



**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**2012-13 BUDGET ESTIMATES QUESTIONNAIRE**

**DEPARTMENT OF TREASURY AND FINANCE**

## 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's key strategic priorities for the 2012-13 Budget are its departmental objectives which guide its policy directions:

- Sound financial management of Victoria's fiscal resources;
- Guide Government actions to increase Victoria's productivity and competitiveness;
- Drive improvement in public sector asset management and the delivery of infrastructure; and
- Deliver efficient Whole of Government common services to the Victorian public sector.

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

The 2011-12 departmental objectives were revised and amended for the 2012-13 Budget.

These changes more clearly outline the priorities of the Department and improve the links between the department's outputs and measures. The changes included re-wording of the three existing objectives and the inclusion of a fourth objective.

- (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 separation of the third and fourth objectives reflects the departmental priorities for driving improvement in public sector asset management and the delivery of infrastructure; and delivering efficient Whole of Government common services to the Victorian public sector.

These objectives and their two main contributing outputs – 'Land and Infrastructure Investment Management' and 'Government Services', have been provided with increased funding given the department's commitment to these priorities.

The increased funding for 'Government services' was only due to the additional funding received as part of the 2012-13 budget, to implement and monitor compliance of the enhanced Implementation Guidelines for the Victorian Code of Practice in the Building and Construction industry.

- (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.

There are no such programs or initiatives for the Department.

### 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.

The Department does not have any programs or initiatives that meet this criteria.

**Question 1.3**

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

There no key sectoral policies applicable to the Department that fit this criteria.

- (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.

Initiative	Related policies	Where links are identifiable in the budget papers
Not Applicable	Not Applicable	Not Applicable

**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.

There are no 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.

**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.

Information on government-wide programs and initiatives are embedded within departmental budgets. Accordingly, the responsibility for identifying individual components and the impact on the community rests with the relevant department delivering the program or initiative, and a response should be provided directly from the relevant department to PAEC.

**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;

In developing its medium term fiscal strategy, including the financial objectives, targets and measures required under the *Financial Management Act 1994*, the Government drew on the work of the Independent Review of State Finances panel.

The Government has adopted the Panel's overarching financial management principles as its long-term financial management objectives (see below and BP2, Chapter 1, Table 1.2, p.11).

<b>Long term financial management objectives</b>	
Managing responsibly	Victoria's State finances will be managed responsibly to enhance the wellbeing of Victorians.
Looking after the future	The endowment of public sector wealth bequeathed by the current generation of Victorians to the next will be no less than the current generation inherited from the previous generation.
Managing the unexpected	The State's financial position will be robust enough to absorb and recover from unanticipated events, and to absorb the volatility inherent in revenues and expenses.
Improving services	Victoria's public services will improve over time through enhanced efficiency and through a growing capacity of the Victorian economy to fund those services.
Maximising community benefit	Public sector resources will be allocated to those activities which generate maximum community benefit.

The Government's focus is to generate the financial capacity to fund infrastructure needed to support the Victorian community and economy. To be sustainable, the budget needs to be able to manage unexpected events like the global financial crisis.

The spending and savings decisions made by the Government provide operating surpluses in the short term. As economic conditions recover, a medium term fiscal strategy is needed to ensure finances can withstand another unexpected event, safeguarding the State's triple-A rating and its capacity to fund services.

The Government's new parameters ensure the provision of a sustainable level of infrastructure investment as a financial management priority (see below and BP2, Chapter 1, Table 1.3, p.11).

<b>Medium-term fiscal framework</b>	
<b>Financial Measures</b>	<b>Parameters</b>
Infrastructure investment	Average net infrastructure investment of at least 1.3 per cent of GSP over a rolling five-year period.
Net debt	General government net debt reduced to a sustainable percentage of GSP by 30 June 2022.

## (b) budget strategies; and

The recommendations made by the Independent Review of State Finances' Panel in its Interim Report were utilised in the development of the 2011-12 Budget and the 2011-12 Budget Update. In particular, see pages 4-5 of the 2011-12 Budget Update for commentary on the influence of the Interim Report recommendations on budget strategy.

Consistent with the Government's own assessment, the Independent Review of State Finances panel concluded that Victoria's finances were on an unsustainable path.

Since coming to office, the Government has implemented savings rising to \$2 billion annually by 2015-16. These measures have moderated growth in the size of government and reduced it as a share of the economy to levels more consistent with the long term average.

In addition, the Government, drawing on many of the recommendations of the Independent Review of State Finances, is changing the way public services are planned, governed, commissioned and delivered to ensure Victorians benefit from choice of and access to high quality, lower cost services. In March 2012, the Government established the Better Services Implementation Taskforce, comprising experienced executives from the public and private sectors, will oversee a range of improvements to give Victorians better services, without extra strain on taxpayers.

In undertaking this work the Taskforce will draw on the recommendations of the Independent Review of State Finances.

The Better Services Implementation Taskforce work is likely to include:

- streamlining non-departmental entities to improve their governance and the services they deliver to Victorians;
- removing barriers to decision-making and efficient operations by service providers and helping them to account for delivery to Victorians of the services they use most often, such as transport, schools and hospitals;
- wider adoption of best practice in all parts of service delivery, including increasing the application of open tenders for the delivery of results, well-defined services, and greater use of price signals and other market approaches; and
- reducing duplication with Commonwealth responsibilities.

Reforms will ensure that the Victorian public service is positioned to provide quality services into the future. In turn service efficiencies will provide the capacity for infrastructure investment to support Victoria's growth.

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

The new medium-term fiscal targets have been used in the development of the 2012-13 Budget and forward estimates.

In particular, the Government's infrastructure investment target of an average 1.3 per cent of GSP over a rolling five-year period is consistent with the recommendation from the Independent Review of State Finances. The 2012-13 Budget provides around \$19 billion for infrastructure initiatives over four years, an average 1.5 per cent of GSP over the period from 2011-12 to 2015-16.

By 2015-16, 100 per cent of infrastructure investment will be funded from operating surpluses.

Net debt is estimated to peak at 6.5 per cent in 2013-14, before decreasing to 6.0 per cent of GSP by the end of 2015-16 but will trend down towards the Government's long-term target.

**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;

In April 2011 the Treasurer requested that VCEC conduct an inquiry into a State-based reform agenda (SBRA) to identify the areas that the State Government should target to improve productivity, labour force participation and competitiveness.

The VCEC released a draft SBRA report, *Securing Victoria's Future Prosperity: A Reform Agenda* in November 2011, and a final report was submitted to Government on 27 January 2012.

Government is currently considering the recommendations from the final SBRA report.

(b) budget strategies; and

As above - Government is currently considering the recommendations from the final SBRA report.

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

As above - Government is currently considering the recommendations from the final SBRA report.

**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.

<b>Review, inquiry, study, audit or evaluation</b>	<b>Impact</b>
Independent Review of State Finances	The ISRF final report has not been released at the time of the tabling of the 2012-13 Budget.
Review by the Essential Services Commission into the Transport Accident Commission and Victorian WorkCover Authority structures and operations, with a view to identifying improvement opportunities	The review has not been finalised at the time of the tabling of the 2012-13 Budget.
Review by the State Services Authority of CenITex, examining governance, finances and the ability of CenITex to achieve its objectives	The findings of the report have not been released at the time of tabling of the 2012-13 Budget.
Inquiry by VCEC into Victoria's manufacturing industry	No impact on the 2012-13 Budget for the Department.

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

Inquiry by VCEC into the State-based reform agenda	No impact on the 2012-13 Budget for the Department.
Inquiry by VCEC into Feed-in tariffs and barriers to distributed generation	No impact on the 2012-13 Budget for the Department.

### **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 re-allocation . Departments do not set work priorities as distinct from that set by the Government of the day, consistent with the 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?

In the Government response to the Committee's Report on the 2011-12 Budget Estimates — Part Three, Recommendation 12 was not supported as the Government considers that estimating the costs of producing the budget (including the budget papers) is not practical and costly. Therefore, no action has been taken to collect this information.

(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.

The Department does not estimate the costs of work undertaken as part of the preparation of the 2012-13 Budget as the process is integrated into the Department's core annual work program and resources are allocated to meet the demands. The main cost in producing the budget papers is employee expenses. This would also apply to the broad range of external organisations that contribute towards the preparation of the Budget Papers.

(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?

The Department of Treasury and Finance considers that estimating the costs of producing the budget (including the budget papers) is not practical and costly.

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

The Department of Treasury and Finance provides costings of its outputs within Budget Paper No. 3. The cost of production of the Budget Papers is estimated as part of this output cost estimation.

**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.

<b>Economic forecast</b>	<b>Main affected tax lines in the budget</b>
Household consumption	Gambling taxes
Dwelling investment	Land transfer duty
Business investment	Motor vehicle taxes
Employment	Payroll tax
Population/households	Land transfer duty, Motor vehicle taxes, Insurance taxes, Demand for services
CPI	Motor vehicle taxes, Insurance taxes, Liquor licence fees
Wages	Payroll tax
Interest rates	Land transfer duty, Motor vehicle taxes
House prices	Land transfer duty, Land tax

**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.

The aggregate level of operating contingency provision as shown in Note 12 (b) in Budget Paper 5, Chapter 1 is presented below:

	<i>\$ million</i>				
	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Total output contingencies	- 92.0	- 130.5	1,025.9	1,582.3	2,132.0
<i>growth</i>		- 38.4	1,156.3	556.4	549.7

In 2012-13, the growth in contingencies primarily relates to provisions available to be allocated to specific departments including expected demand for government services, and an allowance for urgent and unforeseen circumstances. This is offset by an allowance for expected departmental underspend in this year.

In 2013-14, the growth is largely driven by the increase in provisions for expected demand for government services, and the 2012-13 impact of the underspend allowance.

Over 2014-15 and 2015-16, growth is largely driven by the increase in provisions for expected demand for government services.

**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.

The explanation for the variations are presented below.

Line item	Reason for variation
BS - Cash and deposits	Cash and deposits have increased by \$1.4 billion (45.9%) since the <i>2011-12 Budget</i> . Movement in this balance reflects the revised expectations of cash available to meet short and medium term funding requirements of the general government sector.
BS - Receivables	Receivables have increased by \$846 million (23.3%) since the <i>2011-12 Budget</i> . This change comprises: <ul style="list-style-type: none"> <li>- the impact in 2011-12 of recognising a receivable associated with payments from the Director of Housing to the Department of Treasury and Finance forming part of a package of reforms in the Housing portfolio with a focus on greater transparency of the financial obligations of the Director of Housing; and</li> <li>- additional taxes receivable recognised in 2010-11 associated with land tax assessments, resulting from higher municipal valuations.</li> </ul>
BS - Other non-financial assets	Other non-financial assets have increased by \$114 million (16.5%) since the <i>2011-12 Budget</i> . The increase is largely due to revisions to intangible assets in DOH and DEECD portfolios, in particular: <ul style="list-style-type: none"> <li>- an increase in DEECD assets associated with recognising education software that has been developed, such as Ultranet and student enrolment systems for TAFEs. Additionally there has been an increase in the valuations for TAFE investment properties; and</li> <li>- an increase in the aggregate value of software and patents held in the hospital sector.</li> </ul>
BS - Payables	Payables have increased by of \$853 million (17.8%) since the <i>2011-12 Budget</i> . This change includes: <ul style="list-style-type: none"> <li>- the recognition of a payable associated with the premium paid for the Victorian Wagering and Betting Licence fee as unearned revenue; and</li> <li>- Higher payables for State grants to Non-Government Schools associated with revised estimates for enrolment, indexation and funding for unpaid PAYG tax owed to the ATO; and</li> <li>- updated forecast for the SECV indemnity as a result of changes to the discount rate and lower aluminium prices.</li> </ul>

BS - Superannuation	<p>The superannuation liability has increased by \$6.3 billion (27.4%) since 30 June 2011. The key drivers behind this increase were adverse movements in long-term Commonwealth Government bond rates that are used to value the superannuation liability and lower than expected investment returns on scheme assets.</p> <p>It is important to note that increases in the reported superannuation liability arising from changes in bond rates do not impact the amount of cash that will actually be required to fund these liabilities when they fall due.</p>
BS - Other Provisions	<p>Other Provisions have decreased by \$68 million (10.2%) since the 2011-2 Budget. This change reflects the transfer of non-centralised insurance liabilities from the Department of Health to the Victorian Managed Insurance Authority in 2011-12. This is consistent with the policy objective of centralising appropriate financial assets and liabilities with relevant government financial entities to promote prudent financial risk management.</p>
OS – Interest Revenue and Expense	<p>Interest revenue has decreased by \$136 million (16%) since the 2011-2 Budget. The decrease reflects changes to interest payments from the Melbourne Water Corporation, due to the revision to the date of commercial acceptance for the desalination plant from 2011-12 to 2012-13.</p> <p>Also affecting interest revenue is a revised profile of financial assets held by the General Government sector.</p> <p>Interest expense has decreased by \$233 million (12%) since the 2011-12 Budget. This is largely due to the corresponding payment to Aquasure associated with the desalination plant as previously discussed.</p>
OS – Dividend Income	<p>Dividend Income has increased by \$362 million (57%) since the 2011-12 Budget. This change primarily reflects:</p> <ul style="list-style-type: none"> <li>- the application of a dividend policy to the Victorian WorkCover Authority (VWA). The introduction of a dividend policy will bring VWA into line with other major Government business enterprises;</li> <li>– increased expected dividends and Income Tax Equivalentents from Melbourne Water Corporation as a result of higher profit forecasts; and</li> <li>– the impact of rephasing of dividends associated with a reassessment of the State Electricity Commission of Victoria’s (SECV) projected cash flow that is assessed to be surplus to its operational requirements.</li> </ul>
OS – Superannuation Interest expense	<p>The superannuation interest expense has reduced by \$171 million (19%) since the 2011-12 Budget. This change reflects the net impact of movements in bond rates and expected returns on superannuation assets.</p>

**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?

**New features included in the 2012-13 budget:**

- disclosure of basis of accounting in each paper
- 3 Budget Information Papers focussing on Regional & Rural Victoria, Victorian Families, and Federal Financial Relations

**BP2**

- notes the Government's long-term financial management objectives and medium-term fiscal strategy (Chapter 1)
- economic commentary that focuses on longer-term impacts from structural change (Chapter 2)
- separate chapter on economic reform, which outlines the Government's reform strategy (Chapter 3)
- reconciliation table now included in Chapter 4, rather than separately as an appendix
- enhanced commentary around State of Victoria financial results (Chapter 5)
- enhanced commentary in significant movements over the forward estimates (BP2, Chapters 4 and 5)

**BP3**

- linking each output to an objective in BP3 to enhance the link between policy objectives and service delivery
- increased disclosure on changes to performance measures (e.g. every change to a performance target is footnoted)
- a section (at the end of Chapter 1) reporting on progress toward funding election commitments

**BP4**

- new section in BP4 for completed projects to increase transparency
- enhanced explanation of terms used in BP4 (glossary)

**BP5**

- inclusion of departmental commentary on financial statements in BP5
- improved presentation of Commonwealth grants

**Online data**

- historical and forward estimates published online
- historical performance data time series published online

(b) What features have been omitted and why?

The Department's rationale for not supporting some of the recommendations contained within the Public Accounts and Estimates Committee's 102<sup>nd</sup> Report on the 2011-12 Budget Estimates (Part Three) are clearly outlined in the relevant Government's responses to that report.

### 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)</b>	<b>2012-13(Budget)</b>	<b>Explanation for any variances greater than ±10%(or greater than \$100 million)</b>
	<b>(\$ million)</b>	<b>(\$ million)</b>	
Employee benefits	153.208	153.771	
Grants and other transfers	1032.3	199.8	Grants to other department for Seamless Economy National Partnership Project with the Commonwealth Government is due to be completed at 30 June 2012.
Other operating expenses	176.067	174.992	

#### 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 ±10 per cent (or greater than \$100 million) between the estimated expenditure for 2011-12 and the estimated expenditure for 2012-13.

	<b>2011-12</b>	<b>2012-13</b>	<b>Explanation for any variances greater than ±10% (or greater than \$100 million)</b>
	<b>(\$ million)</b>	<b>(\$ million)</b>	
Intra government supplies and consumables	5.329	5.329	
Operating supplies and consumables	99.000	98.267	
Purchase of Services – External Suppliers other than Commonwealth	44.926	43.654	
Motor Vehicles Registration	0.415	0.426	

Maintenance	7.934	8.126	
Operating Leases	16.679	17.366	
Audit Services Auditor General	1.121	1.146	
Finance Expenses	0.663	0.678	
Total	176.067	174.992	

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.

Not applicable.

### 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.

	2011-12 (\$ million)	2012-13 (\$ million)	Explanation for any variances greater than $\pm 10\%$ (or greater than \$100 million)
Entertainment expenses	0.119	**Not available	
Overseas travel	0.198	**Not available	
Legal expenses	5.225	**Not available	The increase in 2011-12 is due to legal advice required for the negotiation of the new VPS EBA.
Consultants*	2.706	**Not available	
Contractors*	23.801	**Not available	
Grants to non-government organisations	0	**Not available	

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

\*\* The Department is yet to prepare detailed budget estimates for the 2012-13 year.

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

See foot note for table above.

**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
Not applicable.	Not applicable.

**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.

The line item 'Net cash flows from investments in financial assets for policy purposes' includes all contributions from general government departments to the PNFC and PFC sector for capital projects.

The majority of the contributions are within the transport portfolio, and mainly relate to delivery by VicTrack of various rail projects.

Project	TEI \$ m	Policy Objective
New Ticketing System	611	For the development of MYKI
Metropolitan rolling stock and 40 New trains for Melbourne commuters	1,385	Initiatives that will increase the capacity and efficiency of the public transport network.
Tram Procurement and Supporting Infrastructure	804	Initiatives that will increase the capacity and efficiency of the public transport network.
Regional Rail Network Major Periodic Maintenance (Passenger and Freight)	172	Initiatives that will increase the capacity and efficiency of the public transport network.
Regional Rollingstock*	NA	Initiatives that will increase the capacity and efficiency of the public transport network.
Regional Rail Link*	NA	The project will construct a dual track link of up to 50 kilometres from West Werribee to central Melbourne's Southern Cross Station, via Sunshine. This includes construction of a new rail line from Werribee to Deer Park, new stations at Tarneit and Wyndham Vale, and duplication of existing tracks between Sunshine and Kensington. The project will deliver capacity for an extra 9 000 regional and suburban passengers every hour and will allow regional rail services to run express into Melbourne, increasing transport capacity and reliability for Geelong, Ballarat and Bendigo.

\* A TEI is not reported at this time due to commercial sensitivities

**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.

	<i>\$ million</i>				
	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Total expenses 2012-13 Budget</b>	<b>46,749</b>	<b>48,202</b>	<b>49,598</b>	<b>51,308</b>	<b>52,474</b>
<i>Expense growth</i>		3.1%	2.9%	3.4%	2.3%
<b>Gross State Product</b>	<b>326,669</b>	<b>340,305</b>	<b>357,120</b>	<b>375,187</b>	<b>393,722</b>
<i>GSP growth</i>		4.2%	4.9%	5.1%	4.9%

**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 addresses the concept of ‘operational efficiency’ when allocating its budget for 2012-13 across its outputs. In doing so, the Department also considers current government priorities, examines its departmental objectives and assesses its performance against agreed measures in order to ensure that service delivery standards are not compromised.

**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>
General efficiencies (2009-10 Budget)	The initiatives introduced by government as part of the 2009-10 Budget will continue to be sustained.	* see footnote below	5.697	Not applicable.
Government election commitment savings (2011-12 Budget)	The initiatives introduced by government as part of the 2011-12 Budget will continue to be sustained.	* see footnote below	13.210	Not applicable.
Measures to offset the GST reduction (2011-12 Budget)	The initiatives introduced by government as part of the 2011-12 Budget will continue to be sustained.	* see footnote below	See above	Not applicable.
Capping departmental expenditure growth (2011-12 Budget Update)	The Department continues to review its processes and systems to identify and implement efficiencies	* see footnote below	4.8	The Department manages the budget in total and efficiencies are gained by effectively managing the allocation of resources according to departmental objectives and priorities.
Maintain a sustainable public service (2011-12 Budget Update)	Targets will be achieved through natural attrition, non-renewal of fixed-term contracts and the offering of some voluntary departure packages	* see footnote below	10.129	The Department is expected to achieve this target.
Any savings or efficiency initiatives in the 2012-13 Budget	The Department continues to review its processes and systems to identify and implement efficiencies	* see footnote below	5.0	The Department is expected to achieve this target.

\* The Department of Treasury and Finance is committed to continually finding efficiencies to continue delivering services through its allocated resources.

**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.

The amounts below include the Essential Services Commission, State Revenue Office, Shared Services Provider and Government Accommodation Trust (excluding CenITex).

<b>Area</b>	<b>2009-10 (\$ million)</b>	<b>2010-11 (\$ million)</b>	<b>2011-12 (\$ million) ESTIMATES</b>	<b>2012-13 (\$ million)</b>	<b>2013-14 (\$ million)</b>	<b>2014-15 (\$ million)</b>	<b>Explanation for any area which does not decrease by the savings target</b>
Ministerial staff	Not applicable	Not applicable	Not applicable	* see footnote below			Not applicable
Media and marketing positions	0.768	0.898	0.887	* see footnote below			Not applicable
Consultants	60.185	39.556	26.507	* see footnote below			Not applicable
Government advertising	1.461	1.77	1.253	* see footnote below			Not applicable
Political opinion polling	Not applicable	Not applicable	Not applicable	* see footnote below			Not applicable
External legal advice	2.213	1.485	5.226	* see footnote below			Not applicable
Senior public service travel	0.087	0.099	0.177	* see footnote below			Not applicable
Government office floor space	11.769	11.310	13.286	* see footnote below			Not applicable
Supplies and consumables	62.651	44.695	45.070	* see footnote below			Not applicable
Savings from shared services	7.443	8.836	8.042	* see footnote below			Not applicable
Head office staff	106.800	116.832	122.708	* see footnote below			Not applicable
Total	253.377	225.481	223.156	* see footnote below			

\* Expenditure items listed above only form a small proportion of the Department's budget and as such, estimations have not been budgeted from 2012-13 to 2014-15.

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.

The Department is yet to prepare detailed budget estimates for the 2012-13 year, and is currently not in a position to provide this information.

## 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)
2.8	8.2	223.1	234.1

### 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.

The variance of \$172 million is mainly due to the exclusion of costs already allocated to all Departmental outputs for the following items:

	\$ million
Government Accommodation Trust	26.1
Shared Services Provider	30.9
Vehicle Leasing Facility	12.2
CenITex – IT Provider	105.0
Total	174.2

The remaining variance of \$2.2 million relates to estimated annotated receipts under Section 29 Financial Management Act 1994 not being accounted for output costing until there is certainty the revenue has been earned.

### 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.

As advised in the PAEC 2009-10 and 2010-11 Financial and Performance Outcomes questionnaire

<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

part two, the linkages between asset initiatives and their intended service delivery outcomes was not expected to be completed in time for the 2012-13 budget. The development of these are underway for inclusion in future budget papers.

For the 2012-13 Budget, minor amendments were made to two performance measures under the 'Land and Infrastructure Investment Management' output.

The first performance measure has been updated as follows:

'Commercial and risk management advice on project milestones (including projects identified as high value high risk) which facilitate infrastructure and which minimise Government's exposure to risk.'

This performance measure edits the 2011-12 performance measure 'Commercial and risk management advice on projects which facilitate infrastructure and which minimise Government's exposure to risk'. The 2012-13 performance measure was amended to more accurately reflect the data capture of actual project milestones relating to the output's activities.

The second performance measure has been updated as follows:

'Development and implementation of services including policy, procedures and training in practices which govern new infrastructure investment'.

This performance measure edits the 2011-12 performance measure 'Services (including policy, procedures and training) which facilitate new infrastructure investment'. The 2012-13 performance measure was amended to improve the clarity of the measure.

#### **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</b>	<b>Underlying reasons</b>	<b>Intended revised timing for use of the carried forward-funds</b>
Output funding	Implementation of Efficient Technology Services Initiative	\$4.15 million	The program has been delayed due to review of CenITex by State Services Authority	Carried over funds is expected to be utilised by June 2013.
Asset funding	Implementation of Efficient Technology Services Initiative	\$4.01 million	The program has been delayed due to review of CenITex by State Services Authority	Carried over funds is expected to be utilised by June 2013

## 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
Enhanced Revenue Compliance	To increase monitoring and enforcement activities to improve taxpayer compliance.	Revenue estimates based on cases identified by SRO's Business Intelligence data matching activities.	Not Applicable	The additional staff redeployed to the targeted tax audits will contribute to the DTF's Revenue Management Services to Government output.	Revenue estimates will be incorporated into the annual compliance targets and evaluated against actual results monthly and reported to the State Revenue Office Executive monthly and DTF quarterly.	Total revenue gained is estimated to total approximately \$42 million over four years.

**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>
Abolish stamp duty exemption for grants of Crown land	<p>Genuine grants of Crown land are not dutiable transactions under the <i>Duties Act 2000</i> as they do not involve the preparation of a transfer of land with a certificate of title attached. However, certain large commercially oriented leasing arrangements may currently, through a technicality; benefit from the duty exemption where the land involved is Crown land.</p> <p>To ensure that only genuine grants of Crown land remain exempt from duty, the duty exemption will be removed from the <i>Duties Act 2000</i>.</p> <p>The removal of the duty exemption will bring duty treatment of large commercially oriented leasing arrangements into line with other similar commercial transactions.</p> <p>It is equally important that such transactions are made subject to the same taxation conditions faced by similar commercial arrangements for competitive neutrality and cost transparency.</p>	Based on State Revenue Office data of estimated number of these transaction anticipated to benefit from the current arrangements.	Not Applicable	Not Applicable	Not Applicable	Total revenue gained is estimated to total approximately \$20 million over four years.

**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
The value of a penalty unit will increase by 12.5 per cent (over and above annual indexation) from 1 July 2012	\$122.14	\$140.84	<p>Policy objective of this initiative is to deter unlawful behaviour through the imposition of adequate fines.</p> <p>For 2012-13, the Treasurer approved the value of a penalty unit at \$125.19 (a 2.5% annual adjustment from the 2011-12 rate of \$122.14). The 2012-13 value was subsequently published in the Government Gazette on 29 March 2012.</p> <p>The 2012-13 Budget initiative will increase the value of a penalty unit to \$140.84 – reflecting a further 12.5 per cent increase above the published value for the 2012-13 financial year.</p> <p>The implementation of this initiative is subject to amendment to the <i>Monetary Units Act 2004</i>.</p> <p>In effect, the value of the unit will be rebased as of 2012-13, with provisions relating to annual indexation remaining unchanged, and continuing to operate in future.</p>

**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
Output Appropriation	DTF's output appropriations amount to \$524.1 million for 2012-13 financial year.
Special Appropriation	The decrease is mainly as a result of the Department not being required to make payments of \$2.0 billion for maturing loans as part of managing the State's debt. The decrease is partially offset by additional \$341 million to fund the Victoria's superannuation liability which has been impacted by the adverse movement in bond rates.

Sales of goods and services	The estimate for 2011-12 is higher due to the contributions to the Consolidated Fund by Victorian Workcover Authority to cover the operation of the Workcover jurisdiction in Courts.
Grants	The decrease is primarily associated with Commonwealth aggregated payments, covering most Specific Purpose and National Partnership payments for Victoria

## 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?

Under the COAG Reform Agenda, DTF is responsible for the delivery of the Seamless National Economy Nation Partnership.

The National Partnership (NP) is aimed at delivering more consistent regulation across jurisdictions, and includes 27 deregulation priorities agreed by Council of Australian Governments (COAG) in March 2008, the eight priority areas for competition reform agreed by COAG in July 2008, and regulatory reform that continues to develop and enhance existing processes for regulation making and review to increase the efficiency of regulation.

Depending on the Commonwealth's assessment of progress (including the 2011-12 COAG Reform Council report findings), Victoria will be eligible to receive up to \$61.95 million in reward payments from the Commonwealth in 2012-13 (this potential revenue has not been included in the 2012-13 budget estimates).

These reward payments could be affected as Victoria did not implement the nationally uniform occupational health and safety laws by the December 2011 milestone. The Victorian Government does not support this reform in its current state. (The Victorian supplementary impact analysis indicates that the scheme will impose considerable costs on businesses).

However, the Victorian Government is willing to work with the Commonwealth towards an outcome that is in the best interest of Victoria. Over 2012-13, DTF will continue to work towards delivering the NP.

- (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.

In delivering the Seamless National Economy NP, DTF has successfully transitioned to the COAG Reform Council's (CRC) performance reporting framework.

DTF provides a detailed report to the CRC on its progress against the key milestones for each financial year of the Agreement as detailed in the Implementation Plan.

Achievement of these key milestones, as assessed by the CRC, will inform the Commonwealth's decision to trigger reward payments to Victoria.

**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.

**Health Reform Agreement**

The new funding arrangements under the National Health Reform Agreement will mean that from 2012-13, some public hospital funding in Victoria is recorded against different accounts in the 2012-13 Budget Papers.

The National Healthcare SPP will be replaced by the National Health Reform Agreement from 1 July 2012. The key change is that most Commonwealth funding provided to Victoria for public hospital services will flow through the State's Trust Fund, rather than the Consolidated Fund. This has a flow on impact of reducing the Department of Health's appropriation by approximately \$3.3 billion while increasing funds in the State's Trust Fund by a corresponding amount.

By itself, this change to the flow of funds does not mean there is any more or less funding for hospitals. It is simply a change to the accounts against which this funding is recorded.

**Grant revenue from the Commonwealth for specific purposes and for on-passing**

Since the 2011-12 State Budget, these are some of the major changes to agreements for specific purposes and on-passing:

- a new agreement with the Commonwealth for funding of stage two of NVIRP, totalling \$636 million over four years, with a mix of associated capital and operating expenditure over the period;
- an upwards revision to expected grants to TAFEs (totalling \$280 million over four years) to reflect funding for a range of projects provided directly to the sector by the Commonwealth;
- revised grants for the vocational education and training sector as well as grants to non-government schools (averaging \$82 million a year over four years), which are largely on passed;
- increased Commonwealth grants to be passed on to local governments (\$31 million a year);
- a reduction in revenue of \$105 million in 2011 12 and \$217 million in 2012 13 associated with a re-phasing of Commonwealth funding for capital road projects (largely into 2013 14) under the Nation Building Program (AusLink II); and
- a \$166 million re-phasing into 2011 12 of funding for the Victorian Comprehensive Cancer Centre from 2010 11 and 2012 13.

**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?

The Report on GST Revenue Sharing Relativities – 2012 Update was released by the Commonwealth Grants Commission (CGC) on 13 February 2012. Victoria's recommended per capita relativity for the distribution of the GST in 2012-13 was updated to 0.92106 (representing a State share of 23%).

As the CGC only provides relativities out to 2012-13, DTF forecasts Victoria's relativities and share thereafter. Forecasts of Victoria's GST revenue are very sensitive to minute changes in forecast relativities, given the size of the revenue line.

## 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.

Preliminary numbers – Budget 2012-13

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
General Government Sector	16,083	20,705	23,122	23,790	23,696
Public non-financial corporations sector	9,505	15,066	16,258	16,689	17,237
Melbourne Water Corporation	4,028	8,157	8,369	8,550	8,650
Yarra Valley Water Ltd	1,647	1,840	1,997	2,124	2,264
Victorian Rail Track	966	901	822	728	636
South East Water Ltd	957	1,006	1,054	1,087	1,107
City West Water Ltd	785	958	1,092	1,158	1,251
Port of Melbourne Corporation	467	622	847	1,029	1,152
Coliban Region Water Corporation	400	410	408	407	409
Barwon Region Water Corporation	403	526	608	654	643
Urban Renewal Authority Victoria (Places Victoria)	263	390	506	224	220

### 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?

As a percentage of Gross State Product (GSP), general government net debt will fall from 6.5 per cent in 2013-14 to 6.0 per cent in 2015-16.

The Government's medium-term fiscal strategy set out in this Budget includes the following parameters:

- 'Infrastructure investment of 1.3 per cent of GSP (calculated as a rolling five-year average).'
- 'General government net debt reduced as a percentage of GSP over the decade to 2022'.
- Fully fund the unfunded superannuation liability by 2035.
- 'A net operating surplus of at least \$100 million and consistent with the infrastructure and debt objectives.'

While there are no specific plans to reduce net debt in nominal dollar terms, the capacity for changes in net debt will be the outcome of the operating surplus available after funding infrastructure investment at a level consistent with the above parameters.

The efficiency and savings measures introduced in this Budget will assist in increasing the operating surplus available, as reflected in the forward estimates.

- (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)?

No, as per above. However, across the forward estimates, nominal net debt is forecast to decline in 2015-16 from 2014-15.

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

No, as per above.

**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?

The Government's medium-term fiscal strategy set out in this Budget reiterates the objective to fully fund the unfunded [defined benefits] superannuation liability by 2035. The Government has no specific policy on the reduction of General Government sector's total liabilities over time.

The Government's medium-term fiscal strategy set out in this Budget reiterates the objective to fully fund the unfunded superannuation liability by 2035. This strategy involves a series of additional payments by Government to the Emergency Services and State Superannuation Scheme. These payments are based on actuarial advice and are in addition to the regular employer and member contributions that the Scheme receives. In particular, over the next four years the budgeted payments total more than \$4 billion.

The Government has no specific policy on the reduction of the General Government sector's total liabilities over time.

- (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)?

No.

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

See response to 8.2(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
DTF does not directly provide any services to rural or regional areas.							

### 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:

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
DTF does not directly provide any services to Metropolitan Melbourne.							

## 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
Nil	Not applicable

### 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.

The following quality measure has been added to the Financial and Resource Management Frameworks output.

- *VPS Stakeholder feedback indicates that delivery of guidelines, newsletters, information sessions and training has improved the VPS's awareness and understanding of accounting policy, financial management and taxation compliance*

This performance measure tracks the outcome, improved awareness and understanding of VPS stakeholders, of the delivery of guidelines, newsletters, information sessions and training.

The following measures have been amended to be more outcomes-based for 2012-13:

- *Timely coordinating of Victoria's input to GST Regulations associated with Division 81 and the Government response to Auditor-General Reports.*

This performance measure edits the 2011-12 quantity measure 'Coordinating reporting requirements in relations to GST Determinations and Auditor-General Reports'. The edited measure better tracks the performance of the output, through measuring the timely delivery of Victoria's input into GST regulations, rather than only the quantity.

- *Acceptable (no material weaknesses in financial systems and reporting) Financial Report for the State of Victoria and Estimated Financial Statements audit opinions by the Auditor-General*

This performance measure has changed from a quantity measure to a quality measure, to track the quality of the Financial Reports and Estimated Financial statement audits submitted to the Auditor General.

### 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.

In 2011-12 the Department has produced and circulated updated guidance on developing good quality performance information. During this period DTF has worked with departments to ensure that performance information, including the setting of targets, is appropriate and robust through a series of consultation and feedback stages.

**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.

The Department of Treasury and Finance provides guidance to departments on submitting their performance measure data, including requests to explain variances in performance achievements and performance risks. The data provided is required to be signed off by their Departmental Chief Financial Officer (CFO) and the relevant Minister to ensure that the data is accurate. Once received, DTF analysts will conduct a quality assurance check of all performance measures, which may include looking at past performance measures as well as testing the validity of the department's comments, to determine if the expected outcome is reasonable. DTF then liaise with the department to clarify any areas that significantly differ from the published target. Footnotes are provided to explain any variance between expected outcomes and targets and explanations must satisfy DTF guidance.

**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

DTF analysts have access to past budget papers and performance data to assist in informing decisions about the expected outcome and targets, and any need for clarification. Based on these, an assessment can be made as to whether the target should be raised or lowered in response to consistent under or over performance, and whether an expected outcome should be queried.

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

The number of years of data that are considered is dependent on the nature of the measure, data trend movements as well as the information that is available at the time. The availability of trend data is also dependant on how new a measure or program may be.

**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.

<b>DTF</b>	<b>30 June 2011</b>	<b>30 June 2012</b>
<b>Grade</b>	<b>(Actual FTE number)</b>	<b>(Estimate FTE number)</b>
Secretary	1	1
EO-1	5	5
EO-2	25.6	24.4
EO-3	47.8	45.52
VPS Grade 7 (STS)	9.8	9.8

VPS Grade 6	180	171.4
VPS Grade 5	170.09	162
VPS Grade 4	135.65	129.2
VPS Grade 3	120.79	115
VPS Grade 2	33.3	31.7
VPS Grade 1	0	0
Government Teaching Service	NA	NA
Health services	NA	NA
Police	NA	NA
Allied health professionals	NA	NA
Child protection	NA	NA
Disability development and support	NA	NA
Custodial officers	NA	NA
Other (Legal Officers)	7.6	7.6
Other (Stat Appointees)	5.5	5.5
Other (Casuals)	3.27	3
Total	739.9	704.62

## Notes:

Totals exclude statutory appointees.

FTE numbers as at the end of June 2013 cannot be accurately estimated at this stage as appropriate strategies are currently being developed to address the requirements under the Sustainable Government Initiative, and initiatives outlined within the 2012-13 Budget.

<b>SRO</b>	<b>30 June 2011</b>	<b>30 June 2012</b>
<b>Grade</b>	<b>(FTE number)</b>	<b>(Estimate FTE number)</b>
Secretary	0	0
EO-1	0	0
EO-2	1.00	1
EO-3	5.00	5
VPS Grade 7 (STS)	1.00	1
VPS Grade 6	42.40	40
VPS Grade 5	88.00	93
VPS Grade 4	90.96	110
VPS Grade 3	152.93	153
VPS Grade 2	60.92	64
VPS Grade 1	3.00	3
Government Teaching Service	NA	NA
Health services	NA	NA
Police	NA	NA

Allied health professionals	NA	NA
Child protection	NA	NA
Disability development and support	NA	NA
Custodial officers	NA	NA
Other (Legal Officers)	13.40	18
Total	458.62	488

## Notes:

Net Increase of approx. 30 FTE expected between 30 June 2011 and 30 June 2012 is due to additional 2011-12 BERC funding creating 50 additional Investigator/Compliance positions less 2011-12 BERC funding reductions resulting in notional reduction of 30 FTEs plus delayed transfer of 9 FTE to CenITex.

FTE numbers as at the end of June 2013 cannot be accurately estimated at this stage as appropriate strategies are currently being developed to address the requirements under the Sustainable Government Initiative, and initiatives outlined within the 2012-13 Budget.

<b>ESC</b>	<b>30 June 2011</b>	<b>30 June 2012</b>
<b>Grade</b>	<b>(FTE number)</b>	<b>(Estimate FTE number)</b>
Secretary	0	0
EO-1	0	0
EO-2	1	1
EO-3	3	3
VPS Grade 7 (STS)	2	2
VPS Grade 6	10.8	11.8
VPS Grade 5	13.24	13.3
VPS Grade 4	15.2	13.5
VPS Grade 3	13	17
VPS Grade 2	6	1
VPS Grade 1	0	0
Government Teaching Service	NA	NA
Health services	NA	NA
Police	NA	NA
Allied health professionals	NA	NA
Child protection	NA	NA
Disability development and support	NA	NA
Custodial officers	NA	NA
Other (senior regulatory manager)	5	5
Other (statutory appointees)	1.8	1.8
Total	70.72	69.4

Notes:

Totals exclude statutory appointees.

FTE numbers as at the end of June 2013 cannot be accurately estimated at this stage as appropriate strategies are currently being developed to address the requirements under the Sustainable Government Initiative, and initiatives outlined within the 2012-13 Budget.

**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>DTF</b>	<b>30 June 2011</b>	<b>30 June 2012</b>
	<b>(FTE number)</b>	<b>(Estimate FTE number)</b>
Ongoing	714.13	684.62
Fixed-term	22.5	18
Casual	3.27	3
Total	739.9	705.62

Notes:

FTE numbers as at the end of June 2013 cannot be accurately estimated at this stage as appropriate strategies are currently being developed to address the requirements under the Sustainable Government Initiative, and initiatives outlined within the 2012-13 Budget.

<b>SRO</b>	<b>30 June 2011</b>	<b>30 June 2012</b>
	<b>(FTE number)</b>	<b>(Estimate FTE number)</b>
Ongoing	438.49	469
Fixed-term	20.13	19
Casual	0	0
Total	458.62	488

Notes:

Net increase of approx. 30 FTE expected between 30 June 2011 and 30 June 2012 is due to additional 2011-12 BERC funding creating 50 additional Investigator/Compliance positions less 2011-12 BERC funding reductions resulting in notional reduction of 30 FTEs plus delayed transfer of 9 FTE to CenITex.

FTE numbers as at the end of June 2013 cannot be accurately estimated at this stage as appropriate strategies are currently being developed to address the requirements under the Sustainable Government Initiative, and initiatives outlined within the 2012-13 Budget.

<b>ESC</b>	<b>30 June 2011</b>	<b>30 June 2012</b>
------------	---------------------	---------------------

	(FTE number)	(Estimate FTE number)
Ongoing	64.64	65.6
Fixed-term	5.5	2
Casual	0.58	0
Total	70.72	67.6

Notes:

FTE numbers as at the end of June 2013 cannot be accurately estimated at this stage as appropriate strategies are currently being developed to address the requirements under the Sustainable Government Initiative, and initiatives outlined within the 2012-13 Budget.

### 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;

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
General efficiencies (2009-10 Budget)	* see footnote below	5.697	The Department cannot provide detailed breakdown as appropriate strategies are currently being developed to address the requirements under the Sustainable Government	The Department cannot provide detailed breakdown as appropriate strategies are currently being developed to address the requirements under the Sustainable Government
Government election commitment savings (2011-12 Budget)	* see footnote below	13.210		
Measures to offset the GST reduction (2011-12 Budget)	* see footnote below	See above		
Capping departmental expenditure growth (2011-12 Budget Update)	* see footnote below	0.800		

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

Any savings or efficiency initiatives in the 2012-13 Budget	* see footnote below	8.800	Initiative.	Initiative.
---	----------------------	-------	-------------	-------------

\* The Department of Treasury and Finance is committed to continually finding efficiencies to continue delivering services through its allocated resources.

### 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.

(The figures below exclude CenITex)

	2010-11 (\$ million)	2011-12 (\$ million)	2012-13 (\$ million)	2013-14 (\$ million)	2014-15 (\$ million)	2015-16 (\$ million)
Consultants	1.571	2.706	* see footnote below			
Contractors	37.985	23.801	* see footnote below			

\* Expenditure items listed above only form a small proportion of the Department's budget and as such, estimations have not been budgeted from 2012-13 to 2015-16.

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

Not applicable.

## 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.

102 <sup>nd</sup> Report on the 2011-12 PAEC Budget Estimates			
	Recommendation	DTF Response	Update
Part 1	Recommendation 5 - <i>Future budget papers include a consolidated statement identifying the expected sources and application of funding for major natural disasters and the estimated net cost to the Government.</i>	DTF will <b>investigate</b> opportunities to provide a consolidated statement of funding for major disasters, in future budget papers	The 2012-13 Budget does not include new funding for any specific natural disasters. This will continue to be investigated in future years.
	Recommendation 7 - <i>The Government explore avenues for raising the</i>	DTF response - DTF will <b>consider</b> further options to improve the quality and	Structure of BP4 has been reviewed and a new section for "Completed Projects" has

	<i>quality and clarity of material on annual asset spending estimates presented in the budget papers. Any enhancements made to the presentation of budgeted asset information should be matched by equivalent improvements to the presentation of actual asset spending in the annual financial report.</i>	clarity of information on the State's asset investment program with the aim of making the presentation of the annual infrastructure program in the budget papers more user-friendly to Parliament and other readers. The Government will also investigate improvements for the presentation of asset spending in the annual financial report.	been included this year to increase the level of disclosure in BP4.
Part 2	<i>Recommendation 1 - The Department of Treasury and Finance in consultation with the Department of Premier and Cabinet conduct a review of the quality of Victoria's current performance measures to assess whether they meet generally acknowledged better-practice criteria.</i>	DTF will <b>review</b> output descriptions, structures and performance measures in the lead up to the 2012-13 budget with a focus on quality improvement. During the review all departments, including the Department of Premier and Cabinet, will be engaged.	A review of the current performance measures was undertaken in quarter three, 2011-12. The 2012-13 budget papers reflect changes made by departments to their output measures and targets. The changes improve the clarity of performance measures, descriptions and targets. In addition departments have refined their department objectives and clearly linked to their objectives to their outputs. Updated guidance was provided to departments and these have been incorporated.
	<i>Recommendation 2 - The Department of Treasury and Finance develop appropriate guiding principles and criteria for all government departments that represent better practice in performance measurement.</i>	DTF will <b>review</b> and update this guidance, including identifying guiding principles and criteria to help strengthen performance management.	See above.
	<i>Recommendation 3 - The Department of Treasury and Finance develop practical guidance materials to guide departments in the development and implementation of better-practice performance measures.</i>	DTF will work closely with departments through a series of consultations and workshops to <b>review</b> and update guidance material and to ensure that it is easily understood and better practice performance measures can be implemented.	See above.
	<i>Recommendation 5 - To enhance transparency and accountability, future budget papers clearly indicate the links between</i>	In 2011 DTF will commence a <b>review</b> of the performance management framework including a review of output	See above.

<p><i>policy objectives, inputs, outputs and expected outcomes.</i></p>	<p>performance measures and the manner in which outputs link to departmental objectives. The outcomes of these <b>reviews</b> will help enhance transparency and accountability across all levels of departmental performance management and reporting. Long term reforms for enhancing transparency and accountability will be incorporated into future budget papers. DTF will work with departments to implement identified reform opportunities for the budget papers to improve government performance measurement and reporting.</p>	
<p><i>Recommendation 7 - The Department of Treasury and Finance examine whether there is scope for appropriate measures to be developed to assess the quality of service delivery for those outputs which currently do not have any quality measures.</i></p>	<p>For the 2012-13 budget process, DTF will work with departments to <b>review</b> the appropriateness of measures to assess the quality of service delivery for each output.</p>	<p>See above.</p>
<p><i>Recommendation 8 - As part of its work developing guidance for departments on better-practice performance measurement, the Department of Treasury and Finance also provide guidance for developing performance measures of the qualitative aspects of service delivery.</i></p>	<p>DTF will work with departments to rigorously <b>review</b> output descriptions, structures and performance measures to ensure quality improvement occurs. This <b>review</b> will include qualitative aspects of service delivery.</p>	<p>See above.</p>
<p><i>Recommendation 9 - To improve transparency of the net effect of new and discontinued performance measures, future budget papers include a table showing the number of new and discontinued measures for each department.</i></p>	<p>Reforms to the annual State budget papers will be <b>considered</b> as part of the 2012-13 budget process, and in the context of the findings and recommendations of regular reviews conducted by DTF. The presentation of new and discontinued performance measures for each department will be considered as part of these reviews. DTF will work with</p>	<p>Discontinued measures will be listed by department in Appendix A, BP3 (as in 2011-12). The Department is still considering the introduction of a table.</p>

	departments to implement identified reform opportunities for the budget papers to improve the transparency of government performance reporting and enhance the provision of information to Parliament and the public.	
Recommendation 10 - <i>The Department of Treasury and Finance develop guidance material for departments which clearly specifies circumstances where it may be appropriate for performance measures to be discontinued.</i>	DTF will <b>review</b> and update relevant guidance material to help strengthen the process around proposed changes to performance measures and will work closely with all other departments during the budget process, which includes reviewing proposed changes to performance measures.	Departments were provided updated guidance through the Department of Treasury and Finance Information Request on the budget process. This guidance informs the 2012-13 performance measures and targets.
Recommendation 14 - <i>The Department of Treasury and Finance publish on its website the 2011-12 performance targets for the four measures listed as 'to be advised' in the 2011-12 budget papers as soon as they can be determined.</i>	DTF will work with the Department of Transport to publish the relevant targets on the DTF website and in the 2011-12 Budget Update as soon as they are determined. Due to a change in Government policy relating to the development of a new integrated public transport ticketing solution some measures may no longer be appropriate. DTF will work with the Department of Transport to <b>review</b> the measures appropriateness.	Implemented in Budget Update 2011-12
Recommendation 20 - <i>As the funding initiatives directed at the delivery of ambulance emergency services are rolled out over time, the Department of Treasury and Finance examine whether performance targets in the Budget need to be set at more challenging levels that would correlate with the additional funding allocations.</i>	The Department of Health, in conjunction with the Department of Treasury and Finance, will <b>review</b> Ambulance Victoria performance over time to ensure that targets are appropriate.	New performance measure introduced in relation to additional funding allocated in August 2011. Ongoing discussions re performance and service delivery between DTF/DOH/BERC.
Recommendation 21 - <i>As a matter of imperative, the Government develop, and provide details in the 2012-13 budget papers,</i>	DTF is working to improve the measurement of performance at both the outcome and output levels and is currently	DTF is continuing to work on improving outcome based performance measurement. Although, Departments were asked to provide indicators

	<i>an approach for measuring the achievement of whole-of-government outcomes over time, including crime reduction.</i>	<b>reviewing</b> the output management framework and, as described in response to previous recommendations in this report, identifying ways to strengthen performance measurement and management. This includes effective linkage between outputs and departmental objectives towards the achievement of Government priorities. The Terms of Reference of the Panel of the Independent Review of State Finances includes the development of objectives and strategies for responsible financial management. Further work in this area will be informed by the Independent Review's findings and DTF's internal review of output performance.	for departmental objectives, these require further work and will not be included in the 2012-13 Budget
Part 3	<i>Recommendation 3 - As more formal policies are released by the Government, additional information be provided in the service delivery budget paper detailing the relationship between departmental outputs, new initiatives and Government policies and objectives.</i>	DTF is also <b>investigating</b> ways of improving the description of the relationship between departmental outputs and objectives and will continue to seek to improve this in future budget papers.	Implemented in 2012-13 Budget Paper No. 3, Chapter 2 Departmental Performance Statements
	<i>Recommendation 6 - Future service delivery budget papers include the 'expenses from transactions' section of the departmental operating statements, along with commentary on how changes in expenditure relate to changes in the outputs.</i>	The merits of including extracts of information from other budget papers, in Budget Paper No. 3 Service Delivery, is under <b>review</b> and will be <b>considered</b> for 2012-13 and future budget papers.	Implemented in-part in 2012-13 Budget Paper No. 3, Chapter 2 Departmental Performance Statements (commentary could be further developed in future years).
	<i>Recommendation 9 - Future 'statement of finances' budget papers include a high level analysis for each department of its operating statements, including explanations for significant variations from the prior year.</i>	The Department of Treasury and Finance will <b>consider</b> these opportunities to improve the quality and level of analysis provided for each department, for inclusion in Budget Paper No. 5 Statement of Finances.	Departmental commentary has been reinstated in Chapter 3, Departmental Financial Statements. The commentary includes explanations of material variances.

<p>Recommendation 11 - <i>The Government consider modifying future budget papers to meet those criteria set out in Table 3.4 that it currently only partially meets.</i></p>	<p>Based on PAEC's review of international better practice principles for budget transparency, DTF will <b>consider</b> the following potential modifications to the Budget Papers: a greater breakdown of functions in the EFS (dependent on data availability in SRIMS), disclosure of interest rate assumptions, enhancing the link between policy objectives and expenditure, and the publication of a flyer summarising key elements of the budget.</p>	<p>Treatment of interest rate, exchange rate and oil price assumptions were dealt with in a footnote in the Victorian economic projections table in the 2011-12 Budget Update. This treatment has been retained for the budget in BP5. Assumptions used to estimate expenses associated with new borrowings have also been included in the notes to the Estimated Financial Statements. There will be greater linkage of initiatives and objectives with outputs in 2012-13 as requested in Department of Treasury and Finance Information Request on the budget process.</p>
<p>Recommendation 30 - <i>Future budget papers compare the total value of new asset initiatives released in that budget to the total value of new asset initiatives released in previous budgets, and explain significant variations.</i></p>	<p>The presentation of aggregate data on the total value of new assets and previous budgets will be <b>considered</b> for inclusion in the 2012-13 budget papers, as appropriate. Other methods of presenting this information will also be reviewed, such as publication on the Department of Treasury and Finance website as part of the supplementary data provided with the budget papers.</p>	<p>Previous years comparisons not included.</p>
<p>Recommendation 41 - <i>With regard to the high-value and high-risk asset projects that are to be subject to the enhanced planning and governance processes, to achieve greater transparency, the Department of Treasury and Finance develop:</i> (a) <i>a strategy for listing the high-value and high-risk asset projects in the budget papers in descending order according to the level of risk, as identified by the risk assessment tool applied by the</i></p>	<p>The Government will <b>consider</b> options for the disclosure of information relating to High Value/High Risk projects where appropriate, although this is not expected to be able to be completed in time for the 2012-13 budget.</p>	<p>Details on which projects are classified as High Value/High Risk have been disclosed. However, risk profile, performance measures and specific links between assets and intended service delivery have not been detailed in BP4.</p>

<p><i>Department;</i> <i>(b) performance measures that enable an assessment to be made about how these projects are tracking according to the approved budget, established timelines and quality standards of construction; and</i> <i>(c) clear linkages between these asset initiatives and their intended service delivery outcomes.</i></p>		
<p>Recommendation 51 - <i>In terms of the presentation of 'Other Commonwealth Grants' in the budget papers, the Department of Treasury and Finance differentiate between:</i> <i>(a) grants for specific purposes and grants for on-passing; and</i> <i>(b) grants that are ongoing and those that are one-off in nature.</i></p>	<p>Other Commonwealth Grants is a combination of a number of minor grants provided to the State. The Department of Treasury and Finance will <b>review</b> the presentation of this information in Budget Paper No. 5 Statement of Finances to better improve the transparency surrounding this item in the 2013-14 budget.</p>	<p>The existing table in Budget Paper 5 Chapter 4, State Revenue has been split into grants for specific purposes and grants for on-passing. One-off payments were footnoted.</p>
<p>Recommendation 52 - <i>The Department of Treasury and Finance explain in the budget papers all significant movements in Commonwealth funding between the latest revised estimate and the current Budget.</i></p>	<p>The Department of Treasury and Finance (DTF) will continue to disclose this information and explain the key drivers in changes to Specific purpose payments (SPP) between previous published information. SPPs are impacted by a number of factors that impact the timing of payments. During any financial year SPPs may be re-phased to better align with projects' revised completion dates and the Commonwealth's financial objectives. As such, in considering an appropriate response to this recommendation, DTF will <b>consider</b> the level of explanation for what is deemed a significant movement in SPPs in future publications.</p>	<p>Additional commentary has been included in BP5 Chapter 4, State Revenue to explain significant movements.</p>
<p>Recommendation 53 - <i>Future budget papers continue to disclose the effect of removing one-off Commonwealth grants on</i></p>	<p>The Department of Treasury and Finance will <b>consider</b> in the preparation of the 2012-13 budget papers the appropriateness</p>	<p>This information is being included on the online data set released in conjunction with the Budget Papers for the 2012-13 Budget.</p>

	<p><i>the net results from transactions for previous years, the budget year and the forward estimates.</i></p>	<p>of continuing to disclose the impact of major one-off Commonwealth grants on the State's net result from transactions in future budget papers. The winding down of the Nation Building and Jobs Plan, and subsequently the cessation of these major one-off Commonwealth capital grants, has reduced the need for disclosure and the significance of this measure.</p>	
	<p>Recommendation 63 - <i>Departments which pass on large amounts of grants for specific purposes should give consideration to including performance measures in the budget papers to assess the departments' effectiveness at managing service delivery through grants.</i></p>	<p>The Department of Treasury and Finance supports <b>consideration</b> of this recommendation for future budget papers. Performance measures associated with output delivery are constantly under <b>review</b> to improve the transparency and reporting of departmental effectiveness in managing service delivery.</p>	<p>The regular review of performance measures as part of the annual budget process considers performance measures for all service delivery, including grants programs. No specific action has been taken other than regular review of performance measures (some of which are related to delivery of grants). The focus has been on improving the indicators on departments' delivery of services directly support government policy, rather than administrative processes.</p>
	<p>Recommendation 64 - <i>Future budget papers provide explanations for major changes (between the budget year and the revised estimates for the previous year) to the estimated expenditure in each of the categories into which expenditure is broken down in the departmental operating statements.</i></p>	<p>The presentation and discussion of departmental estimates in the budget papers is under constant <b>review</b> and this will be <b>considered</b> for the 2012-13 budget papers when planning the commentary to be provided by departments for inclusion in Budget Paper No. 5, Chapter 3 Departmental financial statements.</p>	<p>Departmental commentary has been reinstated in Chapter 3, Departmental Financial Statements. The commentary includes explanations of material variances.</p>
	<p>Recommendation 68 - <i>Future budget papers contain a more detailed break-down of the expense category 'other operating expenses' than is currently provided. In developing a more detailed break-down, the Department of Treasury and Finance should consider the sub-categories used in the</i></p>	<p>The Department of Treasury and Finance will assess opportunities to further disaggregate the 'other operating expenses' for future budget papers, and will <b>consider</b> presentation methods used in other government department reports. The timing of implementing this recommendation will be influenced by data</p>	<p>DTF does not currently collect this data and, on this basis, did not implement this recommendation for the 2012-13 Budget. DTF notes that this detail can be found in department annual reports. DTF will assess opportunities to further disaggregate the 'other operating expenses' for future budget papers, and will consider presentation methods used in other</p>

	<i>Department of Innovation, Industry and Regional Development's 2009-10 Annual Report.</i>	availability and collection time requirements.	government department reports.
	Recommendation 78 - <i>The Department of Treasury and Finance detail more precisely in future budget papers the extent of policy alignment between the State Government and the COAG Reform Agenda, including the extent to which performance measures and targets align or differ.</i>	DTF will need to <b>consider</b> how the Budget Papers could best accommodate a comparison between performance measures and targets. Any changes will need to be mindful of the different Council Of Australian Governments (COAG) Reform Council reporting timeframes and the integration of the COAG Reform Agenda's outcomes framework with the Victorian budget's output reporting model.	Addressed through 2012-13 Budget Paper No. 3 Service Delivery and Budget Information Paper No. 2 Federal Financial Relations.
	Recommendation 81 - <i>A break-down of all current initiative funding and estimated expenditure over the longer-term dedicated to the implementation of the Victorian Bushfires Royal Commission recommendations be provided in a single place, in either the budget papers or reports from the independent bushfire monitor.</i>	In future, the Government will <b>review</b> the recommendation to provide this information in a single place, and will consider ways this can be achieved most effectively.	2012-13 Budget Paper No. 3 Chapter 1 Election Commitments, Output, Asset Investment, Savings and Revenue Initiatives. New initiative descriptions indicate where funding is provided in response to a Royal Commission recommendation.

**Contact details**

Department: .....

Contact Officer: .....

Position: .....

Contact Numbers: ..... Telephone: .....

Fax: .....

E-mail: .....

The completed questionnaire must be returned by:

**5:00pm, Wednesday, 2 May 2012**

Please return the response (**inWordformat**) to:

Ms Valerie Cheong

Executive Officer

Public Accounts and Estimates Committee

Level 3, 55 St Andrews Place

EAST MELBOURNE VIC 3002

Telephone: (03) 8682 2863

Fax: (03) 8682 2898

Email: paec@parliament.vic.gov.au

For inquiries on this questionnaire, please contact the Executive Officer or:

Christopher Gribbin

Ian Claessen

Senior Research Officer

Research Officer

(03) 8682 2865

(03) 8682 2861