



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**2012-13 BUDGET ESTIMATES QUESTIONNAIRE**

**DEPARTMENT OF HUMAN SERVICES**

## 1. Strategic priorities

### Question 1.1

- (a) What are the Department's key strategic priorities underpinning its budget for 2012-13 and over the forward estimates to 2015-16?

The Department of Human Services supports Victorians in need to build better lives and achieve their potential by providing housing and community services and programs to assist individuals and families to participate in their community, the economy and life.

The department's priorities are:

#### **Immediate support**

With our partners we support people in crisis, and help individuals and families get their lives back on track:

- Deliver responsive client-centred services when and where people need them
- Work with our clients to help them build essential life skills
- Provide services that support the wellbeing and safety of our clients

#### **Capabilities and participation**

With our partners we work with families, individuals, young people and communities to improve their lives through building capabilities and resilience, supporting participation in work, education and the community:

- Work with our clients to build capabilities to get into and stay in work
- Support our clients to participate in training, education and the community
- Support young people to have a voice, build capabilities, reach their potential, and participate confidently in their communities
- Intervene early to prevent marginalisation and disadvantage
- Advocate for people and communities at risk of marginalisation, and promote equality and participation in Victoria

#### **Quality of life**

With our partners we provide services to support people in need to enjoy a positive life:

- Deliver responsive, joined up services that meet people's needs
- Give clients choice and control where appropriate
- Provide services that support our clients to achieve their potential.

- (b) If applicable, how do these priorities differ from the previous year?

The department has updated its strategic directions in 2012 to reflect the machinery of government changes made in 2011, and provide a contemporary view of the department's role and objectives, in delivering government policy. The refreshed strategic directions reflect a stronger focus on supporting families and individuals through building capabilities and promoting and supporting economic and social participation.

Additionally, the tabling of the Protecting Victoria's Vulnerable Children Inquiry (PVVCI) report and government's responses to the recommendations of the report will shape priorities in child protection and family services in the future, as will the preparation for the National Disability Insurance Scheme (NDIS).

- (c) What are the impacts of any differences in the Department's strategic priorities between 2011-12 and 2012-13 on funding and resource allocation in the 2012-13 Budget?

The differences in strategic priorities between 2011-12 and 2012-13 will result in a greater resource focus on innovative service delivery, with a particular emphasis on responses to the recommendations of the PVVCI and commencing preparatory work to deliver government's commitment to implementation of the National Disability Insurance Scheme (NDIS).

- (d) Please identify any programs or initiatives (asset or output) over \$2 million relevant to the Department that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2011-12 and 2012-13. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

No programs or initiatives (asset or output) over \$2 million have been curtailed, deferred, discontinued or completed as a result of the updating of strategic priorities between 2011-12 and 2012-13. Transformation of the organisation and responses to PVVCI and NDIS will reorient service delivery to improve outcomes for clients.

### Question 1.2

Please identify any programs or initiatives that have lapsed in 2011-12 (i.e. will not be continued in 2012-13). For each program or initiative, please indicate the impact on the community of the lapsing. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

Program or initiative	Impact on the community
Creating modernised and inclusive neighbourhood houses	The Creating modernised and inclusive neighbourhood houses program provided grants for infrastructure improvements to Victorian neighbourhood houses. All grants funding will be committed by June 2012, and has improved access for people with a disability (inclusion/accessibility projects) and job seekers (ICT infrastructure upgrades for skills programs).
Victorian family violence reform 2008: towards consolidation and prevention – Indigenous Prevention Framework	The Indigenous Prevention Framework provided grants to Indigenous organisations to undertake projects to prevent violence in their communities. The Framework has been developed and successful models of prevention are being incorporated into mainstream service delivery. Indigenous family violence grants continue to be provided through the ongoing Community Initiatives Fund. The Action Plan to Prevent Violence against Women and their Children is planned to be released later in the year and will incorporate learning for successful action in this area.
Victorian family violence reform 2008: towards consolidation and prevention – Indigenous Workforce Development	The specific family violence training under this initiative has been delivered to new indigenous family violence workers and ongoing training under the cultural competency framework will continue to be delivered. The Action Plan to Prevent Violence against Women and their Children is planned to be released mid year and will incorporate learning for successful action in this area.

Youth Mentoring	This initiative has developed tools for better youth mentoring, including online access; and assisted in building capacity within community organisations providing mentoring services. Youth mentoring direct services under this initiative have been included within the Engage! program, which aims to provide early support and engage with young people 12-25 years to actively participate in and benefit from civic, economic and social activities in their community.
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Note: The Department of Human Services also contributes to a number of government-wide programs and initiatives. Refer to Department of Treasury and Finance response to question 1.5 for details of any lapsing government-wide programs or initiatives.

### **Question 1.3**

- (a) What are the key sectoral policies applicable to the Department upon which budget allocations to new initiatives are based?

Key sectoral policies guiding human services delivery include:

- 2011 Victorian Families Statement
- Human Services – The case for change
- Engage, Involve, Create: Youth Statement
- State Disability Plan 2002-2012
- Victorian Indigenous Affairs Framework
- Indigenous Family Violence Strategy and Ten Year Plan
- COAG National Indigenous Reform Agreement - Closing the Gap
- COAG National Affordable Housing Agreement
- COAG National Disability Agreement
- Social Housing and Homelessness National Partnerships
- Indigenous Economic Participation National Partnership
- National Disability Strategy
- Victoria's Vulnerable Children – Our Shared Responsibility

Currently in development:

- Victorian Housing Framework
- State Disability Plan 2013-2016.
- Family Violence Action Plan

- (b) For the five largest initiatives released for your department in the 2012-13 Budget, please identify:

- (i) to which of the policies detailed above does each initiative relate; and
- (ii) whether linkages are explicitly identifiable in the 2012-13 Budget Papers.

Please ensure that the initiatives are described using the same names as are used in the budget papers.

<b>Initiative</b>	<b>Related policies</b>	<b>Where links are identifiable in the budget papers</b>
Concessions to pensioners and beneficiaries	2011 Victorian Families Statement	While the department contributes information to Budget Papers, the structure of Budget Papers is managed by the Department of Treasury and Finance.
Youth Justice Centres – increasing capacity and improving infrastructure	Election commitment to identify appropriate solutions to address Youth Justice capacity pressures	
Essential support for people with disabilities, their families and carers	2011 Victorian Families Statement State Disability Plan 2002-2012	
Child protection workforce reform	2011 Victorian Families Statement Victoria's Vulnerable Children – Our Shared Responsibility	
Stronger Families	2011 Victorian Families Statement Victoria's Vulnerable Children – Our Shared Responsibility	

**Question 1.4 (Department of Treasury and Finance only)**

Please identify any government-wide programs or initiatives that have been curtailed, deferred, discontinued or completed as a result of changes in strategic priorities between 2011-12 and 2012-13. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

N/A

**Question 1.5 (Department of Treasury and Finance only)**

Please identify any government-wide programs or initiatives that have lapsed in 2011-12 (i.e. will not be continued in 2012-13). For each program or initiative, please indicate the impact on the community of the lapsing. In describing the programs or initiatives, please use the same names as are used in the budget papers where applicable.

<b>Program or initiative</b>	<b>Impact on the community</b>
N/A	

**Question 1.6 (Department of Treasury and Finance only)**

Please outline how the recommendations made by the Independent Review of State Finances in its April 2011 Interim Report and 2012 Final Report have been reflected in:

- (a) strategic priority formulation;

N/A

- (b) budget strategies; and

N/A

- (c) the development of the 2012-13 Budget and forward estimates.

N/A

**Question 1.7 (Department of Treasury and Finance only)**

In the 2011-12 budget papers,<sup>1</sup> the Government drew attention to a VCEC inquiry to identify the main elements of a state-based reform agenda that would focus on promoting productivity, competitiveness and labour force participation.

Please outline how the recommendations emanating from the VCEC inquiry have been reflected in:

- (a) strategic priority formulation;

N/A

- (b) budget strategies; and

N/A

- (c) the development of the 2012-13 Budget and forward estimates.

N/A

**2. Budget preparation****Question 2.1**

Please identify any reviews, inquiries, studies, audits or evaluations specifically requested by the new Government after the 2010 election relating to your department, indicating for each the impact that it has had on the formulation of the 2012-13 Budget for the Department.

Review, inquiry, study, audit or evaluation	Impact
2010-11 Flood Warnings & Response Final Report	Recommendations from this review are being implemented within existing departmental

<sup>1</sup> Budget Paper No.2, 2011-12 Strategy and Outlook, May 2011, p.16

	resources.
Towards a more disaster resilient and safer Victoria (green paper and white paper process)	The Department of Human Services is responsible for coordinating the 'Relief and Recovery' component of the White Paper. This is being achieved within existing departmental resources.
Review of the suitability of the Parkville Youth Justice Precinct.	<p>The review into the suitability of the Parkville Precinct identified a number of issues that have been systematically addressed by the government. In line with findings the following has occurred:</p> <ul style="list-style-type: none"> <li>• Substantial increases in the amount and quality of education and rehabilitative services for young people;</li> <li>• Major renovation to client living areas and to the precinct;</li> <li>• Introduction of additional security and compliance measures and a building project to develop a Single Point of Entry to the site; and</li> <li>• The allocation of \$1 million in the 2011-12 Budget to develop a plan to manage capacity pressures in youth justice.</li> </ul>
Protecting Victoria's Vulnerable Children Inquiry	Budget submissions have been framed around the recommendations of the <i>Protecting Victoria's Vulnerable Children Inquiry</i> .
Housing financial viability report	The report informed the 2012-13 Budget decision making process through a high level assessment of the financial sustainability of the Housing portfolio.
Housing portfolio property condition pilot	Pilot highlighted the need for more accurate property condition data to assist in asset management.
Evaluation of Opening Doors program	This evaluation assisted in the decision to allocate funding to continue the Opening Doors program in 2012-13.
Evaluation of Support for High Risk Tenancies program	This evaluation assisted in the decision to allocate funding to continue the Support for High Risk Tenancies program in 2012-13.

**Question 2.2**

Please describe the five most significant projects or programs that the Department considers would have been worthwhile to undertake in 2012-13 but which cannot be undertaken due to resources being allocated elsewhere.

There are no projects or programs scheduled to be undertaken in 2012-13 which are required by the Government which will not be undertaken as a consequence of resource reallocation. Departments do not set work priorities as distinct from that set by the Government of the day, consistent with practice under successive governments.

**Question 2.3 (Department of Treasury and Finance only)**

In the Committee’s *Report on the 2011-12 Budget Estimates — Part Three* (Recommendation 12), the Committee recommended that the Department of Treasury and Finance ‘develop and implement processes for identifying the cost of producing the budget papers in future years’.

(a) What progress has been made in collecting this information?

N/A

(b) What is the cost of the development, preparation and publication of the 2012-13 Budget Papers? Please include details of the number of resources employed and hours or work entailed.

N/A

(c) What is the Department of Treasury and Finance’s view on publishing in future, as part of the budget papers, the cost of developing, preparing and publishing this key accountability document for the State or the reasons for not doing so?

N/A

(d) If cost information is not collected, how is the Department assured that the State Budget is prepared in an efficient manner?

N/A

**Question 2.4 (Department of Treasury and Finance only)**

Please detail the economic forecasts which had the most significant impact on framing the 2012-13 Budget, detailing for each the major items in the budget that have been affected.

Economic forecast	Affected items in the budget
N/A	

**Question 2.5 (Department of Treasury and Finance only)**

In relation to the aggregate level of the operating contingency provision as shown in the line item 'Contingencies not allocated to departments' in the notes to the estimated financial statements (estimated operating statement) for the general government sector, please explain the reasons for any movement of greater than \$500,000 between the years 2012-13 to 2015-16.

N/A
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**Question 2.6 (Department of Treasury and Finance only)**

In relation to the estimated financial statements for the general government sector (estimated operating statement and estimated balance sheet), please explain any variations of more than 10 per cent between the estimates for 2012-13 published in the 2011-12 budget papers, and the budget forecasts for 2012-13 shown in the 2012-13 budget papers.

Line item	Reason for variation
N/A	

**Question 2.7 (Department of Treasury and Finance only)**

(a) What new features have been incorporated in the budget papers for 2012-13 and why?

N/A
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(b) What features have been omitted and why?

N/A
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### 3. Spending

#### Question 3.1

For your department, please explain any variations of more than 10 per cent (or greater than \$100 million) between the revised estimate for 2011-12 and the target for 2012-13 for expenses from transactions (as presented in the Department's operating statement in the Statement of Finances budget paper) that relate to the following line items:

- (a) 'Employee benefits';
- (b) 'Grants and other transfers'; and
- (c) 'Other operating expenses'.

	<b>2011-12 (Revised estimate) (a)</b>	<b>2012-13 (Budget) (b)</b>	<b>Explanation for any variances greater than <math>\pm 10\%</math> (or greater than \$100 million)</b>
	<b>(\$ million)</b>	<b>(\$ million)</b>	
Nil variations of more than 10 per cent.			

#### Question 3.2

As the line item 'other operating expenses' in the Department's operating statement (as presented in the Statement of Finances budget paper) constitutes a large proportion of expenditure, please provide a break-down of the major components of this item, providing for each component:

- (a) the current estimate of expenditure for 2011-12;
- (b) the estimated expenditure for 2012-13; and
- (c) an explanation for any variations greater than  $\pm 10\%$  (or greater than \$100 million) between the estimated expenditure for 2011-12 and the estimated expenditure for 2012-13.

	<b>2011-12 (a)</b>	<b>2012-13 (b)</b>	<b>Explanation for any variances greater than <math>\pm 10\%</math> (or greater than \$100 million)</b>
	<b>(\$ million)</b>	<b>(\$ million)</b>	
Operating supplies and consumables	111.4	99.8	The variance primarily relates to expenditure reductions associated with sustainable government initiatives.
Purchase of External Client Services	1,097.3	1,143.7	N/A
Benefits to households and persons in goods and services	577.2	587.2	N/A

- a) The 2011-12 estimated expenditure is based on the Operating Statement contained in BMS as at 31 March 2012.

- b) The 2012-13 figures are based on the Operating Statement contained in BMS as at 31 March 2012 and are subject to change according to the 2012-13 budget outcome.

If the Department is unable to provide estimates for the expenditure on these components in 2012-13, please explain how the amount of 'other operating expenses' listed for 2012-13 in the budget papers was calculated.

N/A

### Question 3.3

For each of the items listed in the table below, please provide details of:

- the current estimate of expenditure for 2011-12;
- the estimated expenditure for 2012-13; and
- an explanation for any variations greater than  $\pm 10$  per cent (or greater than \$100 million) between the expected outcomes for 2011-12 and the estimated expenditure for 2012-13.

Please provide details on the same basis of consolidation as is used to create the departmental operating statement in the budget papers.

	<b>2011-12 (\$ million)</b>	<b>2012-13 (\$ million)</b>	<b>Explanation for any variances greater than <math>\pm 10\%</math> (or greater than \$100 million)</b>
Entertainment expenses	0.03	0.03	N/A
Overseas travel	0.06	0.06	N/A
Legal expenses	4.2	4.2	N/A
Consultants*	0.5	N/A (a)	N/A
Contractors*	44.0	N/A (b)	N/A
Grants to non-government organisations	1,629.1 (c)	1,531.9	N/A

\* *for the difference between consultants and contractors, please see FRD 22B – Standard Disclosures in the Report of Operations*

If the Department is unable to provide estimates for the expenditure on any of these items, please explain why.

- Consultant expenditure is ad hoc in nature, and as such the Department cannot provide estimates for 2012-13 and out years at this stage.
- The 2012-13 and out year estimated expenditure for Contractors is yet to be determined by the Department. Funding for 2012-13 will be finalised before the start of 2012-13 financial year.
- The 2011-12 estimated expenditure is based on projected expenditure as at 31 March 2012.

**Question 3.4**

If there are any output or asset initiatives released in the 2012-13 Budget for the Department where less than 20 per cent of the total funding is to be spent in 2012-13, please explain the reasons in each instance. In describing the initiatives, please use the same names as are used in the budget papers.

Initiative	Explanation
Nil.	

**Question 3.5 (Department of Treasury and Finance only)**

With respect to the line item 'Net cash flows from investments in financial assets for policy purposes' in the general government sector cash flow statement, please identify:

- the main projects facilitated through this expenditure in 2012-13 and the forward estimates;
- the amount of funding for each of those projects; and
- what policy objectives underlie the choice of investments.

Project	Value of funding (\$ million)	Policy objectives
NA		

**Question 3.6 (Department of Treasury and Finance only)**

Please prepare an analysis of the expected growth in public expenditure for the general government sector in 2012-13 and over each of the out-years to 2015-16 compared to the assumed trend growth in Gross State Product (GSP) between each year. Include in your analysis an explanation for any year in which expenditure growth rate exceeds the assumed growth rate in the GSP. For both expenditure and GSP, please provide nominal amounts.

Year	Estimated growth in expenditure (%)	Estimated growth in GSP (%)	Analysis
2012-13	N/A		
2013-14	N/A		
2014-15	N/A		
2015-16	N/A		

## **4. Efficiencies and savings**

### ***Question 4.1***

Please outline how the concept of 'operational efficiency' has been addressed in formulating the Department's budget for 2012-13.

The Department is undergoing a significant organisational review, designed to improve efficiency and effectiveness of activities undertaken, while developing a future state model for the department.

**Question 4.2**

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

- (a) what actions the Department will take in 2012-13 to meet the savings targets;
- (b) any impact that these actions will have on the delivery of services; and
- (c) please identify the savings target for 2012-13, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released.

<b>Initiative</b>	<b>Actions the Department will take in 2012-13</b>	<b>Impact of these actions on service delivery</b>	<b>Savings target for 2012-13 (\$ million)</b>	<b>Explanation for variances to the original target</b>
Government election commitment savings (2010-11 Budget)	The department withdraws the budget savings from operational budgets and then monitors expenditure performance against budget on a monthly basis.	No direct impact on service delivery.	18.0	N/A
Measures to offset the GST reduction (2011-12 Budget)	The department intends to achieve these savings associated with sustainable government through a comprehensive restructure of the department.	No direct impact on service delivery.	11.8	N/A
Capping departmental expenditure growth (2011-12 Budget Update)	The department is currently exploring options to achieve these savings.	No direct impact on service delivery.	3.1	N/A
Maintain a sustainable public service (2011-12 Budget Update)	The department intends to achieve these savings through a comprehensive reorganisation of the department.	No direct impact on service delivery.	29.0	N/A

Any savings or efficiency initiatives in the 2012-13 Budget	The department is currently exploring options to achieve these savings.	No anticipated impact on service delivery.	47.0	N/A
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### Question 4.3

For each of the expenditure areas targeted for savings in the 'Government election commitment savings' initiative released in the 2011-12 Budget, please detail the actual expenditure for 2009-10 and 2010-11 and the estimated expenditure for each year of 2011-12 to 2014-15. Please provide figures on the same basis of consolidation as the budget papers. Please provide explanations for any category that does not decrease by the savings target over the five-year period.

Area	2009-10 (\$ million)	2010-11 (\$ million)	2011-12 (\$ million)	2012-13 (\$ million)	2013-14 (\$ million)	2014-15 (\$ million)	Explanation for any area which does not decrease by the savings target
Ministerial staff	N/A	N/A	N/A#				N/A
Media and marketing positions	N/A	2.4	1.8#				The level of savings identified in the Government election commitment could not be fully achieved against the specified category. DHS identified alternate savings strategies to deliver the savings target in total.
Consultants	1.1	0.3	0.5#				The increase is due to engagement of consultants to assist in the departmental reorganisation.
Government advertising	2.5	1.7	1.2#				The level of savings identified in the Government election commitment could not be fully achieved against the specified category. DHS identified alternate savings strategies to deliver the savings target in total.
Political opinion polling	N/A	N/A	N/A#				N/A

External legal advice	3.5	3.4	4.2#				External legal advice primarily relates to Child Protection Litigation units/legal matters. As a statutory function and due to the number of cases, savings are not practicable in this area.
Senior public service travel	N/A	N/A	N/A#				N/A
Government office floor space	42.7	39.9	42.6#				N/A
Supplies and consumables	108.0	58.8	68.9#				N/A
Savings from shared services	0.9	31.3	28.2#				The level of savings identified in the Government election commitment could not be fully achieved against the specified category. DHS identified alternate savings strategies to deliver the savings target in total.
Head office staff	156.1	150.6	152.7#				In 2011-12, head office staff reduction has been partially offset through wage increases resulting from EBA negotiations and Machinery of Government changes.
<b>Total</b>	<b>314.8</b>	<b>288.4</b>	<b>300.1#</b>				

#2011-12 figures are estimates

Note: The 2009-10 expenditure includes 15 months of expenditure, 12 months of Department of Human Services expenditure and 3 months of Department of Health expenditure.

For any categories for which information is not available, please explain:

- (a) why data are not available; and
- (b) how the Department will monitor whether or not it has achieved its savings target in that category.

<b>Category</b>	<b>Why data are not available</b>	<b>How the Department will monitor whether or not it has achieved its savings target in this category</b>
Ministerial staff	These costs are paid by the Department of Premier & Cabinet, therefore the information required is not available from the departmental financial system.	N/A
Media & marketing positions	Expenditures for 2009-10 are not available as these functions were devolved within the department and are not identifiable.	The level of savings identified in the Government election commitment could not be fully achieved against the specified category as the savings are subsumed into the relevant functions.
Political opinion polling	The Department of Human Services does not undertake political opinion polling.	DHS identified alternate savings strategies to deliver the savings target in total.
Senior public service travel	The department does not hold information at this level of detail.	DHS identified alternate savings strategies to deliver the savings target in total.
Head office staff	The departmental organisational review currently in progress is yet to determine future savings attributable to head office in respect of sustainable government initiative savings,	Savings achievement in this category is monitored through departmental review and reporting mechanisms.

## 5. Asset and output initiative funding

### Question 5.1

Please break down the Department's total output funding for 2012-13 (as provided in the Service Delivery budget paper) according to the amounts from:

- (a) output initiatives in the 2012-13 Budget;
- (b) non-ongoing initiatives released in previous budgets; and
- (c) base funding/ongoing funding.

Funding for initiatives released in the 2012-13 Budget	Funding for non-ongoing initiatives released in previous budgets	Base funding/ongoing funding	Total output cost (as in Service Delivery budget paper)
(\$ million)	(\$ million)	(\$ million)	(\$ million)
83.7	28.9	3,338.54	3,451.14

### Question 5.2

If the Department's total output cost (as detailed in the Service Delivery budget paper) differs from the Department's total expenses from transactions (as detailed in the Statement of Finances budget paper), please explain the difference.

	<u>\$ (millions)</u>
Estimated Total Output Costs for 2012-13	3,451.14
Estimated Total Expenses from Transactions for 2012-13	<u>3,471.56</u>
Difference	<u>(20.42)</u>

The difference between Total Output Costs and Total Expenses from Transactions is due to an output group which does not deliver outputs on behalf of the department. This output group is predominately used to reflect the range of corporate services that DHS provides to other departments, predominantly to the Department of Health.

### Question 5.3

The Department of Treasury and Finance has indicated to the Committee that '*the service benefits delivered through the asset investment are reflected in changes to the Budget Paper 3 Performance Measures*'.<sup>2</sup> Please list all performance measures that have been adjusted in 2012-13 as a result of recent asset investment by the Department.

Residential Accommodation Support - Clients in residential institutions

<sup>2</sup> Department of Treasury and Finance, response on the Committee's 2009-10 and 2010-11 financial and performance outcomes Questionnaire — Part Two, received 24 January 2012, p.9

**Question 5.4**

In relation to any unapplied output and asset funding carried forward to 2012-13, please provide:

- (a) a break-down of the carried forward funding for both output and asset initiatives;
- (b) the underlying reasons for the Department's funding carryover for each category; and
- (c) the intended revised timing for use of the carried forward funds, including project-specific details for asset initiatives.

<b>Category</b>	<b>Initiatives affected</b>	<b>Amount of carryover (\$m)</b>	<b>Underlying reasons</b>	<b>Intended revised timing for use of the carried forward-funds</b>
Output funding	VPS and HACSU EBA funding	11.89	VPS and HACSU EBAs will not be finalised by 30 June 2012, hence funding to be carried over into 2012-13.	2012-13
Output funding	Concessions to pensioners and beneficiaries	4.5	Carryover due to reduced level of claims by eligible concession recipients.	2012-13
Asset funding	Addressing the Long Term future for youth justice custodial services (Design and Planning Stage)	0.850	Carryover due to project still being in the initial planning stages, however anticipated project completion is during 2012-13.	2012-13

## 6. Revenue initiatives, departmental income (fees, fines, taxation measures, concessions and subsidies) and tax expenditures

### Question 6.1

In relation to 2012-13, please outline any new revenue-raising initiatives and/or major changes to existing revenue initiatives. For each initiative/change, please explain:

- (a) the reasons for the initiative/change;
- (b) the assumptions underlying the analysis;
- (c) alternative scenarios considered;
- (d) the impact of any changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives);
- (e) any performance measures or targets altered as a result of the initiative/change; and
- (f) 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	Alternative scenarios	Impact of changes on service delivery	Performance measures or targets altered	Anticipated total value of revenue gained/foregone
Rent review	In September 2009 Commonwealth Government increased some single pensions by \$30 per week.  This initiative ensures equity between everyone on subsidised rents.	This change puts everyone on subsidised rents back on equal footing by ensuring that the criteria for assessing income is consistent for all public housing tenants on subsidised rents.	Any alternative scenario considered would result in an inequitable two-tiered rent system.	N/A	N/A	Anticipated additional revenue of approximately \$13.25 million each year.

**Question 6.2**

In relation to 2012-13, 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 analysis;
- (c) alternative scenarios considered;
- (d) the impact of any initiatives/changes on service delivery (i.e. please detail all programs/projects that have been revised as a result of changes to existing revenue initiatives);
- (e) any performance measures or targets altered as a result of the initiative/change; and
- (f) 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.

<b>Initiative/ change</b>	<b>Reasons for the initiative/ change</b>	<b>Underlying assumptions</b>	<b>Alternative scenarios</b>	<b>Impact of changes on service delivery</b>	<b>Performance measures or targets altered</b>	<b>Anticipated total value of revenue gained/foregone</b>
<p>Threshold for the Annual Electricity Concession (AEC)</p> <p>The AEC is being adjusted to accommodate the carbon price. Given the Commonwealth Government is on average providing full compensation for the impact of the carbon price on energy bills, the concession on that component of these</p>	<p>Victoria is the only state which gives an uncapped percentage discount on energy bills. Without these measures the Victorian Government would have had to pay concession households 17.5 per cent of the increase in their electricity bills resulting from carbon pricing, even though on average households will have</p>	<p>The Commonwealth Government is on average fully compensating low-income households for the impact of the carbon price. The carbon threshold is based on this additional cost</p> <p>Households with bills increasing above the average assumed by the Commonwealth will</p>	<p>The AEC continues to provide an uncapped 17.5 per cent discount on annual electricity bills, meaning that households would be receiving a concession payment on top of the additional Commonwealth compensation.</p>	<p>Energy retailers will continue to deliver the 17.5 per cent concession on bills that exceed the threshold.</p>	<p>Nil</p>	<p>Introducing a threshold to the AEC will provide for the sustainability of the concessions program and ensure that concession recipients are not over compensated for the instruction of a carbon tax.</p>

bills is unnecessary	received compensation by the Commonwealth Government	receive additional concessional assistance.  A similar adjustment will be made to the non-mains energy rebate				
<p>Threshold for the Winter Energy Concession for gas (WEC)</p> <p>The WEC is being adjusted to accommodate the carbon price. Given the Commonwealth Government is on average providing full compensation for the impact of the carbon price on energy bills, the concession on that component of these bills is unnecessary</p>	<p>Victoria is the only state which gives an uncapped percentage discount on energy bills. Without these measures the Victorian Government would have had to pay concession households 17.5 per cent of the increase in their winter gas bills resulting from carbon pricing, even though on average households will have received compensation by the Commonwealth Government</p>	<p>The Commonwealth Government is on average fully compensating low income households for the impact of the carbon price. The carbon threshold is based on this additional cost,</p> <p>Households with bills increasing above the average assumed by the Commonwealth will receive additional concessional assistance.</p> <p>A similar adjustment will be made to the non-mains energy rebate.</p>	<p>The AEC continues to provide an uncapped 17.5 per cent discount on winter gas bills meaning that households would be receiving a concession payment on top of the additional Commonwealth compensation.</p>	<p>Energy retailers will continue to deliver the 17.5 per cent concession on winter bills that exceed the threshold.</p>	<p>Nil</p>	<p>Introducing a threshold to the WEC will provide for the sustainability of the concessions program and ensure that concession recipients are not over compensated for the instruction of a carbon tax.</p>

**Question 6.3**

- (a) Please provide a list of any revenue measures (taxation, fees, fines etc.) or any concessions (or subsidies) where the rate has been changed for reasons other than keeping up with inflation.
- (b) Please provide an explanation for the changes.

Revenue measure/ concession/subsidy	2011-12 rate	2012-13 rate	Explanation
Threshold for the Annual Electricity Concessions (AEC).	Uncapped 17.5 per cent discount on annual electricity bills	Concession of 17.5 per cent will apply once annual bills exceed the threshold.	Introducing the AEC threshold in 2012–13 will not pay a concession payment on top of the additional Commonwealth compensation.
Threshold for the Winter Energy Concession for gas (WEC).	Uncapped 17.5 per cent discount on winter (1 May to 31 Oct) gas bills	Concession of 17.5 per cent will apply once winter bills exceed the threshold.	Introducing the WEC threshold in 2012–13 will not pay a concession payment on top of the additional Commonwealth compensation.

**Question 6.4**

For the Department's income categories (as appear in the Department's operating statement in the Statement of Finances budget paper), please provide an explanation for any items that have a variance of greater than 10 per cent between the revised estimate for 2011-12 and the budget for 2012-13.

Income category	Explanation
Grants	This variance primarily relate to one-off funding in 2011-12 for the Government's flood response.

**7. Grants from the Commonwealth****Question 7.1**

- (a) What impact have developments at the Commonwealth level, including initiatives under the COAG Reform Agenda, had on the Department's component of the 2012-13 State Budget?

All Commonwealth level developments and impacts relevant to human services delivery in Victoria including COAG National Indigenous Reform - Closing the Gap, National Affordable Housing and National Disability Agreements; the Social Housing and Homelessness, and Indigenous Economic Participation National Partnerships; the National Disability Strategy; the Nation Building Economic Stimulus plan; the Remote Indigenous National Partnership and the 'Protecting children is everyone's business', National Framework for Protecting Australia's Children, 2009-2020 are considered in developing the department's input to the State Budget.

Commonwealth funded initiatives are indexed annually at a rate lower than the indexation rate

provided by the State.

- (b) In describing the impact of these developments for 2012-13, please outline the Department's progress to date in transitioning to the COAG Reform Council's new performance reporting framework.

The Department of Human Services has transitioned to the new performance reporting framework.

**Question 7.2 (Department of Treasury and Finance only)**

Please explain how any major changes between financial agreements with the Commonwealth have impacted on the State's budget for 2012-13, e.g. new national health and hospitals reform.

N/A

**Question 7.3 (Department of Treasury and Finance only)**

What has been the impact of any changes to Victoria's share of the GST pool for 2012-13 and beyond?

N/A

**8. Net debt**

**Question 8.1 (Department of Treasury and Finance only)**

In relation to the net debt projections for the non-financial public sector for the 2012-13 budget year and over the forward estimates to 2015-16, please provide a break-down of the spread of net debt between the general government sector (GGS) and each of the main public non-financial corporations (PNFCs) concerned.

GGS/PNFC entity	Net debt, 30 June 2012	Net debt, 30 June 2013	Net debt, 30 June 2014	Net debt, 30 June 2015	Net debt, 30 June 2016
N/A					

**Question 8.2 (Department of Treasury and Finance only)**

- (a) What plans are in place to reduce (in nominal dollar terms) the general government sector's net debt over time?

N/A

- (b) Does the Department have a target for the year in which the general government sector's net debt will start reducing (in nominal dollar terms)?

N/A

- (c) Does the Department have a target for the year in which there will be no debt for the general government sector?

N/A

**Question 8.3 (Department of Treasury and Finance only)**

- (a) What plans are in place to reduce (in nominal dollar terms) the general government sector's total liabilities over time?

N/A

- (b) Does the Department have a target for the year in which the general government sector's total liabilities will start reducing (in nominal dollar terms)?

N/A

- (c) Does the Department have a long-term target for a sustainable level of total liabilities?

N/A

## 9. Geographic considerations

### Question 9.1

Please complete the following table for up to five of the Department's largest projects (in terms of expenditure) benefiting regional and rural Victoria:

Project	Budget allocation for 2012-13 (\$ million)	New or existing project?	Purpose of the project	How is the funding to be spent?	What performance measures are in place?	Expected net benefits	Net present value (in 2012 dollars), where applicable
1. Youth Justice Centres – Addressing critical capacity and improving infrastructure	19.30	New	To address capacity and infrastructure pressures at youth justice centres, with a particular emphasis on expanding capacity at the Malmsbury Youth Justice Precinct.	Funding for asset works to be via a competitive tender process.	As per Budget Paper 3 indicators for youth justice centres as per below table.	<p>The key benefits of addressing the capacity and infrastructure issues in Victorian youth justice centres are:</p> <ul style="list-style-type: none"> <li>. Additional jobs and economic activity in regional Victoria during the construction phase</li> <li>. Enhanced safety and security for clients, staff and the community.</li> <li>. Improved client outcomes.</li> <li>. Improved efficiency of departmental operating costs.</li> </ul> <p>This project is consistent with key government and departmental strategic policy objectives, aimed at community safety and the provision of effective</p>	\$54.45 (TEI)

						support and rehabilitation to young offenders.	
2. Neighbourhood House Coordination Program	11.6	Existing	The Neighbourhood House Coordination Program (NHCP) provides core funding to neighbourhood houses across Victoria. Houses are funded on an hourly basis for the provision of community development activities. This includes delivery of quality programs and activities (e.g training), undertaking community consultation and implementing agreed community responses to identified priorities.	Employment of a neighbourhood house coordination	Neighbourhood houses must be open for at least as many hours as they are funded for  Neighbourhood houses must deliver 2 hours of activities for every one hour of funding	Neighbourhood houses open for 263,848 hours in 2012-12  527,696 hours of activities delivered	N/A
3. Essential support for people with disabilities, their families and carers	9.5	New	Respond to demand for essential disability supports  Support a self-directed approach to disability services that enables people to live in the community, builds independent living skills and enables community participation  Continue the shift	Provision of 400 new ISPs across Victoria, including regional Victoria.	The initiative contributes to the new DHS output 'Self Directed Support'	Fewer people with a disability and their families and carers living in crisis  People with a disability benefiting from community based supports  Lower utilisation of high cost services	N/A

			<p>from crisis driven responses to a more sustainable system</p> <p>Avoid escalating costs due to over reliance on costly inpatient health and SSA services.</p>				
4. Redevelopment - 164 Units/Sites (Barwon South West)	8.0	Existing	Growth and renewal of social housing	Construction and/or purchase of social housing	Unit acquisitions are counted in the Budget Paper No. 3 performance measure <i>total social housing dwellings acquired during the year</i>	164 new social housing acquisitions	N/A
5. Respite	5.25	Existing	The government committed \$5 million per annum for 4 years for Innovative Respite Support and \$0.25 million per annum for School Holiday Respite across Victoria, including regional Victoria.	<p>Funding will be provided to CSOs to deliver services.</p> <p>An extra 500,000 hours of respite will be provided.</p> <p>Families seeking school holiday respite will have access to an additional 1,700 days of school holiday respite per year.</p>	The initiative contributes to the new DHS outputs of 'Accommodation Support' and 'Client Services and Capacity'.	<p>Timely respite and carer support to help sustain family care arrangements and give primary caregivers a temporary break from their caring duties.</p> <p>Increased access to school holiday programs for the families and carers of children and young people with a disability.</p>	N/A

**Question 9.2**

Please complete the following table for up to five of the Department's largest projects (in terms of expenditure) benefiting metropolitan Melbourne:

<b>Project</b>	<b>Budget allocation for 2012-13 (\$million)</b>	<b>New or existing project?</b>	<b>Purpose of the project</b>	<b>How is the funding to be spent?</b>	<b>What performance measures are in place?</b>	<b>Expected net benefits</b>	<b>Net present value (in 2012 dollars), where applicable</b>
1. Redevelopment – 597 units/sites (North-West metro)	44.7	Existing	Growth and renewal of social housing	Construction and/or purchase of social housing	Unit acquisitions are counted in the Budget Paper No. 3 performance measure <i>total social housing dwellings acquired during the year</i>	597 new social housing acquisitions	N/A
2. Carlton Redevelopment - 246 Units/Sites (North-West Metro)	44.3	Existing	Growth and renewal of social housing	Construction and/or purchase of social housing	Unit acquisitions are counted in the Budget Paper No. 3 performance measure <i>total social housing dwellings acquired during the year</i>	246 new social housing acquisitions	N/A
3. Upgrades - 227 Units/Sites (North West Metro)	31.3	New	Growth and renewal of social housing	Upgrade / improve existing social housing	Upgrades are counted in the Budget Paper No. 3 performance measure <i>number of public housing dwellings upgraded during year</i>	227 new public housing upgrades	N/A

4. Redevelopment - 188 Units/Sites (Southern Metro)	19.1	Existing	Growth and renewal of social housing	Construction and/or purchase of social housing	Unit acquisitions are counted in the Budget Paper No. 3 performance measure <i>total social housing dwellings acquired during the year</i>	188 new social housing acquisitions	N/A
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## 10. Performance measures

### Question 10.1

For each initiative (asset or output) in the 2012-13 Budget with a total cost over the forward estimates greater than \$20 million (or a TEI over \$20 million), please list all new and existing performance measures in the budget papers related to the initiative. In describing initiatives, please use the same names as are used in the budget papers.

Initiative	Related performance measures
Essential support for people with disabilities, their families and carers	<p>Self Directed Support</p> <ul style="list-style-type: none"> <li>· Clients receiving individualised support</li> <li>· Support plans reviewed at least once during each period of three years commencing from when the support plan was first prepared</li> <li>· Support plans prepared within 60 days of the person commencing to regularly access the disability services</li> </ul> <p>Client Services and Capacity</p> <ul style="list-style-type: none"> <li>· Clients accessing aids and equipment</li> <li>· Clients receiving case management services</li> <li>· Clients satisfied with the aids and equipment services system</li> <li>· Applications for aids and equipment acknowledged in writing within ten working days</li> </ul>
Child protection workforce reform	Contributes to Child Protection and Family Services output group, Statutory Child Protection Services; Specialist support and placement services; and Family and Community services
Demand for ChildFIRST and Integrated Family Services	Total number of family services cases provided
Expansion of therapeutic residential care	Contributes to Specialist Support and Placement Services, Therapeutic Residential Care is included in the output performance measure 'Daily average number of placements'.
Future demands on out-of-home care	Contributes to Specialist Support and Placement Services, the additional placements will be included in the "Daily average number of placements" output performance measure.
Stronger Families	Contributes to Child Protection and Family Services output group, consisting of three outputs; Statutory Child Protection Services; Specialist support and placement services; and Family and Community services
Concessions to pensioners and beneficiaries	Contributes to Concessions to Pensioners and Beneficiaries output group
ASSET: Youth Justice centres – increasing capacity and improving infrastructure	<p>Annual daily average number of young people in custody: males (15 years plus)</p> <p>Annual daily average number of young people in custody: male (under 15 years) and female</p>

	<p>Average daily custodial centre utilisation rate: males (15 years plus)</p> <p>Average daily custodial centre utilisation rate: males (under 15 years) and female</p> <p>Clients participating in community re-integration activities</p>
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**Question 10.2**

Please indicate any changes that the Department has made since the 2011-12 Budget to increase the number of its performance measures that are outcomes-based.

DHS is undergoing significant organisational structure change. In 2012-13, DHS proposes a change to the disability services output group to better reflect the government reform agenda.

The department proposed a new performance measure 'Organisations that have successfully completed a quality review' at least once during the three year service agreement. This standard measure is applied to a number of 2012-13 outputs.

The department reviews output performance measures each year as part of the Performance statement review process and the development of new measures is guided by the DTF requirements for performance measures that measure, quantity, quality, timeliness and cost.

**Question 10.3 (Department of Treasury and Finance only)**

In preparing the budget papers, please outline the steps taken by the Department of Treasury and Finance to ensure that performance targets for all departments are appropriately challenging.

N/A

**Question 10.4 (Department of Treasury and Finance only)**

Please detail the processes undertaken by the Department of Treasury and Finance to ensure that the '2011-12 expected outcome' for each performance measure published in the budget papers is a reasonable estimate.

N/A

**Question 10.5 (Department of Treasury and Finance only)**

In considering targets for performance measures for all departments in the budget papers and assessing the expected outcomes for the previous year to be published in the budget papers:

- (a) describe to what extent the Department considers historical trends of actual results for each performance measure; and

N/A

- (b) indicate how many years of data are considered.

N/A

## 11. Staffing matters

### Question 11.1

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2011 and estimates of FTE staff numbers (broken down by the categories listed below) at 30 June 2012 and 30 June 2013 for the Department. Please provide figures consolidated on the same basis as the expenditure for the department in the budget papers.

Grade	30 June 2011 (FTE number)	30 June 2012 (FTE estimate)	30 June 2013* (FTE number)
Secretary	1	1 <sup>#</sup>	
EO-1	1	1 <sup>#</sup>	
EO-2	30	30 <sup>#</sup>	
EO-3	48	47 <sup>#</sup>	
VPS Grade 7 (STS)	7	6 <sup>#</sup>	
VPS Grade 6	493	498 <sup>#</sup>	
VPS Grade 5	873	812 <sup>#</sup>	
VPS Grade 4	671	623 <sup>#</sup>	
VPS Grade 3	556	519 <sup>#</sup>	
VPS Grade 2	467	416 <sup>#</sup>	
VPS Grade 1	38	30 <sup>#</sup>	
Government Teaching Service	N/A	N/A	
Health services	N/A	N/A	
Police	N/A	N/A	
Allied health professionals	263	238 <sup>#</sup>	
Child protection	1539	1606 <sup>#</sup>	
Disability development and support	4396	4359 <sup>#</sup>	
Custodial officers	392	386 <sup>#</sup>	
Housing Services Officers	447	454 <sup>#</sup>	
Other**	107	100 <sup>#</sup>	
Total	10329	10127 <sup>#</sup>	

Notes:

**# Estimate**

\* FTE numbers as at the end of June 2013 cannot be accurately provided at this stage because of progress with the Government's Sustainable Government initiative relating to non-front line staff. These figures will be reported to Parliament in the 2012-13 annual report of the Department.

\*\*Includes Chauffer, External Auditors, Facility Services Officers Solicitors, Senior Medical Advisors, Trade Assistants, Youth Trainees.

About 2012 & 2013 Forecast model

- June 2012 figures comprise :
  - the actual February 2012 FTE level
  - **less** a further 79 FTE in the VPS group.

This equates to a full financial year reduction of approximately 200 FTE in the VPS classification, of which 150 FTE is attributed to implementation of the Sustainable Government Initiative (SGI).
- During the 2012/2013 Financial year, a further 350 FTE reduction in the VPS workforce is anticipated. The reductions will be caused by natural attrition, non-extension of fixed term contracts and voluntary departure packages. The outcome of these processes cannot be predicted in detail and in consequence it is not possible to provide a breakdown of expected VPS staffing by classification level for 30 June 2013.

An additional increase in Child Protection of 40 FTE from 30 June 2012 to 30 June 2013.

**Question 11.2**

Please break down the actual staff numbers in your department as at 30 June 2011 and the estimates as at 30 June 2012 and 2013 according to the number of staff that are ongoing, fixed-term or casual

	<b>30 June 2011</b> <b>(FTE number)</b>	<b>30 June 2012</b> <b>(FTE estimate)</b>	<b>30 June 2013*</b> <b>(FTE number)</b>
Ongoing	8402	8305 <sup>#</sup>	
Fixed-term	1259	1058 <sup>#</sup>	
Casual	668	764 <sup>#</sup>	
Total	10329	10127 <sup>#</sup>	

Note:

**# Estimate**

\*FTE numbers as at the end of June 2013 divided into ongoing, fixed-term and casual categories cannot be accurately provided at this stage because of progress with the Government's Sustainable Government initiative relating to non-front line staff.

Proportional splits by employment type (for June 2012 and June 2013) are calculated using actual levels provided in February 2012 data and weighted to meet forecast estimates.

**Question 11.3**

Given the Government's 'Maintain a sustainable public service' initiative, which is expected to reduce Victorian public service positions by around 3,600 between 2011-12 and 2014-15,<sup>3</sup> please indicate for each year:

- (a) the number of VPS positions (including VPS Grades 1-6, STS level, EO level and Secretary level) and non-VPS positions that the Department expects to have as at 30 June;

	30 June 2011  (FTE number)	30 June 2012  (FTE number)	30 June 2013 <sup>#</sup>  (FTE number)	30 June 2014 <sup>#</sup>  (FTE number)	30 June 2015 <sup>#</sup>  (FTE number)
VPS positions	3185	2983			
Non-VPS positions	7144	7144			

Note:

<sup>#</sup> Reduction in VPS positions in the Department to meet the Government's targets will vary over the forward estimates and will be reported to Parliament both in the annual report and the State of the Public Sector Report. It would be inaccurate to provide information at the level of changes in particular grades of FTE staff, as these will change according to the needs of the entity and progress with separations.

- (b) any strategies other than reducing the number of VPS staff that the Department plans to implement in order to meet the savings target established by this initiative, and the amount of savings for each year anticipated to be achieved by these strategies.

Strategy	Description	Anticipated savings (\$ million)		
		2012-13	2013-14	2014-15
Nil				

**Question 11.4**

Please detail the actual amount that the Department spent on contractors and consultants in 2010-11 and the estimated expenditure in 2012-13 and each of the outyears (for a definition on the difference between consultants and contractors, see FRD 22B – Standard Disclosures in the Report of Operations). Please provide figures on the same basis of consolidation for the Department as used in the budget papers.

	2010-11 (\$ million)	2011-12 (\$ million)	2012-13 (\$ million)	2013-14 (\$ million)	2014-15 (\$ million)	2015-16 (\$ million)
Consultants (a)	0.3	0.5	N/A	N/A	N/A	N/A

3 2011-12 Victorian Budget Update, December 2011, p.114

Contractors (b)	51.8	44	N/A	N/A	N/A	N/A
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## Notes:

(a) Consultant expenditure is ad hoc in nature, and as such the Department cannot provide estimates for 2012-13 and out years at this stage.

(b) The 2012-13 and out year estimated expenditure for Contractors has not been determined by the Department. Funding for 2012-13 will be finalised before the start of 2012-13 financial year.

If the estimates for consultants provided above do not match the estimates provided in response to Question 4.3, please explain why.

N/A

## 12. Other

### **Question 12.1**

For any recommendation from the Committee's 2011-12 budget estimates reports where the response was that further action would be considered, investigated or reviewed, please provide an update of the results of the consideration, investigation or review.

Nil.