating to sub-leasing of floor space by the Public Record Office Victoria (\$510K) and miscellaneous receipts such as FOI Application Fees (\$10K).

3.8.11.2 Question

Please provide a detailed list of subsidies and concessions (both direct and indirect) to be provided by the department in 2008/09 (including, for example, estimated number, average subsidy or concession, estimated cost).

Response

Not applicable

3.8.12 Staffing matters

3.8.12.1 Question

Using the format below, please provide actual EFT staff numbers at 30 June 2007 and estimates of EFT staff numbers (non-executive officers, executive officers and departmental secretary

classifications) at 30 June 2008 and 30 June 2009 for the department and its major budget funded agencies.

Response

Employment — Equivalent full-time staff

Classification	30 June 2007 (Actual) (EFT)					30 June 2008 (Estimate) (EFT)				
	On-going	Fixed term	Casual	Funded Vacancy	Total	On-going	Fixed term	Casual	Funded vacancy	Total
Driver	21.0	0.0	0.0		21.0	21.2	0.0	0.0		21.2
Casual	0.0	0.0	1.3		1.3	0.0	0.0	3.0		3.0
Cadet	0.0	2.0	0.0		2.0	0.0	2.2	0.0		2.2
Grade 1	1.7	0.8	0.0		2.5	1.7	2.0	0.0		3.7
Grade 2	23.5	8.6	0.0		32.1	23.7	10.2	0.0		33.9
Grade 3	48.6	11.8	0.0		60.4	49.1	13.0	0.0		62.1
Grade 4	52.5	11.8	0.0		64.3	53.0	13.0	0.0		66.0
Grade 5	54.6	4.8	0.0		59.4	55.1	6.0	0.0		61.1
Grade 6	49.0	3.0	0.0		52.0	49.5	4.2	0.0		53.6
Senior Technical Specialist	2.0	1.0	0.0		3.0	2.0	2.0	0.0		4.0
Legal Officer	9.6	0.0	0.0		9.6	9.7	2.0	0.0		11.7
Executive Officer 3	12.8	0.0	0.0		12.8	12.9	0.0	0.0		12.9
Executive Officer 2	12.0	0.0	0.0		12.0	12.1	0.0	0.0		12.1
Executive Officer 1	2.0	0.0	0.0		2.0	2.0	0.0	0.0		2.0
Secretary	1.0	0.0	0.0		1.0	1.0	0.0	0.0		1.0

Notes:

- Casuals are reported based on an estimate of hours paid converted to an EFT
- The EFT figure includes project staff which also include positions funded by other departments and agencies