

PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



2019-20

Financial and Performance Outcomes

General Questionnaire

VicTrack

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Introduction – Financial and Performance Outcomes Questionnaire

The Committee's inquiry into the 2019-20 Financial and Performance Outcomes examines:

- the Government's actual expenditure and revenue compared to the budgeted expenditure and revenue
- the actual performance outcomes against the targeted performance outcomes at a departmental/agency level.

The inquiry aims to benefit the Parliament and the community by:

- promoting the accountability, transparency and integrity of the executive and the public sector
- encouraging the effective and efficient delivery of public services and assets.

This questionnaire seeks information on the departmental/agency financials for the 2019-20 financial year, what was achieved during those years and how that compares to expectations.

Timeline and format

Responses to this questionnaire are due by **5.00pm on Monday 1 February 2021**.

Please email the completed questionnaire (in word and pdf) to paec@parliament.vic.gov.au

Please also email a signed copy.

Consistency with the budget papers

Whenever referring to an initiative/program/project that is referred to in the budget papers, please use the same name as is used in the budget papers. This ensures that the Committee can correlate the information provided by the department with the information in the budget papers.

Basis of consolidation

For departments, please use the same basis of consolidation as was used in the budget papers and in the budget portfolio outcomes statement in the department's annual report.

Guidance

Please contact the secretariat should you require guidance in relation to any questions:

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Section A: Output variances and program outcomes

Question 1 (all departments) Completed output initiatives from past budgets

This question does not apply to this entity.

Question 2 (all departments) Program outcomes

This question does not apply to this entity.

Question 3 (all departments) Treasurer's advances and other budget supplementation

This question does not apply to this entity.

Section B: Asset investment

Question 4 (all departments) Capital expenditure variances, completion date and scope changes – existing projects

This question does not apply to this entity.

Question 5 (all departments) Details of actual capital expenditure – completed projects (or expected to be completed)

This question does not apply to this entity.

Question 6 (all departments) High-value high-risk projects, gateway reviews and business cases

This question does not apply to this entity.

Question 7 (all departments) Public Private Partnership (PPP) expenditure – existing and completed

This question does not apply to this entity.

Section C: Revenue and appropriations

Question 8 (all departments and entities) Revenue – variances from previous year

Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million between the actual result for 2018-19 and 2019-20 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue affected service delivery and then link it to the relevant output and portfolio.

Please also detail the outcomes in the community¹ achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no revenue/income categories for the department/agency for which the 2019-20 expenditure changed from the prior year's expenditure by more than $\pm 10\%$ or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Revenue category	2018-19 actual (\$ million) ²	2019-20 actual (\$ million)	Explanations for changes $\pm 10\%$ or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, how was this achieved	Relevant output(s) and portfolio(s)
Property related income	35.9	32.0	Mainly due to reduced collections on Land Tax (\$2.1m) and Asset Rental/Licences (\$1.8m).	No impact as fully offset by reduced expenses.	
Government Contributions towards capital & related work	190.2	132.9	Decrease in govt contributions matches Rolling Stock Holdings loan and finance lease repayment.	No impact - funds used to pay loans and finance lease.	
Capital asset charge	2,256.7	2,383.8	Higher CAC due to increased capital investment.	No impact as fully offset in expenses.	

¹That is, the impact of service delivery on the community rather than a description of the services delivered.

² The actual revenue figures for 2018-19 vary from those provided in last year's questionnaire. The information last year was prepared for the VicTrack parent entity whereas this year, the figures have been prepared from VicTrack Consolidated numbers.

Question 9 (all departments and entities) Revenue – variances from budget to actual

Please explain any variances equal to or greater than $\pm 10\%$ or \$100 million between the initial budget estimate (not the revised estimate) and the actual result for 2019-20 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue affected service delivery and then link it to the relevant output and portfolio.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Revenue category	2019-20 Budget estimate (\$ million)	2019-20 actual (\$ million)	Explanations for changes $\pm 10\%$ or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, explain why	Relevant output(s) and portfolio(s)
Telecommunication services	70.3	56.7	Partially offset by reduced expenditure \$7.7m. Remaining \$5.9m revenue growth not met due to restricted operating environment.	Reduced funding (\$5.9m) available for VicTrack Capital improvements.	
Property related income	36.1	32.0	Mainly due to reduced collections on Land Tax (\$2.3m) and Asset Rental/Licences (\$1.8m).	No impact as fully offset by reduced expenses.	
Other income	116.4	87.8	Mainly due to reduced activity on Projects in Customer Constructions (\$25.4m).	No impact as offset by reduced expenses for Customer Construction Expenses.	

Section D: Expenses

Question 10 (all departments and entities) Expenses changed from previous year

Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million with regards to the actual result for 2018-19 and 2019-20 for each category of expenses detailed in your operating statement. Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million with regards the actual result for 2019-20 and the initial budget estimate (not the revised budget). Please also detail the outcomes in the community³ achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Expenses category	2018-19 Actual \$ million ⁴	2019-20 Actual \$ million	Explanations for variances $\pm 10\%$ or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
Depreciation & amortisation	870.6	753.8	Decrease due to duplication of assets disposed.	No impact as Non-Cash item.
Finance costs	11.0	9.4	Matches with Rolling Stock Holdings loan schedules.	No impact as Non-Cash item.
Capital asset charge	2,256.7	2,383.8	Higher CAC due to increased capital investment.	No impact as fully offset in revenue.
Supplies & services	55.7	71.2	Mainly due to increased Land Tax following a review by SRO (\$11.0m).	Negotiations relating to payment & recovery from tenants ongoing with SRO.
Other expenses from ordinary activities	51.3	58.1	Mainly due to increased activity on Projects in Customer Constructions (\$5.0m).	No impact as fully offset in revenue.

Expenses category	2019-20 Budget \$ million	2019-20 Actual \$ million	Explanations for variances $\pm 10\%$ or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
Depreciation & amortisation	894.9	753.8	Decrease due to duplication of assets disposed.	No impact as Non-Cash item.
Other expenses from ordinary activities	86.1	58.1	Mainly due to reduced activity on Projects in Customer Constructions (\$24.8m).	No impact as offset by reduced revenue for Customer Construction Expenses.

³That is, the impact of service delivery on the community rather than a description of the services delivered.

⁴The actual revenue figures for 2018-19 vary from those provided in last year's questionnaire. The information last year was prepared for the VicTrack parent entity whereas this year, the figures have been prepared from VicTrack Consolidated numbers.

Question 11 Expenses/interventions related to COVID-19 pandemic response

For the year 2019-20, please outline the programs and/or initiatives that were announced as part of the Victorian Government's response to the COVID-19 pandemic in the order of the highest amount allocated.

Please indicate if the department made use of emergency advances and retroactive funding approvals.

Please note whether there are identified performance measures in the budget papers related to the announced programs. If not, please explain where progress is being reported.

a) On budget

Name of the program/initiative	Program/initiative objectives	Expenditure as at 30 June 2020	Output/Portfolio	Use of emergency advances/ retroactive funding approvals – Yes or No	Performance measures for the program/Initiative (including where published)	Explanation
N/A						

b) Off budget

Name of the program/initiative	Program/initiative objectives	Expenditure as at 30 June 2020	Output/Portfolio	Use of emergency advances/retroactive funding approvals – Yes or No	Performance measures for the program/Initiative (including where published)	Explanation
Property rent abatement funding	To provide rental relief to government commercial tenants.	\$3.4 million	Property	Reimbursed by DTF through DoT	Complied with policy to ensure that Victorian businesses occupying commercial public rentals were provided relief to assist their business cashflow.	N/A

c) What additional budgetary control and tracking/traceability measures were introduced by the department in 2019-20 to ensure COVID-19 programs/initiatives were deployed effectively and in line with the intended purpose?

VicTrack reported to DoT and DTF the amounts of rental relief based on reports provided by the VicTrack property manager.

Question 12 (all departments and entities) Changes to service delivery from savings initiatives

For each of the savings initiatives detailed in the 2016-17 Budget, 2017-18 Budget, 2018-19 Budget, and 2019-20 Budget, please provide the following details of the impact on service delivery:

- Savings target in the 2016-17, 2017-18, 2018-19 and 2019-20 Budgets and the amount of the savings target allocated to the department/entity
- Actual savings achieved in 2016-17, 2017-18, 2018-19 and 2019-20 and the actions taken to achieve the savings target allocated and their impact, including the link to the relevant output and portfolio impacted.

Savings initiative in the Budget \$ million	Savings target allocated to the department/entity in 2019-20	Actual savings achieved in 2019-20 \$ million	Actions taken to achieve the allocated savings target	What was the impact as a result of the measures taken to achieve the savings target? <i>(e.g. frontline and/or other areas of business that saw the impact)</i> If no impact, how was this achieved	Which output(s) and portfolio(s) were impacted (if relevant)
2016-17	Nil				
2017-18	Nil				
2018-19	Nil				
2019-20	Nil				

Question 13 (all departments) Achievement of reprioritisation of existing resources

This question does not apply to this entity.

Question 14 (all departments) Contractors, Consultants and Labour Hire Arrangements

This question does not apply to this entity.

Question 15 (PNFC and PFC entities only) Dividends and other amounts paid to the general government sector

Please detail the type and value of dividends, amounts equivalent to dividends, non-dividend grants, and capital repatriations paid by your agency to the general government sector in 2019-20, explaining the reasons for any significant changes over that period and the impact of any changes on the entity.

Please provide the economic funding ratio or accounting funding ratio as applicable at 30 June 2020. Please provide details of the methodology used for the ratio calculation.

Type of dividend paid	2019-20 Budget (\$ million) <i>BP 5, pg. 22</i>	2019-20 Actual (\$ million)	Explanations for variances $\pm 10\%$ or \$100 million	Impact on the agency. If no impact, how was this achieved	Funding ratio at 30 June 2020
NIL					

Economic funding ratio / accounting funding ratio as at 30 June 2020	Details of the methodology

Section E: Overall financial performance

Question 16 (all departments) Impact of COVID-19 on financial performance – 2019-20

This question does not apply to this entity.

Section F: Public sector workforce

Question 17 (all departments and entities) Full Time Equivalent (FTE) staff by level and category

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2018, at 30 June 2019 and 30 June 2020 (broken down by the categories listed below) for the department. Please include specific categories as relevant to the department/entity and where relevant, provide a description of what categories constitute 'other'. Please provide figures consolidated on the same basis as the expenditure for the department in the budget papers and detail which, if any, entities are included in the FTE numbers provided.

Category	30 June 2018 Actual FTE number	30 June 2019 Actual FTE number	30 June 2020 Actual FTE number
Secretary	0	0	0
EO-1	1	1	1
EO-2	5	4	5
EO-3	15	16	15
VPS Grade 7 (STS)	19	31	34
VPS Grade 6	158	142	148
VPS Grade 5	101	104	123
VPS Grade 4	52	55	47
VPS Grade 3	23	20	11
VPS Grade 2	8	10	8
VPS Grade 1	0	0	0
Government Teaching Service	0	0	0
Health services	0	0	0
Police	0	0	0
Nurses/Midwives	0	0	0
Allied health professionals	0	0	0
Child protection	0	0	0
Disability development and support	0	0	0
*Youth custodial officers	0	0	0
*Custodial officers	0	0	0
**Other	0	0	0
Total	382	383	391

***Please provide a breakdown for Youth custodial and Custodial officers by level (for example, YW1, YW2, YW3, YW4, YW5 and YW6).**

****Other includes:**

Numbers include FTE for the following entities:

VicTrack

Question 18 (all departments and entities) Salary by employment category

In the table below, please detail the salary costs for 2017-18, 2018-19 and 2019-20, broken down by ongoing, fixed-term and casual, and explain any variances equal to or greater than $\pm 10\%$ or \$100 million between the years for each category.

Employment category	Gross salary 2017-18 (\$ million)	Gross salary 2018-19 (\$ million)	Gross salary 2019-20 (\$ million)	Explanation for any year-on-year variances $\pm 10\%$ or \$100 million
Ongoing	38	38	41	
Fixed-term	14	14.2	15	
Casual	0	0	0	
Total	52	52.2	56	

Question 19 (all departments and entities) Executive salary increases

Please detail the number of executives who received increases in their base remuneration in 2019-20, breaking that information down according to what proportion of their salary the increase was, and explaining the reasons for executives' salaries increasing in each bracket.

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2019-20, apart from increases outlined in employment agreements			Reasons for these increases
	Female	Male	Self-described	
0-3%	3	6		Annual increase
3-5%	1	2		Annual increase
5-10%	1	3		Annual increase and mid-year review
10-15%	1	2		Contract renegotiation, annual increase and mid-year review
greater than 15%	1	1		Annual increase and mid-year review

Section G: Government decisions impacting on the finances

Question 20 (all departments and entities) Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2019-20 which had not been anticipated/not been concluded before the finalisation of the State budget in 2019-20 and their impact(s) on the department's/entity's finances or activities during those years (including new funding agreements, discontinued agreements and changes to funding levels). Please quantify the impact on income and expenses where possible.

Commonwealth Government decision	Impact(s) in 2019-20	
	on income (\$ million)	on expenses (\$ million)
NIL		

Question 21 (all departments and entities) Commonwealth and National Cabinet decisions

Please identify any Commonwealth and National Cabinet decisions during 2019-20 which had not been anticipated/not been concluded before the finalisation of the State Budget in 2019-20 and their impact(s) on the department's/entity's finances or activities during those years (including new funding agreements, discontinued agreements and changes to agreements). Please quantify the impact on income and expenses where possible.

Commonwealth Government decision	Impact in 2019-20	
	on income (\$ million)	on expenses (\$ million)
NIL		

National Cabinet decision	Impact in 2019-20	
	on income (\$ million)	on expenses (\$ million)

Section H: General

Question 22 (all departments and entities) Reviews/studies undertaken

- a) Please list all internal⁵ and external reviews/studies, established, commenced or completed by or on behalf of the department/agency in 2019-20 and provide the following information:
- i. Name of the review/study and which portfolio and output/agency is responsible
 - ii. Reasons for the review/study
 - iii. Terms of reference/scope of the review/study
 - iv. Timeline for the review/study
 - v. Anticipated outcomes of the review/study
 - vi. Estimated cost of the review/study and final cost (if completed)
 - vii. Final cost if completed
 - viii. Where completed, whether the review/study is publicly available and where.

Name of the review (portfolio(s) and output(s)/agency responsible)	Reasons for the review/study	Terms of reference/scope	Timeline	Anticipated outcomes	Estimated cost (\$)	Final cost if completed (\$)	Publicly available (Y/N) and URL
Vintage Rolling Stock Strategy	The Vintage Rolling Stock Strategy is being developed to guide how Victoria's heritage heavy rail fleet can be protected	To identify actions required to prepare the tourist and heritage rail sector to evolve and adapt for the future and to identify and grasp the opportunities that may arise	Mid-2018 to mid-2020	Free up space at Newport Workshops for other purposes. Maintain and preserve Victoria's rail history. Help set the heritage rail sector on a	\$1.9m		Not yet publicly available

⁵ Internal reviews do not include internal costings. Internal reviews/studies include any reviews or studies undertaken by your department and not given to external consultants. Internal reviews/studies do not include inquiries carried out by Parliamentary Committees or reviews undertaken by integrity agencies.

Name of the review (portfolio(s) and output(s)/agency responsible)	Reasons for the review/study	Terms of reference/scope	Timeline	Anticipated outcomes	Estimated cost (\$)	Final cost if completed (\$)	Publicly available (Y/N) and URL
	and repurposed for future use as well as ensuring the ongoing viability of Victoria's Tourist and Heritage tram and railway organisations.	from other government actions and decisions.		financially and operationally secure path. Ensure ongoing volunteering opportunities for rail enthusiasts.			

- b) Please outline the Department's/Agencies in house skills/capabilities/expertise to conduct reviews/studies/evaluations/data analysis of the programs and services for which the Department /Agency is responsible.

VicTrack does not have dedicated employees to carry out such work.

Question 23 (all departments) Annual reports – performance measure targets and objective indicators

This question does not apply to this entity.

Question 24 (all departments and entities) Challenges experienced by department/agency

Please list a minimum of five main challenges/risks faced by the department/agency in 2019-20.

A significant challenge may be any matter or strategy that impacted the department/agency, whether it arose externally or internally or as a result of new policy or legislation.

	Challenge experienced	Internal/ External	Causes of the challenge	Action taken to manage the challenge/risk
1.	Asset obsolescence— as transport asset owners, we have an ongoing challenge to ensure that our land, infrastructure and assets are managed sustainably, and their value is maximised.	Internal and external	<p>Approaching obsolescence of telecommunications network equipment.</p> <p>Ageing legacy systems and infrastructure, placing pressure on telecommunications services.</p> <p>Network becoming increasingly difficult and expensive to maintain without a major transformation.</p>	<p>VicTrack is building the Transport and Government Secure Network (TGSN). The program will drive the evolution of VicTrack’s current telecommunications networks into an integrated IP/MPLS network. This program will replace obsolete equipment over time, consolidate networks, improve customer services and enable more efficient operations. This will ensure it is fit-for-purpose and capable of providing service capacity to support current and future transport needs, including the major transport initiatives such as the Level Crossing Removal Project, Metro Tunnel and West Gate Tunnel. TGSN will also enable VicTrack to deliver new products and telecommunications services in a faster, more efficient way. TGSN will also enable VicTrack to deliver new products and telecommunications services in a faster, more efficient way.</p> <p>VicTrack is implementing a Strategic Asset Management Plan (SAMP) that sets out how we can optimise and manage our assets sustainably, deriving maximum value from them across the whole asset life cycle.</p>
2.	Attracting and retaining a highly skilled workforce	Internal and external	Large transport infrastructure agenda leads to competition for labour.	VicTrack has developed a Strategic Workforce Plan with short-, medium- and long-term initiatives to support future workforce requirements, build organisational resilience and enable the delivery of key business objectives. The plan will facilitate progress in areas including diversity and inclusion, organisational development and employee engagement.

	Challenge experienced	Internal/ External	Causes of the challenge	Action taken to manage the challenge/risk
				<p>To enable us to build highly capable leaders and employees, VicTrack's competency framework defines organisation-wide competencies, assesses capabilities and aligns development programs to support the delivery of our objectives.</p> <p>As part of the Strategic Workforce Plan, VicTrack is implementing a Culture Action Plan to support building and strengthening VicTrack's culture. This plan has been developed following a culture survey of staff conducted in 2019.</p>
3.	COVID-19	External	<p>COVID-19 revealed a need to adopt improved operating models and a more flexible and agile way of doing business.</p> <p>COVID-19 significantly impacted VicTrack's revenue from the delivery of services to transport customers and commercial leases.</p>	<p>By transferring non-essential staff to working from home arrangements, VicTrack was able to operate largely business as usual during 2020.</p> <p>VicTrack has established a Pandemic Sustainability and Renewal Program to address the impacts of COVID-19 on the organisation and deliver efficiencies and more agile ways of working.</p>
4.	Generating revenue streams	External	<p>A cooling in land sales conditions plus a limited land supply available to release for sale.</p> <p>Repurposing of land for non-commercial activities, has reduced profitability.</p>	<p>VicTrack is implementing a property development pipeline to facilitate commercially viable projects around station precincts. The property development pipeline enhances public transport and design outcomes, increases housing diversity close to public transport and creates safer, more vibrant and more accessible precincts. The pipeline is continually reviewed to respond to transport and market needs.</p> <p>VicTrack's telecommunications products and services offerings will be streamlined. Standard, fully tested, packaged and ready for market products will be developed as a new revenue source for the business.</p>

	Challenge experienced	Internal/ External	Causes of the challenge	Action taken to manage the challenge/risk
			<p>COVID-19 impacted revenue streams including commercial rent portfolio.</p> <p>Increased competition, market disruptors and the NBN are driving prices down in the telecommunications sector.</p>	<p>VicTrack is pursuing an innovation agenda to reduce cost and open new opportunities to generate revenue streams. As part of this agenda, VicTrack is progressing the development of Structural Health Monitoring (SHM) using IoT connected systems and advanced analytics, including commercialising the technology.</p>
5	Ensuring the future of the state's heritage rolling stock and tourist railways.	External	<p>Increasing public demand for rail transport limiting Tourist and Heritage (T&H) railway sector access to the network</p> <p>Freeing up space at Newport workshops for future transport operational purposes</p> <p>Lack of integration within T&H sector dispersed across Victoria</p>	<p>VicTrack will continue to implement its Vintage Rolling Stock Strategy, including implementing the initiative outlined in Preserving our rail history - a blueprint for the future, approved by the Minister for Public Transport.</p> <p>VicTrack is continuing to implement its Retired Trams Strategy, progressively relocating trams from Newport following a 2018 expression of interest process.</p> <p>In other initiatives, spare parts have been harvested for distribution to heritage tram operators and preliminary designs for the expansion of Bendigo Tramways have been completed.</p>

Question 25 (all departments) Newly created bodies

This question does not apply to this entity.

Section I: Implementation of previous recommendations

Question 26 (relevant departments only)

This question does not apply to this entity.