

PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



2021-22 Budget estimates general questionnaire

Department of Treasury and Finance

DTF

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2021–22 Budget estimates general questionnaire

Introduction

The Committee's inquiry into the 2021-22 budget estimates examines the Government's expenditure and revenue.

The Committee's budget estimates inquiry aims to benefit the Parliament and the community by:

- promoting the accountability, transparency and integrity of the executive and the public sector
- encouraging effective and efficient delivery of public services and assets
- enhancing the understanding of the budget estimates and the wider economic environment
- assisting members of Parliament in their deliberation on the appropriation bills.

This questionnaire seeks information about how the budget affects each department: including how budget allocations are connected to service delivery, infrastructure projects and assets, and other key economic, financial management and emerging issues.

Timeline and format

Responses to this questionnaire are due by **5.00pm on 21 May 2021**.

It is essential that the Committee receive responses by this date to allow sufficient time to consider them before the budget estimates hearings.

The completed questionnaire and Excel worksheet in response to Question number 10 should be sent (in the format received) to: paec@parliament.vic.gov.au.

Guidance for questionnaire

Consistency with the budget papers

Wherever referring to an initiative (including output, asset and savings initiatives) that is also referred to in the budget papers, please use the name 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.

Wherever providing details about the Department (including amounts of funding, anticipated expenditure and revenue and savings targets), please provide figures for the Department on the same basis of consolidation as is used in the budget papers, unless otherwise specified.

Specific guidance

Additional guidance is provided for particular questions in the questionnaire.

For any inquiries on this questionnaire, please contact the Committee secretariat:

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Major initiatives

Question 1

What progress has been made in implementing the major initiatives/programs identified in the 2020-21 Budget for the Department. If progress of these programs/initiatives was impacted by COVID-19, please note whether these programs/initiatives will be removed or rolled forward to other years. Please identify a minimum of five initiatives/programs.

Response

	Major initiatives/programs	Objectives	Output	Activities undertaken	Progress against performance measures as at 30 April 2021	Progress achieved against key Government outcomes	Note any COVID-19 impact, if any. Is this removed/rolled over? If rolled over, to which financial year?
1.	Big Housing Build: Expanded Social Housing Growth Fund	Strengthen Victoria's economic performance	Economic and Policy Advice	The Social Housing Growth Fund launched a Request for Proposal under the Rapid Grants Round in December 2020 for 'shovel-ready' projects that can commence construction by December 2021. The tender closed on 18 March 2021 with the evaluation expected to be completed in June 2021. Future rounds are under development.	N/A	Contributes to the delivery of the Big Housing Build commitment to provide new homes throughout Victoria, replacing old social housing dwellings and capital upgrades to existing dwellings. The Big Housing Build committed to build over 12 000 new homes. The Big Housing Build included \$1.380 billion for the Social Housing Growth Fund to provide grants aimed at	N/A

						providing up to 4200 new social housing dwellings.	
2.	Research and development cash flow loans	Strengthen Victoria's economic performance	Invest Victoria	<p>Minter Ellison was appointed as legal advisor in January 2021 who has been provided legal advice on program design, as well as drafting of loan agreement, program agreement and related security documents.</p> <p>Radium Capital was appointed as the Commercial Advisor in May 2021 responsible for credit and risk assessment. Regular engagement with TCV to progress program agreement, drafting of Treasurer's Guarantee and program design.</p> <p>A Program Manager has been recruited to assist in program rollout and ongoing program administration.</p>	N/A	Invest Victoria, in collaboration with appointed legal and commercial advisors, and Treasury Corporation of Victoria, is in the final stages of the R&D cash flow loan program development which is due to launch publicly in late May 2021.	N/A
3.	Venture Growth Fund	Strengthen Victoria's	Invest Victoria	Work on the Venture Growth Fund started in January 2021. Ernst &	N/A	Approved on 3 October 2020. The implementation of this	N/A

		economic performance		<p>Young (EY) and King & Wood Mallesons (KWM) have been engaged as the project's commercial and legal advisors respectively.</p> <p>Extensive stakeholder engagement has been undertaken to understand the appetite, concerns and feedback from the industry. The corporate governance structure has been drafted and the expression of interest document has been released to stakeholders. Extensive analysis on the funds design has been undertaken.</p> <p>A senior financial analyst has been recruited to assist in the funds rollout and ongoing program administration.</p>		<p>initiative has commenced. Following a rigorous evaluation and selection process a Fund Manager is expected to be appointed in July 2021 with the public launch of the VGF following soon thereafter in August 2021.</p>	
4.	Investment attraction package	Strengthen Victoria's economic performance	Invest Victoria	The Administrative Arrangements for the International Investment Attraction Fund have been drafted and approved by	N/A	The Administrative Arrangements have been approved by the Minister for Economic Development and Premier. Invest Victoria	N/A

				the Minister for Economic Development and Premier		continues to work on a pipeline of investment projects. Where appropriate projects will be considered through the Investment Committee process against this investment package.	
5.	Economic Survival Package: Implementation	Optimise Victoria's fiscal resources	Revenue Management and Administrative Services to Government	During Q3 the SRO finalised most of the remaining submitted 2020 relief measures; those lodged late and that are more complex taking greater time. Closing dates for 2020 have been communicated and measures are being rolled out for announced 2021 land tax relief.	N/A	This initiative has been implemented.	N/A

Strategic issues

Question 2

In order of priority, please list up to 10 strategic issues that influenced the development of the Department's estimates for the 2021-22 financial year. Please describe how the Department will address these issues in 2021-22.

Response

	Strategic issue	How the Department will address the issue in 2021-22	Progress achieved as at 30 April 2021
1.	Continue to support the economic recovery and creation of jobs and skills.	The following initiatives were approved in 2020-21 State Budget and will continue in 2021-22:	Progress achieved by each initiative:
		<ul style="list-style-type: none"> Big Housing Build: Expanded Social Housing Growth Fund 	The Big Housing Build included \$1.38 billion for the Social Housing Growth Fund to provide grants aimed at providing up to 4 200 new social housing dwellings. The Social Housing Growth Fund released its Rapid Grants Round tender immediately following the Government's announcement of the Big Housing Build in November 2020. The tender closed on 18 March 2021 and tender evaluations are expected to conclude in June 2021.
		<ul style="list-style-type: none"> Big Housing Build: Victorian Homebuyer Fund 	The Victorian Homebuyer Fund will provide \$500 million to accelerate Victorians into home ownership. The fund will contribute to the purchase price in exchange for a proportionate equity interest in the property. Implementation is progressing.
		<ul style="list-style-type: none"> Investment Attraction Package 	The Administrative Arrangements have been approved by the Minister for Economic Development. Invest Victoria continues to work on a pipeline of investment projects. Where appropriate projects will be considered through the Investment Committee process against this investment package.

	<ul style="list-style-type: none"> Research and development tax incentive (R&DT) scheme 	Invest Victoria, in collaboration with appointed legal and commercial advisors, and Treasury Corporation of Victoria, is in the final stages of the R&D cash flow loan program development which is due to launch publicly in May 2021.
	<ul style="list-style-type: none"> Venture Debt Facility 	Invest Victoria has appointed external legal and commercial advisors to provide expert advice in the establishment of the Venture Growth Fund (VGF). Fund Manager expressions of interest are currently being sought from the market. Following a rigorous evaluation and selection process a Fund Manager is expected to be appointed in July 2021 with the public launch of the VGF following soon thereafter in August 2021.
	<ul style="list-style-type: none"> Assistance for the commercial passenger vehicle industry 	The State Revenue Office has administered tax relief in respect to the Commercial Passenger Vehicle Service Levy return period from 1 April 2020 to 30 June 2020. This relief waived the full tax liability for the return period. As at the end of April 2021 the amount of relief applied is approximately \$5.8 million. It is expected that there will continue to be minor amendments to the amount of relief provided throughout the 2021-22 financial year due to finalisation of returns and amendments for the relevant period.
	<ul style="list-style-type: none"> Big build apprenticeships model 	Apprenticeships Victoria was established in March 2021 and will enable apprentices and trainees to be better connected with real learning and job opportunities. Apprenticeships Victoria is a partnership between the Victorian Government, major project employers, and the TAFE and training system to deliver more job opportunities in the construction and infrastructure sector. A website has been launched for school leavers and other Victorians looking to work on the state's Big Build projects: apprenticeships.vic.gov.au .
	<ul style="list-style-type: none"> Supporting coronavirus (COVID-19) recovery through procurement 	This initiative will better leverage the government procurement spend to create employment and training opportunities for members of the community most disadvantaged during the coronavirus (COVID-19) pandemic, in particular women and young people. Specific resources will

			<p>be allocated to establish a compliance function to enhance accountability and provide support and advice across government to meet these commitments.</p> <p>As at 30 April 2021, one Executive Officer and two Senior Procurement and Contract Assurance Officer appointments have been made. Recruitment is still occurring for the role of Manager Procurement and Contract Assurance and a Senior Procurement and Contract Assurance Analyst. A request for information on 2020-21 budget initiatives and any high value procurements was included in the DTF Information Request issued during December 2020 to help identify key opportunities to leverage procurement activity to create employment for women and young people. There has been direct engagement with Chief Procurement Officers and their teams surrounding the request, including broader engagement in relation to the assurance function and the expectations and requirements of Departments. The Assurance team has engaged with most Departments and has begun supporting on specific high value procurement activity, this has included direct input into Social Procurement Plans and advice on tender strategies. The Assurance team also provides support to identify opportunities to leverage employment outcomes for women and/or young people as part of the development of new State Purchase Contracts.</p>
2.	Support the provision of essential services to the community	The initiative included in the 2021-22 State Budget is the expansion of the Victorian energy upgrades program.	This is a new initiative included in the 2021-22 State Budget Papers.
3.	Apply the Early Intervention Investment Framework to shift the weight of State expenditure growth away from acute services towards earlier interventions for improved service outcomes	<p>The following initiatives have been approved in the 2021-22 State Budget:</p> <ul style="list-style-type: none"> • Embedding early intervention in Government service delivery; and • Partnerships Addressing Disadvantage. 	These initiatives are published in the 2021-22 State Budget Papers.

4.	Improve DTF's capacity to support the delivery of government priorities	<p>The following new initiatives have been approved in the 2021-22 State Budget:</p> <ul style="list-style-type: none"> • Improving expenditure advice, oversight and accountability - Supporting better outcomes for the Victorian community; • Boosting efficiency in infrastructure procurement – resourcing the Construction Supplier and Residential Cladding Rectification Registers; • Monitoring and Assurance of the State Capital Program; and • State Revenue Office (SRO) Advanced Revenue and Compliance Program. 	These are new initiatives published in the 2021-22 State Budget Papers.
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Revenue and expenditure – variances

Question 3

The Committee notes that the 2020-21 Budget Update was not released stating that: *‘the information required to be published in the budget update, comprising updated estimated financial statements, a financial policy objectives and strategies statement and an updated accompanying statement, is unchanged from the information published in the 2020-21 Budget Papers.’*¹ Therefore, revised budget figures are not available for 2020-21.

Budget Paper No.5: Statement of Finances provides a comprehensive operating statement that details each department’s revenue and expenses on an accrual basis reflecting the cost of providing its output.

For each line item of the comprehensive operating statement if there is a variance of greater than 10 per cent (positive or negative) or greater than \$100 million (positive or negative), please explain the reason for the variance between the budget for 2020-21 and the budget for 2021-22.

For variances that occurred due to COVID-19, please provide a detailed breakdown of the components that led to the variance.

Guidance

Where the variance is in ‘Other operating expenses’, please supply the relevant expense category.

Response

Line item	2020-21 Budget (\$ million)	2021-22 Budget (\$ million)	Variance (\$ million)	Variance (%)	Explanation for any variances greater than ±10% (or greater than \$100 million) 2020-21 Budget vs. 2021-22 Budget If variances were caused by the COVID-19 response, please provide a detailed explanation
Income from Transactions					
Output appropriations	633	588	-45	-7%	
Special appropriations	0	0	0	0%	

¹ Department of Treasury and Finance, *2020-21 Budget Update*, 25 November 2020, <<https://www.dtf.vic.gov.au/2020-21-state-budget/2020-21-budget-update>> accessed 31 March 2021.

DTF

Interest	0	0	0	0%	
Sale of goods and services	32	15	-17	-53%	The decrease is mainly driven by one month of Cenitex costs in the 2020-21 budget (Cenitex transferred to DPC on 1 August 2020).
Grants	17	18	1	6%	
Other income	37	37	0	-1%	
Total income from transactions	719	658	-61	-8%	Sub-total only
Expenses from transactions					
Employee benefits	228	245	17	7%	
Depreciation	28	32	4	14%	The increase is mainly driven by the acquisition of the Government Hub in Ballarat.
Interest expense	0	0	0	0%	
Grants and other transfers	142	139	-4	-3%	
Capital asset charge	71	0	-71	-100%	DTF no longer requires recognising capital asset charge from 2021-22.
Other operating expenses	208	238	30	14%	The increase is mainly related to funding for new initiatives: <ul style="list-style-type: none"> • Boosting efficiency in infrastructure procurement resourcing the Construction Supplier and Residential Cladding Rectification Registers (\$2.3m), • Improving expenditure advice, oversight and accountability (\$4.5m), • Monitoring and assurance of the State Capital Program (\$5.3m), • Partnerships Addressing Disadvantage (\$2.3m), and • State Revenue Office system and administration improvements (\$16.6m).
Total expenses from transactions	678	653	-25	-4%	Sub-total only
Net result from transactions (net operating balance)	41	5	-36	-88%	Sub-total only

Question 4

In 2021-22 please identify the programs and/or initiatives that were announced as part of the COVID-19 response in the order of the highest amount allocated. For these programs/initiatives, please provide the following details:

- a) name of the program/initiative
- b) objective/s of the program
- c) amount allocated at the announcement
- d) recurring expenditure or new/additional expenditure
- e) amount allocated in the budget
- f) source of funding

Name of the program/initiative	Objective/s	Amount at the announcement (\$ million)	Recurring expenditure or new/additional expenditure	Amount allocated in the budget (\$ million)	Source of funding
Big Housing Build: Expanded Social Housing Growth Fund	Funding provided to DTF to deliver on the Government's housing vision to: <ul style="list-style-type: none"> • expand the supply and diversity of the full continuum of market, affordable and social housing with options for a housing package; and • to implement planning reforms to improve housing affordability and unlock construction sector activity. The expected economic activity from a housing package will support Victoria's economic recovery post coronavirus (COVID-19).	1 379.0	Recurring	535.0	DTF departmental output and POBOS appropriation BP3 2020-21 pp.137

Investment attraction package	Increased global competition for international investment opportunities, as a result of the COVID-19 pandemic, will require more flexible incentive measures to compete with other jurisdictions in meeting investor needs. Funding provided to DTF to boost Victoria's investment promotion and lead generation activities, establish a suite of targeted financial incentives and strengthen Victoria's ongoing support for investors and returning Australian expatriates.	80.0	Recurring	40.0	DTF departmental output appropriation 2020-21 BP3 pp.137
Victorian Homebuyer Fund	Funding provided to DTF for setting up and operating the fund. The fund will contribute to the purchase price in exchange for a proportionate equity interest in the property. This reduces the size of the deposit required and will help Victorians buy suitable homes sooner. The fund will aid Victoria's economic recovery post COVID-19 by supporting the purchase of both established and newly built homes. Aboriginal Victorians will also have access to additional supports.	100.0	Recurring	16.7	DTF departmental output appropriation 2020-21 BP3 pp.137
Research and development cash flow loans	COVID-19 has had an adverse impact on global financial markets, reducing the availability of capital in both debt and equity markets. This has particularly impacted capital availability for SMEs due to higher levels of vulnerability and lower economic resilience due to their size. Funding provided to DTF to provide interest-free loans to Victorian small and medium-sized enterprises that are claiming the Commonwealth Government's R&DTI.	13.0	Recurring	2.5	DTF departmental output appropriation 2020-21 BP3 pp.137
Supporting COVID-19 recovery through procurement	Funding provided to DTF to better leverage the Government's procurement spend to create jobs for members of the community most disadvantaged by COVID-19	3.9	Recurring	1.0	DTF departmental output appropriation 2020-21 BP3 pp.137

Big build apprenticeships model	Victoria was already struggling with apprentice commencement and completions prior to COVID-19. Without government support, young people in apprenticeships will bear a significant brunt of the downturn. Funding provided to DTF for a transformative new approach that will expand the opportunities for apprentices and trainees through a flagship 'Big Build' training pathway.	2.2	Recurring	0.6	DTF departmental output appropriation 2020-21 BP3 pp.28 DET new initiative
Venture Growth Fund	COVID-19 has had a significant impact on SMEs from both a revenue and profitability perspective due to the impact of stage 3 & 4 lockdowns. The effects of COVID-19 are also reflected in decreased venture capital activity, with deals down in both value and volume. Funding provided to DTF to implement alternative funding initiatives for Victorian SMEs and Start-Ups.	25.8	Recurring	0.1	DTF departmental output appropriation 2020-21 BP3 pp.137
Coronavirus Tax Relief					
Extend the regional First Home Owner Grant	The \$20 000 First Home Owner Grant for people buying or building a new home in regional Victoria has been extended to apply to contracts of sale entered up until 30 June 2021. This is double the \$10 000 grant for first home owners in metropolitan Melbourne. This extension will give more Victorians the opportunity to live locally and enter the property market for the first time, while also supporting jobs in regional Victoria.	33.5	Additional expenditure	6.0	DTF POBOS Appropriation
Payroll tax relief for small and medium businesses	As part of the Government's Economic Survival Package in response to the coronavirus (COVID-19) pandemic, full payroll tax refunds and waivers for the 2019-20 financial year were provided to 34 000 small and medium-sized businesses with annual Victorian payrolls of up to \$3 million. This support provided a tax benefit of up to \$114 000 per eligible business and an average tax benefit of \$29 000 across all eligible businesses. This assisted businesses	327.8	Additional expenditure	386.3	DTF Special Appropriation – Taxation Administration Act 1997, section 121

	to keep workers employed during the coronavirus (COVID-19)				
New Job Tax Credit	The New jobs tax credit to encourage small and medium-sized businesses to re-employ staff, restore staff hours and hire additional staff – providing businesses with annual Australian group wages less than \$10 million a credit of 10 cents for every dollar of Victorian wages paid in 2020-21 and 2021-22 above the previous year's wages;	836	Revenue reduction	N/A	Revenue reduction

Revenue initiatives – new and changed

Question 5

For all new revenue initiatives in the 2021-22 budget papers and for all existing revenue initiatives that have changed in the 2021-22 budget papers as compared to the previous financial year, please provide the:

- a) name of the initiative as used in budget papers
- b) objective/s of the initiative
- c) reason for the new initiative or change to the initiative
- d) expected outcome/benefit for the Victorian community of the new initiative/change to the initiative
- e) anticipated revenue in the financial year 2021-22 and over the forward estimates gained or foregone as a result of the new initiative/change to the initiative.

If the revenue initiatives were changed due to the COVID-19 response or if new revenue initiatives are part of the COVID-19 response, please provide details of either the impact of COVID-19 on the initiative or the reasoning behind the initiatives being introduced as part of the COVID-19 response.

Response

a)	Name of the initiative as used in budget papers	A new approach to mental health investment: the Mental Health and Wellbeing Levy
b)	Objective/s of the initiative	To introduce a new revenue mechanism for the provision of operational funding for mental health services, as recommended by the Royal Commission into Victoria's Mental Health System. As identified by the Royal Commission, improving mental health outcomes will have a substantial economic dividend, such as boosting labour force participation and productivity.
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Revenue from this levy will be spent on mental health services, supporting a substantial increase in investment in Victoria's mental health system.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	\$386.7 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$804.7 million
	Anticipated revenue in financial year 2023-24 gained or foregone	\$841.4 million
	Anticipated revenue in financial year 2024-25 gained or foregone	\$881.7 million
	COVID-19 response	N/A

a)	Name of the initiative as used in budget papers	Backing Victoria's Racing Industry: increased wagering and betting tax
b)	Objective/s of the initiative	To bring Victoria in line with the rate that applies in New South Wales and enable the Government to lift the amount of net wagering revenue that is paid to the Victorian Racing Industry.
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	These changes are expected to increase gross annual payments to the Victorian racing industry by around \$50 million a year. The balance of revenue from the tax will continue to be distributed to the Hospitals and Charities Fund and the ANZAC Day Proceeds Fund.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	\$47.6 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$48.3 million
	Anticipated revenue in financial year 2023-24 gained or foregone	\$49.5 million
	Anticipated revenue in financial year 2024-25 gained or foregone	\$50.8 million
	COVID-19 response	N/A

a)	Name of the initiative as used in budget papers	Extend the point of consumption framework to keno tax
b)	Objective/s of the initiative	To ensure all companies supplying keno to Victorian customers pay their fair share of keno tax. This initiative will commence from 15 April 2021, when the next licence term begins. Licensed keno providers who service Victorian customers from a location based outside of Victoria are currently not liable for Victoria's keno tax.
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative will ensure keno operators pay their fair share of Victorian taxes. All keno tax raised will continue to be transferred to the Hospitals and Charities Fund and Mental Health Fund.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	\$1.0 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$4.4 million
	Anticipated revenue in financial year 2023-24 gained or foregone	\$5.2 million
	Anticipated revenue in financial year 2024-25 gained or foregone	\$6.2 million
	COVID-19 response	N/A

a)	Name of the initiative as used in budget papers	Increase land tax rates for high-value landholdings
b)	Objective/s of the initiative	To contribute to strengthening the State's revenue base.
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This change will support additional investment in the services and infrastructure the community relies on. These rate changes will apply to the top two land tax brackets for both the general and trust surcharge rates.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	\$335.9 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$368.0 million
	Anticipated revenue in financial year 2023-24 gained or foregone	\$397.2 million
	Anticipated revenue in financial year 2024-25 gained or foregone	\$433.3 million
COVID-19 response		N/A

a)	Name of the initiative as used in budget papers	Increase the tax-free threshold for land tax
b)	Objective/s of the initiative	To provide tax relief for landowners with relatively low taxable landholdings.
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	From 1 January 2022, the tax-free threshold for general land tax rates will increase from \$250 000 to \$300 000. It is estimated that around 61 000 non-trust taxpayers with taxable landholdings below \$300 000 will no longer be liable for land tax.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	(\$22.3 million)
	Anticipated revenue in financial year 2022-23 gained or foregone	(\$24.5 million)
	Anticipated revenue in financial year 2023-24 gained or foregone	(\$26.4 million)
	Anticipated revenue in financial year 2024-25 gained or foregone	(\$28.8 million)
COVID-19 response		N/A

DTF

a)	Name of the initiative as used in budget papers	Increased penalty unit value
b)	Objective/s of the initiative	Fines are indexed annually under the <i>Monetary Units Act 2004</i> (MUA).
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	The penalty unit will be increased by 10 per cent in 2021-22. This measure will contribute to budget repair while supporting community safety objectives. The Government will also increase regulatory fees indexed under the MUA by 1.5 per cent in 2021-22. This is in line with inflation expectations.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	\$60.7 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$62.5 million
	Anticipated revenue in financial year 2023-24 gained or foregone	\$63.4 million
	Anticipated revenue in financial year 2024-25 gained or foregone	\$65.0 million
	COVID-19 response	N/A

a)	Name of the initiative as used in budget papers	Premium duty rate on land transfer duty for high-value properties
b)	Objective/s of the initiative	To contribute to strengthening the State's revenue base.
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	For contracts entered into from 1 July 2021, land transfer duty payable on properties in excess of \$2 million will increase. This change will raise additional revenue from a small proportion of transactions. This initiative will support additional investment in the services and infrastructure the community relies on.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	\$136.7 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$184.1 million
	Anticipated revenue in financial year 2023-24 gained or foregone	\$210.5 million
	Anticipated revenue in financial year 2024-25 gained or foregone	\$229.7 million
	COVID-19 response	N/A

a)	Name of the initiative as used in budget papers	Removal of land tax exemption for private gender-exclusive clubs
b)	Objective/s of the initiative	To remove the land tax exemption for private gender-exclusive clubs
c)	Reason for new initiative or change	This policy aims to ensure private gender-exclusive clubs contribute their fair share to the State's tax base.
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	This initiative is expected to result in increased tax receipts from private gender-exclusive clubs with high-value landholdings that currently receive a land tax exemption.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	\$0.1 million
	Anticipated revenue in financial year 2022-23 gained or foregone	\$0.1 million
	Anticipated revenue in financial year 2023-24 gained or foregone	\$0.2 million
	Anticipated revenue in financial year 2024-25 gained or foregone	\$0.2 million
	COVID-19 response	N/A

a)	Name of the initiative as used in budget papers	Windfall gains tax for high-value landholdings
b)	Objective/s of the initiative	To help ensure that developers and landholders who experience large windfall gains as a result of planning decisions pay their fair share of the associated windfall gain to the community
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	From 1 July 2022, landholders of properties which experience significant uplift in value (of \$100 000 or greater) as a result of a planning decisions to rezone land will be liable to pay this tax. This change will support additional investment in the services and infrastructure the community relies on.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	0.0
	Anticipated revenue in financial year 2022-23 gained or foregone	\$38.7 million
	Anticipated revenue in financial year 2023-24 gained or foregone	\$41.0 million
	Anticipated revenue in financial year 2024-25 gained or foregone	\$43.9 million
	COVID-19 response	N/A

a)	Name of the initiative as used in budget papers	Bring forward increases in the payroll tax-free threshold to \$700 000
b)	Objective/s of the initiative	To support Victorian jobs and businesses
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Approximately 500 businesses will no longer be liable for payroll tax in 2021-22 due to the increase in the tax-free threshold and a further 42 000 businesses will pay less tax in the financial year starting 1 July 2021.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	(\$27.9 million)
	Anticipated revenue in financial year 2022-23 gained or foregone	0.0
	Anticipated revenue in financial year 2023-24 gained or foregone	0.0
	Anticipated revenue in financial year 2024-25 gained or foregone	0.0
COVID-19 response		Economic support and recovery measure

a)	Name of the initiative as used in budget papers	Bring forward the regional employer payroll tax rate of 1.2125 per cent
b)	Objective/s of the initiative	To support regional Victorian jobs and businesses
c)	Reason for new initiative or change	See above.
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Approximately 4 000 regional businesses will pay less payroll tax in the financial year starting 1 July 2021 due to the reduced regional employer rate.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	(\$29.9 million)
	Anticipated revenue in financial year 2022-23 gained or foregone	0.0
	Anticipated revenue in financial year 2023-24 gained or foregone	0.0
	Anticipated revenue in financial year 2024-25 gained or foregone	0.0
COVID-19 response		Economic support and recovery measure

a)	Name of the initiative as used in budget papers	Temporary land transfer duty concession for new residential property within the Melbourne local government area
b)	Objective/s of the initiative	To improve housing affordability, clear the stock of existing property in the inner city and to support construction activity.
c)	Reason for new initiative or change	The Melbourne CBD and construction sector has faced significant challenges since the onset of the coronavirus (COVID-19) pandemic, partly due to a fall in net overseas migration. This concession is to provide temporary support to this sector of the economy.
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Purchases of new residential property which has been unsold for 12 months or more since completion will be exempt from duty. This concession will be in place from 21 May 2021 to 30 June 2022. For new residential property that has been unsold for less than 12 months, a 50 per cent concession will be provided for contracts entered into from 1 July 2021 to 30 June 2022. These measures will help the economy of the inner city and improve housing affordability.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	(\$33.2 million)
	Anticipated revenue in financial year 2022-23 gained or foregone	(\$9.0 million)
	Anticipated revenue in financial year 2023-24 gained or foregone	(\$4.3 million)
	Anticipated revenue in financial year 2024-25 gained or foregone	(\$2.7 million)
	COVID-19 response	Economic support and recovery

a)	Name of the initiative as used in budget papers	Temporary increase in the eligibility threshold for the off-the-plan duty concession
b)	Objective/s of the initiative	To support the residential construction sector and improve housing affordability.
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	For contracts entered into between 1 July 2021 to 30 June 2023, the threshold for the off the-plan land transfer duty concession will increase to \$1 million. This change will support home buyers and the construction industry by encouraging the sale of off-the-plan properties and help bring forward the pipeline of off-the-plan projects.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	(\$0.2 million)
	Anticipated revenue in financial year 2022-23 gained or foregone	(\$0.5 million)
	Anticipated revenue in financial year 2023-24 gained or foregone	(\$0.8 million)
	Anticipated revenue in financial year 2024-25 gained or foregone	(\$1.9 million)
	COVID-19 response	Economic support and recovery

a)	Name of the initiative as used in budget papers	Vacant residential land tax exemption for new developments
b)	Objective/s of the initiative	To support the construction sector by providing developers more time to sell newly completed dwellings before attracting Vacant residential land tax (VRLT), enabling the flexibility of longer settlement periods.
c)	Reason for new initiative or change	See above
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Currently, when land becomes new residential land, it is exempt from VRLT for the following land tax year. This initiative will support the construction sector by providing developers additional time to sell unsold stock and enabling the flexibility of longer settlement periods before attracting the VRLT.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	0.0
	Anticipated revenue in financial year 2022-23 gained or foregone	(\$0.6 million)
	Anticipated revenue in financial year 2023-24 gained or foregone	(\$0.6 million)
	Anticipated revenue in financial year 2024-25 gained or foregone	(\$0.6 million)
	COVID-19 response	Economic support and recovery

a)	Name of the initiative as used in budget papers	Support for landlords and tenants: Land tax relief
b)	Objective/s of the initiative	To extend coronavirus (COVID-19) land tax relief into 2021 for eligible commercial landlords and owner occupiers in addition to existing support for taxpayers announced during 2020 and in the <i>2020-21 Budget</i> .
c)	Reason for new initiative or change	Extend the 25 per cent 2021 land tax relief for residential landlords to eligible commercial landlords and owner-occupiers of commercial properties.
d)	Expected outcome/benefit for the Victorian community of the new initiative/change to the initiative	Commercial landlords who provide tenants impacted by COVID with rent relief in 2021 and owner-occupiers of commercial properties may be eligible for a 25 per cent reduction on the property's 2021 land tax, with the remainder to be deferred until November 2021.
e)	Anticipated revenue in financial year 2021-22 gained or foregone	0.0*
	Anticipated revenue in financial year 2022-23 gained or foregone	0.0
	Anticipated revenue in financial year 2023-24 gained or foregone	0.0
	Anticipated revenue in financial year 2024-25 gained or foregone	0.0
	COVID-19 response	Economic support and recovery

* Revenue impact falls in 2020-21. Estimated revenue forgone \$111 million in 2020-21.

Expenditure – new programs and initiatives (output and asset)

Question 6

For all new programs and initiatives (output and asset) in the 2021-22 budget papers, please provide the:

- name of the program/initiative
- objective/s of the program
- budgeted expenditure in financial year 2021-22 on the program/initiative
- details of how it will be funded (i.e. through new output appropriation, Commonwealth funding, internal reprioritisation etc.).

Response

Name of the program/initiative	Objective/s of the program	Budgeted expenditure in financial year 2021-22 on the program/initiative	Details of how it will be funded
Output Initiatives			
Improving expenditure advice, oversight and accountability	Funding is provided to enhance the Department's budget and finance analytical and monitoring capabilities, including reforms to the Departmental Funding Model to increase financial oversight, effective and efficient program delivery and improved performance measurement.	4.5	DTF - Appropriation Provision of Outputs
Acquisition of Bendigo GovHub	Funding is provided to acquire the Bendigo GovHub, located at the site of the City of Greater Bendigo offices, to provide office accommodation for public sector agencies.	0.6	DTF - Appropriation Provision of Outputs
Boosting efficiency in infrastructure procurement: resourcing the Construction Supplier and Residential Cladding Rectification Registers	Funding is provided to boost the resilience, capacity and use of the Construction Supplier Register and Residential Cladding Rectification Register. The registers improve procurement efficiency by simplifying and streamlining procurement processes through the provision of pre-qualified suppliers.	1.5	DTF - Appropriation Provision of Outputs
Monitoring and assurance of the state capital program	Funding is provided to enhance the Department's capability to monitor the State's infrastructure pipeline and undertake capital project assurance reviews.	5.3	DTF - Appropriation Provision of Outputs

Embedding early intervention in government service delivery	Funding is provided to lead and implement an early intervention framework across government that reduces acute service demand and generates long-term savings through avoided costs.	4.1	DTF - Appropriation Provision of Outputs
Partnerships Addressing Disadvantage	Funding is provided to expand the Partnerships Addressing Disadvantage (PAD) initiative through a fifth program that will directly target and address pervasive social issues to support vulnerable Victorians. Resources will also be provided to streamline the current PAD process and to deliver robust monitoring and evaluation outcomes.	6.3	DTF - Appropriation Provision of Outputs
Expansion of regulatory activities of the Essential Services Commission	The Essential Services Commission (ESC) will support trials of innovative energy products and services, such as microgrids and virtual power plants, which are not currently permitted under energy rules. This will encourage new jobs and integrate more large-scale renewables and distributed energy resources in Victoria. The ESC will also report on the outcomes of these trials and make recommendations to the Government on ways to further reduce red tape for the energy sector.	0.6	DTF - Appropriation Provision of Outputs
Support for the expansion of the Victorian Energy Upgrades program	Funding is provided to the ESC to support the recent expansion of targets to the Victorian Energy Upgrades program. This includes upgrades to the ESC's information technology system to give expanded services to program participants.	1.7	DTF - Appropriation Provision of Outputs
Victorian Government Trade and Investment Network	Included as part of the new output initiative for DJPR	1.2	DTF - Appropriation Provision of Outputs
Distillery door grant	This scheme is designed to support and enhance Victoria's distillery industry.	0.1	DTF - Appropriation Provision of Outputs

State Revenue Office Advanced Revenue Management Program	Funding is provided to the State Revenue Office to modernise and improve its Revenue Management System.	16.6	DTF - Appropriation Provision of Outputs
Centralised Accommodation Management	Implementation of Phase two of the Whole of Victorian Government Accommodation Management Efficiency Program.	1.6	DTF - Appropriation Provision of Outputs
Zero and low emission vehicles: government fleet	Implementation of more efficient Victorian Government car fleet	3.2	DTF - Appropriation Provision of Outputs
Asset Initiatives			
Acquisition of Bendigo GovHub	Funding is provided to acquire the Bendigo GovHub, located at the site of the City of Greater Bendigo offices, to provide office accommodation for public sector agencies.	120.8	DTF - Appropriation - Addition to net asset base
Boosting efficiency in infrastructure procurement: resourcing the Construction Supplier and Residential Cladding Rectification Registers	Funding is provided to boost the resilience, capacity and use of the Construction Supplier Register and Residential Cladding Rectification Register. The registers improve procurement efficiency by simplifying and streamlining procurement processes through the provision of pre-qualified suppliers.	0.1	DTF - Appropriation - Addition to net asset base
Support for the expansion of the Victorian Energy Upgrades program	Funding is provided to the ESC to support the recent expansion of targets to the Victorian Energy Upgrades program. This includes upgrades to the ESC's information technology system to give expanded services to program participants.	0.5	DTF - Appropriation - Addition to net asset base
State Revenue Office Advanced Revenue Management Program	Funding is provided to the State Revenue Office to modernise and improve its Revenue Management System.	6.6	DTF - Appropriation - Addition to net asset base
Centralised Accommodation Management	Implementation of Phase two of the Whole of Victorian Government Accommodation Management Efficiency Program.	9.2	DTF - Appropriation - Addition to net asset base

Expenditure – lapsing programs (output initiatives including grants)

Question 7

For all programs (output initiatives including grants) with total funding of equal to or greater than \$5 million, that were to lapse in financial year 2020-21, where funding is to be extended in the 2021-22 Budget, please provide the:

- a) name of the program
- b) objective/s of the program
- c) expenditure in the financial years 2020-21 and 2021-22 (and where relevant, future years)
- d) details of how the program will be funded (i.e. through new output appropriation, Commonwealth funding, internal reprioritisation etc.)
- e) evidence of the continued need for the program, and Government's role in delivering it
- f) evidence of the program's progress toward its stated objectives and expected outcomes, including an alignment between the program, its output (as outlined in *Budget Paper No.3: Service Delivery*), departmental objectives and any government priorities
- g) evidence of the program being delivered within its scope, budget, expected timeframe and in line with appropriate governance and risk management practices
- h) extent and level of efficiencies realised in the delivery of the program
- i) information about what the nature of the impact of the program ceasing would be and what strategies have been identified to minimise any negative impacts
- j) evidence that the further funding reflects the actual cost required to deliver the program.

Guidance

Lapsing program – The Committee uses the definition of lapsing program as set out in the Department of Treasury and Finance, *Performance Management Framework – For Victorian Government Departments*: 'A program where funding is provided for a specified period only and for which funding is scheduled to conclude by the end of the current financial year'.

Response

The Department of Treasury and Finance does not have any lapsing programs in 2020-21 which have had funding extended in the 2021-22 Budget (output initiatives).

a)	Name of the program		
b)	Objective/s of the program		
c)	Expenditure in the financial years 2020-21 and 2021-22 (and where relevant, future years)	2020-21	2021-22

d)	Details of how the program will be funded	
e)	Evidence of the continued need for the program and the Government's role in delivering it	
f)	Evidence of the program's progress toward its stated objectives and expected outcomes	
g)	Evidence of the program being delivered within its scope, budget, expected timeframe and in line with appropriate governance and risk management practices	
h)	Extent and level of efficiencies realised in the delivery of the program	
i)	Nature of the impact of the program ceasing and what strategies have been identified to minimise any negative impacts	
j)	Evidence that the further funding reflects the actual cost required to deliver the program	

Question 8

For all programs (output initiatives including grants) with total funding of equal to or greater than \$5 million that are to lapse in 2020-21, please provide the:

- a) name of the program
- b) objective/s of the program
- c) expenditure in the financial year 2020-21
- d) reasons why the program was established
- e) details of who (describe the type of users for example, health care providers, families, volunteers etc.) and how many used the program, and evidence of the outcomes achieved
- f) reasons why further funding is not being sought
- g) nature of the impact of ceasing the program
- h) strategies that are being implemented to minimise any negative impacts.

Response

a)	Name of the program	Economic Survival Package Implementation
b)	Objective/s of the program	Funding is provided to the State Revenue Office and DTF for additional resources to help implement the Economic Survival Package in response to the coronavirus (COVID-19) pandemic.
c)	Expenditure in the financial year 2020-21	The SRO proportion of the budget was \$8.5m. SRO have forecast full year expenditure of \$13.2m. The additional expenditure to be absorbed within SRO output budget. DTF is allocated \$1.2m and is expected to spend the full amount.
d)	Reasons why the program was established	To help implement the Economic Survival Package in response to the coronavirus (COVID-19) pandemic.
e)	Details of who and how many used the program and evidence of the outcomes achieved	Taxation relief measures were administered across a range of revenue lines. Relief was made available to individuals and businesses. Refer to the table (Table 1) below for details of number of claims. In addition to taxation relief measures the SRO has administered applications for HomeBuilder Grants.

Table 1

Revenue Line	Claims	Comments
Payroll Tax	Over 31 000	Data as at 12 May 2021.
Land Tax	43 760	Data as at 10 May 2021. Approx. 41 600 claims have been finalised. As relief was provided in stages possible that duplication exists in claim numbers.
Liquor Licence Fees	Over 23 000	Majority of relief administered in 2019-20.
Congestion Levy	1 690	Claims processed as at 30 April 2021.
Land Transfer Duty	27 498	Claims processed as at 30 April 2021.
Commercial Passenger Vehicle Levy	2 985	Claims processed as at 30 April 2021.

f)	Reasons why further funding is not being sought	<p>Funding was provided on a once off basis to enable the SRO to administer funding to implement the relief measures that comprised the Economic Survival Package designed to support businesses through the coronavirus (COVID-19) pandemic.</p> <p>The focus of support has now transitioned to a suite of measures to assist businesses and individuals to recover from the coronavirus (COVID-19) pandemic. For example, the Jobs Plan.</p> <p>While some residual ongoing administration tasks will be undertaken to finalise the delivery of the Economic Survival Package relief measures, funding for these activities will be provided through carry forwards or internal reprioritisation.</p>
g)	Nature of the impact of ceasing the program	<p>Nil. The Economic Survival Package will be delivered in full. The focus of government support has now transitioned to a suite of measures to assist businesses and individuals to recover from the coronavirus (COVID-19) pandemic. For example, the Jobs Plan.</p>
h)	Strategies that are being implemented to minimise any negative impacts	<p>The focus of government support has now transitioned to a suite of measures to assist businesses and individuals to recover from the coronavirus (COVID-19) pandemic. For example, the Jobs Plan</p>

Question 9

For grant programs announced as part of the COVID-19 response in 2020-21 Budget, please provide:

- a) name of the program
- b) objective/s of the program
- c) estimated expenditure in 2020-21 and forward estimates
- d) actual expenditure as at 30 April 2021
- e) source of funding
- f) number of applications received and number of total eligible applicants as at 30 April 2021
- g) number of successful applicants
- h) the status of the program
- i) outcomes achieved as at 30 April 2021
- j) any budget allocation for the program in the 2021-22 Budget

Response

a)	Name of the program	HomeBuilder			
b)	Objective/s of the program	To support the recovery of the residential construction sector from the coronavirus (COVID-19) crisis. On 4 June 2020, the Australian Government announced HomeBuilder to provide eligible owner-occupiers (including first home buyers) with a grant of \$15 000 or \$25 000 to build a new home, substantially renovate an existing home or buy an off-the-plan home/new home. Victoria's State Revenue Office administers the scheme on behalf of the Commonwealth consistent with a National Partnership Agreement (NPA).			
c)	Estimated expenditure for 2020-21 and forward estimates	2020-21	2021-22	2022-23	2023-24
		\$337 580 000	\$380 830 000	\$114 875 000	Nil
d)	Actual expenditure as at 30 April 2021	As at 30 April 2021, Victoria had paid 7380 HomeBuilder Grants, totalling \$184 400 000.			
e)	Source of funding	HomeBuilder Grants have been funded via Appropriation - Payments on Behalf of the State. It is expected the Commonwealth will reimburse the Victorian Government for payments to successful applicants in arrears.			
f)		Number of applications received as at 30 April 2021	Number of total eligible applicants as at		

	Number of applications received and number of total eligible applicants	As at midnight, 14 April 2021, the HomeBuilder scheme has now closed to new applications. In Victoria, 38 550 applications were received by the closing date for new applications (i.e. 14 April 2021). A significant number of these applications (approx. 26 000) are pending the submission of one or more supporting documents from the applicant such as evidence of commencement of construction, which is required before the application can be fully assessed and considered eligible for payment.	30 April 2021 As at 30 April 2021, 7 380 applicants had been identified as eligible and therefore received payment of the grant. A significant number of these applications (approx. 26 000) are pending the submission of one or more supporting documents from the applicant such as evidence of commencement of construction, which is required before the application can be fully assessed and considered eligible for payment.
g)	Number of successful applicants	As at 30 April 2021, 7 380 grants have been approved.	
h)	Status of the program	Under the current (NPA), HomeBuilder is available to eligible contracts entered into between 4 June 2020 and 31 March 2021, and applications must be lodged by no later than 14 April 2021. Accordingly, the status of the program is that it is closed to new applications, but customers who submitted an application before the closing date are able to continue to provide their supporting documents as they progress their construction activities and the relevant documents become available (until 30 April 2023).	
i)	Outcomes achieved as at 30 April 2021	HomeBuilder appears to have been well received by industry. This is particularly so in Victoria, which, according to data on the Commonwealth Treasury website has received the most number of applications of any jurisdiction by a considerable margin.	
j)	Any budget allocation in the 2021-22 Budget	It is estimated that the expenditure for HomeBuilder in 21-22 will be approximately \$380 830 000 and it is expected that these payments will be funded via Payments on Behalf of the State, with any payments made to be reimbursed by the Commonwealth Government.	

Capital assets

Question 10a

Budget Paper No.5: Statement of Finances provides cash flow statements for departments.

Budget Paper No.4: State Capital Program provides the capital projects undertaken by departments.

For the 'Payments for non-financial assets' line item in the 2021-22 cash flow statement, please provide a breakdown of these costs and indicate which capital project they relate to.

Please differentiate the capital projects that were announced as part of Building Works Package and/or any other COVID-19 related response.

If any other line items in the cash flow statement comprises expenditure on Public Private Partnerships (PPPs), please list the PPP it relates to and the cost.

Guidance

Capital projects extracted from the cash flow statements are expected to correspond to capital projects listed in *Budget Paper No.4: State Capital Program* as 'New projects', 'Existing projects', or 'Completed projects'.

Question 10b

Please provide the following details for those capital projects identified as part of the post-COVID-19 economic repair/recovery.

- i) Name of the projects
- ii) Total estimated investment
- iii) Project commencement date
- iii) Estimated expenditure 2021-22
- iv) Source of funding
- v) Expenditure incurred as at 30 April 2021
- vi) Number of jobs estimated to create - 2021-22 & 2022-23

Response

Please see Excel Worksheet for response

Public Private Partnerships – expenditure

Question 11

Budget Paper No.5: Statement of Finances provides a comprehensive operating statement that details each department's revenue and expenses on an accrual basis reflecting the cost of providing its output.

- a) In the 2021-22 comprehensive operating statement please identify all expenditure on Public Private Partnerships (PPP) by line item and provide a breakdown of these costs and indicate to which project they relate.

Guidance

If the line item 'Other operating expenses' in the comprehensive operating statement comprises expenditure on PPPs, please also list the PPP it relates to and the cost.

- b) Please also provide the estimated/forecast expenditure for all PPPs across forward estimates.

Response

- a) The Department of Treasury and Finance is not a contracting department for any Public Private Partnership projects.

Line item	2019-20 Actual (\$ million)	2020-21 Budget (\$ million)	2021-22 Budget (\$ million)
Total			

- b) The Department of Treasury and Finance is not a contracting department for any Public Private Partnership projects.

PPPs	2019-20 Actual (\$ million)	2020-21 Budget (\$ million)	2021-22 Budget (\$ million)	2022-23 Estimated/Forecast (\$ million)	2023-24 Estimated/Forecast (\$ million)
Total					

Alliance contracting – DoT only

This question does not apply to DTF

Question 12

Alliance contracting was discussed at the 2020-21 Budget Estimates hearings, including projects that were changed from the PPP financing model to the Alliance contracting.

- a) Please detail the benefits to the State when using the Alliance contracting as opposed to PPP.

- b) Please detail the shortcomings of the Alliance contracting models, including the risks involved to the State.

- c) For all the major transport projects, please provide the following details:
- i) Total estimated investment at the announcement and the budget year
 - ii) Revised total estimated investment
 - iii) Delivery model – please specify if the major projects are delivered through either PPP, alliance contracting or any other financing arrangement
 - iv) Estimated completion date at the announcement
 - v) Revised estimated completion date.

Project name	Total estimated investment at the announcement	Budget year	Revised total estimated investment 2021-22 Budget	Delivery model	Estimated completion date at the announcement	Revised estimated completion date	Explanation for variances in cost and timeliness of the project

- d) What is the owner's cost (i.e. cost to the Government) of delivering the projects via contract alliance as opposed to PPP projects? Owner's costs under traditional contracts may include, direct costs, contingency for risks, profit margin and contribution to corporate overheads, and internal contract administration expenses.²

Please provide the following details:

- i) project name
- ii) project value
- iii) project delivery model
- iv) expense category
- v) expenses incurred

Please replicate the below table according to DoT's major projects.

Project name E.g. Suburban Rail Loop	Project value	Project delivery model (PPP, Alliance contracting, etc.)	Expense category	Expenses incurred by the Vic Government (\$ million)
Total cost				

² PricewaterhouseCoopers Australia, *Collaborative Contracting*, March 2018, p. 9.

Carryover funding for payments for non-financial assets

Question 13

For the line item 'payments for non financial assets' for 2021-22 in the departmental cash flow statement in *Budget Paper No. 5: Statement of Finances* budget paper, please identify the amount that is expected to be funded using funds carried over from 2020-21.

Response

Payments for non-financial assets	\$ amount expected to be funded
Greener Government Buildings *	3 001 647
Accommodation Management Efficiency Program	2 368 000
Better revenue management system	200 000
SRO Compliance Program	400 000
Total	5 969 647

* State-wide program funded from the sustainability Fund

Treasurer's advances

Question 14

For the 2020-21 Budget, please identify all output(s) and portfolio(s) (and relate them to departmental programs) for which the department received additional funding through the Treasurer's Advances.

Please identify if the programs were announced as part of the COVID-19 response, bushfire response or if other please state 'other'.

Response

Output(s) and portfolio(s)	Program	Recurrent program or new program	COVID-19 response, bushfire response or other	Funding received under the Treasurer's Advances – 2020-21	Amount expended as at 30 April 2021	Reasons why additional funding was required
DTF controlled						
Budget and Financial Advice	Recovery oversight and tracking	New	COVID-19 response	0.9	0.2	Funding was required to deliver on COVID-19 recovery oversight and tracking initiatives.
Commercial and Infrastructure Advice	Suburban Rail Loop	Recurrent	Other	0.7	0.7	Funding was required to fund the finance strategy of the SRL project.
Commercial and Infrastructure Advice	Commercial advice relating to reform opportunities	Recurrent	Other	7.5	2.9	Funding was required to fund commercial advice relating to reform opportunities.
Commercial and Infrastructure Advice	Demolition works at 80-90 Champion Road, Newport	New	Other	9.0	5	Funding was required to perform demolition works at 80-90 Champion Road, Newport.
Commercial and Infrastructure Advice	Demolition works at the former Energy Brix Australia Corporation site, Morwell	New	Other	10.2	2.1	Funding was required to perform demolition works at the former EBAC site in Morwell.

DTF

Economic Policy and Advice	Big Housing Build: Victorian Homebuyer Fund	New	COVID-19 response	5.0	1.0	Funding was released from central contingency subsequent to the publication of the <i>2020-21 Budget</i> .
Economic Policy and Advice	Social housing regulation review	New	COVID-19 response	2.0	0.1	Funding was released from central contingency subsequent to the publication of the <i>2020-21 Budget</i> .
Services to Government	Victorian Car Fleet - zero and low emission vehicles - implementation costs	New	other	0.1	0.1	New initiative.
DTF administered						
DTF	CSF - Alcohol and Drug Treatment Services Program	Recurrent program	Other	85.0	63.8	CSF has not received any cash from electronic gambling machines since April 2020 due to COVID-19 and the fund's current cash balance is insufficient to cover the required payments.
DTF	CSF - Gambling Harm Prevention Program	Recurrent program	Other	29.5	24.8	CSF has not received any cash from electronic gambling machines since April 2020 due to COVID-19 and the fund's current cash balance is insufficient to cover the required payments.
Total 2020-21				149.9	97.1	

Savings initiatives from past budgets

Question 15

For each of the savings initiatives detailed in the 2018-19 Budget, 2019-20 Budget, 2020-21 Budget and 2021-22 Budget, please detail (on the same basis of consolidation as the budget papers):

- how the Department will meet the various savings targets in 2021-22
- the nature of the impact that these actions will have on the delivery of services and assets/infrastructure during 2021-22
- the Department's savings target for 2021-22, with an explanation for any variances between the current target and what was originally published in the budget papers when the initiative was released. If the change in Government affected the implementation of these measures, please provide a more detailed explanation.

Response

Initiative	Actions the Department will take in 2021-22	Impact of these actions on service delivery in 2021-22	Savings target for 2021-22 (\$ million)	Explanation for variances to the original target
Savings and efficiencies and expenditure reduction measures in 2018-19 Budget	n/a	n/a	n/a	n/a
Savings and efficiencies and expenditure reduction measures in 2019-20 Budget	<p>The Department will take the following actions:</p> <ul style="list-style-type: none"> reduce purchase of supplies and services by finding further efficiency measures such as better use of technology and systems; and building in-house capability. 	There will be no impact of these actions on service delivery in 2021-22.	1.30	n/a

Savings and efficiencies and expenditure reduction measures in 2020-21 Budget	The Department will reduce the cost of accommodation management.	There will be no impact of these actions on service delivery in 2021-22.	1.02	n/a
Savings and efficiencies and expenditure reduction measures in 2021-22 Budget	<p>Savings will be achieved through a number of initiatives including:</p> <ul style="list-style-type: none"> • review and consolidation of some corporate and other functions across the DTF portfolio • review of internal processes, functions and scope of work <p>The Department is implementing several long-term strategies such as investing in information technology as enablers to automate repetitive and time-consuming tasks, utilising working space and consider hybrid flexible work arrangements and streamlining the delivery of corporate services. The Department is exploring potential for streamlining corporate services across the portfolio and other agencies.</p>	There will be no impact of these actions on service delivery in 2021-22.	5.00	

Use of funds saved from other programs or initiatives

Question 16

In relation to any programs or initiatives that have been reprioritised, curtailed or reduced for 2021-22 (including lapsing programs), please identify:

- the amount expected to be spent under the program or initiative during 2021-22 at the time of the 2020-21 Budget
- the amount currently to be spent under the program or initiative during 2021-22
- the use to which the funds realised by this reduction will be put. Please include the name(s) of any program or initiative that will be funded or partially funded.

Response

Program/initiative that has been reprioritised, curtailed or reduced	The amount expected to be spent under the program or initiative during 2021-22		The use to which the funds will be put
	At the time of the 2020-21 Budget	At the time of the 2021-22 Budget	
The Department does not have any programs/initiatives that have been reprioritised, curtailed or reduced.	n/a	n/a	

Performance measures – new

Question 17

For all new performance measures in the *2021-22 Budget Paper No.3: Service Delivery*, please provide:

- a description/purpose of the measure
- the assumptions and methodology underpinning the measure (including how the supporting data is calculated or derived, source and frequency of data collection, as well as any other business rules and assumptions)
- how the target was set
- the shortcomings of the measure
- how the measure will enable the Committee to assess the impact of the service

Response

	Performance measure	Regulation reform reviews completed
a)	Description/purpose of the measure	The following DTF led programs are included in a funded package of several measures in the <i>2020-21 Budget</i> and have review related outputs. <ul style="list-style-type: none"> Fast Track Review Unit - the unit will review regulatory issues impacting businesses to help regulators and local councils streamline and improve their processes. Business Licencing Review - to review how licencing is done and identify opportunities to reduce or consolidate the licenses required to conduct business in Victoria. Regulation Reform Initiative Fund (RRIF) – a fund to support government departments and local governments to implement priority reform initiatives.
b)	Assumptions and methodology underpinning the measure	This is a new measure for the 2021-22 Budget, related to a regulation reform package funded in the <i>2020-21 Budget</i> . The measure complements other review programs included in that package. It is an annual measure on the number of review reports delivered.
c)	How target was set	The overall target of reviews was set when the programs were funded in the <i>2020-21 Budget</i> .
d)	Shortcomings of the measure	The shortcomings are that this measure picks up most but not all regulation reform initiatives, it does not reflect the extent of implementation of reform or resultant economic gains, management of reviews is not entirely within DTF's control but DTF can influence them.

e)	How the measure will enable the Committee to assess the impact of the service	Review reports delivered to the Minister for Regulation Reform and the review recommendations are endorsed and implemented by the government.
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	Performance measure	Regulator reviews completed
a)	Description/purpose of the measure	<p>There are two programs being led by BRV included in a funded package of several measures in the <i>2020-21 Budget</i>.</p> <ul style="list-style-type: none"> • The Better Approvals Regulators (BAR) is a collaborative program made available to 10 critical regulators to identify improvement opportunities within approval processes, and together with business stakeholders, design and implement solutions to deliver tangible outcomes to assist Victorian businesses to establish, recover and grow. The program will be tailored to the needs of regulators and their business stakeholders. • The Regulator Improvement Program (RIP) is a collaborative program over four years, conducting 20 'health check' reviews of regulators, including one annual intensive benchmarking review of a selected regulator.
b)	Assumptions and methodology underpinning the measure	This is a new measure for the 2021-22 Budget, related to a regulation reform package funded in <i>2020-21 Budget</i> . It is an annual measure of the number of review reports delivered to the Minister for Regulation and Reform.
c)	How target was set	The overall target of reviews was set when the programs were funded in the <i>2020-21 Budget</i> .
d)	Shortcomings of the measure	The shortcomings are that this measure picks up most but not all regulation reform initiatives.
e)	How the measure will enable the Committee to assess the impact of the service	Review reports delivered to the Minister for Regulation Reform and the review recommendations are endorsed and implemented by the government.

	Performance measure	Regulation reform reviews completed by scheduled date
a)	Description/purpose of the measure	<p>There are two programs being led by DTF included in a funded package of several measures in the <i>2020-21 Budget</i> where reviews form the program.</p> <ul style="list-style-type: none"> • Fast Track Review Unit - the unit will review regulatory issues impacting businesses to help regulators and local councils streamline and improve their processes. • Business Licencing Review - to review how licencing is done and identify opportunities to reduce or consolidate the licenses required to conduct business in Victoria.

		<ul style="list-style-type: none"> Regulation Reform Initiative Fund (RRIF) – a fund to support government departments and local governments to implement priority reform initiatives.
b)	Assumptions and methodology underpinning the measure	This is a new measure for the 2020-21 Budget. Related to a regulation reform package funded in that budget. Complements other review programs included in that package.
c)	How target was set	The overall target of reviews was set when the programs were funded in the 2020-21 Budget.
d)	Shortcomings of the measure	The shortcomings are that some reviews are yet to be formulated (e.g. those funded by RIFF), reviews can be timely but at the expense of quantity/quality; management of reviews are not entirely within DTF's control but DTF can influence, risk of delay.
e)	How the measure will enable the Committee to assess the impact of the service	Review reports delivered to the Minister for Regulation Reform.

	Performance measure	Regulator reviews completed by scheduled date
a)	Description/purpose of the measure	<p>There are two programs being led by BRV included in a funded package of several measures in the 2020-21 Budget.</p> <ul style="list-style-type: none"> The Better Approvals Regulators (BAR) is a collaborative program made available to 10 critical regulators to identify improvement opportunities within approval processes, and together with business stakeholders, design and implement solutions to deliver tangible outcomes to assist Victorian businesses to establish, recover and grow. The program will be tailored to the needs of regulators and their business stakeholders. The Regulator Improvement Program (RIP) is a collaborative program over four years, conducting 20 'health check' reviews of regulators, including one annual intensive benchmarking review of a selected regulator.
b)	Assumptions and methodology underpinning the measure	This is a new measure for the 2020-21 Budget. Related to a regulation reform package funded in that budget. Complements other review programs included in that package.
c)	How target was set	The overall target of reviews was set when the programs were funded in the 2020-21 Budget.

d)	Shortcomings of the measure	The shortcomings are that this measure picks up most but not all regulation reform initiatives.
e)	How the measure will enable the Committee to assess the impact of the service	Review reports delivered to the Minister for Regulation Reform.

	Performance measure	Decisions overturned on review or appeal
a)	Description/purpose of the measure	To measure and report the number of Commission decisions that have been overturned following appeal processes.
b)	Assumptions and methodology underpinning the measure	Count the number of Commission decisions that have been overturned following appeal processes.
c)	How target was set	Zero overturned decisions is the target.
d)	Shortcomings of the measure	None identified.
e)	How the measure will enable the Committee to assess the impact of the service	This is a quality measure. Zero overturned decisions indicate sound decision-making processes of the Commission.

	Performance measure	Jobs generated from international investment secured through Government facilitation services and assistance
a)	Description/purpose of the measure	The number of full-time equivalent jobs expected to be created from foreign direct investment (FDI) attraction and facilitation activities of Government. Comprises the number of full-time equivalent jobs expected to result from facilitated FDI projects confirmed to be proceeding in the current financial year. The jobs are expected over the life of the project (e.g. jobs are expected over the next 3 to 5 years).
b)	Assumptions and methodology underpinning the measure	Total jobs claimed against 'won confirmed' projects for the financial year. 'Claimed' is the total jobs expected to be created over the life of a project, at the time a project is announced/confirmed to be going ahead.

c)	How target was set	Based on historical data on the number of full-time equivalent jobs expected to be created from direct FDI investment attraction and facilitation activities of the government.
d)	Shortcomings of the measure	This measure records the number of full-time equivalent jobs expected to be created from foreign direct investment confirmed by companies in writing to be proceeding in the current financial year. These jobs are expected over the lifecycle of the project but are subject to business conditions and may not occur as expected. For projects that receive grants Invest Victoria records the changes in outcomes. For facilitated projects changes to project outcomes may not be known to the government.
e)	How the measure will enable the Committee to assess the impact of the service	Data on investments claimed and outcomes on GEMS.

	Performance measure	Number of projects subject to cost redesign work
a)	Description/purpose of the measure	Using an experienced external consultancy, OPV will enhance the Project Assurance Review (PAR) process with respect to design and materials. An experienced external consultancy will be tasked with urgent intervention while recovery projects are getting underway, as well as supporting bringing on new team members to ensure best practice within OPV.
b)	Assumptions and methodology underpinning the measure	Based on private sector experience there are opportunities to reduce cost without reducing fulfilment of publicly announced commitments by as much as 15 per cent through design and materials changes, if done at the appropriate time.
c)	How target was set	The number of projects subject to redesign work and evaluation of the impact on outturn costs.
d)	Shortcomings of the measure	Potential challenges establishing the counterfactual position and the net contribution to savings achieved through the cost redesign work versus other initiatives.
e)	How the measure will enable the Committee to assess the impact of the service	It will be considered as good performance if the actual results are equal to or greater than estimates.

Performance measures – modifications

Question 18

For all existing performance measures with an associated target that has been modified in the 2021-22 *Budget Paper No.3: Service Delivery*, please provide:

- a) a description/purpose of the measure
- b) the previous target
- c) the new target and how it was set
- d) the justification for changing the target
- e) an explanation of why the target was not met in 2019-20, if applicable and the 2020-21 expected outcome
- f) the methodology behind estimating the expected outcome in the 2021-22 Budget.

Response

	Performance measure	Performance reports for regulated businesses or industries
a)	Description/purpose of the measure	Number of reports issued in relation to the performance of a regulated business or industry.
b)	The previous target	13
c)	The new target and how it was set	12, targets to be set in the context of the expected work program for the year.
d)	The justification for changing the target	The higher 2020-21 target reflects the introduction of new quarterly water customer perception surveys during 2020-21 as well as the release of biennial local government outcome and compliance reports in 2021-21.
e)	An explanation of why the target was not met in 2019-20, if applicable and the 2020-21 expected outcome	N/A 2020-21 expected outcome: 24
f)	The methodology behind estimating the expected outcome in the 2021-22 Budget	Number of reports released and approved by the Commission.

	Performance measure	Performance reviews and compliance audits of regulated businesses
a)	Description/purpose of the measure	Number of regulated businesses that are subject to compliance audits and performance reviews.
b)	The previous target	143
c)	The new target and how it was set	142, target can change from year to year and reflects market activity, which can be influenced by government policy.
d)	The justification for changing the target	Target can change from year to year and reflects market activity.
e)	An explanation of why the target was not met in 2019-20, if applicable and the 2020-21 expected outcome	The target was not met due to market activity in 2019-20. 2020-21 expected outcome: 147
f)	The methodology behind estimating the expected outcome in the 2021-22 Budget	Number of audits and reviews completed and approved by the Commission.

	Performance measure	Reviews, investigations or advisory projects
a)	Description/purpose of the measure	Number of reviews, investigations or advisory projects undertaken, either initiated by relevant Ministers or by the Commission directly.
b)	The previous target	3
c)	The new target and how it was set	2, targets to be set in the context of the expected work program for the year.
d)	The justification for changing the target	The higher 2020-21 target reflects the profile of funding received in the 2019-20 Budget for fairer energy regulation. This will result in an increase in 2020-21 in the number of reviews.
e)	An explanation of why the target was not met in 2019-20, if applicable and the 2020-21 expected outcome	N/A 2020-21 expected outcome: 6

f)	The methodology behind estimating the expected outcome in the 2021-22 Budget	Number of final reports released or provided to relevant Ministers in response to a request for advice and approved by the Commission.
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	Performance measure	Compliance and enforcement activities – energy
a)	Description/purpose of the measure	Number of enforcement orders, energy industry penalty notices or wrongful disconnection penalty notices issued by the commission or enforceable undertakings accepted by the commission.
b)	The previous target	36
c)	The new target and how it was set	150, currently, the commission's enforcement powers remain limited to issuing enforcement orders, penalty notices or accepting enforceable undertakings. The measures capture each of these enforcement actions but not enforcement or compliance work that does not result in enforcement action.
d)	The justification for changing the target	The higher 2020-21 target reflects the anticipated passage of the Essential Services Commission (Compliance and Enforcement Powers) Amendment Bill 2019 and the expected changes to the nature and number of activities undertaken.
e)	An explanation of why the target was not met in 2019-20, if applicable and the 2020-21 expected outcome	N/A 2020-21 expected outcome: 150
f)	The methodology behind estimating the expected outcome in the 2021-22 Budget	Count of the number of enforcement orders, energy industry penalty notices or wrongful disconnection penalty notices issued by the commission or enforceable undertakings accepted by the commission.

	Performance measure	Setting of regulated price and tariffs
a)	Description/purpose of the measure	Number of regulated businesses that are expected to submit annual or periodic prices or tariffs, set under the Victorian default offer or other price determinations.
b)	The previous target	16

c)	The new target and how it was set	15, target reflects the number of price or tariffs set by the Commission under the Victorian default offer or other price determinations.
d)	The justification for changing the target	The 2020-21 target was incorrectly reported as 6 but should have been reported as 16.
e)	An explanation of why the target was not met in 2019-20, if applicable and the 2020-21 expected outcome	N/A 2020-21 expected outcome: 17
f)	The methodology behind estimating the expected outcome in the 2021-22 Budget	Number of prices that are approved, set or determined by the Commission.

	Performance measure	Objections received to assessments issued as a result of compliance projects
a)	Description/purpose of the measure	This performance measure looks at the total number of manual assessments issued by Compliance, against the number of assessments issued that have fully allowed objections.
b)	The previous target	<4
c)	The new target and how it was set	<3, the lower 2021-22 target reflects expected performance following a review of performance over time.
d)	The justification for changing the target	Target rationale considers that a result greater than 4% of manual assessments resulting in objections which are then fully allowed (i.e. the allowance of the objection confirming that the manual assessment was incorrectly raised) would be an indicator of issues with quality of assessments being raised by Compliance.
e)	An explanation of why the target was not met in 2019-20, if applicable and the 2020-21 expected outcome	N/A 2020-21 expected outcome: <4
f)	The methodology behind estimating the expected outcome in the 2021-22 Budget	Measure is achieved by dividing: no. of manual assessments with fully allowed objections in a month / no. of manual assessments issued in that month.

	Performance measure	Number of HVHR project assurance plans in place
a)	Description/purpose of the measure	The number of Project Assurance Plans developed to provide tailored assurance by DTF for High Value or High Risk (HVHR) projects. This measure reflects the project assurance workload of the branch.
b)	The previous target	14
c)	The new target and how it was set	6* The lower 2021-22 target reflects funding approved for HVHR projects in the <i>2021-22 Budget</i> .
d)	The justification for changing the target	The prediction is informed by the number of HVHR projects approved in the budget.
e)	An explanation of why the target was not met in 2019-20, if applicable and the 2020-21 expected outcome	N/A 2020-21 expected outcome: 14
f)	The methodology behind estimating the expected outcome in the 2021-22 Budget	The prediction is informed by the number of HVHR projects approved in the budget.

Employees

Question 19

Please provide the Department's (actual/expected/forecast) Full Time Equivalent (FTE) staff numbers for the financial years ending 30 June 2020, 30 June 2021 and 30 June 2022:

- broken down into employee classification codes
- broken down into categories of on-going, fixed term or casual
- according to their gender identification
- employees identifying as Aboriginal or Torres Strait Islander or having a disability.

Guidance – In responding to this question please provide details about the Department on the same basis of consolidation as is used in the comprehensive operating statement audited by the Victorian Auditor-General's Office in the Department's Annual Report.

Response

a)

Classification	As at 30-06-2020		As at 30-06-2021 ⁽¹⁾		As at 30-06-2022 ⁽²⁾	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Secretary	1	0%	1	0%	N/A	
SES-3	7	1%	6	0%		
SES-2	34	2%	34	2%		
SES-1	58	4%	71	5%		
VPS Grade 7.3	3	0%	3	0%		
VPS Grade 7.2	4	0%	2	0%		
VPS Grade 7.1	5	0%	7	0%		
VPS Grade 6.2	141	10%	152	10%		
VPS Grade 6.1	123	9%	140	9%		
VPS Grade 5.2	182	13%	207	14%		
VPS Grade 5.1	159	11%	177	12%		

Classification	As at 30-06-2020		As at 30-06-2021 ⁽¹⁾		As at 30-06-2022 ⁽²⁾	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
VPS Grade 4	261	19%	280	18%		
VPS Grade 3	279	20%	289	19%		
VPS Grade 2	105	8%	119	8%		
VPS Grade 1	4	0%	10	1%		
Government Teaching Service	0	0%	0	0%		
Health services	0	0%	0	0%		
Police	0	0%	0	0%		
Allied health professionals	0	0%	0	0%		
Child protection	0	0%	0	0%		
Disability development and support	0	0%	0	0%		
*Youth Justice Workers	0	0%	0	0%		
*Custodial officers	0	0%	0	0%		
Other (Legal Officers employed by State Revenue Office)	22	2%	25	2%		
Total	1388	100%	1523	100%		

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

Notes:

1. Factors driving DTF's forecast FTE increase to 30 June 2021 include additional positions for COVID-19 response measures, such as the HomeBuilder Grant program managed by the SRO, along with additional resources for the Social Housing Growth Fund, and expansion of Office of Projects Victoria.
2. DTF's FTE forecast for 30 June 2022 cannot be calculated at this stage until workforce transition plans are finalised in response to base and efficiency review savings, and other savings included in the 2021-22 Budget.

b)

Category	As at 30-06-2020		As at 30-06-2021		As at 30-06-2022	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Ongoing	1278	92%	1355	89%	N/A	
Fixed-term	110	8%	168	11%		
Casual	0	0%	0	0%		
Total	1388	100%	1523	100%		

c)

Identification	As at 30-06-2020		As at 30-06-2021		As at 30-06-2022	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
Men	694	50%	749	49%	N/A	
Women	694	50%	774	51%		
Self described	0		0	0%		
Total	1388	100%	1523	100%		

d)

Identification	As at 30-06-2020		As at 30-06-2021		As at 30-06-2022	
	(Actual FTE Number)	(% of total staff)	(Expected FTE Number)	(% of total staff)	(Forecast FTE Number)	(% of total staff)
People who identify as Aboriginal or Torres Strait Islander	6	0%	20	1%	N/A	
People who identify as having a disability	29	2%	61	4%		
Total	35	3%	81	5%		

Contractors, consultants, labour hire arrangements and professional services

Question 20

- a) What are the main gaps in the Department's capability and capacity identified in the 2020-21 financial year, and expected in the 2021-22 and 2022-23 financial years?
- b) For the 2019-20 financial year, please detail:
 - i. the (actual/expected/forecast) Full Time Equivalent (FTE) numbers of contractors, consultants and labour hire arrangements
 - ii. the corresponding expense(s)
 - iii. the relevant occupation category for the contractors, consultants or labour hire arrangements (for example human resources, executive management, technology).
- c) Where the 2019-20 financial year actual for contractors, consultants and labour hire arrangements, differs by greater than 5 per cent (positive or negative) compared to the estimate/forecast provided in response to the Committee's previous Budget Estimates questionnaires, please explain the reason for this variance.
- d) In light of the Administrative Guidelines on Engaging Labour Hire and Professional Services for the Victorian Public Service, for the 2020-21 and 2021-22 financial years, please detail:
 - i. the estimated/forecast Full Time Equivalent (FTE) numbers of labour hire and professional services arrangements
 - ii. the corresponding estimated/forecast expense(s)
 - iii. the relevant occupation category for the labour hire and professional services arrangements (for example human resources, executive management, technology).

*Guidance – for definitions of labour hire and professional services arrangements please refer to the Victorian Government, *Administrative Guidelines on Engaging Labour Hire in the Victorian Public Service*, 2019; and the Victorian Government, *Administrative Guidelines on Engaging Professional Services in the Victorian Public Sector*, 2019.*

Guidance – In responding to this question please provide details about the Department on the same basis of consolidation as is used in the comprehensive operating statement audited by the Victorian Auditor-General's Office in the Department's Annual Report.

Response

a)

In its ongoing People Matter Action Plan, the Department of Treasury and Finance (the Department) identified the following areas for capability uplift; managing wellbeing and workplace stress, leadership, diversity and inclusion, flexible work practices and respectful workplace culture. These continue to be developed in many ways including training, toolkits, resources and re-alignment of policy and processes.

In 2020-21, the Department focused on managing wellbeing and workload stress and adapting to new working environments (e.g. working remotely and hybrid). The Department offered training to managers to build their capability to lead teams remotely and in a hybrid environment. The Department also offered training and support to all staff on:

- managing mental health and wellbeing;
- working remotely; and
- working in a hybrid work environment.

DTF's intranet hosts a Staff Hub which provides links and resources to support staff with wellbeing strategies and remote and hybrid development opportunities during the coronavirus (COVID-19) pandemic and the Department's return to the office.

The Department also offers training in workload management and prioritising tasks, stress management, bullying and sexual harassment, building positive workplace relationships, performance management, Aboriginal and Torres Strait Islander cultural awareness, LGBTIQ awareness and the Victorian Charter of Human Rights.

The Department continues to deliver a tailored and contemporary leadership development program (LDP) for all VPS6, VPS7 and Senior Executive Service (SES) employees. This comprehensive program develops participants' capability in the areas of leading self, leading others, and leading the organisation. A new LDP wellbeing module was introduced in 2020 to develop participants' capability to manage the wellbeing of themselves and their teams. The 2021 LDP includes additional content on 'coaching and managing up' to further build leadership capability.

In 2020-21 significant work has been undertaken to support diversity and inclusion, particularly regarding Aboriginal and Torres Strait Island staff and people with disability. The Department has implemented a Diversity and Inclusion framework, an Aboriginal Employment and Inclusion Action Plan, and an All Abilities action plan, which supports the VPS Getting to Work strategy. The Department has delivered Disability Confident Recruitment Training building the capability of managers to support people with disability.

During 2020-21 the Department commenced implementation of the new VPS capability framework. The VPS capability framework assists in assessing future capability gaps and the learning and development needs of staff. Customised learning pathways have been developed to support capability development such as 'Team Leadership'.

The Department monitors capacity gaps and uses internal mobility processes to meet capacity needs. The Department utilised internal mobility process to address capacity gaps identified in 2020-21.

In 2021-22 and 2022-23 the Department will continue capability and capacity building initiatives commenced in 2020-21, including:

- continuation of the LDP program and additional modules and content discussed above;
- continued support and training for all staff working in a hybrid work environment; and
- continued support and training for all staff to manage wellbeing and workload stress.

Additional diversity and inclusion plans will be developed 2021-2022 and 2022-23 for LGBTIQ and for culturally and linguistically diverse (CALD). The Department is committed to implementing the Gender Equity Act 2020 and will develop a DTF Gender Equality Action Plan and undertake a gender impact assessment and gender audit, with work progressing over 2021-2023

In addition to continued monitoring of capacity gaps and use of internal mobility process to meet capacity gaps, the Department will also support and embed performance development, strategic workforce planning, talent management, learning and development, career development, and capability development to address capacity gaps and needs over the 2021-23 period.

b)

	Contractors	Consultants	Labour Hire Arrangements
FTE Number	Not available *	Not available **	63.23
Corresponding expense	\$24 435 628	\$23 675 476	\$12 930 767
Occupation category	n/a	n/a	Includes a range of categories including, IT, telecommunications, HR, accounting, admin support, Project and Change Managers

* explanation Mainly outsourced services from Cenitex, eduPay, property /facilities management and ad hoc legal services and not practical to calculate FTEs. Any estimate of FTE would produce a subjective result.

** explanation Consultancies are engaged for the delivery of specialist expertise and advice to inform decision making, generally for a fixed price and not tied to FTE equivalents. Any estimate of FTE would produce a subjective result.

c)

Expense type	Estimated/forecast costs for 2019-20 financial year	Actual costs for 2019-20 financial year	Variance	Explanation
Contractor	\$15 583 517	\$24 435 628	(56.8%)	The increase is related to the provision of whole of government centralised accommodation management services (Jones Lang Lasalle Australia Pty Ltd) and Information and Communication Technology support (through Cenitex and Deloitte).
Consultant	\$20 541 833	\$23 675 476	(15.3%)	The increase is a combination of the timing and requirement for consultancies within the department and a number of new consultancy engagements including the development and delivery of the Australian Major Project Leadership Academy program for the Office of Projects Victoria \$2.5m.
Labour Hire Arrangement	\$13 301 150	\$12 930 767	2.8%	

d)

2020-21	Labour hire	Professional services
FTE Number	111.98	n/a
Corresponding estimated/forecast expense	\$12,565,000	\$53,646,667
Occupation category	Includes a range of categories including, IT, telecommunications, HR, accounting, admin support, Project and Change Managers	Includes IT, HR /Payroll, Property Management, and legal services contractors
2021-22	Labour hire	Professional services
FTE Number	89.42	n/a
Corresponding estimated/forecast expense	\$13,876,667	\$52,473,333
Occupation category	as above	as above

Enterprise Bargaining Agreements

Question 21

- a) Please list all Enterprise Bargaining Agreements (EBAs) that are expected to be completed during the 2021-22 year that affect the Department, along with an estimate of the proportion of your Department's workforce (Full Time Equivalent) covered by the EBA.
- b) Please describe the effect the EBAs listed above have had on estimates of 2021-22 employee benefits.

Response

- a) Below is a list of EBAs in the Department of Treasury and Finance's Portfolio that are expected to be completed in the 2021-22 year.

Table 1: Enterprise Agreements in the DTF portfolio

	<i>FTE</i>	<i>Nominal Expiry Date</i>
State Trustees Limited	429	30/9/2020

Source: State Trustees Annual Report 2020

- b) The State Trustees Limited Enterprise Agreement is anticipated to have no net impact on the Victorian Budget at the aggregate level. Under the Government's Wages Policy all proposed enterprise agreements must be fiscally sustainable and fully funded from capped indexation, revenue or appropriate costs offsets over the life of the agreement.

Advertising – expenditure

Question 22a

Please provide a list of forecast/budgeted advertising expenditure (excluding COVID-19 advertising campaign) for the Department and its portfolio agencies in 2021-22 and across the forward estimates, including the following:

- a) total expenditure
- b) breakdown of expenditure by medium (for example, radio/TV/print/social media etc.)
- c) campaign title and date
- d) objectives and outcomes
- e) global advertising costs for recruitment (i.e. it is not necessary to breakdown costs for recruitment of every vacancy).

Response

Department of Treasury and Finance

DTF has the following advertising campaign planned for 2021-22:

Victorian Homebuyer Fund

\$2 200 000 Total expenditure:

- \$1 900 000 Media costs (breakdown by medium has not been determined)
- \$300 000 Other campaign costs (e.g. creative costs, production)

Objectives& Outcomes:

The Victorian Homebuyer Fund is a \$500 million shared equity scheme designed to help more Victorians into home ownership.

The Victorian Government will fund up to 25 per cent of the dwelling purchase price in exchange for a proportionate interest in the property. This will reduce the deposit required and enable Victorians to buy suitable homes sooner.

The Victorian Homebuyer Fund campaign will include extensive advertising across traditional and digital platforms, focusing on encouraging participation by informing target audiences of benefits of the scheme, who can apply and how to apply.

DTF and its agencies have forecast the advertising costs for recruitment totalling approximately \$50,000 per year for 2021-22 and the forward estimates period, primarily via online media. To ensure expenditure data is accurate and useful, DTF's annual advertising expenditure is published at the end of each year in the annual report (for campaigns greater than \$100 000), only after advertising expenditure is confirmed and finalised.

Invest Victoria

Invest Victoria have the following advertising campaigns planned for 2021-22:

Reimagine Your Future

\$300 000 total expenditure

- \$200 000 digital media costs
- \$100 000 other campaign costs (e.g. creative costs, production)

Objectives & Outcomes:

"The International Investment Strategy provides a blueprint to attract more international investment to Victoria.

The whole-of-government strategy focuses on attracting global companies from emerging and growth industries that are crucial to growing the state's economy and creating jobs.

A number of targeted digital SEO (Search Engine Optimisation) and social media boosting campaigns will run across the year, focused on promoting investment opportunities in priority sectors aligned to Invest Victoria's market strategies.

This will be complimented by below-the-line digital campaigns aligned to events, announcements and market developments."

Inbound Victoria

\$250 000 total expenditure

- \$200 000 digital media costs
- \$50 000 other campaign costs (e.g. creative costs, production)

Objectives & Outcome:

Inbound Victoria aims to increase awareness of Australians currently living or working overseas of the potential opportunities for them to work in priority sectors, such as technology, in Victoria.

The campaign will highlight stories and case studies of people who have returned to work in Victoria from overseas and target highly skilled and experienced individuals with capabilities in priority sectors.

This will deepen the pool of available talent in these sectors and increase the state's attractiveness to foreign investors who often choose their location in Australia based on talent availability.

This campaign supports the International Investment Strategy.

Please note: this campaign will only run when the cap on international arrivals has been lifted.

State Revenue Office

SRO have variable advertising requirements relating to statutory notices and recruitment. This is generally print media. Current estimates for 2021-25 are listed in the table below and based on anticipated full year requirements.

	2021-22	2022-23	2023-24	2024-25	Total
Advertising -Statutory Notices	11 000	11 000	11 000	11 000	44 000
Advertising for Recruitment	12 000	12 000	12 000	12 000	48 000
Total Advertising	23 000	23 000	23 000	23 000	92 000

Infrastructure Victoria

Infrastructure Victoria spends approximately \$1 600 per year on recruitment advertising. \$6 400 in 2021-22 and across the forward estimates.

No other advertising is planned or budgeted.

Essential Services Commission

Essential Services Commission have budgeted \$4 000 for recruitment advertising in 2021-22.

No other advertising is planned or budgeted.

Question 22b

Please provide details of advertising costs related to COVID-19 including:

- i) the budget allocated to the department in 2021-22
- ii) actual cost as at 30 April 2021 (from the 2020-21 budget)
- iii) outcomes achieved

Please provide the same information for culturally and linguistically diverse (CALD) communities advertising expenditure relating to COVID-19.

	Budget allocated	Actual cost	Outcomes achieved
2020-21	N/A	N/A	SRO has had targeted communications directly with customers (taxpayers) in relation to Government relief initiatives in response to COVID-19. SRO has also provided information in relation to these initiatives to the broader community through existing platforms (i.e. website updates) utilising existing resources. In that regard, COVID-19 advertising costs for 2020-21 is nil with no budget allocated for future years.
2021-22	N/A	N/A	N/A
CALD communities			
2020-21	N/A	N/A	N/A
2021-22	N/A	N/A	N/A

Relationship between the Commonwealth, National Cabinet and Victoria

Question 23

a) What impact have developments at the Commonwealth level had on the Department's 2021-22 Budget?

Response

There have been no developments at the Commonwealth level that have had an impact on the Department's 2021-22 Budget.

b) What impact have developments at the National Cabinet level had on the Department's 2021-22 Budget?

Response

There have been no developments at the National Cabinet level have that have had an impact on the Department's 2021-22 Budget.

Service delivery

Question 24

Budget Paper No.3: Service Delivery presents departmental performance statements that state the Department's outputs by departmental objectives.

Please provide by ministerial portfolio, the relevant output(s), objective(s), objective indicator(s) and performance measure(s) as provided in the 2021-22 Budget.

Please also indicate in the response where changes have occurred in the output structure since the 2020-21 Budget.

Response

		Changes (if any) since 2020-21 Budget
Minister	Treasurer	N/A
Portfolio	Treasurer	N/A
Output	Budget and Financial Advice	N/A
Objective	Optimise Victoria's fiscal resources	N/A
Objective indicators	<ul style="list-style-type: none"> general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term 	N/A
	<ul style="list-style-type: none"> fully fund the unfunded superannuation liability by 2035 	N/A
	<ul style="list-style-type: none"> a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID 19) pandemic 	N/A
	<ul style="list-style-type: none"> general government interest expense as a percentage of revenue to stabilise in the medium term 	N/A
	<ul style="list-style-type: none"> agency compliance with the Standing Directions under the Financial Management Act 1994 	N/A
	<ul style="list-style-type: none"> advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources 	N/A
Performance measures	Number of funding reviews contributed to by DTF	N/A
	Variance of the revised estimate of general government budget expenditure	N/A

	Unqualified audit reports/reviews for the State of Victoria Financial Report and Estimated Financial Statements	N/A
	Annual Budget published by date agreed by Treasurer	N/A
	Budget Update, Financial Report for the State of Victoria, Mid-Year Financial Report, and Quarterly Financial Reports are transmitted by legislated timelines	N/A

		Changes (if any) since 2020-21 Budget
Minister	Treasurer & Assistant Treasurer	N/A
Portfolio	Treasurer & Assistant Treasurer	N/A
Output	Budget and Financial Advice	N/A
Objective	Optimise Victoria's fiscal resources	N/A
Objective indicators	<ul style="list-style-type: none"> general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term 	N/A
	<ul style="list-style-type: none"> fully fund the unfunded superannuation liability by 2035 	N/A
	<ul style="list-style-type: none"> a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID 19) pandemic 	N/A
	<ul style="list-style-type: none"> general government interest expense as a percentage of revenue to stabilise in the medium term 	N/A
	<ul style="list-style-type: none"> agency compliance with the Standing Directions under the Financial Management Act 1994 	N/A
	<ul style="list-style-type: none"> advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources 	N/A
Performance measure(s)	Recommendations on financial management framework matters made by PAEC and VAGO and supported by Government are actioned	N/A
	Delivery of advice to Government on portfolio performance within agreed timeframes	N/A
	Total output cost	N/A

Minister	Assistant Treasurer	Changes (if any) since 2020-21 Budget
Portfolio	Assistant Treasurer	N/A
Output	Budget and Financial Advice	N/A
Objective	Optimise Victoria's fiscal resources	N/A
Objective indicator(s)	<ul style="list-style-type: none"> general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term 	N/A
	<ul style="list-style-type: none"> fully fund the unfunded superannuation liability by 2035 	N/A
	<ul style="list-style-type: none"> a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID 19) pandemic 	N/A
	<ul style="list-style-type: none"> general government interest expense as a percentage of revenue to stabilise in the medium term 	N/A
	<ul style="list-style-type: none"> agency compliance with the Standing Directions under the Financial Management Act 1994 	N/A
	<ul style="list-style-type: none"> advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources 	N/A
Performance measure(s)	VPS stakeholder feedback indicates delivery of advice and information sessions supported the financial reporting framework across the VPS and supported the VPS to understand the financial management framework	N/A
	Annual financial management compliance report for the previous financial year is submitted to the Assistant Treasurer	N/A

Minister	Treasurer	Changes (if any) since 2020-21 Budget
Portfolio	Treasurer	N/A
Output	Revenue Management and Administrative Services to Government	N/A
Objective	Optimise Victoria's fiscal resources	N/A
Objective indicator(s)	<ul style="list-style-type: none"> general government net debt as a percentage of Gross State Product (GSP) to stabilise in the medium term. 	N/A
	<ul style="list-style-type: none"> fully fund the unfunded superannuation liability by 2035; 	N/A

	<ul style="list-style-type: none"> a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID-19) pandemic. 	N/A
	<ul style="list-style-type: none"> general government interest expense as a percentage of revenue to stabilise in the medium term. 	N/A
	<ul style="list-style-type: none"> agency compliance with the Standing Directions under the Financial Management Act 1994. 	N/A
	<ul style="list-style-type: none"> advice contributes to the achievement of Government policies and priorities relating to optimising Victoria's fiscal resources. 	N/A
Performance measure(s)	Revenue collected as a percentage of State budget target	N/A
	Cost to collect \$100 of tax revenue raised is less than the average of State and Territory Revenue Offices	N/A
	Compliance revenue assessed meets target	N/A
	Customer satisfaction level	N/A
	Business processes maintained to retain ISO 9001 (Quality Management Systems) Certification	N/A
	Ratio of outstanding debt to total revenue (monthly average)	N/A
	Objections received to assessments issued as a result of compliance projects	N/A
	Revenue banked on day of receipt	N/A
	Timely handling of objections (within 90 days)	N/A
	Timely handling of private rulings (within 90 days)	N/A
	Total output cost	N/A

Minister	Treasurer	Changes (if any) since 2019-20 Budget
Portfolio	Treasurer	N/A
Output(s)	Economic and Policy Advice	N/A
Objective	Strengthen Victoria's economic performance	N/A
Objective indicator(s)	<ul style="list-style-type: none"> Economic growth to exceed population growth as expressed by Gross State Product (GSP) per capita increasing in real terms (annual percentage change) 	N/A
	<ul style="list-style-type: none"> Total Victorian employment to grow each year (annual percentage change) 	N/A
	<ul style="list-style-type: none"> Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes. 	N/A
Performance measure(s)	Economic research projects and papers completed that contribute to deeper understanding of economic issues and development of government policy	N/A
	Regulation reform reviews completed	New performance measure for 2021-22
	Regulator reviews completed	New performance measure for 2021-22
	High level engagement with non-Victorian Public Service stakeholder groups that contributes to public policy debate	N/A
	Conduct an annual survey to assess the impact of changes to Victorian regulations on business	N/A
	Accuracy of estimating State taxation revenue in the State budget	N/A
	Accuracy of estimating the employment growth rate in the State budget	N/A
	Accuracy of estimating the gross state product growth rate in the State budget	N/A
	Better Regulation Victoria's support for preparing Regulatory Impact Statements or Legislative Impact Assessments was valuable overall, as assessed by departments	N/A
	Proportion of people making inquiries to the Red Tape Unit who found it responsive to issues raised	This performance measure renames the 2020-21 performance measure 'Proportion of people making inquiries to the Red Tape Unit who found it

		responsive and helpful' to better reflect the intent of the measure.
	Briefings on key Australian Bureau of Statistics economic data on day of release	N/A
	Better Regulation Victoria's advice on Regulatory Impact Statements or Legislative Impact Assessments was timely, as assessed by departments	N/A
	Regulation reform reviews completed by scheduled date	New performance measure for 2021-22
	Regulator reviews completed by scheduled date	New performance measure for 2021-22
	Total output cost	N/A

Minister	Treasurer	Changes (if any) since 2019-20 Budget
Portfolio	Treasurer	N/A
Output	Economic Regulatory Services	N/A
Objective	Strengthen Victoria's economic performance	N/A
Objective indicator(s)	<ul style="list-style-type: none"> Economic growth to exceed population growth as expressed by Gross State Product (GSP) per capita increasing in real terms (annual percentage change) 	N/A
	<ul style="list-style-type: none"> Total Victorian employment to grow each year (annual percentage change) 	N/A
	<ul style="list-style-type: none"> Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes 	N/A
Performance measure(s)	New or revised regulatory instruments issued	N/A
	Performance reports for regulated businesses or industries	N/A
	Performance reviews and compliance audits of regulated businesses	N/A
	Price approvals of regulated businesses	N/A
	Registration, project-based activity, product and accreditation decisions/approvals in relation to the Victorian Energy Upgrades program	This performance measure renames the 2020-21 performance measure

		“Registration and accreditation decisions/approvals in relation to the Victorian Energy Efficiency Target Scheme’ to better define the types of decisions included in the measure.
	Reviews, investigations or advisory projects	N/A
	Compliance and enforcement activities – energy	N/A
	Setting of regulated price and tariffs	N/A
	Decisions overturned on review or appeal	This performance measure replaces the 2020-21 performance measure ‘Decisions upheld where subject to review, appeal or disallowance’ to better measure outcomes of reviews and appeals of Commission decisions.
	Delivery of major milestones within agreed timelines	N/A
	Total output cost	N/A

Minister	Minister for Economic Development	Changes (if any) since 2020-21 Budget
Portfolio	Minister for Economic Development	N/A
Output	Invest Victoria	N/A
Objective	Strengthen Victoria’s economic performance	N/A
Objective indicator(s)	• Economic growth to exceed population growth as expressed by Gross State Product (GSP) per capita increasing in real terms (annual percentage change)	N/A
	• Total Victorian employment to grow each year (annual percentage change)	N/A
	• Advice contributes to the achievement of Government policies and priorities relating to economic and social outcomes	N/A

Performance measure(s)	Jobs generated from international investment secured through Government facilitation services and assistance	New performance measure for 2021-22 to reflect Invest Victoria's focus on attracting foreign direct investment and replaces the previous whole of government measures 'Jobs resulting from government investment facilitation services and assistance' and "New investment resulting from government facilitation services and assistance'.
	Wages generated from international investment secured through Government facilitation services and assistance	N/A
	Innovation expenditure generated from international investment secured through Government facilitation services and assistance	N/A
	Total output cost	N/A

Minister	Treasurer	Changes (if any) since 2020-21 Budget
Portfolio	Treasurer	N/A
Output	Commercial and Infrastructure Advice	N/A
Objective	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	N/A
Objective indicator(s)	<ul style="list-style-type: none"> High Value High Risk (HVHR) projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope 	N/A
	<ul style="list-style-type: none"> Government Business Enterprises performing against agreed financial and non-financial indicators 	N/A
	<ul style="list-style-type: none"> Advice contributes to the achievement of Government policies and priorities relating to Victoria's balance sheet, commercial activities and public sector infrastructure 	N/A
	<ul style="list-style-type: none"> Quality infrastructure drives economic growth activity in Victoria 	N/A
Performance measure(s)	Gateway reviews undertaken	N/A

	Number of projects subject to cost redesign work	New performance measures for 2021-22
	Provision of PNFC/PFC financial estimates and actuals, along with commentary and analysis, for the State budget papers and financial reports	N/A
	Number of HVHR project assurance plans in place	N/A
	Credit agencies agree that the presentation and information provided support annual assessment	N/A
	Senior responsible owner agrees Gateway review was beneficial and would impact positively on project outcomes	N/A

Minister	Assistant Treasurer	Changes (if any) since 2020-21 Budget
Portfolio	Assistant Treasurer	N/A
Output	Commercial and Infrastructure Advice	N/A
Objective	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	N/A
Objective indicator(s)	<ul style="list-style-type: none"> High Value High Risk (HVHR) projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope 	N/A
	<ul style="list-style-type: none"> Government Business Enterprises performing against agreed financial and non-financial indicators 	N/A
	<ul style="list-style-type: none"> Advice contributes to the achievement of Government policies and priorities relating to Victoria's balance sheet, commercial activities and public sector infrastructure 	N/A
	<ul style="list-style-type: none"> Quality infrastructure drives economic growth activity in Victoria 	N/A
Performance measure(s)	Develop and implement policy guidance and infrastructure investment frameworks to govern and build capability to deliver infrastructure	N/A
	Develop and implement training to build capability to deliver infrastructure	N/A
	Undertake project reviews to support the government's program in the delivery of public infrastructure projects	This performance measure renames the 2020-21 performance measure

		'Undertake independent project assurance reviews to support the governments assurance program in the delivery of public infrastructure projects'.
	Revenue from sale of surplus Government land including Crown land	N/A
	Conduct surveys on the stakeholder experiences of OPV initiatives to determine the effectiveness of project system initiatives, technical advice and trainings provided to internal government clients	N/A
	Percentage of registered housing agencies assessed annually as meeting performance standards	N/A
	Develop and implement reporting to ensure the effective monitoring of the delivery of HVHR public infrastructure commitments	N/A

Minister	Treasurer & Assistant Treasurer	Changes (if any) since 2020-21 Budget
Portfolio	Treasurer & Assistant Treasurer	N/A
Output	Commercial and Infrastructure Advice	N/A
Objective	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	N/A
Objective indicator(s)	<ul style="list-style-type: none"> High Value High Risk (HVHR) projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope 	N/A
	<ul style="list-style-type: none"> Government Business Enterprises performing against agreed financial and non-financial indicators 	N/A
	<ul style="list-style-type: none"> Advice contributes to the achievement of Government policies and priorities relating to Victoria's balance sheet, commercial activities and public sector infrastructure 	N/A
	<ul style="list-style-type: none"> Quality infrastructure drives economic growth activity in Victoria 	N/A
Performance measure(s)	Advice provided to Government on board appointments at least three months prior to upcoming board vacancies	N/A

	Analysis and review of corporate plans within two months of receipt	N/A
	Dividend collection in accordance with budget decisions	N/A
	Total output cost	N/A

Minister	Treasurer	Changes (if any) since 2020-21 Budget
Portfolio	Treasurer	N/A
Output	Infrastructure Victoria	N/A
Objective	Improve how Government manages its balance sheet, commercial activities and public sector infrastructure	N/A
Objective indicator(s)	<ul style="list-style-type: none"> High Value High Risk (HVHR) projects have had risks identified and managed through tailored project assurance, policy advice and governance to increase the likelihood that projects are completed within agreed timeframes, budget and scope 	N/A
	<ul style="list-style-type: none"> Government Business Enterprises performing against agreed financial and non-financial indicators 	N/A
	<ul style="list-style-type: none"> Advice contributes to the achievement of Government policies and priorities relating to Victoria's balance sheet, commercial activities and public sector infrastructure 	N/A
	<ul style="list-style-type: none"> Quality infrastructure drives economic growth activity in Victoria 	N/A
Performance measure(s)	Number of publications or discussion papers released	N/A
	Stakeholder satisfaction with consultation process	N/A
	Delivery of research, advisory or infrastructure strategies within agreed timelines	N/A
	Total output cost	N/A

Minister	Assistant Treasurer	Changes (if any) since 2020-21 Budget
Portfolio	Assistant Treasurer	N/A
Output	Services to Government	N/A
Objective	Deliver strategic and efficient whole of government common services	N/A
Objective indicators	<ul style="list-style-type: none"> Benefits delivered as a percentage of expenditure by mandated agencies under DTF-managed state purchase contracts, including reduced and avoided costs 	N/A
	<ul style="list-style-type: none"> Low vacancy rates for government office accommodation maintained 	N/A
	<ul style="list-style-type: none"> High quality whole of government common services provided to Government agencies, as assessed by feedback from key clients 	N/A
Performance measure(s)	Total accommodation cost	N/A
	Workspace ratio	N/A
	Client agencies' satisfaction with the service provided by the Shared Service Provider	N/A
	Total output cost	N/A

Question 25

Please provide by ministerial portfolio a list of the agencies/entities/bodies and their category (for example statutory/administrative office/authority) to which the information contained in this questionnaire relates.

Response

Ministerial Portfolio	Name of agency/entity/body	Category of agency/entity/body
Treasury, Regulatory Reform, Government Services	Department of Treasury and Finance (DTF)	Statutory
Regulatory Reform	Essential Services Commission (ESC)	Statutory
Treasury	State Revenue Office (SRO)	Unincorporated administrative entity
Treasury	Infrastructure Victoria	Statutory
Economic Development	Invest Victoria	Administrative office
Treasury	Office of Projects Victoria	Administrative office

Social procurement

Question 26

- What Social Procurement Framework objectives is the Department prioritising and what progress has been made toward improving the Department's performance against these objectives?
- What opportunities have been identified in the Department's Social Procurement Strategy (SPS) for increasing its direct social procurement and what progress has been made to implement these opportunities?
- What social outcomes will be measured by the Department to assess the benefits of its SPS?
- How are employees informed about the Department's SPS and how does the Department record and track social procurement employee education?

Response

a)

SPF objective prioritised	Progress toward objective
<p>Opportunities for Victorian Aboriginal people</p>	<p>An Aboriginal Procurement Policy has been implemented and integrated into DTF's Procurement Strategy.</p> <p>DTF calculates its engagement of Aboriginal owned business on an annual basis as part of the WoVG reporting. This information will be available at the end of the 2020-21 financial year and will be published in the DTF Annual Report. DTF has over the 2020-21 financial year to date continued to engage Aboriginal businesses across a number of areas such as design services and cultural awareness training.</p> <p>The Stationery and Workplace Consumables (Stationery) State Purchase Contract (SPC) with Complete Office Supplies (COS) by DTF has resulted in:</p> <ul style="list-style-type: none"> • \$1.6M of expenditure on Muru Group products to date in 2021; • continued employment of one female Indigenous staff member with Muru Group in Victoria; • Creation of a line of business by Cottonwood Springs, a Victorian regional business, to supply bottled water to a major Victorian government agency. In turn this has resulted a \$150k donation to the Fred Hollows foundation to improve eyesight in indigenous communities.

	<p>Through the renewal of the Professional Advisory Services (PAS) SPC, PwC Indigenous Consulting has been awarded a place on the SPC. In addition, DTF negotiated a genuine commitment for PAS SPC suppliers to provide pro bono professional advisory services to support Aboriginal businesses through Kinaway and Supply Nation.</p>
Opportunities for Victorians with disability	<p>Direct procurement from disability enterprises continues to be encouraged at DTF where opportunities exist.</p> <p>Through the renewal of the PAS SPC, DTF negotiated a genuine commitment for suppliers to provide pro bono professional advisory services to support Social Benefit Suppliers through Social Traders and Buyability.</p> <p>The Stationery SPC with COS has enabled them to continue their engagement of local social enterprise businesses. These are businesses which COS supports and are part of the supplier chain COS is using. The businesses include:</p> <ul style="list-style-type: none"> • Thank You (Collingwood); • Who Gives a Crap (Melbourne); and • Sprout (Melbourne).
Women's equality and safety	<p>Women's equality and safety is a key priority that has been used as selection criteria for larger DTF procurements. This approach is designed to drive indirect social procurement opportunities. The procurement approval process includes checking that social procurement is considered as part of the approach to market planning.</p> <p>Under the Stationery SPC with COS, 20 women continue to be employed in the Victoria branch. The SPC has supported recent growth of the Education market which enabled COS to employ two additional female staff members, who started in July. The SPC also continues to enable the employment of one female Indigenous staff member with Muru Group in Victoria who started in July 2020.</p>
Supporting safe and fair workplaces	<p>DTF has responsibility for implementation and oversight of the Victorian Supplier Code of Conduct.</p> <p>Under the Stationery SPC, COS will continue to employ 37 staff that work directly to meet the obligations of its contract with the Victorian Government. COS' obligation to meet the Industrial Relations laws will be upheld throughout the contract period.</p>
Sustainable Victorian social enterprises and Aboriginal business sectors	<p>As a result of the Stationery SPC, COS staff from the Victorian branch will select two Victorian charities to donate \$25 000 from the Lyone Foundation. The 2021 charities that benefitted from the SPC contract included:</p>

	<ul style="list-style-type: none"> • Reach Foundation: a youth non-profit organisation created to inspire young people to believe in themselves and get the most out of life. Reach runs national school and community-based programs for young people designed to promote their mental health and wellbeing. • Eat Up: created to stop Aussie kids going hungry at school. The funds donated directly support the Eat Up program feeding disadvantaged school children so they can learn, grow and succeed. <p>Job readiness and employment opportunities generated by the Stationery SPC include:</p> <ul style="list-style-type: none"> • Engagement of an intern from a Victorian university by providing hands-on experience in marketing and account management. • Hosting of a student group from a Victorian University to demonstrate the latest technology and innovations within the COS facility. <p>COS will undertake a refresher course on Indigenous Community Awareness training with a Victorian based organisation.</p> <p>Since being awarded the SPC contract in 2015 COS' workforce based in Truganina has more than doubled from 31 employees to 73 employees.</p>
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b)

Opportunity identified in SPS	Progress toward implementing opportunity
Catering	Minimal progress in 2020-21 due to COVID-19
Print services	Minimal progress in 2020-21 due to COVID-19
Stationery	Strong progress through management of the Stationery SPC as indicated above
Communications	Reduced progress in 2021 due to COVID-19
Seminars, conferences and training	Minimal progress in 2020-21 due to COVID-19
Fruit box and milk	Minimal progress in 2020-21 due to COVID-19
Group training	Continued strong use of social enterprises for trainees
Land and property management	Reduced progress to date in 2021 due to the timing of Crown Land sales

c)

Social outcomes that will be measured to assess the benefits of its SPS

Social outcomes used for measuring the benefits of the Strategy include

- Purchasing from Victorian Aboriginal business
- Purchasing from Victorian social enterprises and Australian disability enterprises
- Purchasing from Victorian social enterprises led by a social mission for disadvantaged cohorts

d)

How employees are informed about the Department's SPS and how SPS employee education is tracked

Employees are informed about the Department's SPS via the Intranet with supporting information and awareness raising articles from time to time. They are also informed by direct contact from the central procurement team where relevant to individual procurements, as evidence for planning of social procurement is required as part of procurement documentation. Employee education has not been tracked.

Implementation of previous recommendations made by the Committee

Question 27

Please provide an update on the status of the implementation of each of the below:

- a) Committee recommendations that were made in the *Report on the 2019-20 Budget Estimates* and supported by the Government.

Please populate the below table according to each department's supported recommendations.

Response

Update on the implementation of recommendations made in the *2019-20 Budget Estimates Report*

Department	Recommendation supported by Government	Actions taken at the time of 2021-22 Budget estimate questionnaire	Update on status of implementation
DTF	RECOMMENDATION 1: The Department of Treasury and Finance, in conjunction with departments review and strengthen the annual review process of departmental performance statements.	The Government is committed to increased transparency in performance reporting. Ahead of the 2020-21 budget process, the former Assistant Treasurer has written to all Ministers to seek their support in improving output performance measures. In the short term, the Government is focused on delivering achievable changes. To start the process, the Department of Treasury and Finance (DTF) has reviewed current performance statements and has highlighted priority aspects of the statements which could be amended before the coming budget. Over the next two budgets, DTF will develop further reforms to improve reporting and better demonstrate the benefits of Government investment in services to the community.	The Government recently agreed to DTF undertaking a holistic review of output performance measures during the 2021 calendar year. This review will focus on improving the quality of the existing output performance measures and remove those that have become less meaningful over time. Although all outputs will be reviewed, the initial focus will be on priority areas. This review will also consider and action the findings of the Auditor-General's upcoming audit into Measuring and reporting on service delivery. Performance measure improvements will be implemented as part of the 2022-23 Budget.

DTF	<p>RECOMMENDATION 2: The Department of Treasury and Finance in consultation with all departments ensure future budget papers contain clear explanations for all proposed discontinued measures to enable meaningful review by the Committee.</p>	<p>It is a requirement of the <i>Resource Management Framework</i> (section 2.3 and Attachment 6) that departments must provide the necessary footnotes and associated targets and estimated outcomes for measures that are proposed to be discontinued, as these measures may be reinstated at PAEC's request. Departments must include the footnote disclosure in the departmental performance statements for all proposed discontinued measures/outputs, which include performance measures:</p> <ul style="list-style-type: none"> (i) previously reported that are proposed to be discontinued in the budgeted financial year; (ii) with changes in source data/methodology used to measure target or changes in unit of measurement, which renders past performance history incomparable; and (iii) that have been reclassified (i.e. quality, quantity or timeliness). 	<p>DTF notes that explanations for the proposed discontinuation of measures were contained in the <i>2020-21 Budget Paper 3 Appendix A</i> as required by Attachment 6 of the <i>Resource Management Framework</i>.</p>
DTF	<p>RECOMMENDATION 3: The Assistant Treasurer, in consultation with all departments, review and address the issues with proposed discontinued measures identified by the Committee in this Report on the 2019–20 Budget Estimates</p>	<p>DTF consulted with departments regarding the issues addressed in the <i>Report on the 2019-20 Budget Estimates</i> and were considered as part of the 2020-21 budget process.</p>	<p>DTF consulted with departments regarding the issues addressed in the <i>Report on the 2019-20</i> and were considered as part of the 2020-21 budget process.</p>
DTF	<p>RECOMMENDATION 5: Budget allocations for the performance of work or services for the Government that will not be carried out by Victorian Public Service employees be included in the budget papers.</p>	<p>The Financial Framework is centred on a devolved funding model where departments and agencies are 'contracted' to deliver services on behalf of Government under the output framework. The composition of labour, grants and other operating expenditure varies over time so contracted services are best reported in the actuals rather than budget reporting. Furthermore, this ensures all expenditure (not just expenditure on new budget initiatives) is captured. The Government already provides transparent reporting on actual contract expenditure.</p>	<p>DTF continually works to improve reporting to ensure transparency and clear accountabilities in the Victorian Public Sector, through a range of policies and instruments, such as the Standing Directions of the Assistant Treasurer, the Financial Reporting Directions and the Model Financial Report. As outlined in DTF's initial response, incorporating this information in the Budget Papers is not likely to result in significant improvements to transparency, as the information is often not known at the time of publication. Actual</p>

		<p>Throughout the Victorian public sector, most capital asset investment and some service delivery is undertaken by contractors and third parties such as local government. DTF notes that even where works or services are provided by direct employees of agencies that are funded through departmental appropriations, most of those employees are not employed under Part III of the Public Administration Act 2004 so are not formally within the Victorian Public Services (VPS), although they are within the Victorian public sector (teachers, nurses, etc).</p> <p>Breaking down budgeted departmental employee expenditure between VPS and non-VPS categories would therefore not provide much meaningful information.</p> <p>With regard to distinguishing between expenditure on public sector (not specifically VPS employees and external contractors, while some contracts with external providers are of long duration and projected expenditure on them during the financial year could be identified for publication in the budget papers, other contracts are of an ad hoc and short term nature and are entered into as needs arise.</p> <p>As a result, any budget projections of external contract payments would necessarily be incomplete and potentially misleading.</p>	expenditure is a more accurate indication of how services were delivered.
DTF	<p>RECOMMENDATION 6: The Department of Treasury and Finance develop reporting mechanisms for large savings initiatives that identify the sources of savings.</p>	<p>Saving and efficiencies are included in:</p> <ul style="list-style-type: none"> - Budget Paper 3, Chapter 1; - Budget Paper 2, Chapter 4; and - Budget Paper 5, Chapter 3 (which includes the impact of savings on departmental estimates). <p>There were no new savings measures announced in the <i>2020-21 Budget</i>, so none were explicitly reported.</p>	DTF will continue to report savings and efficiencies in the Budget Papers.

DTF	<p>RECOMMENDATION 7: In conjunction with the introduction of the Guidelines for the use of Labour Hire and Professional Services, the Department of Treasury and Finance introduce a standard methodology for the collection of professional services and labour hire data across departments.</p>	<p>Prior to the <i>2021-22 Budget</i>, DPC committed to regular monitoring of the use of professional services and labour hire within the VPS to the Minister for Government Services, as the responsible Minister. DTF has supported DPC by providing data from the Staffing Services State Purchase Contract which is subsequently validated by departments. DTF has provided all data requested by DPC for reporting against the introduction of Guidelines for the use of Labour Hire and Professional Services.</p>	DTF considers that this recommendation has been fully implemented.
DTF	<p>RECOMMENDATION 8: Where two or more Ministers have shared responsibility for one output, the budget papers should provide information about how responsibility for the output is divided between the relevant Ministers, and how the funding for the output is allocated between the portfolios.</p>	<p>The Government has made it a priority to increase transparency and shared accountability in performance reporting. DTF is working with departments to improve output specification. This is expected to reduce the number of outputs within a single department which relate to the portfolio responsibilities of more than one Minister. At the same time, DTF will ensure that Ministerial accountability is reinforced for the contribution to an objective of several complementary outputs.</p>	DTF continues to develop and implement enhancements to the overall performance management and reporting framework. The review referred to in relation to Recommendation 1 will also include considerations of ministerial accountability, and alignment of outputs and output performance measures with Government objectives.
DTF	<p>RECOMMENDATION 40: The Department of Treasury and Finance in consultation with all departments strengthen the footnotes in the budget papers to ensure they clarify the reasons for any absence in reporting against the expected outcome for performance measures in the budget papers.</p>	<p>When preparing footnotes for performance measures, departments are guided by Section 2.3 and Attachment 6 of the <i>Resources Management Framework</i>.</p>	DTF will continue to work with departments to ensure explanations are reasonable to enable appropriate scrutiny of measures.

DTF	<p>RECOMMENDATION 56: The 2020–21 Budget specify the amounts allocated to each department to realise the \$1.7 billion Whole of Government efficiencies outlined in the 2019–20 Budget.</p>	<p>Savings announced in the <i>2019-20 Budget</i> as part of the Whole of Government efficiencies initiative were deferred for implementation as a result of the coronavirus (COVID-19) pandemic on departmental resourcing. These savings will be acquitted in the <i>2021-22 Budget</i>.</p>	<p>Where savings have been allocated to departments, DTF will continue to report these in the Budget Papers.</p>
DTF	<p>RECOMMENDATION 60: Ahead of the 2019–20 Budget the Department of Treasury and Finance consider new performance measures and targets to provide insights into the impact of Invest Victoria on building the State’s investment capability</p>	<p>The recommendation was considered as part of the Department’s annual review of performance measures. A new performance measure was introduced in the 2021-22 Budget “Jobs generated from international investment secured through Government facilitation services and assistance”, as well as a change to the 2021-22 target for “Wages generated from international investment secured through Government facilitation services and assistance”.</p>	<p>This recommendation has been implemented.</p>
DTF	<p>RECOMMENDATION 61: The Department of Treasury and Finance review Financial Reporting Direction 24D — ‘Reporting of Office-based Environmental Impacts by Government Entities’ and the Environmental impact in procurement – procurement guide to consider whether it should be amended to align with the Social Procurement Framework.</p>	<ul style="list-style-type: none"> • DELWP is reviewing Financial Reporting Direction (FRD) 24D and preparing an update to align with policy commitments in Victoria’s Climate Change Strategy and the Whole of Victorian Government Pledge, and Recycling Victoria. This includes consideration of the Social Procurement Framework and Environmental impact in procurement – goods and services procurement guide. • From 1 January 2021, the Department of Jobs, Precincts and Regions (DJPR) is responsible for the administration and ongoing implementation of the Social Procurement Framework. In consultation with DJPR, DTF will review and update the VGPB Guide ‘Environmental impact in procurement’ to include reference to, and ensure consistency with, the Social Procurement Framework. 	<p>DELWP will coordinate with DTF on the consultation and approvals process for the updated FRD once the review and drafting is near completion.</p>

DTF	<p>RECOMMENDATION 62: Ahead of the 2010-21 Budget, the Department of Treasury and Finance consider the issues with the three new performance measures identified in relation to the Revenue Management and Administrative Services to Government and Economic Regulatory Services outputs.</p>	<p>The recommendation was considered by the State Revenue Office and the Essential Services Commission as part of the Department's annual review of performance measures. No changes to these measures were proposed for the 2021-22 Budget.</p>	<p>This recommendation has been implemented.</p>
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DTF/DOT only – Large scale infrastructure projects

Question 28

For the North East Link, Melbourne Airport Rail, West Gate Tunnel, Suburban Rail Loop and the Level Crossing Removal Program please provide the information requested in the tables below regarding expenditure and outcomes.

Response

North East Link Project

Expenditure

Project name	North East Link
Total estimated investment at announcement	The Victorian Government committed \$15.8 billion for North East Link, with current funded capital expenditure of \$15.4 billion and operating expenditure of \$0.4 billion *
Actual cost of the program to date (i.e. cost since announcement)	TBC
Amount allocated to the project/program in the 2021-22 Budget	TBC
Amount forecast for the project/program in 2022-23	TBC
Amount forecast for the project/program in 2023-24	TBC
Amount forecast for the project/program in 2024-23	TBC
How the Department will report on expenditure in relation to the project/program as it progresses	<p>Budget Papers</p> <ul style="list-style-type: none"> Department of Transport Annual Report Major Transport Infrastructure Authority and Department of Transport provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to Government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the North East Link. <p>Commonwealth N/A</p>

* **Note:** Actual and forecast expenditures include capital costs only, consistent with Budget Paper No. 4. Funding profile is not reported at this time due to commercial sensitivity of the live tender process.

* **Note:** Funding arrangements reflected in 2021-22 Budget for North East Link recognise the establishment of the North East Link State Tolling Corporation.

Outcomes

Project name	North East Link
The outcomes achieved by the project/program to date	<p>The key project achievements for 2020-21 include:</p> <ul style="list-style-type: none"> • Receipt of Revise and Confirm submissions for the Primary Package tender; • Release of Request for Proposal for Independent Reviewer and Environmental Auditor and Independent Cost Auditor for the Primary Package; • Completion of public exhibition of the Urban Design and Landscape Plan and planning approvals for Bulleen Park and Ride; • Launch of mini-Tunnel Boring Machine for Yarra East Main Sewer as part of Early Works activities; • Completion of sporting facilities upgrades at Veneto Club as part of Early Works activities; and • Market sounding for Secondary Packages.
The anticipated outcomes of the project/program in 2021-22 and across the forward estimates	<p>The anticipated outcomes of the project/program in 2021-22 and across the forward estimates include:</p> <ul style="list-style-type: none"> • Primary Package contract award; • Completion of Early Works construction; • Finalisation of planning approvals; • Finalisation of contract award for the Independent Reviewer and Environmental Auditor; • Commencement of major construction; and • Commencement of procurement for Secondary Packages.
How the Department will report on the outcomes achieved by the project/program as it progresses.	<ul style="list-style-type: none"> • Budget Papers • Department of Transport Annual Report • Major Transport Infrastructure Authority and Department of Transport provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the North East Link. <p>Commonwealth N/A</p>

Melbourne Airport Rail

Expenditure

Project name	Melbourne Airport Rail
Total estimated investment at announcement	<p>The State and Federal Governments have each committed \$5 billion in funding for the project.</p> <p>TEI is not yet identified as a business case is being developed.</p> <p>The TEI and estimated completion date will be disclosed following finalisation of the business case.</p>
Actual cost of the program to date (i.e. cost since announcement)	No capital expenditure to date as per <i>2021-22 Budget Paper No.4</i> . Certain expenditure has been reclassified as operating instead of capital in line with accounting standards.
Amount allocated to the project/program in the 2021-22 Budget	Forecast spend for the 2021-22 financial year as per <i>2021-22 Budget Paper No.4</i> : \$230 million
Amount forecast for the project/program in 2022-23	TBC
Amount forecast for the project/program in 2023-24	TBC
Amount forecast for the project/program in 2024-25	TBC
How the Department will report on expenditure in relation to the project/program as it progresses	<ul style="list-style-type: none"> • Budget Papers • Department of Transport Annual Report • Major Transport Infrastructure Authority and Department of Transport provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the Melbourne Airport Rail project. <p>Commonwealth:</p>

Subject to approval of a business case and a TEI, progress and expenditure will be reported to the Commonwealth through established reporting structures.

Outcomes

Project name	Melbourne Airport Rail
The outcomes achieved by the project/program to date	A concept design has been completed and a reference design is progressing. Site investigations and ecological studies are underway. A business case is nearing completion and the project is preparing tender documentation for the first package of main works (Sunshine to Albion) scheduled for 2021-22.
The anticipated outcomes of the project/program in 2021-22 and across the forward estimates	Reference design work will continue, the business case will be completed and work to obtain relevant planning approvals will commence. Subject to relevant approvals, construction is anticipated to commence in 2022.
How the Department will report on the outcomes achieved by the project/program as it progresses.	<ul style="list-style-type: none"> • Budget Papers • Department of Transport Annual Report • Major Transport Infrastructure Authority and Department of Transport provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the Melbourne Airport Rail project <p>Commonwealth:</p> <p>Subject to approval of a business case and a TEI, progress and expenditure will be reported to the Commonwealth through established reporting structures.</p>

West Gate Tunnel Project

Expenditure

Project name	West Gate Tunnel
Total estimated investment at announcement	\$6 344.4 million*
Actual cost of the program to date (i.e. cost since announcement) (as at 30 June 2021)	As per 2021-22 Budget Paper No.4: \$3 668.7 million
Amount allocated to the project/program in the 2021-22 Budget	\$555.4 million
Amount forecast for the project/program in 2022-23	\$1 099.0 million
Amount forecast for the project/program in 2023-24	\$689.1 million
Amount forecast for the project/program in 2024-25	\$46.6 million
How the Department will report on expenditure in relation to the project/program as it progresses	<ul style="list-style-type: none"> • Budget Papers • Department of Transport Annual Report • Major Transport Infrastructure Authority and Department of Transport provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the West Gate Tunnel.

* **Note:** expenditure and forecast expenditure reported include capital costs only, consistent with Budget Paper No. 4.

***Note:** current TEI as per 2021-22 Budget Paper No.4 is \$6 288.3 million. Current TEI excludes \$56.470 million expenditure being reclassified as operating instead of capital in line with accounting standards, and minor adjustments for scope. The TEI includes a State contribution of \$2.7 billion, with a further \$4 billion funded by Transurban. Figures in this table represent total expenditure on the Project (including State funding allocation and private sector investment).

***Note:** Transurban has advised the ASX that it no longer believes the project can be completed in 2023.

Outcomes

Project name	West Gate Tunnel
The outcomes achieved by the project/program to date	<ul style="list-style-type: none"> • New pedestrian bridges at Rosala Avenue and Muir Street were complete and open to the public. • Grieve Parade bridge was demolished, reconstructed and improved. • The West Gate Neighbourhood Fund community program awarded its first round of partnerships to community projects covering a range of initiatives in the west. • West Gate Freeway (WGF) widening now over 50 per cent complete, which has included the installation of 250 bridge beams. • Construction of the Federation Trail extension over Williamstown Road and the new on and off ramps from the WGF to Hyde Street are now underway. • Foundations for the new bridge over the Maribyrnong River complete, and beams will be installed this year to build the base of the bridge. • Continued work on the inbound and outbound tunnel portals along the West Gate Freeway, and at the northern portal site. • Planning approvals were secured for sites to safely treat and dispose of tunnel contaminated soil.
The anticipated outcomes of the project/program in 2021-22 and across the forward estimates	<p>Significant progress has been made in securing planning and environmental approvals for sites to safely dispose of contaminated soil to allow tunnelling to start as soon as possible.</p> <p>Once complete, the West Gate Tunnel Project will deliver real improvements to Melbourne's transport network by enhancing transport performance in the heavily used M1 corridor and building an alternative to the West Gate Bridge. The Project will expand travel choices for motorists and reduce travel times across one of Melbourne's main cross-city road corridors. Businesses will have a faster and more direct freeway route to the Port of Melbourne and regional centres including Geelong. The Project also allows long awaited truck bans to be introduced in Melbourne's inner west, reducing the number of trucks using local roads, improving safety and liveability for communities.</p>

<p>How the Department will report on the outcomes achieved by the project/program as it progresses.</p>	<ul style="list-style-type: none">• Budget Papers• Department of Transport Annual Report• Major Transport Infrastructure Authority and Department of Transport provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the West Gate Tunnel.
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Suburban Rail Loop

Expenditure

Project name	Suburban Rail Loop - Initial Works and Early Works package
Total estimated investment at announcement	Total estimated investment as per <i>2021-22 Budget Paper No.4</i> : \$2 359.7 million
Actual cost of the program to date (i.e. cost since announcement)	Estimated spend to 30 June 2021 as per <i>2021-22 Budget Paper No.4</i> : \$240.3 million
Amount allocated to the project/program in the 2021-22 Budget	Forecast spend for the 2021-22 financial year as per <i>2021-22 Budget Paper No.4</i> : \$553.0 million
Total forecast remaining expenditure	Total forecast remaining expenditure as per <i>2021-22 Budget Paper No.4</i> : \$1 566.4 million
Amount forecast for the project/program in 2022-23	N/A*
Amount forecast for the project/program in 2023-24	N/A*
Amount forecast for the project/program in 2024-25	N/A*
How the Department will report on expenditure in relation to the project/program as it progresses	<ul style="list-style-type: none"> • Budget Papers • Department of Transport Annual Report • Suburban Rail Loop Authority and Department of Transport provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the Suburban Rail Loop. •

* The funding profile is not reported at this time due to commercial sensitivity of the live tender process.

Outcomes

Project name	Suburban Rail Loop - Initial Works and Early Works package
The outcomes achieved by the project/program to date	The Government's investment in the Suburban Rail Loop to date has delivered significant progress in the planning and development of the project, and community and stakeholder consultation. SRLA has been established to lead the design and delivery of the program. Detailed development work, including a full investment case, is expected to be delivered later in 2021.
The anticipated outcomes of the project/program in 2021-22 and across the forward estimates	The Suburban Rail Loop – Initial Works and Early Works package will continue. The scope of Initial and Early Works includes project development, initial land assembly, construction power works, utility relocation and protection work, geotechnical investigations and precinct activation measures.
How the Department will report on the outcomes achieved by the project/program as it progresses.	<ul style="list-style-type: none"> • Budget Papers • Department of Transport Annual Report • Suburban Rail Loop Authority and Department of Transport provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the West Gate Tunnel.

Level Crossing Removal Program

Expenditure

Project name	Level Crossing Removal Project
Total estimated investment at announcement	<p>The pre-business case estimate for the removal of 50 level crossings was \$5-6 billion.</p> <p>The estimate was adjusted to \$6.9 billion for the Level Crossing Removal Project ('LX 50') in the 2017-18 State Budget following release of the Level Crossing Removal Program Business Case in 2017.</p> <p>An additional \$1.4 billion for the Metropolitan Network Modernisation Program (MNMP) for works associated with level crossing removals was allocated in the 2017-18 State Budget.</p> <p>An additional \$6.6 billion for the inclusion of 25 additional level crossing removals ('75 by 2025') was allocated in the 2019-20 State Budget.</p>
Actual cost of the program to date (i.e. cost since announcement)	<p>Estimated spend to 30 June 2021 as per <i>2021-22 Budget Paper No.4</i>:</p> <p>LX 50 – \$5 472 003</p> <p>MNMP – \$1 121 616</p> <p>75 by 2025 - \$1 481 496</p> <p>Total - \$8 075 115</p>
Amount allocated to the project/program in the 2021-22 Budget	<p>Forecast spend for the 2021-22 financial year as per <i>2021-22 Budget Paper No.4</i>:</p> <p>LX 50 – \$623 380</p> <p>MNMP – \$128 404</p> <p>75 by 2025 - \$1 994 853</p> <p>Total - \$2 746 637</p>
Total forecast remaining expenditure	<p>Total forecast remaining expenditure as per <i>2021-22 Budget Paper No.4</i>:</p> <p>LX 50 – \$663 637</p> <p>MNMP – \$142 201</p> <p>75 by 2025 - \$3 073 650</p> <p>Total - \$3 879 488</p>
Amount forecast for the project/program in 2022-23	N/A
Amount forecast for the project/program in 2023-24	N/A
Amount forecast for the project/program in 2024-25	N/A

How the Department will report on expenditure in relation to the project/program as it progresses	Department of Transport Annual Report Budget Papers
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Outcomes

Project name	Level Crossing Removal Project
The outcomes achieved by the project/program to date	<p>As at April 2021, 46 level crossings have been removed, 20 new train stations have been opened, and 22 level crossing removals are in construction.</p> <p>VAGO's October 2020 <i>Follow up of Managing the Level Crossing Removal Program</i> found, among other things, that LXR is:</p> <ul style="list-style-type: none"> – using its benchmarking tools effectively to manage costs.; and – is incentivising the program alliances to share lessons learnt to achieve cost savings across the whole project. <p>The VAGO report also noted that MTIA (on behalf of DoT) has developed a project-wide benefits framework that progressively monitors program outcomes. VAGO noted that according to the framework's annual reports, the LXR is on track to achieve slightly more benefits than the original business case anticipated.</p>
The anticipated outcomes of the project/program in 2021-22 and across the forward estimates	<p>50 level crossings will be removed by end 2021. All 75 level crossings committed by Government will be removed by end 2025, with an additional three level crossings removed as a consequence of removing the 75 committed sites.</p> <p>Despite the introduction of health and safety protocols and restrictions in response to the coronavirus (COVID-19) pandemic, significant construction milestones continue to be achieved.</p>
How the Department will report on the outcomes achieved by the project/program as it progresses.	<ul style="list-style-type: none"> • Budget Papers • Department of Transport Annual Report • MTIA and DoT provide information to the Office of Projects Victoria for inclusion in its quarterly major projects' performance reports. These reports to government highlight emerging risks and issues in major infrastructure and information technology projects, which includes the LXR.

DTF only – Economic forecast

Question 29

Budget Paper No.2: Strategy and Outlook, Table 2.1, provides forecasts for the following indicators:

- real gross state product
- employment
- unemployment rate
- consumer price index
- wage price index
- population.

Variance analysis

- a) For each of the above indicators, please provide a detailed explanation for the variance when comparing the same year in the 2020-21 Budget and the 2021-22 Budget, including the assumptions used to forecast the specific indicator.

Trend analysis

- b) For each of the above indicators, when comparing one year to the next in the 2021-22 Budget, please explain the reason for the variance and provide details for any improvement or deterioration for the indicator.

a)

Economic indicator	Real Gross State Product				
	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
Year for which variance relates					
Forecast/projection in 2020-21	-0.25	-4.00	7.75	3.25	3.00
Forecast/projection in 2021-22	-0.5 (actual)	-2.00	6.50	3.25	2.75
Variance	-0.25	2.00	-1.25	0.00	-0.25
Reason for variance	<p>Actual GSP growth in 2019-20 was broadly in line with the estimate in the 2020-21 budget. Victoria's gross state product (GSP) is forecast to contract by 2.0 per cent in 2020-21. Despite a longer period of necessary public health restrictions in Victoria in 2020, by early 2021 Victoria had broadly caught up to the national economy on many key economic indicators. This represents an earlier and stronger economic recovery, compared to what was expected in the <i>2020-21 budget</i>. Consequently, growth in 2020-21 has been revised up. The level of economic activity in 2021-22 is expected to be higher than was forecast in the <i>2020-21 budget</i>, but with <i>activity</i> at the start of 2021-22 expected to be higher than previously forecast, <i>growth</i> through 2021-22 is expected to be lower. Victoria's economic recovery is expected to continue over the coming year. Business and consumer confidence are elevated, households overall have accumulated additional savings and monetary policy remains highly supportive.</p> <p>The economic forecasts depend on underlying assumptions about the rollout of COVID-19 vaccines and borders re-opening, among other factors. These key assumptions are outlined below.</p> <ul style="list-style-type: none"> • Migrant flows remaining low until mid-2022 before gradually picking up, with international students slowly returning from early 2022 and tourist numbers picking up throughout 2022 as further Safe Travel Zones emerge and international borders re-open. • Any further onset of COVID-19, in Victoria and nationally, is contained and only results in localised, short-term restrictions. 				

Economic indicator	Employment				
	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
Year for which variance relates					
Forecast/projection in 2020-21	1.2 (actual)	-3.25	3.50	2.25	2.00
Forecast/projection in 2021-22	1.2 (actual)	-1.00	2.50	1.25	1.75
Variance	-	2.25	-1.00	-1.00	-0.25
Reason for variance	Employment and labour force participation, following large declines during 2020, have rebounded strongly, and are already at pre-coronavirus (COVID-19) levels, and the unemployment rate has likely already peaked. As with GSP, there has been an earlier and stronger employment recovery into 2020-21, resulting in an upgrade to growth in 2020-21 and lower growth in subsequent years.				

Economic indicator	Unemployment rate				
	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast
Year for which variance relates					
Forecast/projection in 2020-21	5.4 (actual)	7.75	7.00	6.25	5.75
Forecast/projection in 2021-22	5.4 (actual)	6.50	5.75	5.50	5.25
Variance	-	-1.25	-1.25	-0.75	-0.50
Reason for variance	<p>The unemployment rate has been revised down over the forecast period reflecting a stronger than expected labour market recovery over the December 2020 and March 2021 quarters.</p> <p>The strong recovery so far in aggregate employment has led to a fall in the unemployment rate, despite Victoria's workforce participation rate rebounding sharply to record-high levels. The unemployment rate was 6.1 per cent in March 2021, after peaking at 7.5 per cent in June 2020.</p>				

Economic indicator	Consumer price index				
Year for which variance relates	2019-20	2020-21	2021-22	2022-23	2023-24
Forecast/projection in 2020-21	1.7(actual)	0.75	1.50	1.75	2.00
Forecast/projection in 2021-22	1.7 (actual)	1.50	1.50	1.75	2.00
Variance	–	0.75	0.00	0.00	0.00
Reason for variance	<p>Following a record fall in the June quarter 2020 of 1.8 per cent, the Melbourne consumer price index (CPI) rose faster than expected in the September (0.9 per cent) and December quarters (1.5 per cent). The record fall in the June quarter, which was largely driven by a fall in global oil prices and subsidies to childcare, was largely reversed by the end of 2020 as global oil prices recovered and the childcare subsidy was wound back.</p> <p>The stronger than expected recovery in economic activity over the second half of 2020 led to a larger contribution to inflation from market goods and services than was forecast in the <i>2020-21 Budget</i>. This led to an upward revision to the 2020-21 CPI forecast. Beyond 2020-21, prices are expected to grow in line with <i>2020-21 Budget</i> forecasts. This reflects that the medium-term outlook for wage growth and price pressures remains modest.</p>				

Economic indicator	Wage price index				
Year for which variance relates	2019-20	2020-21	2021-22	2022-23	2023-24
Forecast/projection in 2020-21	2.4 (actual)	1.00	1.75	2.00	2.25
Forecast/projection in 2021-22	2.4 (actual)	1.25	1.75	2.00	2.25
Variance	–	0.25	0.00	0.00	0.00
Reason for variance	<p>Wages growth has been revised slightly higher for 2020-21 compared with forecasts in the <i>2020-21 Budget</i>, reflecting recent data.</p> <p>As the economy continues to recover and spare capacity in the labour market is gradually reduced, wages growth is expected to gradually increase over the remainder of the forecast period but remain modest.</p>				

Economic indicator	Population				
	2019-20	2020-21	2021-22	2022-23	2023-24
Forecast/projection in 2020-21	1.60	0.20	0.40	1.10	1.70
Forecast/projection in 2021-22	1.5 (actual)	0.00	0.30	1.20	1.70
Variance	-0.10	-0.20	-0.10	0.10	0.00
Reason for variance	The coronavirus (COVID-19) pandemic, and subsequent border restrictions, are having a significant impact on population growth. Australia's border closure, which came into effect in March 2020, has had a large impact on overseas migrant flows. The modest downward revision to population forecasts over the near term reflects larger than expected overseas departures in recent data. The slight upward revision to forecast population growth in 2022-23 reflects that smaller net inflows in 2020-21 and 2021-22 decrease the stock of international students, which is expected to cause a slower outflow of students in 2022-23 and hence higher net migration.				

b)

	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 projection	2024-25 projection
Real gross state product	-0.5	-2.00	6.50	3.25	2.75	2.75
Variance		-1.50	8.50	-3.25	-0.50	0.00
Explanation for any variance year over year		Economic growth continued to be impacted by COVID-19 restrictions and lower confidence in the first part of the financial year, with the economic recovery commencing in the December quarter 2020.	High growth as the economy recovers off a low base.	Economic growth slowing to more normal rates as spare capacity continues to be absorbed, albeit still above trend by 2022-23.	Economy returning to more normal rate of growth.	Unchanged from previous year.
Employment	1.2	-1.00	2.50	1.25	1.75	1.75
Variance		-2.20	3.50	-1.25	0.50	0.00
Explanation for any variance year over year		Negative impact of closed borders and other public health restrictions over 2020 and the impact of lower sentiment on labour demand.	Improvement in employment as the economy recovers and demand for labour returns.	Labour market improving. Employment growth moderating after further recovery in 2021-22 and following a period of very low population growth.	Labour market returning to more normal rate of growth.	Unchanged from previous year.

Unemployment rate	5.4	6.50	5.75	5.50	5.25	5.25
Variance		1.10	-1.00	-0.25	-0.25	0.00
Explanation for any variance year over year		Higher unemployment than in 2019-20, due to the impacts of COVID-19.	The initial recovery in employment growth puts downward pressure on the unemployment rate.	Labour market further improving.	Labour market further improving.	Unchanged from previous year.
Consumer price index	1.7	1.50	1.50	1.75	2.00	2.25
Variance		-0.20	0.25	0.25	0.25	0.25
Explanation for any variance year over year		Lower inflation driven by the temporary childcare subsidy, a fall in global oil prices and weaker demand for market goods and services.	As the economy and labour market recover, inflation is forecast to gradually increase.	As the economy and labour market recover, inflation is forecast to gradually increase.	As the economy and labour market recover, inflation is forecast to gradually increase.	As the economy and labour market recover, inflation is forecast to gradually increase.
Wage price index	2.4	1.25	1.75	2.00	2.25	2.50
Variance		1.15	0.50	0.25	0.25	0.25
Explanation for any variance year over year		Lower wage growth compared to the previous year due to weaker labour market conditions, reflecting the impact of the COVID-19 pandemic.	The initial recovery in the labour market as the state's economy recovers expected to support higher wages growth.	Gradual recovery in wages growth in line with economic recovery and reducing spare capacity in the labour market.	Gradual recovery in wages growth in line with economic recovery and reducing spare capacity in the labour market.	Gradual recovery in wages growth in line with economic recovery and reducing spare capacity in the labour market.

DTF

Population	1.5	0.0	0.3	1.2	1.7	1.7
Variance		-1.5	0.3	0.9	0.5	0.0
Explanation for any variance year over year		Slowing population growth due to international border closure.	Continued low population growth due to international border closure in the first half of the year, though net migration expected to pick up somewhat compared to the previous year.	Gradual recovery in population growth reflecting re-opening of national borders and rising net overseas migration.	Population growth approaching more normal rate.	Unchanged from previous year.

DTF only – Grants

Question 30

Budget Paper No.4: Statement of Finances, Table 4.3³, details the expected total grant revenue to be received by Victoria in 2020-21 by grant type.

For the ‘General purpose grants – goods and services tax’ line item if there is a variance:

- a) between the 2020-21 budget figure in the 2020-21 Budget and the 2020-21 revised figure⁴ in the 2021-22 Budget, please explain the:
 - i. reason for the variance
 - ii. impact of the variance on Victoria
 - iii. action taken in response to expected changes in the value of general purpose grants.

- b) from year to year in the 2021-22 Budget please explain the:
 - i. reason for any variance
 - ii. impact of the variance on Victoria
 - iii. action taken in response to expected changes in the value of general purpose grants.

Response

a)

Line item	2020-21 budget	2020-21 revised	Variance 2020-21 budget vs. 2020-21 revised	Impact on Victoria	Action taken
General purpose grants - goods and services tax	\$15 259 m	\$17 044 m	+\$1 784 m	The recovery in the national GST pool, in line with the broader economic recovery, has increased Victoria’s GST revenue relative to the lows expected in <i>Budget 2020/21</i> , despite falling GST relativities.	The cause of the increase in GST revenue in 2020-21 has been incorporated into the budget and forward estimates.

³ In the 2019-20 Budget, this table was referring to the 2019-20 Budget Paper 5, Table 4.4: Grant revenue, pg. 172.

⁴ Assuming 2021-22 Budget contains 2020-21 revised or reinstated budget figures.

b)

	2020-21 Budget revised	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
General purpose grants - goods and services tax	\$17 044 m	\$17 391 m	\$19 213 m	\$19 463 m	\$19 997 m
Variance	n.a.	+\$347 m	+\$1 822 m	+\$250 m	+\$533 m
Reason for any variance year over year	n.a.	The national GST pool is expected to grow as the Australian economy recovers from the coronavirus (COVID-19) pandemic. This is partially offset by a decrease in Victoria's assessed relativity from 0.95992 in 2020-21 to 0.92335 in 2021-22.	The national GST pool is expected to grow as the Australian economy recovers from the coronavirus (COVID-19) pandemic. This is partially offset by a forecast reduction in Victoria's GST relativity from 2021-22 to 2022-23, driven by the transition to the new GST system and a lower assessed requirement for expenses and investment.	The national GST pool is expected to grow as the Australian economy recovers from the coronavirus (COVID-19) pandemic. This is partially offset by a forecast reduction in Victoria's GST relativity from 2022-23 to 2023-24, driven by the transition to the new GST system and a lower assessed requirement for expenses and investment.	The national GST pool is expected to grow as the Australian economy recovers from the coronavirus (COVID-19) pandemic. This is partially offset by a forecast reduction in Victoria's GST relativity from 2023-24 to 2024-25, driven by the transition to the new GST system and a lower assessed requirement for expenses and investment.
Impact of the variance on Victoria	n.a.	The additional revenue (relative to previous falls) positively impacts Victoria's total state revenue and net operating balance.	The additional revenue positively impacts Victoria's total state revenue and net operating balance.	The additional revenue positively impacts Victoria's total state revenue and net operating balance.	The additional revenue positively impacts Victoria's total state revenue and net operating balance.

Action taken in response to expected changes in the value of general purpose grants	n.a.	GST revenue is used to fund service delivery in Victoria.	GST revenue is used to fund service delivery in Victoria.	GST revenue is used to fund service delivery in Victoria.	GST revenue is used to fund service delivery in Victoria.
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Question 31

Budget Paper No.4: Statement of Finances, Table 4.5,⁵ lists Commonwealth grants for specific purposes, with detailed tables by expenditure category, Tables 4.6 to 4.12.⁶

For each line item of the detailed tables by expenditure labelled 'Other' in the 2021-22 Budget, for both years listed (2020-21 Budget and 2021-22 Budget) that has a value exceeding \$10 million, please provide details of the grants to which they relate.

Response

Table number	Grant details	2020-21 Budget	2021-22 Budget
4.7 – Payments for community services	Funding for the Commonwealth's Own-Purpose Expenditures related to its Continuity of Support Programme.	\$12 million	-
4.12 – Payments for contingent and other services	<u>Health and hospitals</u> Includes payments from the Commonwealth to hospitals including for the Pharmaceutical Benefits Scheme (PBS), and residential aged care subsidies and supplements. Also includes estimates of additional Commonwealth grants to support service delivery requirements under the NHRA.	\$1 867 million	\$1 699 million
4.12 – Payments for contingent and other services	<u>Capital Works</u> Includes Commonwealth funding for capital works including commuter carparks, targeted road safety works, and suburban and local road upgrades.	\$452 million	\$908 million
4.12 – Payments for contingent and other services	<u>Other grants</u> Includes Commonwealth Own Purpose Expenditure Payments for a number of initiatives, and grants from other states, territories and local governments.	\$177 million	\$146 million

⁵ Assuming the table numbers have changed in the 2021-22 Budget, this is referring to the table equivalent to the 2020-21 Budget Paper 4, Table 4.5: Grants for specific purposes, pg. 170.

⁶ Assuming the table numbers have changed in the 2020-21 Budget, this is referring to the tables equivalent to the 2020-21 Budget Paper 4, Table 4.6: Payments for affordable housing, pg. 170, Table 4.7: Payments for community services, pg. 170, Table 4.8: Payments for education services, pg. 171, Table 4.9: Payments for environment services, pg. 171, Table 4.10: Payments for health services, pg. 172, Table 4.11: Payments for infrastructure services, pg. 172, Table 4.12: Payments for contingent and other services, pg. 173.

DTF only – Equity funding

Question 32

Does the Government expect to receive equity funding as an alternative to traditional grant payments made by the Commonwealth over 2021-22 and the forward estimates? If so, please detail which projects will receive this funding and the amount.

Response

The Government does not expect to receive equity funding as an alternative to traditional grant payments made by the Commonwealth over 2021-22 and the forward estimates.

DTF only – Land transfer duty

Question 33

Budget Paper No.4: Statement of Finances, Table 4.2, provides taxation revenue forecasts across the forward estimates broken down by source.

For the 'Land transfer duty' line item if there is a variance greater than 5 per cent (positive or negative) or greater than \$50 million (positive or negative) when comparing:

Variance analysis

- a) the same year in the 2020-21 Budget and the 2021-22 Budget, please explain the reason for the variance for each year.

Trend analysis

- b) one year to the next in the 2021-22 Budget please explain the reason for the variance.

Response

a)

Year for which variance relates	2020-21
Budget/estimate in 2020-21 Budget	\$4 554.4 m
Budget/estimate in 2021-22 Budget	\$5 951.5 m
Variance	\$1 397.1 m
Reason for variance	The expected increase in land transfer duty revenue in 2020-21 is driven by a strong rebound in property market conditions over late 2020 and early 2021, fuelled by record low mortgage rates, strong housing sentiment, and government incentives. Additionally, transaction volumes over the second half of 2020 did not contract by as much as was forecast in the <i>2020-21 Budget</i> .

Year for which variance relates	2021-22
Budget/estimate in 2020-21 Budget	\$5 563.8 m
Budget/estimate in 2021-22 Budget	\$6 709.5 m
Variance	\$1 145.8 m
Reason for variance	Land transfer duty revenue is expected to be higher in 2021-22, as strength in property prices in early 2021 is expected to continue over 2021, flowing through to higher revenue in the budget year.

Year for which variance relates	2022-23
Budget/estimate in 2020-21 Budget	\$6 617.1 m
Budget/estimate in 2021-22 Budget	\$7 342.2 m
Variance	\$725.1 m
Reason for variance	Land transfer duty revenue is expected to be higher in 2022-23, reflecting a stronger property price profile in the 2021-22 Budget, flowing through to higher revenue across the forward estimates.

Year for which variance relates	2023-24
Budget/estimate in 2020-21 Budget	\$6 998.7 m
Budget/estimate in 2021-22 Budget	\$7 742.4 m
Variance	\$743.7 m
Reason for variance	Land transfer duty revenue is expected to be higher in 2023-24, reflecting a stronger property price profile in the 2021-22 Budget, flowing through to higher revenue across the forward estimates.

b)

	2020-21 revised	2021-22 budget	2022-23 estimate	2023-24 estimate	2024-25 estimate
Land transfer duty	\$5 951.5 m	\$6 709.5 m	\$7 342.2 m	\$7 742.4 m	\$8 026.2 m
Variance	N/A	\$758.1 m	\$632.7 m	\$400.2 m	\$283.8 m
Explanation for the variance year over year	N/A	Land transfer duty revenue is expected to grow in 2021-22, as strong growth in dwelling prices is expected continue over 2021 alongside a recovery in transaction volumes. Additionally, the introduction of a premium duty rate on property transactions over \$2 million is expected to contribute to higher revenue, partially offset by revenue relief initiatives.	The increase in land transfer duty is driven by expected growth in property prices.	The increase in land transfer duty is driven by expected growth in property prices.	The increase in land transfer duty is driven by expected growth in property prices.

DTF only – Public Private Partnerships – modifications and accountability

Question 34

Please detail all Public Private Partnerships (PPP) currently under construction in the 2021-22 year as per the 2021-22 Budget, which in comparison to the 2020-21 Budget have changed their:

- name
- scope
- Total Estimated Investment (by greater than 5 per cent (positive or negative))
- timelines (including estimated completion date and key stages/milestones of the project)
- which government entity and portfolio is responsible for delivery of the project or components of the project.

Please provide an explanation for these changes.

Response

	2020-21 Budget	2021-22 Budget	Explanation for change
Name	Metro Tunnel Project		
Scope		The settlement reached between the Project Company and the State reflects the extra expenditure required due to a combination of factors, including revised construction approaches to address some engineering challenges that are unique to tunnelling under Melbourne. This agreement secures the opportunity for trains to be running through the Metro Tunnel earlier and deliver these benefits for Victorians sooner. The parties have agreed that certain remaining works which do not impact commencement of train services may be outstanding at Day 1 operations.	These changes were agreed as part of a settlement reached between the State and the Project Company in December 2020.

Total Estimated Investment (000's)	\$10.883 billion	\$12.255 billion	As part of the settlement, the State and the Project Company agreed to share the increased costs of the project on a 50:50 basis, being \$1.37 billion each, which include the resolution of certain outstanding legal claims. The increased TEI reflects the extra expenditure required due to a combination of factors, including revised construction approaches to address some engineering challenges that are unique to tunnelling under Melbourne. This agreement secures the opportunity for trains to be running through the Metro Tunnel earlier and deliver these benefits for Victorians sooner.
Timelines	Due for completion in 2025	Due for completion in 2025 The committed date for completion of the Metro Tunnel remains 2025 but the amended Project Agreement provides for the opportunity for train services to commence in 2024.	As part of the terms of settlement, the parties have agreed new and revised milestones in the program designed to incentivise the Project Company to ensure that the Metro Tunnel is ready to commence operations at the earliest opportunity.
Government entity and portfolio responsible for delivery	Major Transport Infrastructure Authority (Rail Projects Victoria) Department of Transport	Major Transport Infrastructure Authority (Rail Projects Victoria) Department of Transport	N/A

Name	North East Link		
Scope	N/A	N/A	N/A
Total Estimated Investment	\$15.8 billion	\$15.8 billion	N/A
Timelines	N/A	N/A	N/A
Government entity and portfolio responsibility	Major Transport Infrastructure Authority (North East Link Project) Department of Transport	Major Transport Infrastructure Authority (North East Link Project) Department of Transport North East Link State Tolling Corporation	The <i>2021-22 Budget</i> recognises the establishment of the North East Link State Tolling Corporation (STC) as a Public Non-Financial Corporation responsible for managing, operating and maintaining the North East Link road. STC will fix and collect tolls for North East Link in accordance with the <i>North East Link Act 2020</i> . STC commenced operations on 1 March 2021.
Name	Western Roads Upgrade		N/A
Scope	N/A	N/A	N/A
Total Estimated Investment	\$936.8 million	\$986.8 million	Revised TEI following the settlement of contractual claims and execution of settlement documentation between the State, the PPP consortium (Netflow) and its Design and Construct subcontractor (WBHO). The claims related to a range of project issues, including unanticipated technical / design challenges.
Timelines	N/A	N/A	N/A

Government entity and portfolio responsible for delivery	Major Transport Infrastructure Authority (Major Road Projects Victoria) Department of Transport	Major Transport Infrastructure Authority (Major Road Projects Victoria) Department of Transport	N/A
Name	West Gate Tunnel		N/A
Scope	N/A	N/A	N/A
Total Estimated Investment	N/A		N/A
Timelines	Late 2022	TBC	Transurban has advised the ASX that it no longer believes the project can be completed in 2023.
Government entity and portfolio responsible for delivery	Major Transport Infrastructure Authority (West Gate Tunnel Project) Department of Transport	Major Transport Infrastructure Authority (West Gate Tunnel Project) Department of Transport	N/A

DTF only – Net Debt

Question 35

Budget Paper No.2: Strategy and Outlook, Table 1.1, provides general government fiscal aggregates for net debt and net debt to gross state product (GSP).

Variance analysis

- a) For the 'Net debt' and 'Net debt to GSP' line items, please explain the reason for the variance when comparing the same year in the 2020-21 Budget and the 2021-22 Budget.

Trend analysis

- b) For the 'Net debt' and 'Net debt to GSP' line items, when comparing one year to the next in the 2021-22 Budget, please explain the reason for the variance, including the major projects that contributed to any variance in net debt.

Response

At the *2020-21 Budget*, the general government sector's net debt at June 2024 was forecast to be \$154.8 billion or 28.9 per cent of gross state product (GSP). Net debt in June 2024 is now forecast in the *2021-22 Budget* to be \$138.3 billion or 24.9 per cent of GSP.

The \$16.4 billion decrease in net debt is primarily due to four key factors:

- Policy decisions: expenditure on output, revenue policy and asset decisions which are set out in *Budget Paper No.3 Chapter 1*;
- Economic / demographic variations: principally an upgrade to forecast State taxation revenue;
- Commonwealth grant variations: principally an upgrade to general purpose grants (GST); and
- Administrative variations: including changes to interest and superannuation expenses, changes to contingencies, and changes to the timing of activity across major departments.

Net debt has been revised down from the *2020-21 Budget* by \$9.2 billion by June 2021, \$7.6 billion by June 2022 and by \$12.8 billion by June 2023. The decrease in net debt over this period is attributable to the same factors articulated above.

Please refer to *Budget Paper No. 2, Chapter 4* for more information on net debt movements.

Question 36

Budget Paper No.2: Strategy and Outlook, Table 1.3, provides financial measures and targets that support the Government's long-term financial management objectives.

The target for the financial measure of net debt in the 2020-21 Budget, is 'General government net debt as a percentage of GSP [gross state product] to stabilise in the medium term'.⁷

- a) Please clarify and provide further information on what it means for debt being 'stabilised in the medium term'.
- b) How does DTF define 'medium term'? Please specify the year in which DTF aims to achieve this target.

Response

The *2021-22 Budget* forecasts significant improvement in the State's key fiscal aggregates over the budget and forward estimates. This improvement is the result of the Government's comprehensive and deliberate fiscal strategy set out in the *2020-21 Budget*. This strategy focuses on the medium term, and involves four steps.

The first step, creating jobs, reducing unemployment and restoring economic growth, was a key focus in the *2020-21 Budget* and remains a focus in this budget. There continues to be a role for the Government in supporting the economic recovery.

The second step, returning to an operating cash surplus, is important because it means the State is generating sufficient cash inflows to offset its cash outflows on operating activities, a key pillar of a jurisdiction's fiscal sustainability. A return to an operating cash surplus is forecast from 2022-23, with the operating cash surplus increasing to \$3.0 billion by 2024-25, a significant achievement compared with the position in the *2020-21 Budget*.

Stabilising debt – the last step in the Government's fiscal strategy – is important as debt will continue to grow as a percentage of GSP, until operating surpluses are at a level which limits the growth in debt to the growth rate of GSP. The increase in debt is manageable, as current low interest rates mean that interest expense as a proportion of total budget revenue is much lower than previously. The Reserve Bank of Australia has also indicated that interest rates are expected to remain low for an extended period.

The target for the financial measure 'a net operating cash surplus consistent with maintaining general government net debt at a sustainable level after the economy has recovered from the coronavirus (COVID-19) pandemic.'

- a) What is sustainable debt in the post-COVID-19 period?

⁷ Department of Treasury and Finance, *Budget Paper No.2: 2020-21 Strategy and Outlook*, Melbourne 2020, p. 11.

- b) How is sustainable debt different in the pre-COVID-19 phase compared to post-COVID-19 phase?
- c) What indicators does DTF consider when evaluating whether the economy has recovered from the COVID-19 pandemic? Please provide the Committee with details of these indicators.

Response

The coronavirus (COVID-19) pandemic has had a significant impact on the Victorian economy since early 2020. In the current economic climate, with the official interest rate close to zero, the Reserve Bank of Australia (RBA) has itself encouraged significant fiscal stimulus from the state and Commonwealth governments. The RBA has also indicated that interest rates are expected to remain low for an extended period.

The headline measure of a state's ability to sustainably borrow is its ability to service its debt. Current low interest rates mean Victoria is well positioned to increase borrowings while maintaining debt service payments at modest levels.

Ratings agencies measure sustainability by considering not only the size of the debt, but also the cost of servicing that debt, by assessing interest expense as proportion of total revenue. Debt is unsustainable if Government is required to utilise a large portion of its total revenue to service the debt, diverting funds away from delivery of Government services and infrastructure. Victoria's interest expense as a share of total revenue is expected to remain manageable, averaging 4.7 per cent a year over the budget and forward estimates, well below the historical levels seen during the 1990s.

Whilst the State's economic recovery is well underway – with employment and workforce participation having already recovered to pre-pandemic levels – the nature of the pandemic means that risks to the economic outlook remain elevated.

DTF only – Budget process – Victorian integrity agencies

Question 37

The Departmental Funding Model (DFM) underpins Victoria's devolved output-based system, in which Government funds departments for the delivery of outputs, rather than funding inputs. Departments are 'paid' an agreed 'price' by Government for each output (an 'output price') based on an agreed level of quantity, quality and timeliness performance measures.⁸

- a) Please explain the process DTF undertakes to determine the funding allocation to integrity agencies.

DTF does not determine funding allocations to integrity agencies. This is the responsibility of the elected Government of the day.

Once the Government of the day has determined these funding allocations, they are documented in the annual Appropriation Bills, which the Treasurer introduces to Parliament. The Government is permitted to utilise the funds once the Appropriation Bills are passed through Parliament and they receive Royal Assent from the Governor.

- b) What factors does DTF consider when allocating funds for the following agencies/institution:
- i. Victorian Auditor-General's Office
 - ii. Victorian Ombudsman
 - iii. Victorian Inspectorate
 - iv. Parliamentary Budget Office
 - v. Independent Broad-based Anti-corruption Commission
 - vi. Parliament

Please refer to the response to a) above.

⁸ Department of Treasury and Finance, Resource Management Framework, Part 1 of 2, 1 July 2020, p. 22.

c) How does DTF ensure that independency of the integrity agency is maintained during the budget process?

Interactions with integrity agencies regarding the budget process are set out by the Government of the day, and DTF assists in implementing these processes, including providing guidance and support to those agencies.

Due to budget independence reforms introduced from 1 July 2020, DTF has adjusted its lodgement guidance to allow for integrity agency bids to be lodged by the head of the relevant integrity agency. Once the Government finalises its budget decisions, DTF informs each integrity agency of the outcomes of the process directly and at the same time other public agencies are informed.

When the Government finalises its funding decisions, the Department of Treasury and Finance prepares the budget papers in consultation with the integrity agencies and seeks their input, including an update to financial statements that appear in budget papers.

d) What financial reporting requirements are in place for the integrity agencies by DTF? (i.e. quarterly performance reporting to DTF or weekly financial reporting to DTF).

Financial reporting requirements for public agencies are set out in *the Resources Management Framework* and the *Standing Directions under the Financial Management Act 1994*, which are legislative instruments of the *Financial Management Act 1994*. Key financial reports public agencies, including integrity agencies, provide include:

- Monthly actual expenditure feed reports in the State Resource Information Management System, which is the State's central financial ledger;
- Biannual output performance reporting, which must include a table listing revenue claimed against target for each output; a table listing actual performance compared to target for each output measures including output costs; and comments and discussion on any major variances between actual and target output performance;
- Quarterly asset investment reporting on phasings of quarterly expenditure; key milestone dates; and any other relevant information such as the type of work being undertaken in the asset investment; and
- Monthly cash flow estimates, which include updates for the next 12 months by the fifth working day of the following month, and comprises cash requirements for each agency's expenditure bank account(s), and the receipts to revenue bank account(s).

Further information on these reporting requirements can be found on the following weblink:

<https://www.dtf.vic.gov.au/sites/default/files/document/Resource%20Management%20Framework%20-%20Part%201%20of%20%20-%20Main%20Document%20-%20effective%20%20July%202020.pdf>

Question 10a - Capital Assets

2021-22 State Budget Paper No. 5/Relevant state financial reports

Line item (\$ mil)	2018-19 actual (\$ million)	2019-20 budget (\$ million)	2019-20 revised (\$ million)	2019-20 actual (\$ million)	2020-21 budget (\$ million)	2021-22 budget (\$ million)
Payment for non financial assets	33.30	32.85	n/a	36.50	138.25	172.67
Total	33.30	32.85	n/a	36.50	138.25	172.67

2021-22 State Budget Paper No. 4

Capital projects	2018-19 actual (\$ million)	2019-20 budget (\$ million)	2019-20 revised (\$ million)	2019-20 actual (\$ million)	2020-21 budget (\$ million)	2021-22 budget (\$ million)
New						
Bendigo Government Hub						120.80
Construction Supplier Register ICT Interface						0.05
Expansion of Victorian Energy Upgrade Program						0.50
SRO Advanced Revenue Management Program						6.55
Centralised Accommodation Management - Densification						9.15
Existing						
Accommodation Management Efficiency Program (Melbourne)					2.64	2.37
Better revenue management system (Melbourne) ¹	2.68	2.40	n/a	0.76	6.20	4.10
Greener Government Buildings (statewide) ²	-	17.10	n/a	6.47	13.53	3.00
Greener Government Buildings (Melbourne)					5.00	19.00
Other capital expenditure	29.53	28.15	n/a	34.41	127.05	10.15
Completed						
State Revenue Office Land Tax Compliance Program (Me	1.10	1.30	n/a	1.33		
Procurement Reforms		1.00	-	-		
Sub total	33.30	32.85	n/a	36.50	138.25	172.67

1. Better revenue management systems project includes State Revenue Office Compliance Program, published as part of other capital expenditure in the previous years

2. Project marked as statewide project hence excluded from DTF projects

Capital projects - COVID-19 response					2020-21 budget (\$ million)	2021-22 budget (\$ million)
Building works package						
Insert capital project name here						
Insert capital project name here						
Insert capital project name here						
Insert capital project name here						
Any other capital projects						
Insert capital project name here						
Insert capital project name here						
Insert capital project name here						
Insert capital project name here						
Sub total						

Line item	2018-19 actual (\$ million)	2019-20 budget (\$ million)	2019-20 revised (\$ million)	2019-20 actual (\$ million)	2020-21 budget (\$ million)	2021-22 budget (\$ million)
Insert line item						
Insert line item						
Insert line item						
Sub total						

PPPs	2018-19 actual (\$ million)	2019-20 budget (\$ million)	2019-20 revised (\$ million)	2019-20 actual (\$ million)	2020-21 budget (\$ million)	2021-22 budget (\$ million)
Insert PPP name here						
Insert PPP name here						
Insert PPP name here						
Sub total						

Total Payment for non financial assets	33.30	32.85	n/a	36.50	138.25	172.67
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Correct

Correct

Correct

Correct

Correct

Correct

Please note the total of capital projects for each year is expected to reconcile to the total payments for non financial assets

Please insert rows as required