



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

**2016-17 FINANCIAL AND PERFORMANCE OUTCOMES
GENERAL QUESTIONNAIRE**

VICTORIAN FUNDS MANAGEMENT CORPORATION

Your responses should be filled in the tables/text boxes under each question in the MS Word document only.

Additional responses to questions can be provided in MS Word or MS Excel documents if required.

The completed MS Word document, including any additional documents, should be emailed to paec@parliament.vic.gov.au

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SECTION A: Output variances and program outcomes

Question 1 (all departments) Completed initiatives from past budgets

This question does not apply to your agency.

Question 2 (departments only) Treasurer's advances and other budget supplementation

This question does not apply to your agency.

Question 3 (DTF only) Revenue certification

This question does not apply to your agency.

SECTION B: Asset investment

Question 4 (all departments) Details of actual investment and variance against budget – current projects

This question does not apply to your agency.

Question 5 (all departments) Details of actual investment and variance against budget – projects completed (or expected to be completed)

This question does not apply to your agency.

Question 6 (all departments) Major Projects Victoria / Development Victoria

This question does not apply to your agency.

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Question 7 (all departments) High-value high-risk projects and gateway reviews

This question does not apply to your agency.

Question 8 (all departments) PPP expenditure and line items

This question does not apply to your agency.

Question 9 (all departments) PPP projects in procurement

This question does not apply to your agency.

Question 10 (all departments) PPP projects under construction

This question does not apply to your agency.

Question 11 (all departments) PPP projects commissioned during 2016-17

This question does not apply to your agency.

Question 12 (DTF only) Net cash flows from investments in financial assets for policy purposes – GGS

This question does not apply to your agency.

Question 13 (DTF only) Purchases of non-financial assets – government purpose classification

This question does not apply to your agency.

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SECTION C: Revenue and appropriations

Question 14 (all departments and entities) Changes from previous year by revenue/income category

Please explain any changes greater than ± 10 per cent or \$100 million between the actual result for 2015-16 and the actual result for 2016-17 for each revenue/income 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.

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 your department/agency for which the 2016-17 expenditure changed from the prior year's expenditure by more than ± 10 per cent 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	2015-16 actual (\$ million)	2016-17 actual (\$ million)	Explanations for changes greater than ± 10 per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Management fees revenue	158.8	173.3	Management fees are based on the level of funds under management (FUM). Management fees revenue increased by 9% in line with FUM growth of 9% over the year	The increased revenue is largely driven by the investment outperformance and growth in our funds under management FUM). -----
Performance fees revenue	7.3	12.6	Performance fees are based on FUM and outperformance. Performance fees revenue increased by 75% driven by FUM growth and strong out-performance	
Other income	0.4	0.4	No increase	The 2016-17 revenue uplift led to an improvement in the State's balance sheet via an increased dividend paid by VFMC to DTF.

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Question 15 (all departments and entities) Variances from budget/target by revenue/income category

Please explain any variances greater than ± 10 per cent or \$100 million between the initial budget estimate (**not** the revised estimate) and the actual result for 2016-17 for each revenue/income category detailed in your operating statement. Please also identify any actions taken in response to the variations, either to mitigate or take advantage of the impact.

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 your department/agency for which the 2016-17 expenditure varied from the initial budget estimate by more than ± 10 per cent 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	2016-17 budget estimate (\$ million)	2016-17 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Actions taken in response
Management fee revenue	143.2	173.3	Increase in management fees revenue driven by higher than budgeted FUM	Investment out-performance in 2016-17 led to improvement in the state’s balance sheet via increased dividend paid by VFMC to DTF
Performance fees revenue	11.4	12.6	Increase in performance fees revenue driven by higher than budgeted FUM coupled with strong out-performance	
Other income	0.4	0.4	In-line with budget	

Question 16 (DTF only) Revenue initiatives

This question does not apply to your agency.

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SECTION D: Expenses

Question 17 (all departments and entities) Expenses changed from previous year

Please explain any changes greater than ± 10 per cent or \$100 million between the prior year's actual result and the actual result for 2016-17 for each category of expenses detailed in your operating statement. 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 categories of expenses for your department/agency for which the 2015-16 expenditure differed from the prior year's expenditure by more than ± 10 per cent 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.

Expenses category	2015-16 actual (\$ million)	2016-17 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Portfolio management and custodian expenses	108.8	118.7	Portfolio management and custody expenses are based on the level of funds under management (FUM). Portfolio management and custodian expenses increased by 9% in line with FUM growth of 9% over the year	Supported the business to achieve investment out-performance in 2016-17 led to improvement in the state's balance sheet via increased dividend paid by VFMC to DTF.
Employee benefit expenses	25.4	29.8	Employee benefit expense increased by \$4m due to an accounting impact of the change in the incentive program from short and long term incentives, to a single short term incentive program	
Depreciation & amortisation expenses	0.8	0.9	Increase in intangible assets due to investment in our portfolio management system, driving higher amortisation expenses.	

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

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Other expenses	20.8	18.2	Decrease in other expenses due to the completion of transition custody and administration services to a new provider in 2016-17	
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Question 18 (all departments and entities) Expenses varying from budget

Please explain any variances greater than ± 10 per cent or \$100 million between the initial budget estimate (**not** the revised budget) and the actual result for 2016-17 for each category of expenses detailed in your operating statement. Please also detail the outcomes in the community² 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 categories of expenses for your department/agency for which the 2016-17 expenditure varied from the initial budget estimate by more than ± 10 per cent 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.

Expenses category	2016-17 budget estimate (\$ million)	2016-17 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Portfolio management and custodian expenses	92.6	118.7	Increase in portfolio management and custodian expenses driven by higher than budgeted FUM coupled with strong out-performance driving performance fees in excess of budget	Continued to support robust operations which led to investment out-performance in 2016-17 which in turn resulted in an improvement in the state's balance sheet via increased dividend paid by VFMC to DTF
Employee benefit expenses	34.1	29.8	Lower awarded incentives payment contributing to lower than budget employee expenses	
Depreciation & amortisation expenses	0.6	0.9	Increase in fixed asset driving higher than budgeted depreciation and amortisation expenses	

² That is, the impact of service delivery on the community rather than a description of the services delivered.

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Other expenses	20.1	18.2	Lower than budget project costs attributable to change in custodian service provider	
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Question 19 (departments only) Expenditure reduction targets

This question does not apply to your agency.

Question 20 (all departments and entities) Changes to service delivery from expenditure reduction initiatives

- (a) Please detail any changes to your department's/agency's service delivery as a result of expenditure reduction initiatives, e.g. changes to the timing and scope of specific programs or discontinued programs in 2016-17.

N/A

- (b) As a result of the expenditure reduction initiative 'Reduce the use of labour hire firms' for 2016-17 (2015-16 BP3 p.105), please detail any changes to your department's/agency's service delivery.

N/A

- (c) Please indicate how much the Department spent on 'on hire' arrangements with labour recruitment firms during 2015-16 and 2016-17. On hire arrangements includes the cost of engaging the labour recruiting firm, plus additional costs paid to the labour recruiting firm for the provision of the services of the contractor. Please also indicate reasons for and difference greater than 10 per cent between the two years.

Expenditure on hire arrangements (\$ million)		Explanation for change greater than ±10 per cent
2015-16	2016-17	
1.7	2.6	Increase in project resourcing requirements due to an uplift in project related work

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- (d) Please indicate how much the Department spent on job search assignments where the department has engaged a labour recruitment firm to hire an employee for the department.

Expenditure on job search assignments (\$ million)		Explanation for change greater than ± 10 per cent
2015-16	2016-17	
0.6	0.6	

Question 21 (departments only) Achievement of reprioritisation of existing resources

This question does not apply to your agency.

Question 22 (DTF only) Expenses by government purpose classifications

This question does not apply to your agency.

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Question 23 (PNFC and PFC entities only) Dividends and other amounts paid to the general government sector

Please detail the value of dividends, non-dividend grants,³ and capital repatriations paid by your agency to the general government sector over the last three years, explaining the reasons for any significant changes over that period and the impact of any changes on the agency. Please also explain the basis on which these figures were set.

	Total amount paid in 2014-15 (\$ million)	Total amount paid in 2015-16 (\$ million)	Total amount paid in 2016-17 (\$ million)	Explanation for any variance greater than ±10 per cent or \$100 million	Impact of changes to dividends on the agency	Basis on which the figure was set
Dividends	1.7	1.7	3.7	Higher dividend due to increase in operating surplus after tax, due to increased FUM and investment outperformance.		50% of Operating surplus after tax
Non-dividend grants	N/A	N/A	N/A			
Capital repatriation payments	N/A	N/A	N/A			

SECTION E: Public sector workforce

Question 24 (all departments and entities) Full-time equivalent staff by level

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2015, at 30 June 2016 and 30 June 2017 (broken down by the categories listed below) for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

³ This is an amount paid to the general government sector which is unable to be paid as a dividend due to AASB 1023 or FRD 119A.

Grade	30 June 2015 (Actual FTE number)	30 June 2016 (Actual FTE number)	30 June 2017 (Actual FTE number)
Secretary			
EO-1			
EO-2			
EO-3			
VPS Grade 7 (STS)			
VPS Grade 6			
VPS Grade 5			
VPS Grade 4			
VPS Grade 3			
VPS Grade 2			
VPS Grade 1			
Government Teaching Service			
Health services			
Police			
Allied health professionals			
Child protection			
Disability development and support			

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Custodial officers			
Other	80	80	82
Total	80	80	82

VFMC Job Level / Classification	Total FTE (30.06.2015)	Total FTE (30.06.2016)	Total FTE (30.06.2017)
CEO	1	1	1
Executive	7	7	7
Operations	17	17	17
Investments	39	39	39
Client Services	9	9	10
Risk / HR	7 (inclusive of EA support)	7 (inclusive of EA support)	8 (inclusive of EA support)
Total	80	80	82

Question 25 (all departments and entities) FTE staff numbers by employment type

In the table below, please detail the salary costs for 2014-15, 2015-16 and 2016-17, broken down by ongoing, fixed-term and casual, and explain any variances greater than ±10 per cent or \$100 million between the years for each category.

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Employment category	Gross salary 2014-15 (\$ million)	Gross salary 2015-16 (\$ million)	Gross salary 2016-17 (\$ million)	Explanation for any year-on-year variances greater than ±10 per cent or \$100 million
Ongoing	14.8	15.4	15.3	
Fixed-term	0.2	0.4	0.7	Increase in fixed term maternity replacement roles
Casual	-	-	-	
Total	15.0	15.8	16.0	

Question 26 (all departments and entities) Executive salary increases and other bonuses

Please detail the number of executives who received increases in their base remuneration in 2016-17, 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 2016-17, apart from normal increases due to employment agreements.	Reasons for these increases
0-3 per cent	Nil	
3-5 per cent	Nil	
5-10 per cent	1	Increase in responsibility
10-15 per cent	Nil	
greater than 15 per cent	Nil	

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Question 27 (DTF only) Enterprise bargain agreements (EBA)

This question does not apply to your agency.

SECTION F: Government decisions impacting on the finances

Question 28 (all departments and entities) Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2016-17 which had not been anticipated in the State budget but which impacted on your 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 in 2016-17	
	on income (\$ million)	on expenses (\$ million)
N/A		

Question 29 (all departments and entities) COAG decisions

Please identify any COAG decisions during 2016-17 which had not been anticipated in the State budget but which impacted on your 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.

COAG decision	Impact in 2016-17	
	on income (\$ million)	on expenses (\$ million)
N/A		

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SECTION G: Economic environment

Question 30 (DTF only) Economic variables

This question does not apply to your agency.

Question 31 (DTF only) Actual impact on GGS of variances in economic variables

This question does not apply to your agency.

Question 32 (DTF only) Impact on PFC net result of variances in economic variables

This question does not apply to your agency.

Question 33 (DTF only) Impact on PNFC net result of variances in economic variables

This question does not apply to your agency.

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Question 34 (all departments and entities) Effects of variances in economic variables

Please identify any key economic variables for which there were variances in 2016-17 between what was estimated in the initial budget for each year (**not** the revised estimate) and what actually occurred which had a significant impact on your department’s/agency’s finances, service delivery or asset investment. For each variance, please indicate:

- (a) what had been expected at budget time
- (b) what actually occurred
- (c) how the variance impacted on the budget outcomes (quantifying the impact where possible)
- (d) what decisions were made in response (including changes to service delivery, asset investment, borrowings etc.).

Expected economic result in 2016-17	Actual result in 2016-17	Impact of the variance on budget outcomes	Impact of the variance on service delivery
Investment return 3.6%	Investment return 11.9%	Actual FUM higher than budget by 11%	

SECTION H: DataVic Access

Question 35 (All departments and entities) Department/agency data and research strategy

- a) How is ‘big data’ and/or the digital research component incorporated within the Department/Agency’s Strategic/Corporate Plan?

VFMC has a strategic plan which details our investment in VFMC’s enabling capabilities and this includes a technology and digital roadmap to support our operations and investment processes.

- b) Does the Department/Agency have a dedicated digital research strategy? If yes, please provide a copy of this to the Committee.

VFMC utilises technology enabled research methodologies as one component of our investment process. We don’t currently have a dedicated digital research strategy however as our technology roadmap evolves this may be one of the deliverables we consider.

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Question 36 (All departments and entities) Department/Agency use of the DataVic Access

a) What have been the challenges the Department/Agency has found in implementing the DataVic Access?

VFMC is exempt from making disclosure under the FOI Act under section 39 of the Victorian Funds Management Corporation Act 1994 and much of the investment, client or personal information VFMC has consists of excluded datasets under the DataVic guidelines.

b) What have been the key risks the Department/Agency has identified in relation to DataVic Access and how have these been managed?

NA

c) Who are the major beneficiaries of the data the Department/Agency has made available as a result of the DataVic Access policy?

NA

d) The guidelines currently state that the benefits of the policy include:

- stimulating economic activity and driving innovation and new services to the community and business;
- increasing productivity and improving personal and business decision making based on improved access to data;
- improving research outcomes by enabling access to primary data to researchers in a range of disciplines; and
- improving the efficiency and effectiveness of government by encouraging better management practices and use of the data.⁴

Please provide three examples of how the Department/Agency have seen the benefits materialised.

NA

⁴Department of Treasury and Finance, *DataVic Access Policy Guidelines for the Victorian Public Sector* (2015), p.1

e) What are the main future opportunities regarding the Department/Agency's data that have not been realised to date?

NA

Question 37 (All departments and entities) Department/Agency arrangements for data access

a) What accountability arrangements are in place within the Department/Agency for implementing DataVic Access?

This does not apply to VFMC.

b) Has the Department/Agency established an Information Management Governance Committee (IMGC)?

VFMC does not require an IMGC. Our Investment and Accounting Book of Record is managed by our Custodial Services provider State Street Corporation.

c) Does the Department/Agency have an information asset register?

This does not apply to VFMC.

d) How regularly is the information asset register reviewed and updated?

This does not apply to VFMC.

e) Please describe the main types of information assets that are logged on the Department/Agency's register.

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This does not apply to VFMC

Question 38 (All departments and entities) Use of DataVic website

a) How many and which data sets did the Department/Agency make available on the DataVic website in 2015-16 and 2016-17?

NA

b) To what extent does the Department/Agency comply with the format guidelines set out in DataVic Access?

NA

c) Please list the datasets held by the Department/Agency that have been given approved commercialisation authorisation by the Minister for Finance. Please explain why they have been approved for commercialisation. What are the typical costs associated with accessing these datasets?

NA

d) How many requests has the Department/Agency received via the 'suggest a dataset' function on the DataVic website in 2015-16 and 2017-18?

NA

e) How many of these requests were successfully actioned in 2015-16 and 2016-17?

NA

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- f) How many datasets that were compiled by the Department/Agency as a result of a successful FOI application were subsequently made available on the DataVic website in 2015-16 and 2016-17?

NA

- g) How many datasets that were compiled by the Department/Agency as a result of a successful FOI application were not made available on the DataVic website in 2015-16 and 2016-17 and what were the reasons for this?

NA

SECTION I: Treasury Corporation of Victoria

Question 39 (TCV only) Dividends

This question does not apply to your agency.

Question 40 (TCV only) Commodity risk management

This question does not apply to your agency.

Question 41 (TCV only) Foreign exchange risk management

This question does not apply to your agency.

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Question 42 (TCV only) Public Private Partnership (PPP) projects

This question does not apply to your agency.

Question 43 (TCV only) Green Bonds

This question does not apply to your agency.

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