



## **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

### **2013-14 AND 2014-15 FINANCIAL AND PERFORMANCE OUTCOMES GENERAL QUESTIONNAIRE**

#### **DEPARTMENT OF JUSTICE AND REGULATION / DEPARTMENT OF JUSTICE**

**Legend:**

Black text: pre-filled information, from PAEC

Blue text: completed information

## SECTION A: Output variances and program outcomes

### Question 1 (departments only)

For the following initiatives that were due to be completed in 2013-14 or 2014-15, please provide details of the outcomes expected to be achieved in the community<sup>1</sup> and the outcomes actually achieved to date. Please quantify outcomes where possible.

| Initiative   | Source            | Actual date of completion (month and year)     | Expected outcomes   | Actual outcomes   |
|--|-------------------|--|---|---|
| Recruitment of additional police                     | 2010-11 BP3 p.323 | December 2010<br>(Completed ahead of schedule) | \$50m over four years to provide 120 police officers and the continuation of the Safe Streets initiative targeting trouble spots across Victoria.<br><br>This enabled the deployment of additional officers to the Operational Response Unit and to Operation Razon focusing on liquor licensing. | The overall target of 11,370 police (including the additional 120 officers) was achieved in December 2010.  |
| Sentencing reform – Abolition of suspended sentences | 2010 PEBU p.163   | June 2012                                      | Support introduction of the Community Correction Order (CCO) and increase capacity to manage demand.  | The CCO was introduced in January 2012 and capacity increased to manage average of 7,798 offenders as funded.<br><br>The implementation of output funded initiatives is typically achieved when it transitions from the project phase to business as usual. As the budget papers do not distinguish between the two phases the completion date of output funded initiatives can occur prior to the end of the budget shown in the forward estimates. This is because funding for the initiative does not cease when the project phase ends. |
| Additional un-sworn staff for                        | 2010-11 BP3 p.323 | June 2011<br>(Completed ahead                  | \$74m over 4 years for 200 VPS that will free up 200 sworn officers to be redeployed to frontline roles.  | Under the Building Operational Capability and Capacity (BOCC) project, 150 sworn positions were   |

<sup>1</sup> 'Outcomes' are the impact of service delivery on the community rather than a description of the services delivered.

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| Initiative  | Source            | Actual date of completion (month and year)                                   | Expected outcomes   | Actual outcomes   |
|---|-------------------|--|---|---|
| Victoria Police   |                   | of schedule)   |   | redeployed to frontline duties. In place of the 150 sworn positions identified for re-deployment and re-categorisation, 140 new VPS positions were created and recruited against. The balance was absorbed by savings measures  |
| Additional police   | 2010-11 BP3 p.323 | October 2014   | \$561m over five years for an additional 1,700 frontline police by June 2015.   | The government target of 13,120 police was achieved in October 2014.  |
| Managing court demand   | 2010-11 BP3 p.323 | Transferred by PAEC to Court Services Victoria, who will provide a response. |   |   |
| Responding to increased demand for women's prison accommodation | 2010-11 BP3 p.323 | September 2012   | <p>This initiative will provide increased bed capacity within the women's prison system in the short and medium term.</p> <ul style="list-style-type: none"> <li>• 18 permanent beds at Tarrengower</li> <li>• 84 permanent beds within the Dame Phyllis Frost Centre (DPFC)</li> <li>• 57 temporary beds at DPFC</li> </ul>  | <p>57 temporary beds at DPFC and 18 beds at Tarrengower were delivered on time.</p> <p>84 beds were scheduled to be implemented in a 20 month period, however were delivered after 27 months.</p> <p>The implementation of output funded initiatives is typically achieved when it transitions from the project phase to business as usual. As the budget papers do not distinguish between the two phases the completion date of output funded initiatives can occur prior to the end of the budget shown in the forward estimates. This is because funding for the initiative does not cease when the project phase ends.</p> |
| CFA station upgrades and operational resourcing                 | 2010 PEBU p.126   | The project is forecast to be completed by June 2016                         | <p>Improved service delivery capability to the community delivered through the construction of 11 new integrated fire stations and completion of major alterations to four integrated stations.</p> <p>Greater support to volunteer brigades and community through the introduction of 342 additional fire fighters and officers accommodated within the above integrated stations.</p> | <p>10 integrated stations have been completed with five stations planned for completion by June 2016.</p> <p>182 officer positions have been created to date with the remaining positions scheduled over the next four years.</p> <p>342 recruits will be in place by June 2016 with the final two recruitment courses scheduled for 2015-16.</p> <p>Outcomes to be assessed following the completion of the stations and recruitment phases.</p>   |

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| Initiative  | Source             | Actual date of completion (month and year)   | Expected outcomes   | Actual outcomes  |
|---|--------------------|--|---|--|
| Greener government buildings                            | 2010-11 PEBU p.127 | Mandate and funding for this program ceased in March 2014.                                       | Before project closure, and to improve energy efficiencies, the program required 20 per cent of departmental, and associated entities, energy emissions to have energy performance contracts.   | 19 per cent of the department's (and associated entities) energy emissions are subject to energy performance contracts.  |
| 940 protective services officers                        | 2011-12 BP3 p.54   | October 2014   | <p>\$212.3m over four years to deploy 940 protective services officers (PSOs) to patrol metropolitan railway stations and four major regional railway stations.</p> <p>The PSOs will provide an initial response to crime and anti-social behaviour occurring in and around railway stations.</p>   | The target of 940 PSOs was achieved in October 2014.   |
| Establish the Victorian Responsible Gambling Foundation | 2011-12 BP3 p.54   | 30 June 2015   | \$150 million was provided over the four years concluding 30 June 2015 for the establishment and ongoing operations of the Victorian Responsible Gambling Foundation (VRGF).  | <p>The VRGF has been established. Total funding of \$150 million has been expended / fully committed as at 30 June 2015.</p> <p>The government committed \$148 million for the next four years, commencing 1 July 2015 as part of the 2015-16 budget process.</p>  |
| Racing industry development                             | 2011-12 BP3 p.54   | The four year commitment to the Victorian Racing Industry Fund (VRIF) concluded on 30 June 2015. | <p>The 2011-12 BP3 included funding of \$21.8m for racing industry development, as part of a four year \$79.5m commitment by the previous government to return unclaimed wagering dividends and on-course wagering taxes back to the racing industry. These funds were delivered to the industry through VRIF.</p> <p>The objective of VRIF, as set out in the program guidelines, was to support the long-term growth of the Victorian racing industry, and foster stronger economic benefits and jobs across the state, arising from racing and its associated breeding industries.</p> | <p>Victorian racing industry controlling bodies have reported that VRIF funding was a critical contributor to the development and growth of the Victorian racing industry.</p> <p>Reported outcomes for thoroughbred racing from VRIF include:</p> <ul style="list-style-type: none"> <li>• improved participant safety and welfare.</li> <li>• improved racing and training quality, field sizes and track performance reliability.</li> <li>• increased industry wagering and non-wagering revenue.</li> <li>• regional economic and employment growth.</li> <li>• improved race day attendances.</li> </ul> |

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| Initiative | Source | Actual date of completion (month and year) | Expected outcomes | Actual outcomes   |
|------------|--------|--|-------------------|---|
|            |        |  |                   | <ul style="list-style-type: none"> <li>• community and social capital.</li> <li>• environmental and water conservation improvements and savings.</li> </ul> <p>Racing Victoria estimated that VRIF supported projects created approximately 400 jobs, largely within regional and rural Victoria.</p> <p>Greyhound Racing Victoria reported that VRIF ensured its capacity to deliver on strategic objectives, including improvements to the quality and safety of greyhound racing tracks that have reduced injuries to greyhounds and enabled it to continue growing its business through increased wagering.</p> <p>In 2011-12 a total of 354 greyhounds were adopted through the Greyhound Adoption Program (GAP). Government funding from VRIF resulted in this total growing to 805 greyhounds adopted in 2014-15, an increase of 227 per cent.</p> <p>Harness Racing Victoria (HRV) reported that the VRIF program:</p> <ul style="list-style-type: none"> <li>• had an extremely positive impact on harness racing infrastructure and racing programming.</li> <li>• has enabled Victoria to become the national market leader with regard to horse population, welfare, infrastructure and growing international standard events.</li> <li>• has enabled HRV to broaden community engagement in harness racing.</li> </ul> |

**Question 2 (departments only)**

Please identify all outputs for which the department received additional funding after the initial budget (as described in *BFMG-42: Budget Supplementation*) in 2013-14 or 2014-15. For each output, please quantify the additional funding, indicate the source of the additional funding (e.g. 'Treasurer's Advance', 'appropriations that would otherwise be unapplied', 'accumulated surplus') and explain why additional funding was required:

(a) in 2013-14

| Output  | Additional funding<br>(\$ million) | Source of funding         | Reasons why additional funding was required   |
|---|------------------------------------|---------------------------|---|
| Prisoner Supervision and Support - 673 beds                           | 4.231                              | Treasurer's Advance       | This initiative provided part year funding for an additional 673 prison beds and bed units at various prison locations to meet growth in the prisoner population.   |
| Emergency Management - Summer fire information and education strategy | 0.676                              | Treasurer's Advance       | The TA funding was provided to undertake selected elements of the Summer Fire Information and Education Strategy.   |
| Police information technology refresh                                 | 26.8                               | State Administrative Unit | This investment upgraded the majority of Victoria Police's ageing Information Technology (IT) infrastructure, including software and back-end support to provide a contemporary, reliable and secure IT infrastructure environment. Of this funding, \$11.4 million was accessed in 2014-15 due to delays in the procurement of desktops/laptops and multifunctional devices (MFDs) which have resulted in slippage in the purchase of devices and impacted the timing of deployment. |
| Sports Integrity Intelligence Unit (SIIU)                             | 1.0                                | State Administrative Unit | On 6 August 2013, approval was provided for Victoria Police to access \$1.0 million from its State Administrative Unit (SAU) to meet the ongoing operation costs of the SIIU. Of this, only \$0.5 million was accessed in 2013-14, due to delays in purchasing Sport Betting Software with the remainder accessed in 2014-15.   |
| Emergency Services State Superannuation (ESSS) rate increase          | 5.8                                | Accumulated surplus       | To fund for the increase in the ESSS employer contribution rate from 13 per cent to 13.5 per cent for Victoria Police.  |
| Protective Services Officers (PSO) advertising campaign               | 2.6                                | Accumulated surplus       | Advertising funding for the PSO recruitment campaign scheduled to run between November 2013 and February 2014.  |

(b) in 2014-15

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| Output   | Additional funding<br>(\$ million) | Source of funding   | Reasons why additional funding was required  |
|--|------------------------------------|---------------------|--|
| Enhancing Community Safety   | 0.153                              | Treasurer's Advance | Pre-election Budget Update (PEBU) funding for the Justice component (Expansion of Working with Children Checks) of the Government Response to the report of the Family And Community Development Committee Inquiry into the Handling of Child Abuse by Religious and Other Non-Government Organisations ' <i>Betrayal of Trust</i> '.  |
| Emergency Management Capability – Hazelwood Mine fire enquiry (Output and Capital) | 0.708                              | Treasurer's Advance | Additional resources were provided to support the State Crisis and Resilience Council Hazelwood Mine Fire Inquiry Reference Group. The group will provide internal governance of departments 'and agencies ' implementation actions, identify emerging issues and provide advice to the State Crisis and Resilience Council.   |
| Emergency Management Capability  | 0.564                              | Treasurer's Advance | Compressed Air Foam Systems - The Country Fire Authority (CFA) was provided with compressed air foam systems (CAFS) to expand their fire fighting capabilities, especially in instances of brown coal fire.<br><br>District 27- A new CFA district known as District 27 has been established. This district had the responsibility for the operation and administration of all brigades within the Latrobe government area and better enables the CFA to prepare, respond to and manage emergencies in the district. |
| Emergency Management Capability  | 5.900                              | Treasurer's Advance | To meet the significant costs experienced during the 2014-15 fire season (CFA, MFESB & SES).   |
| Policing Services - Additional Protective Services Officers                        | 5.7                                | Treasurer's Advance | Funding was provided for a further 96 Protective Services Officers (PSOs) to enable a dedicated PSO presence at 212 metropolitan stations and four major regional stations. This brings the total number of PSOs to 1,036.   |
| Policing Services - Passive Alert Detection (PAD) Dogs                             | 0.5                                | Treasurer's Advance | Funding was provided for eleven new Passive Alert Detection dogs (sniffer dogs) to increase the detection capability of Victoria Police in the city and hotspot regional areas where Ice has infiltrated. This will also support Victoria Police in executing search warrants.   |
| Policing Services - Countering Violent Extremism                                   | 0.5                                | Treasurer's Advance | Funding was provided to continue counter violent extremism and early intervention programs, such as the Community Integration Support program. These programs target convicted Victorian terrorists,   |

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| Output  | Additional funding<br>(\$ million) | Source of funding         | Reasons why additional funding was required   |
|---|------------------------------------|---------------------------|---|
|   |                                    |                           | prisoners and individuals vulnerable to radicalisation.   |
| Policing Services - Long Service Leave uplift | 3.5                                | State Administrative Unit | Funding required to cover the unfunded long service leave uplift associated with the 2011 police officer enterprise bargaining agreement. |

**Question 3 (Department of Treasury and Finance only)**

This question does not apply to your department.

**SECTION B: Asset investment (departments only)**

**Question 4**

Please provide the following details about each of the selected asset investment projects:

| Project   | Estimated expenditure in 2013-14 (2013-14 budget papers) (\$ million) | Actual expenditure in 2013-14 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2013-14 budget papers | Estimated completion date in 2014-15 budget papers | Explanation for any changes to the estimated completion date  |
|---|---|--|---|--|--|---|
| State Coronial Services redevelopment (statewide) | 21.01   | 15.79                                      | The contractor's inability to complete the Donor Tissue Bank of Victoria (DTBV) to meet the complexities of the Australian Therapeutic Goods Administration requirements, within the scheduled time, resulted in the actual annual expenditure being less than the estimated spend. | mid 2014   | qtr 2 2014 -15                                     | The 2013-14 and 2014-15 Budget Paper No. 4 dates were for practical completion.<br><br>The change in estimated practical completion date (from mid 2014 to qtr 2 2014-15), reflected the delayed delivery of the DBTV.<br><br>The estimated financial completion date was June 2015 at the time of the 2014-15 budget preparation. This has now been revised to October 2016. |

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| Project  | Estimated expenditure in 2013-14 (2013-14 budget papers) (\$ million) | Actual expenditure in 2013-14 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2013-14 budget papers | Estimated completion date in 2014-15 budget papers | Explanation for any changes to the estimated completion date  |
|--|---|--|---|--|--|---|
| Building confidence in corrections - construction/asset enhancement (statewide)      | 11.25   | 2.07                                       | The Treasurer approved a budget recashflow of \$9.205 million into 2014-15 for the Hopkins Correctional Centre Expansion Project, which was being delivered under Public Private Partnership (PPP) arrangements. The project's actual annual expenditure aligned with the revised 2013-14 budget of \$2.07 million. | mid 2016   | qtr 2 2014-15                                      | The 2014-15 Budget Paper No. 4 date was for Commercial Acceptance (which for PPPs, aligns with the practical completion date).<br><br>As this is a PPP project, financial completion of the 23 year contract will be in 2037 which will mark the end of the Operating Term. |
| Infringement Management and Enforcement Services - enhancement/equipment (statewide) | 12.48   | 3.12                                       | The underspend reflected delays owing to software development issues encountered by the supplier in meeting the requirements to deliver the contracted asset.   | mid 2014   | qtr 2 2014-15                                      | The project delivery date was revised from mid-2014 to quarter two (2014-15) due to difficulties the contractor had in delivering the project to agreed specifications.   |
| Police Information Process and Practice reform program (statewide)                   | 5.53  | 4.30                                       | The underspend is associated with delayed recruitment and staff turnover in the Transform project. The direct flow on consequences of these challenges is delayed analysis and procurement activities.  | mid 2015   | qtr 4 2014-15                                      | n/a   |

| Project                                       | Estimated expenditure in 2013-14 (2013-14 budget papers) (\$ million) | Actual expenditure in 2013-14 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure  | Estimated completion date in 2013-14 budget papers | Estimated completion date in 2014-15 budget papers | Explanation for any changes to the estimated completion date |
|---|---|--|--|--|--|--|
| Mobile Camera Replacement Program (statewide) | 5.08  | 0.0  | <p>No capital funds were spent as the project was undergoing a more protracted tender evaluation process. The tender took evaluation took longer than expected as, at the time the business case was produced, there was only one supplier with the business solution to meet the department's requirements.</p> <p>Subsequently, the tender process identified a number of new suppliers that could potentially provide mobile cameras. It was, therefore, necessary under government procurement protocols to evaluate these new supplier solutions.</p> <p>The evaluation, as a matter of course, included a comprehensive testing phase, which can take up to 12 months.</p> <p>The testing and evaluation of the additional camera solutions has considerably expanded the tender evaluation process.</p> | mid 2017   | qtr 4 2016-17                                      | n/a  |

| Project  | Estimated expenditure in 2013-14 (2013-14 budget papers) (\$ million) | Actual expenditure in 2013-14 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2013-14 budget papers | Estimated completion date in 2014-15 budget papers | Explanation for any changes to the estimated completion date   |
|--|---|--|---|--|--|--|
| Reforming the collection and enforcement of legal debt in Victoria (statewide) | 5.00  | 0.4  | Expenditure was lower than expected as, at the time, this project was heavily dependent on the delivery of the Infringement Management and Enforcement Services – enhancement (IMES) / equipment (statewide) asset project.<br><br>As noted above, delivery of the IMES Asset project was delayed owing to issues in developing the specific software requirements to deliver the contracted asset. | mid 2017   | qtr 4 2016-17                                      | n/a  |
| Community Crime Prevention Program - upgrade police stations (statewide)       | 3.97  | 2.85                                       | Forest Hill – land acquisition and subcontractor delays experienced, but the project was completed within budget, and the station opened in August 2015. The unspent portion was carried over into 2014-15, however the TEI remained unchanged.   | late 2015  | qtr 3 2014-15                                      | Forest Hill – land acquisition and subcontractor delays experienced, but the project was completed within budget, and the station opened in August 2015. |
| Upgrade Police Stations Stage 2 (various)                                      | 18.17   | 25.40                                      | Program works scheduled for 2014-15 were brought forward.   | mid 2015   | qtr 4 2014-15                                      | n/a  |

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| Project  | Estimated expenditure in 2013-14 (2013-14 budget papers) (\$ million) | Actual expenditure in 2013-14 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure  | Estimated completion date in 2013-14 budget papers | Estimated completion date in 2014-15 budget papers | Explanation for any changes to the estimated completion date   |
|--|---|--|--|--|--|--|
| High security and management prisoners (Barwon)  | 8.7   | 1.88                                       | The Treasurer approved a budget re-cashflow of \$8.0 million into 2014-15. The location of the project at a high security prison required extensive consultation on operational design, resulting in a tender phase commencing in 2014-15. However, an accelerated program resulted in expenditure exceeding the revised 2013-14 \$700,000 budget.   | mid 2016   | qtr 4 2015-16                                      | The 2013-14 and 2014-15 Budget Paper No. 4 (BP4) dates were for practical completion. The estimated Financial Completion date published in BP4 was June 2016.  |
| Police Station infrastructure to accommodate 1 700 Frontline Police and 940 Protective Services officers - asset enhancement (statewide) | 39.8  | 28.83                                      | The funding of \$39.8m in 2013-14 included an allocation by DTF of \$10.0m which was scheduled to be incurred in 2014-15. This \$10.0m was carried over into 2014-15.  | late 2014  | qtr 2 2014-15                                      | Works were completed in June 2015.   |
| Increase prison capacity (statewide)   | tbc   | 119.6                                      | In the 2013-14 Budget Paper No. 4, the estimated spend was not published. It stated 'tbc', along with the footnote - 'The expenditure for this project is not disclosed to ensure that the government is able to achieve the best outcome from the market and accordingly, the best value for money for Victorians.'<br><br>Note: The 2013-14 Budget Paper No. 4 published Asset Initiative Total Estimated Investment (TEI) of \$670.41 million included budget funding for the New Male Prison 500 beds and also for the delivery of an additional 752 prison beds across the state. | late 2017  | qtr 2 2017-18                                      | The 2013-14 Budget Paper No. 4 stated the estimated practical completion date of late 2017, The forecast Financial Completion date at the time was June 2018.<br><br>The 2014-15 Budget Paper No. 4 date of qtr 2 2017-18 reflected the forecast Commercial Acceptance date.<br><br>Amended forecast completion date of qtr 2 2017-18 in the 2014-15 Budget Paper No.4 reflected the approved change in project scope for the New Male Prison, (announced in September 2013) increasing the number of beds from 500 to 1000. |

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| Project   | Estimated expenditure in 2013-14 (2013-14 budget papers) (\$ million) | Actual expenditure in 2013-14 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2013-14 budget papers | Estimated completion date in 2014-15 budget papers | Explanation for any changes to the estimated completion date  |
|---|---|--|---|--|--|---|
| New and upgraded police stations (statewide)  | 11.07   | 7.92                                       | The underspend in 2013-14 was mainly associated with the Somerville Police Station, where works were delayed to February 2014 due to sub-contractor delays.   | mid 2016   | qtr 4 2014-15                                      | Projects were completed ahead of schedule.<br><br>While it was reported that completion would occur in qtr 4 2014-15 in the 2014-15 Budget Papers (ahead of schedule) construction was subsequently hindered by inclement weather and became operational as of 30 September 2015. |
| Victoria Police Physical Assets Building - Victoria Police Stations Program - Castlemaine Police Station - construction (Castlemaine) | 8.44  | 6.70                                       | Overall, the project was approximately 12 months behind the original program as a consequence of the protracted planning process and VCAT hearing.  | mid 2014   | qtr 1 2014-15                                      | Following the commissioning of communication services, the Castlemaine Police Station reached practical completion in October 2014.   |
| City West Police Complex (Melbourne)  | 10.0  | 13.60                                      | The overspend was due to works progressing ahead of schedule.   | mid 2015   | qtr 4 2014-15                                      | The project reached practical completion in March 2015 and will be financially complete in December 2015.   |
| Bushfire response - emergency services (non-metro various)  | 31.61   | 40.38                                      | Project expenditure was accelerated ahead of schedule to enable completion by November 2014.  | late 2014  | qtr 2 2014-15                                      | Project completed successfully in November 2014.  |
| CFA Station Upgrades and Operational Resourcing (statewide)   | 20.54   | 12.04                                      | Program under expenditure due to delays with issue of planning permits for Eltham, Warrnambool and Portland fire stations and subsequent delays with commencement of building works for these projects. | mid 2015   | qtr 4 2015-16                                      | Project was funded over six years in 2010-11 and is on track to complete in June 2016.  |

| Project                                   | Estimated expenditure in 2013-14 (2013-14 budget papers) (\$ million) | Actual expenditure in 2013-14 (\$ million) | Explanation for any variances greater than $\pm 10$ per cent or \$100 million between estimated and actual expenditure  | Estimated completion date in 2013-14 budget papers | Estimated completion date in 2014-15 budget papers | Explanation for any changes to the estimated completion date |
|---|---|--|---|--|--|--|
| CFA Volunteer Support Package (statewide) | 7.34  | 2.36                                       | Delays in the implementation of the Human Capital Management System (HCMS) as requirements needed to be refined to meet the budget allocation. Completion of the Volunteer Firefighter Mobile Training Infrastructure (hot props) was also delayed to allow for further testing and refining of requirements. | mid 2014   | qtr 4 2014-15                                      | Project completed successfully in June 2015.                 |

| Project   | Estimated expenditure in 2014-15 (2014-15 budget papers) (\$ million) | Actual expenditure in 2014-15 (\$ million)  | Explanation for any variances greater than $\pm 10$ per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2014-15 budget papers | Estimated completion date in 2015-16 budget papers | Explanation for any changes to the estimated completion date   |
|---|---|---|--|--|--|--|
| Office of Public Prosecutions accommodation project (Melbourne) | 2.68  | OPP \$1.032<br>DTF \$0.571<br>Total \$1.603 | <p>The project incorporates DTF's partial base building upgrade and OPP's office refit.</p> <p>The estimated 2014-15 expenditure of \$2.68 million reflected the total of DTF's base building cost and OPP's refurbishment cost estimates.</p> <p>OPP costs were estimated at \$1.440 million and DTF's costs were estimated at \$1.237 million.</p> <p>Actual 2014-15 costs of \$1.603 million were split between construction (\$1.235 million) and consultancy fees</p> | qtr 2 2015-16                                      | qtr 4 2015-16                                      | <p>The original completion date was subsequently revised for the 2015-16 Budget Papers by DTF (the project managers) to align with the revised works program.</p> <p>The scope of the project now includes (within the original funding envelope):</p> <ul style="list-style-type: none"> <li>• in-fill of the undercroft area; and</li> <li>• refurbishment of Level 7, 565 Lonsdale St.</li> </ul> |

| Project   | Estimated expenditure in 2014-15 (2014-15 budget papers) (\$ million) | Actual expenditure in 2014-15 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2014-15 budget papers | Estimated completion date in 2015-16 budget papers | Explanation for any changes to the estimated completion date  |
|---|---|--|---|--|--|---|
|   |   |  | <p>(\$0.368 million).</p> <p>The 2014-15 underspend reflects delays in progress owing to the complexities of an integrated base building and tenancy fit-out project.</p> <p>It should be further noted that the original 2014-15 estimated TEI of \$11.239m included the DTF TEI component of \$6.019m.</p> <p>The 2015-16 budget papers now reflect the OPP TEI of \$5.220m for the project, as the DTF TEI has been rolled into DTF's Other Capital Expenditure.</p> <p>(Please refer 2015-16 State Capital Program, Budget Paper 4, pp 46, 47, and 50).</p> |  |  |   |
| Victoria Police Mounted Branch relocation project (Attwood)                     | 3.2   | 2.12                                       | Project underspend due to minor delays experienced. Design and Construct contract has been awarded and works have commenced.  | qtr 4 2016-17                                      | qtr 1 2016-17                                      | Project works have commenced and are anticipated to be completed ahead of schedule.   |
| Building confidence in corrections - construction/asset enhancement (statewide) | 17.03   | 7.41                                       | Continuing project complexities on the Hopkins Correctional Centre Expansion Project and the associated reduced spending profile resulted in a \$9.62 million under-expenditure, as the private sector consortium had not finalised the planned and minor modifications.  | qtr 2 2014-15                                      | qtr 1 2015-16                                      | <p>The 2014-15 and 2015-16 Budget Paper No. 4 dates were for forecast commercial acceptance.</p> <p>The change in estimated commercial acceptance date from qtr 2 2014-15 to qtr 1 2015-16 reflected the alignment with the revised forecast Stage 2 commercial acceptance date of August 2015.</p> |

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| Project   | Estimated expenditure in 2014-15 (2014-15 budget papers) (\$ million) | Actual expenditure in 2014-15 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2014-15 budget papers | Estimated completion date in 2015-16 budget papers | Explanation for any changes to the estimated completion date   |
|---|---|--|---|--|--|--|
| Infringement Management and Enforcement Services - enhancement/ equipment (statewide) | 15.76   | (9.3)                                      | The contracted supplier could not deliver the asset.<br><br>The State and the original supplier agreed (through a legal deed of settlement) to terminate the contract.<br><br>As part of the settlement the supplier refunded \$9.3m.   | qtr 2<br>2014-15                                   | qtr 4 2015-16                                      | The estimated completion date was extended as the original supplier was unable to deliver the contracted asset.<br><br>Currently, the Department of Justice and Regulation is finalising the system specifications in order to issue a new Request for Tender to develop the Infringement Management and Enforcement Services – enhancement / equipment (statewide) asset. |
| Prison capacity expansion (statewide)   | 36.6  | 31.88                                      | \$4 million budget was reprioritised as part of the 2015-16 Expenditure Review Sub-Committee approved Critical Infrastructure and Services Asset Initiative, reducing the 2014-15 budget to \$32.59 million.<br><br>Variance to the adjusted budget was less than 10 per cent.      | qtr 1<br>2015-16                                   | qtr 4 2015-16                                      | The forecast practical completion dates were not adjusted to reflect the revised budget. With the approved re-prioritisation, the initiative's minor residual budget was fully expended by August 2015, resulting in the asset initiative being practically and financially completed within qtr 1 2015-16.  |
| Increase prison capacity (statewide)  | 69.88   | 34.66                                      | The 2014-15 mid year Budget update recashflow request was approved by the Treasurer, reducing the 2014-15 approved budget to \$32.98m. Actual expenditure was < 10% variance to budget. Overspend is mainly associated with rock issues at the Marngoneet/Karreenga Annexe project. | qtr 2<br>2017-18                                   | qtr 2 2017-18                                      | No change. The 2014-15 and 2015-16 Budget Paper No. 4 dates were the forecast practical completion dates.  |
| High security and management prisoners  | 20.68   | 11.75                                      | The Treasurer approved mid-year budget recashflow into 2015-16 and  | qtr 4<br>2015-16                                   | qtr 4 2015-16                                      | No change. The 2014-15 and 2015-16 Budget Paper No. 4 dates were   |

| Project  | Estimated expenditure in 2014-15 (2014-15 budget papers) (\$ million) | Actual expenditure in 2014-15 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2014-15 budget papers | Estimated completion date in 2015-16 budget papers | Explanation for any changes to the estimated completion date |
|--|---|--|---|--|--|--|
| (Barwon)   |   |  | reduced the 2014-15 annual budget to align with the project's revised \$9.5 million estimated expenditure at the time. That revised budget was overspent in 2014-15, due to the unexpectedly higher costs associated with meeting the requirements of the Commonwealth's <i>Environment Protection and Biodiversity Conservation Act, 1999</i> , final payment for the land offset cost, the associated consultancy payments and also for the costs incurred for a number of approved project variations. |  |  | the forecast practical completion dates.                     |
| Mobile Camera Replacement Program (statewide)                                  | 3.63  | 0.0  | No funds have been spent as the project is undergoing an extended tender evaluation process involving potential solutions available through additional suppliers.<br><br>The evaluation includes a comprehensive testing phase, which can take up to 12 months.   | qtr 4 2016-17                                      | qtr 4 2016-17                                      | n/a  |
| Reforming the collection and enforcement of legal debt in Victoria (statewide) | 5.0   | 3.2  | Expenditure is lower than expected as this project was originally critically dependent on the delivery of the IMES – enhancement / equipment (statewide) asset project which has been delayed.<br><br>Nonetheless, expenditure to date in 2014-15 reflects a revised approach that will concurrently develop tender specifications for a modular solution   | qtr 4 2016-17                                      | qtr 4 2016-17                                      | n/a  |

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| Project  | Estimated expenditure in 2014-15 (2014-15 budget papers) (\$ million) | Actual expenditure in 2014-15 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2014-15 budget papers | Estimated completion date in 2015-16 budget papers | Explanation for any changes to the estimated completion date  |
|--|---|--|---|--|--|---|
|  |   |  | that can be integrated with the new IMES – enhancement / equipment (statewide) asset system.  |  |  |   |
| Corrections system expansion (statewide)                           | 47.35   | 7.58                                       | The Treasurer approved a recashflow reducing the 2014-15 budget to the revised estimated expenditure of \$7.47 million. A further \$22.4 million was re-prioritised to the Critical Infrastructure and Services asset initiative, as part of the 2015-16 Expenditure Review Sub-Committee submission. There was no material variance to the revised budget. | qtr 4 2016-17                                      | qtr 4 2016-17                                      | n/a   |
| State Coronial Services redevelopment (statewide)                  | 12.66   | 20.30                                      | The negotiated commercial settlement with the builder re-base lined the project cost and schedule. The majority of the settlement costs were paid in 2014-15 and the balance will be spent in 2015-16.  | qtr 2 2014-15                                      | qtr 2 2015-16                                      | The 2014-15 and 2015-16 Budget Paper No. 4 dates were for forecast practical completion.<br><br>The forecast completion date changed from qtr 2 2014-15 to qtr 2 2015-16, as a result of the negotiated commercial settlement, which also re-base lined the project schedule. |
| Police Information Process and Practice Reform program (statewide) | 8.35  | 1.56                                       | Project spend has been delayed to 2015-16 due to recruitment difficulties and lengthy procurement processes resulting in the deferral of mobility solutions architectural work.   | qtr 4 2014-15                                      | qtr 4 2015-16                                      | Project has been delayed into 2015-16 due to recruitment difficulties and lengthy procurement processes resulting in the deferral of mobility solutions architectural work.   |
| Echuca Police Station replacement (Echuca)                         | 0.6   | 0.64                                       | n/a   | qtr 1 2016-17                                      | qtr 2 2016-17                                      | The site is in an inundation zone (flood risk). Substructure works have been more complex than initially anticipated.   |

| Project  | Estimated expenditure in 2014-15 (2014-15 budget papers) (\$ million) | Actual expenditure in 2014-15 (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million between estimated and actual expenditure   | Estimated completion date in 2014-15 budget papers | Estimated completion date in 2015-16 budget papers | Explanation for any changes to the estimated completion date   |
|--|---|--|---|--|--|--|
| Replacement of respiratory protection equipment (statewide)          | 7.03  | 0.065                                      | There has been a delay in contract establishment due to extensive stakeholder and union engagement.   | qtr 4 2016-17                                      | qtr 4 2016-17                                      | n/a  |
| Southern metro region and Seymour projects (Dandenong and Seymour)   | 8.75  | 8.08                                       | n/a   | qtr 4 2014-15                                      | qtr 4 2015-16                                      | Remaining project - Carrum Downs Fire Station Build Project is planned for completion in Q4 2015-16.   |
| CFA Station Upgrades and Operational Resourcing (statewide)          | 18.52   | 12.61                                      | Program under expenditure is due to the termination of Springvale fire station building contract and delays with commencement of building works at Warrandyte South.<br><br>All remaining program funds to remain with Springvale Fire Station Build. | qtr 4 2015-16                                      | qtr 4 2015-16                                      | All projects with the exception of Springvale fire station will be completed by Q4 2015-16. The completion of the Springvale Land acquisition may only be concluded by Q4 2015-16. |
| Bushfire response - emergency services - Stage 3 (non-metro various) | 19.66   | 16.05                                      | CFA identified savings at the completion of Stage 3 and proposed a further 18 stations for build or upgrades. This final tranche of stations was approved by the Minister in March 2015 and are expected to be completed by June 2016.                | qtr 2 2014-15                                      | qtr 4 2015-16                                      | An additional 18 stations were identified for new or upgraded facilities, the estimated completion date for this final tranche is June 2016.                                       |

**Question 5**

Please provide the following details for all of the asset projects listed below, which were expected to be completed in 2013-14 or 2014-15:

| Project   | TEI in the 2013-14 or 2014-15 budget papers (\$ million) | Total actual investment (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million                           | Impact of any variances | Estimated completion date | Actual completion date | Explanation for any variance in completion date   |
|---|--|--------------------------------------|--|-------------------------|---------------------------|------------------------|---|
| Emergency services communications – asset enhancement (statewide) | 8.5  | Not complete                         | The project is not complete, it is forecast that all funds will be expended by the end of 2015-16. | n/a                     | mid 2014                  | Not complete           | Project delivery was scheduled over two years with architecture design and procurement to be undertaken in first year of funding. Delays in releasing the tender have resulted in most of the funding being forecast for expenditure in 2015-16.<br><br>Forecast practical completion Q3 2015-16  |
| Increased prison capacity (statewide)                             | 10.18  | 10.18                                | n/a  | n/a                     | mid 2014                  | June 2014              | The estimated and actual completion dates refer to financial completion.<br><br>The dates refer to the full expenditure of the funding that was re-directed to the Increase Prison Capacity initiative, rather than a financial completion of the Increase Prison Capacity asset initiative (reported separately in 2013-14 Budget Paper No. 4 with a TEI of \$670.41 million). |

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| Project   | TEI in the 2013-14 or 2014-15 budget papers (\$ million) | Total actual investment (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million  | Impact of any variances  | Estimated completion date | Actual completion date               | Explanation for any variance in completion date  |
|---|--|--------------------------------------|---|--|---------------------------|--------------------------------------|--|
|   |  |                                      |   |  |                           |                                      | Note the 2013-14 Budget Paper No. 4 footnote: 'The capital funding for this new initiative is from efficiencies achieved through market negotiations'. |
| Upgrade to the Victoria Police Academy (statewide)                                    | 15.35  | 15.63                                | n/a   | n/a  | mid 2014                  | qtr 4 2013-14                        | n/a  |
| Location based telephone solution integration (statewide)                             | 26.2   | 41.51                                | The Commonwealth initially provided \$26.2 million, followed by an additional \$7 million, totalling \$33.2 million of Commonwealth funding. A further \$8.31 million was provided by the Victorian State government. | Additional funds were required to meet the costs of Optus and Vodafone, whose quotations to undertake their portion of LBS, was higher than anticipated. | mid 2014                  | Practical completion in October 2013 | Project achieved practical completion in October 2013, ahead of the original schedule.   |
| Responding to increased demand for men's prison accommodation – new asset (Melbourne) | 28   | 28.0                                 | n/a   | n/a  | mid 2014                  | June 2014                            | n/a  |
| CFA Crew Protection Program (statewide)   | 22.1   | 22.52                                | n/a   | n/a  | mid 2014                  | June 2014                            | Project successfully completed.  |
| Bushfire response – emergency services – stage 2 (non-metro)                          | 33.92  | 33.83                                | The underspend for Stage 2 has Ministerial approval for use in Stage 3.   | n/a  | mid 2014                  | June 2014                            | Project successfully completed.  |

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| Project   | TEI in the 2013-14 or 2014-15 budget papers (\$ million) | Total actual investment (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million  | Impact of any variances  | Estimated completion date | Actual completion date | Explanation for any variance in completion date   |
|---|--|--------------------------------------|---|--|---------------------------|------------------------|---|
| various)  |  |                                      |   |  |                           |                        |   |
| Bushfire response – emergency services – stage 1 (statewide)                                  | 62.7   | 50.92                                | The underspend for Stage 1 has approval for use in Stage 3.   | Stages 1-3A were completed within budget. The availability of surplus funding from 1, 2 and 3A enabled the Minister to approve the continuation of the program for the delivery of an additional 18 rural station projects for completion by end of 2015-16. | mid 2014                  | June 2014              | Project successfully completed.   |
| Station alteration and major maintenance 2013-14 (metro various)                              | 10.37  | 1.14                                 | This is an internally funded MFB annual program. A number of stations within this program were either delayed or reprioritised to future years. | Six 'Half-Life Refit' projects were revised to commence in 2014-15 and 2015-16 under new programs.   | mid 2014                  | June 14                | Program complete with six stations to commence under new programs in future years.                    |
| Future of operational learning and development training facility – construction (Craigieburn) | 91.27  | 87.63                                | n/a   | n/a  | late 2013                 | April 2014             | Practical completion achieved in April 2014 following minor building delays and operational sign off. |
| Victoria Police stations program - Castlemaine police station - construction (Castlemaine)    | 12   | 11.86                                | n/a   | n/a  | qtr 1 2014-15             | qtr 2 2014-15          | Delays due to local objections raised in VCAT.  |

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| Project  | TEI in the 2013-14 or 2014-15 budget papers (\$ million) | Total actual investment (\$ million)           | Explanation for any variances greater than ±10 per cent or \$100 million  | Impact of any variances | Estimated completion date | Actual completion date | Explanation for any variance in completion date   |
|--|--|--|---|-------------------------|---------------------------|------------------------|---|
| Police information technology refresh (statewide)                        | 25.94  | 25.80  | n/a   | n/a                     | qtr 4 2013-14             | qtr 4 2014-15          | Delays in procurement of desktops/laptops and multi-function devices.   |
| New and upgraded police stations (statewide)                             | 26.64  | 23.95 (project to date)<br>25.82 estimated TEI | n/a   | n/a                     | qtr 4 2014-15             | qtr 1 2015-16          | Somerville Police Station – the project experienced delays associated with a sub-contractor appointed by the head contractor. |
| Community Crime Prevention Program - upgrade police stations (statewide) | 30.15  | 26.04 (project to date)<br>27.38 estimated TEI | n/a   | n/a                     | qtr 3 2014-15             | qtr 1 2015-16          | Forest Hill – land acquisition and subcontractor delays experienced. Station opened in August 2015.                           |
| Upgrade police stations stage 2 (various)                                | 47.71  | 41.10 (project to date)<br>43.81 estimated TEI | Change to TEI from \$47.71 million to \$46.51 million after \$1.2 million transferred from Additions to Net Asset Base (ATNAB) to Output, which has been approved by the Treasurer to account for non-capitalisable costs associated with the project.<br><br>The remaining balance is due to an underspend arising from land acquisition for the Operational Safety and Tactics Training facility. | n/a                     | qtr 4 2014-15             | qtr 3 2014-15          | Project was operational ahead of estimated completion date.   |
| Police Station infrastructure to accommodate 1 700                       | 48.72  | 41.61 (project to                              | Change to the TEI amount of \$48.72 million after a section 30 transfer of \$4.67 million from  | n/a                     | qtr 2 2014-15             | qtr 4 2014-15          | 78 projects were completed on time. Epping and Ringwood   |

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| Project   | TEI in the 2013-14 or 2014-15 budget papers (\$ million) | Total actual investment (\$ million)           | Explanation for any variances greater than ±10 per cent or \$100 million   | Impact of any variances | Estimated completion date | Actual completion date | Explanation for any variance in completion date  |
|---|--|--|--|-------------------------|---------------------------|------------------------|--|
| frontline police and 940 Protective Services Officers - asset enhancement (statewide) |  | date)<br>44.05 (estimated TEI)                 | ATNAB to Output for non capitalisable costs associated with the project. Accordingly, the TEI amount of \$48.72 million has been revised to \$44.05 million.       |                         |                           |                        | experienced delays due to changes in police operational requirements resulting in re-scoping works.  |
| City West Police complex (Melbourne)  | 69.82  | 65.49 (project to date)<br>68.50 estimated TEI | n/a  | n/a                     | qtr 4 2014- 15            | qtr 2 2015- 16         | Funding carried over into 2015-16 to finalise required activities associated with occupation of the complex by operational units. Project will be financially complete by December 2015.   |
| Base capital fleet upgrade (statewide)  | 11.81  | Not complete                                   | Project substantially complete with the exception of the final prototype vehicle. Delivery has been delayed due to the late arrival of the cab chassis from Japan. | n/a                     | qtr 4 2014- 15            | Not complete           | Final deliverable due in October 2015.   |
| Emergency Services fleet upgrade (statewide)  | 17.24  | 17.24  | n/a  | n/a                     | qtr 4 2014- 15            | June 2015              | Project successfully completed.  |
| Country Fire Authority Volunteer Support Package (statewide)                          | 17.24  | 15.85  | \$1.16 million carried forward to 2015-16 for the Off Road Driver Training Program to be completed outside of the scope of the project.                            | n/a                     | qtr 4 2014- 15            | June 2015              | Project was successfully completed in June 2015 following agreement for the Off Road Driver Training Program to be completed under 'Business As Usual'. This delay was due to pending environmental impact assessments which were completed in |

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| Project | TEI in the 2013-14 or 2014-15 budget papers (\$ million) | Total actual investment (\$ million) | Explanation for any variances greater than ±10 per cent or \$100 million | Impact of any variances | Estimated completion date | Actual completion date | Explanation for any variance in completion date                               |
|---------|--|--------------------------------------|--|-------------------------|---------------------------|------------------------|---|
|         |  |                                      |  |                         |                           |                        | May 2015. The project was considered to be at practical completion June 2015. |

### Question 6

Please indicate the amount included in the following line items in your financial statements for 2013-14 and 2014-15 (using the budget portfolio outcomes for departments) which related to payments for commissioned public private partnerships (PPPs).

| Line item  | Amount within this line item reflecting payments for PPPs<br>(\$ million) |         |
|--|---|---------|
|  | 2013-14   | 2014-15 |
| <i>Operating statement</i>                         |   |         |
| Interest expense                                   | 31.3  | 21.2    |
| 'Other operating expenses'                         | 152.7   | 156.2   |
| Other line items within expenses from transactions | 0.0   | 0.0     |
| <i>Cash flow statement</i>                         |   |         |
| Payments to suppliers and employees                | 152.7   | 156.2   |
| Interest and other costs of finance paid           | 31.3  | 21.2    |
| Repayment of finance leases                        | 19.4  | 11.9    |
| Other line items in the cash flow statement        | 0.0   | 0.0     |
| <i>Administered items statement</i>                |   |         |
| Expenses on behalf of the State                    | 0.0   | 0.0     |
| Interest and depreciation expense                  | 0.0   | 0.0     |
| Other line items within 'administered expenses'    | 0.0   | 0.0     |

**Question 7**

Regarding the ‘net cash flows from investments in financial assets for policy purposes’ in the general government sector cash flow statement for 2013-14 and 2014-15, please provide the following details about any sources of cash inflows and cash outflows included in that line item which are connected with your department or its controlled entities:

- (a) the project related to the cash flow (using the same project names as are used in Budget Paper No.4 where possible)
- (b) the initial budget estimate (**not** the revised estimate) for cash flow in 2013-14 and 2014-15; and
- (c) the actual cash flow in 2013-14 and 2014-15.

**Cash inflows**

| Project | Estimated cash inflow in 2013-14<br>(\$ million)  | Actual cash inflow in 2013-14<br>(\$ million) | Estimated cash inflow in 2014-15<br>(\$ million)  | Actual cash inflow in 2014-15<br>(\$ million)     |
|---------|---|---|---|---|
|         | The cash flow for 'investment in financial assets for policy purposes' (inflows and outflows) are estimated by DTF. | \$0   | The cash flow for 'investment in financial assets for policy purposes' (inflows and outflows) are estimated by DTF. | The 2014-15 actual is yet to be published by DTF. |

**Cash outflows**

| Project | Estimated cash outflow in 2013-14<br>(\$ million)   | Actual cash outflow in 2013-14<br>(\$ million) | Estimated cash outflow in 2014-15<br>(\$ million)   | Actual cash outflow in 2014-15<br>(\$ million)    |
|---------|---|--|---|---|
|         | The cash flow for 'investment in financial assets for policy purposes' (inflows and outflows) are estimated by DTF. | \$0  | The cash flow for 'investment in financial assets for policy purposes' (inflows and outflows) are estimated by DTF. | The 2014-15 actual is yet to be published by DTF. |

**Question 8**

Regarding the ‘net cash flows from investments in financial assets for policy purposes’ in the State of Victoria cash flow statement for 2013-14 and 2014-15, please provide the following details about any sources of cash inflows and cash outflows included in that line item which are connected with your department or its controlled entities:

- (a) the project related to the cash flow (using the same project names as are used in Budget Paper No.4 where possible)
- (b) the initial budget estimate (**not** the revised estimate) cash flow in 2013-14 and 2014-15; and
- (c) the actual cash flow in 2013-14 and 2014-15.

**Cash inflows**

The cash flow for 'investment in financial assets for policy purposes' in the State of Victoria (inflows and outflows) are estimated by DTF only at the NET level. As such, the actuals have been reflected at the net level for comparative purposes.

| Project                            | Estimated cash inflow in 2013-14<br>(\$ million) | Actual cash inflow in 2013-14<br>(\$ million) | Estimated cash inflow in 2014-15<br>(\$ million) | Actual cash inflow in 2014-15<br>(\$ million)     |
|------------------------------------|--|---|--|---|
| Immaterial to split by BP4 project | (\$0.6)  | (\$0.7)                                       | (\$0.1)  | The 2014-15 actual is yet to be published by DTF. |

**Cash outflows**

| Project | Estimated cash outflow in 2013-14<br>(\$ million) | Actual cash outflow in 2013-14<br>(\$ million) | Estimated cash outflow in 2014-15<br>(\$ million) | Actual cash outflow in 2014-15<br>(\$ million) |
|---------|---|--|---|--|
| n/a     |   |  |   |  |

**Question 9 (Department of Treasury and Finance only)**

This question does not apply to your department.

**SECTION B: Asset investment (non-departments only)**

***Question 10***

This question does not apply to your department.

***Question 11***

This question does not apply to your department.

## SECTION C: Revenue and appropriations

### Question 12

Please explain any variances greater than  $\pm 10$  per cent or \$100 million between the prior year's actual result and the actual result for 2013-14 and 2014-15 for each revenue/income category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue impacted on service delivery.

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

If there were no revenue/income categories for your department/agency for which the 2013-14 and 2014-15 expenditure varied from the prior year's expenditure by more than  $\pm 10$  per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

| Revenue category      | 2012-13 actual<br>(\$ million) | 2013-14 actual<br>(\$ million) | Explanations for variances greater than $\pm 10$ per cent or \$100 million  | How the additional revenue was used/the impact of reduced revenue  |
|-----------------------|--------------------------------|--------------------------------|---|--|
| Output appropriations | 4,157.67                       | 5,093.64                       | The variance is mostly due to an increase in grant payments to the Country Fire Authority and the Metropolitan Fire & Emergency Services Board. The department receives these grants in the form of output appropriation. The increase is due to the change from the Fire Services Levy (previously funded directly to fire agencies from the insurance industry) to the Fire Services Property Levy now funded via appropriation to the department.  | The appropriation increase had no impact on the department as it is directly passed on to the fire agencies and replaced the old insurance based Fire Services Levy. |
| Interest              | 66.32                          | 56.72                          | The decrease predominantly relates to the Victorian Property Fund and is mainly due to the change in the department's investment profile. From 2013-14, funds were invested in various asset classes namely equities, fixed interest and property trusts, as opposed to only fixed interest investments. The returns from these investments fall under the "Other income" category. The gains from the diversified investments more than offset the reduction in interest from Treasury Corporation Victoria (TCV). | Due to the change in the investment strategy, there was reduced revenue being earned through interest but conversely gains were increased through other income.      |

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| Revenue category   | 2012-13 actual<br>(\$ million) | 2013-14 actual<br>(\$ million) | Explanations for variances greater than $\pm 10$ per cent or \$100 million  | How the additional revenue was used/the impact of reduced revenue   |
|--|--------------------------------|--------------------------------|---|---|
| Grants   | 48.81                          | 54.09                          | The increase in grant income is predominantly due to the Victorian Responsible Gambling Foundation. 2012-13 was the first year of the Foundation's establishment with reviews of services and programs undertaken. 2013-14 was a year where the outcomes and associated commencement of implementation of these reviews drove increased expenditure and the draw-down of the full year's grant revenue. | The revenue draw-down covered the cost of activity for the year.  |
| Fair value of assets and services received free of charge or for nominal consideration | 36.99                          | 14.87                          | The reduction over the two years is due to a lower number of communication towers transferred to the department from the Emergency Services Telecommunications Authority.   | No impact on services as the amount just reflects a transfer of existing assets between two Justice portfolio entities.                                   |
| Other income   | 18.85                          | 31.66                          | Predominately due to the increase in dividends received from the managed investment schemes (due to the changes in the department's investment strategy - see above commentary in revenue category ' interest') and increased revenue from increased Residential Tenancy, Owners Corporation and Estate Agent Fees.   | All additional revenue was redistributed within the Consumer Affairs Victoria trust funds and was used to bolster the working capital of the trust funds. |

| Revenue category       | 2013-14 actual<br>(\$ million) | 2014-15 actual<br>(\$ million) | Explanations for variances greater than $\pm 10$ per cent or \$100 million   | How the additional revenue was used/the impact of reduced revenue      |
|------------------------|--------------------------------|--------------------------------|--|--|
| Special appropriations | 133.54                         | 49.17                          | The decrease in special appropriations is mainly due to the separation of Court Services Victoria as of 1 July 2014 and the impact of the Machinery of Government changes taking effect 1 January 2015. The Victorian Electoral Commission has now transferred to the Department of Premier and Cabinet. | No impact as the reduction was due to Machinery of Government changes. |

| Revenue category   | 2013-14 actual<br>(\$ million) | 2014-15 actual<br>(\$ million) | Explanations for variances greater than ±10 per cent or \$100 million   | How the additional revenue was used/the impact of reduced revenue   |
|--|--------------------------------|--------------------------------|---|---|
| Sales of goods and services  | 15.64                          | 18.80                          | <p>The increase is predominantly due to increased revenue received by the Victorian Institute of Forensic Medicine (VIFM) for:</p> <ul style="list-style-type: none"> <li>- A new government initiative with Victoria Police, to increase Roadside Drug testing, provided funding to VIFM to purchase additional toxicology equipment</li> <li>- tissue distribution for the Donor Tissue Bank of Victoria</li> <li>- funding for international programs offsetting associated cost which includes training programs, opinion work and our assistance for victim identification in the MH17 disaster</li> <li>- cost recovery from Monash University for the provision of services</li> </ul> | The additional revenue was used by VIFM to provide drug testing services, donor tissue distribution and victim identification services.                   |
| Fair value of assets and services received free of charge or for nominal consideration | 14.87                          | 8.70                           | The reduction over the two years is due to a lower number of communication towers transferred to the department from the Emergency Services Telecommunications Authority.   | No impact on services as the amount just reflects a transfer of existing assets between two Justice portfolio entities.                                   |
| Other income   | 31.66                          | 37.28                          | The increase is predominantly due to an increase in dividend received from the managed investment schemes. There was also an increase in conveyance and domestic builders' application fees.  | All additional revenue was redistributed within the Consumer Affairs Victoria trust funds and was used to bolster the working capital of the trust funds. |

**Question 13**

Please explain any variances greater than ±10 per cent or \$100 million between the initial budget estimate (**not** the revised estimate) and the actual result for 2013-14 and 2014-15 for each revenue/income category detailed in your operating statement. Please also identify any actions taken in response to the variations, either to mitigate or take advantage of the impact.

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

If there were no revenue/income categories for your department/agency for which the 2013-14 and 2014-15 expenditure varied from the initial budget estimate by more than ±10 per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate ‘no relevant line items’ in the table(s) below.

| Revenue category   | 2013-14 budget estimate<br>(\$ million) | 2013-14 actual<br>(\$ million) | Explanations for variances greater than ±10 per cent or \$100 million  | Actions taken in response   |
|--|---|--------------------------------|--|---|
| Fair value of assets and services received free of charge or for nominal consideration | 0                                       | 14.9                           | This relates to the communication towers transferred to the department from the Emergency Services Telecommunications Authority. The department does not budget for these transfers.   | Due to favourable outcome, there was no action taken. The department receives ESTA assets every year free of charge however the transferring amount is unknown in advance therefore no budget can be allocated. |
| Other income   | 11.5                                    | 31.7                           | The higher than budgeted income is mainly due to:<br>-Increase in dividends received from the managed investment schemes (due to the changes in the department’s investment strategy)<br>-Increased revenue from Residential Tenancy, Owners Corporation and Estate Agent Fees<br>- Donations and Sponsorship receipts received by State Emergency Services. | Due to favourable outcome, no action taken.   |

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| Revenue category            | 2013-14 budget estimate<br>(\$ million) | 2013-14 actual<br>(\$ million) | Explanations for variances greater than ±10 per cent or \$100 million  | Actions taken in response  |
|-----------------------------|---|--------------------------------|--|--|
| Output Appropriations       | 5,233.8                                 | 5,130.0                        | The variance was mainly due to carryover and recashflow from 2014-15 into 2015-16 which were finalised late in the financial cycle. Adding to the variance is the six entities that transferred to the Department of Premier and Cabinet (DPC) on 1 January 2015 as part of the Machinery of Government changes. These entities were included in the 2014-15 Budget.   | No action was taken. Carryover and recashflow are part of departmental year end process.<br><br>To address the impact of the six entities transferring to DPC, the future estimates have been adjusted to reflect this change. |
| Special Appropriations      | 73.8                                    | 49.2                           | The variance was mainly due to the transfer of the Victorian Electoral Commission to the DPC as a result of Machinery of Government changes effective from 1 January 2015.   | This was an unforeseen circumstance however the future estimates have been adjusted for the transfers.   |
| Sales of goods and services | 16.6                                    | 18.8                           | The revenue for sales of services included exchange of criminal history checks for Working with Children Trust and museum shop sales which were not budgeted for in Victoria Police.<br><br>Also driving the increase is additional revenue received by the Victorian Institute of Forensic Medicine for:<br>- A new government initiative with Victoria Police to increase Roadside Drug testing provided funding to VIFM to purchase additional toxicology equipment<br>- tissue distribution for the Donor Tissue Bank of Victoria<br>- funding for international programs offsetting associated cost which includes training programs, opinion work and our assistance for victim identification in the MH17 disaster<br>- cost recovery from Monash University for the provision of services. | Estimates have been reviewed and adjusted in 2015-16.  |
| Grants                      | 48.7                                    | 58.3                           | Higher grant receipts were due to additional payments from the Transport Accident Commission (TAC) in relation to the drug testing program in Victoria Police and unbudgeted contributions from other jurisdictions to facilitate the Australian Online Gambling Counselling and Support Program in the Victorian Responsible Gambling Foundation trust fund.  | Due to favourable outcome, no action taken.  |
| Fair value of assets and    | 0                                       | 8.70                           | This relates to the communication towers transferred to the department from the Emergency Services   | Due to favourable outcome, there was no action taken. The department receives ESTA assets every year free of charge  |

| Revenue category  | 2013-14 budget estimate<br>(\$ million) | 2013-14 actual<br>(\$ million) | Explanations for variances greater than ±10 per cent or \$100 million  | Actions taken in response  |
|---|---|--------------------------------|--|--|
| services received free of charge or for nominal consideration |   |                                | Telecommunications Authority. The department does not budget for these transfers.  | however the transferring amount is unknown in advance therefore no budget can be allocated.  |
| Other income  | 11.5                                    | 37.3                           | The higher than budgeted income is mainly due to:<br>-Increase in dividends received from the managed investment schemes (due to the changes in the department's investment strategy)<br>-Increased revenue from Residential Tenancy, Owners Corporation and Estate Agent Fees<br>- Donations and Sponsorship receipts received by State Emergency Services. | The department has since updated the future years budgets. Since most of the items that form part of the variance are outside the department's control, the department can only estimate on the basis of revenue received in the past years. |

**Question 14 (departments only)**

Please provide a break-down of the Department's income from transactions (as calculated for the Department's comprehensive operating statement in the departmental financial statements in Budget Paper No.5 and in the budget portfolio outcomes in the annual report) into the following sources. If the variance between any budget and actual exceeds ±10 per cent or \$100.0 million, please provide reasons for the variance. Part of the table has been pre-filled from the 2014-15 budget papers – please fill all blank spaces.

|                       | 2013-14 initial budget estimate<br>(\$ million) | 2013-14 actual<br>(\$ million) | Explanation for variances greater than ± 10 per cent |
|-----------------------|---|--------------------------------|--|
| Output appropriations | 5114.8  | 5,093.7                        | Less than 10 per cent                                |

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|   | <b>2013-14 initial<br/>budget estimate</b> | <b>2013-14 actual</b> | <b>Explanation for variances greater than ± 10 per cent</b>   |
|---|--|-----------------------|---|
|   | <b>(\$ million)</b>                        | <b>(\$ million)</b>   |   |
| Special appropriations                                | 142.9                                      | 133.5                 | Less than 10 per cent   |
| Trust funds   | 144.3                                      | 147.3                 | Less than 10 per cent   |
| Funds received and held<br>outside the Public Account | 0  | 0                     | n/a   |
| Other (please specify)                                | 3.38                                       | 25.7                  | This mainly relates to towers transferred free of charge from Emergency Services Telecommunication Authority to the Department of Justice and Regulation. |
| <b>Total income from transactions</b>                 | <b>5,405.4</b>                             | <b>5,400.2</b>        | n/a   |

|  | 2014-15 initial<br>budget estimate<br>(\$ million) | 2014-15 actual<br>(\$ million) | Explanation for variances greater than $\pm 10$ per cent   |
|--|--|--------------------------------|--|
| Output appropriations                              | 5,233.8  | 5,130.0                        | The variance is mainly due to carryovers and recashflows from 2014-15 into 2015-16 which are finalised late in the financial cycle. Adding to the variance is the six entities that transferred to the Department of Premier and Cabinet on 1 January 2015 as part of the Machinery of Government changes. These entities were included in the 2014-15 Budget.   |
| Special appropriations                             | 73.8   | 49.2                           | The variance was mainly due to transfer of Victorian Electoral Commission to the Department of Premier and Cabinet as a result of Machinery of Government changes effective from 1 January 2015.   |
| Trust funds  | 140.8  | 172.3                          | The variance in trust revenue is mainly in the Victorian Property Fund (VPF) and Residential Tenancies Fund (RTF) and is due to higher than budgeted investment returns. Due to the nature of the investments (Australian equities, Fixed Investment Trust and Property Trust), it is difficult to budget for the investment returns. They are driven by market sentiment and can fluctuate from month to month. The higher than budgeted returns is mainly driven by distributions from equity trusts which performed better than expected in the 2014-15 financial year. |
| Funds received and held outside the Public Account | 0.0  | 0.0                            |  |
| Other (please specify)                             | 3.4  | 13.1                           | This mainly relates to towers transferred free of charge from Emergency Services Telecommunication Authority to Department of Justice and Regulation.  |
| Total income from transactions                     | <b>5,451.8</b>                                     | <b>5,364.5</b>                 |  |

### **Question 15 (departments only)**

Regarding the 'funds received and held outside the Public Account' figures provided in the previous question, please break these down into the most significant funds, quantify the income coming from each fund to the Department in each year and explain the sources and activities providing revenue into these funds.

| Fund  | 2013-14 actual payments from fund to the Department<br>(\$ million) | 2014-15 actual payments from fund to the Department<br>(\$ million) | Sources and activities providing revenue to the fund |
|---|---|---|--|
| Not Applicable – the department does not hold funds outside the public account. |   |   |  |

**Question 16**

Regarding the trust accounts listed in the ‘trust account balances’ note to the financial statements in your entity’s annual report, please identify any accounts from which payments were passed directly to other bodies without being counted in your entity’s comprehensive operating statement. For each relevant account, please identify:

- (a) the value of payments;
- (b) the recipients of the payments; and
- (c) the purpose of the payments.

| Trust account   | Total payments from the account to bodies other than the Department, 2013-14<br>(\$ million) | Recipient of the payment                          | Purpose of the payment  |
|---|--|---|---|
| Asset confiscation office retained monies trust account | 3.05   | DTF   | Forfeited funds transferred to the consolidated fund pursuant to a court order or process under the <i>Confiscation Act 1997</i> .  |
| Asset confiscation office retained monies trust account | 1.68   | Victims   | Court ordered payments under the <i>Sentencing Act 1991</i> made to victims of crime.   |
| Asset confiscation office retained monies trust account | 2.13   | Accused or other parties on behalf of the accused | Court ordered payments to return property to the accused or another person with an interest in the restrained property such as a family member, and court ordered payments to third parties to pay legal costs or other bills |

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| Trust account                                  | Total payments from the account to bodies other than the Department, 2013-14<br>(\$ million) | Recipient of the payment  | Purpose of the payment   |
|--|--|---|--|
|  |  |   | owed by the accused on behalf of the accused.  |
| Courtlink trust account                        | 36.22  | Third parties   | Court ordered payments to third parties.   |
| Public service commuter club                   | 3.02   | Public Transport Development Authority and V/Line Passenger Pty Ltd | Payments made to purchase MYKI and V/Line passes at a discounted price on behalf of employees.                 |
| Treasury trust fund                            | 0.03   | Third parties   | Payments relate to unclaimed monies that have subsequently been claimed by third parties.                      |
| Victorian government solicitor's trust account | 54.74  | Third parties   | Property settlements paid to clients or on behalf of clients for the disposal or acquisition of land/property. |
| Victorian government solicitor's trust account | 38.11  | Third parties   | Legal settlements paid to clients or on behalf of clients as a result of a tort.                               |
| Victorian government solicitor's trust account | \$0.39   | Third parties   | Refund of overpaid monies to clients.  |

Note: The above table excludes payments out of the controlled trusts as they have been counted in the department's comprehensive operating statement. The above table also excludes payments made to the department out of the administered trusts.

| Trust account   | Total payments from the account to bodies other than the Department, 2014-15<br>(\$ million) | Recipient of the payment | Purpose of the payment   |
|---|--|--------------------------|--|
| Asset confiscation office retained monies trust account | \$3.77   | DTF                      | Forfeited funds transferred to the consolidated fund pursuant to a court order or process under the <i>Confiscation Act 1997</i> . |

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| Trust account   | Total payments from the account to bodies other than the Department, 2014-15<br>(\$ million) | Recipient of the payment  | Purpose of the payment  |
|---|--|---|---|
| Asset confiscation office retained monies trust account | \$1.36   | Victims   | Court ordered payments under the <i>Sentencing Act 1991</i> made to victims of crime.   |
| Asset confiscation office retained monies trust account | \$1.21   | Accused or other parties on behalf of the accused                   | Court ordered payments to return property to the accused or another person with an interest in the restrained property such as a family member, and court ordered payments to third parties to pay legal costs or other bills owed by the accused on behalf of the accused. |
| Courtlink trust account                                 | \$1.10   | Court Services Victoria   | Courtlink trust account balance was transferred to Court Services Victoria on 1 July 2014.  |
| Departmental suspense account                           | \$0.52   | Court Services Victoria   | The departmental suspense account balance that related to the Courts was transferred to Court Services Victoria on 1 July 2014.   |
| Public service commuter club                            | \$1.69   | Public Transport Development Authority and V/Line Passenger Pty Ltd | Payments made to purchase MYKI and V/Line passes at a discounted price on behalf of employees.  |
| Treasury trust fund                                     | \$1.63   | DTF   | Unclaimed monies transferred to the consolidated fund after 7 years.  |
| Treasury trust fund                                     | \$0.18   | Third parties   | Payments relate to unclaimed monies that have subsequently been claimed by third parties.   |
| Security account  | \$0.02   | Court Services Victoria   | Security account balance was transferred to Court Services Victoria on 1 July 2014.   |
| Victorian government solicitor's trust account          | \$43.50  | Third parties   | Property settlements paid to clients or on behalf of clients for the disposal or acquisition  |

| Trust account                                  | Total payments from the account to bodies other than the Department, 2014-15<br>(\$ million) | Recipient of the payment | Purpose of the payment   |
|--|--|--------------------------|--|
|  |  |                          | of land/property.  |
| Victorian government solicitor's trust account | \$7.27   | Third parties            | Legal settlements paid to clients or on behalf of clients as a result of a tort. |
| Victorian government solicitor's trust account | \$0.07   | Third parties            | Refund of overpaid monies to clients.  |

Note: The above table excludes payments out of the controlled trusts as they have been counted in the department's comprehensive operating statement. The above table also excludes payments made to the department out of the administered trusts.

## SECTION D: Expenses

### Question 17

Please explain any variances greater than  $\pm 10$  per cent or \$100 million between the prior year's actual result and the actual result for 2013-14 and 2014-15 for each category of expenses detailed in your operating statement. Please also detail the outcomes in the community<sup>2</sup> achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

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

If there were no categories of expenses for your department/agency for which the 2013-14 and 2014-15 expenditure varied from the prior year's expenditure by more than  $\pm 10$  per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

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

| Expenses category          | 2012-13 actual<br>(\$ million) | 2013-14 actual<br>(\$ million) | Explanations for variances greater than $\pm 10$ per cent or \$100 million   | Outcomes achieved by additional expenses/impact of reduced expenses  |
|----------------------------|--------------------------------|--------------------------------|--|--|
| Employee benefits          | 2,469.68                       | 2,581.70                       | The increase predominantly relates to Victoria Police and the increase in salaries and allowances for the growth in Police/PSO numbers under the 1700/940 initiative (578 Police and 471 PSOs) and additional EBA costs.   | Additional Police and PSOs provided for increased crime detection and crime prevention services.                                   |
| Grants and other transfers | 356.72                         | 1,048.14                       | The variance is mostly due to an increase in grant payments to the Country Fire Authority and the Metropolitan Fire & Emergency Services Board. The department receive these grants in the form of output appropriation. The increase is due to the change from the Fire Services Levy (previously funded directly to fire agencies from the insurance industry) to the Fire Services Property Levy now funded via the department. | Passed on to the fire agencies. No real impact as this change substitutes one revenue source for another within the CFA and MFESB. |

| Expenses category | 2013-14 actual<br>(\$ million) | 2014-15 actual<br>(\$ million) | Explanations for variances greater than $\pm 10$ per cent or \$100 million   | Outcomes achieved by additional expenses/impact of reduced expenses |
|-------------------|--------------------------------|--------------------------------|--|---|
| Interest expense  | 35.60                          | 23.74                          | Reduction is mostly related to the transfer of the finance lease for the County Court Victoria and VicFleet Vehicles as per the separation of Court Services Victoria effective 1 July 2014. | No impact.  |

### Question 18

Please explain any variances greater than  $\pm 10$  per cent or \$100 million between the initial budget estimate (**not** the revised budget) and the actual result for 2013-14 and 2014-15 for each category of expenses detailed in your operating statement. Please also detail the outcomes in the community<sup>3</sup> achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

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

If there were no categories of expenses for your department/agency for which the 2013-14 and 2014-15 expenditure varied from the initial budget estimate by more than  $\pm 10$  per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

| Expenses category          | 2013-14 budget estimate<br>(\$ million) | 2013-14 actual<br>(\$ million) | Explanations for variances greater than $\pm 10$ per cent or \$100 million   | Outcomes achieved by additional expenses/impact of reduced expenses  |
|----------------------------|---|--------------------------------|--|--|
| Depreciation               | 178.9                                   | 200.2                          | The department did an appropriation transfer from capital to output for unfunded depreciation expense for Commonwealth funded national emergency alert system and the amortisation of the asset towers transferred from the Emergency Services Telecommunications Authority.   | There was no community impact of additional expense.   |
| Interest expense           | 40.3                                    | 35.6                           | The variance reflects a lower finance charge for VicFleet Motor Vehicles lease due to a lower interest rate in 2013-14 compared to the applicable interest rate when the published budget was issued.  | There was no community impact of reduced expense.  |
| Grants and other transfers | 928.4                                   | 1,048.1                        | The portfolio emergency services organisations had additional costs for the 2013-14 summer fire season, which were not budgeted for in the published budget. The department received this funding as a Treasurer's Advance appropriation. Additionally, the Country Fire Authority did an appropriation transfer from capital to output to fund the depreciation | The additional expense in emergency services organisations assisted the Victorian community in the 2013-14 summer fire season. |

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

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| Expenses category       | 2013-14 budget estimate<br>(\$ million) | 2013-14 actual<br>(\$ million) | Explanations for variances greater than ±10 per cent or \$100 million   | Outcomes achieved by additional expenses/impact of reduced expenses  |
|-------------------------|---|--------------------------------|---|--|
|                         |   |                                | expense.  |  |
| Other operating expense | 1,416.2                                 | 1,283.7                        | The actual expenditure was below target due to funding carried over into 2014-15, recashflows and appropriation transfers throughout the year. Main drivers were delays in completion schedules for the delivery of new beds across the Corrections system, Infringement Management and Enforcement Services system build delays and hearings by the Independent Broadbased Anti-Corruption Commission continuing into 2014-15. | Funding has been recashflowed or carried over into the 2014-15 year. There was no community impact of reduced expense as the department utilised funding in 2014-15 to deliver these activities. |

| Expenses category        | 2014-15 budget estimate<br>(\$ million) | 2014-15 actual<br>(\$ million) | Explanations for variances greater than ±10 per cent or \$100 million   | Outcomes achieved by additional expenses/impact of reduced expenses  |
|--------------------------|---|--------------------------------|---|--|
| Depreciation             | 167.3                                   | 185.2                          | The department did an appropriation transfer from capital to output for unfunded depreciation expense for Commonwealth funded national emergency alert system and the amortisation of the asset towers transferred from the Emergency Services Telecommunications Authority.  | There was no community impact of additional expense.   |
| Interest expense         | 28.8                                    | 23.7                           | Reduction is mostly related to the transfer of the finance lease for the County Court Victoria and VicFleet vehicles as per the separation of Court Services Victoria effective 1 July 2014.  | There was no community impact of reduced expense.  |
| Other operating expenses | 1,461.8                                 | 1,271.0                        | The variance is mainly due to the carryover of funds from 2014-15 into 2015-16, recashflows from 2014-15 into 2015-16 which are finalised late in the financial cycle, Reprioritisation of 2014-15 funds to support the Expanding Community Correctional Services initiative announced in the 2015-16 budget and an ongoing transfer from output to capital for continuous maintenance and replacement of assets across | Funding has been recashflowed or carried over into the 2015-16 year. There was no community impact of reduced expense as the department utilised funding in 2015-16 to deliver these activities. |

| Expenses category | 2014-15 budget estimate<br>(\$ million) | 2014-15 actual<br>(\$ million) | Explanations for variances greater than $\pm 10$ per cent or \$100 million  | Outcomes achieved by additional expenses/impact of reduced expenses |
|-------------------|---|--------------------------------|---|---|
|                   |   |                                | <p>the prisons.</p> <p>Adding to the variance is the six entities that transferred to the Department of Premier and Cabinet on 1 January 2015 as part of the Machinery of Government changes. These entities were included in the 2014-15 Budget.</p> |   |

### Question 19 (departments only)

Please provide the following details about the realisation of expenditure reduction targets in 2013-14 and 2014-15. In providing targets, please provide the cumulative target rather than the change in savings from one year to the next (i.e. provide the target on the same basis as the budget papers). Please provide figures for the Department including its controlled entities.<sup>4</sup>

| Initiative  | Total value of efficiencies/savings expected to be realised from that initiative (\$ million) |   | Explanation for any variances greater than $\pm 10$ per cent between estimated and actual expenditure reductions | How the efficiencies/savings have been achieved (i.e. what measures or changes have been introduced)  |
|---|---|---|--|---|
|   | in 2013-14  | in 2014-15  |  |   |
| Government election commitment savings (2011-12 Budget) | \$22.4 million - Department<br>\$16.4 million - Victoria Police                               | \$23.0 million - Department<br>\$16.7 million - Victoria Police | Nil variance   | <p>Savings target departmental administrative costs and include, where applicable, reduced use of consultants and lower growth in supplies and consumables.</p> <p>The department has reduced the budget available to business units in line with the savings targets detailed in the 2011-12 Budget.</p> |

<sup>4</sup> That is, please provide this information for the Department on the same basis of consolidation as is used in the budget papers.

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| Initiative  | Total value of efficiencies/savings expected to be realised from that initiative (\$ million) |   | Explanation for any variances greater than ±10 per cent between estimated and actual expenditure reductions | How the efficiencies/savings have been achieved (i.e. what measures or changes have been introduced)  |
|---|---|---|---|---|
|   | in 2013-14  | in 2014-15  |   |   |
| Measures to offset the GST reduction (2011-12 Budget)           | \$12.1 million - Department<br>\$9.9 million - Victoria Police                                | \$12.1 million - Department<br>\$10.1 million - Victoria Police | Nil variance  | The department achieved its savings target through further competitive tendering of contracts and more efficient delivery of corporate services.  |
| Maintain a sustainable public service (2011-12 Budget Update)   | \$33.4 million – Department<br>\$24.6 million - Victoria Police                               | \$36.4 million – Department<br>\$26.8 million – Victoria Police | Nil variance  | Savings have been achieved via the reduction in the number of public servants in non-frontline service delivery and back-office roles through recruitment freezes for staff in non-priority areas, voluntary redundancies, and non-renewal of lapsing fixed term contracts. While no further action were taken against this initiative in 2014-15, the effects will be continued to be reflected in the forward estimates period.                 |
| Capping departmental expenditure growth (2011-12 Budget Update) | \$35.2 million – Department<br>\$14.6 million - Victoria Police                               | \$64.8 million – Department<br>\$26.2 million - Victoria Police | Nil variance  | The department has reduced the budget available to business units in line with the savings targets across the forward estimates.<br><br>Savings target the reduction in the annual escalation for non-wage expenditure such as overheads, grants administration and procurement.  |
| 'Total savings' line item in 2012-13 Budget                     | \$51.3 million – Department<br>\$20.3 million – Victoria Police                               | \$32.8 million - Department<br>\$22.3 million – Victoria Police | Nil variance  | The department achieved its savings target by targeting contractors and consultants costs, and more efficient delivery of policy development and corporate services.<br><br>The department has reduced the budget available to business units in line with the savings targets detailed in the 2012-13 Budget.<br><br>The 2013-14 financial year includes \$19 million in fixed-term trust fund expenditure reductions that sunsetted in 2013-14. |

| Initiative   | Total value of efficiencies/savings expected to be realised from that initiative (\$ million) |   | Explanation for any variances greater than $\pm 10$ per cent between estimated and actual expenditure reductions | How the efficiencies/savings have been achieved (i.e. what measures or changes have been introduced)   |
|--|---|---|--|--|
|  | in 2013-14  | in 2014-15  |  |  |
| Efficiency measures (2012-13 Budget Update)  | \$1.7 million – Department<br><br>\$1.3 million – Victoria Police                             | \$4.9 million – Department<br><br>\$3.8 million – Victoria Police | Nil variance   | Government Efficiency Dividend and Accelerated SGI.<br><br>The department applied an efficiency dividend to policy and administrative functions to provide an incentive to drive efficiency improvements.<br><br>This efficiency dividend will replace the previous savings initiative to cap non-wage expenditure growth. |
| Efficiency and expenditure reduction measures (2013-14 Budget)                                   | \$2.6 million – Department<br><br>\$2.1 million – Victoria Police                             | \$9.5 million – Department<br><br>\$7.3 million – Victoria Police | Nil variance   | Government Efficiency Dividend part B – see comment for General Efficiency Dividend above.   |
| Efficiency measures (2013-14 Budget Update)  | n/a   | \$17.2 million – Department<br>\$14.4 million – Victoria Police   | Nil variance   | The Better Services Implementation Taskforce (BSIT) savings were applied to both frontline and non-frontline services/activities for the purpose of seeking transformation and change.   |
| Application of an efficiency dividend to non-frontline departmental expenditure (2014-15 Budget) | -   | \$0.8 million – Department<br>\$0.6 million – Victoria Police     | Nil variance   | The 2014-15 Budget included an Efficiency Dividend to non-frontline departmental expenditure. This dividend was targeted to non-service delivery areas within the department.  |
| Other  | n/a   | n/a   | n/a  | n/a  |

**Question 20**

Please detail any changes to your department’s/agency’s service delivery as a result of expenditure reduction initiatives, e.g. changes to the timing and scope of specific programs or discontinued programs:

(a) in 2013-14

The department has managed its expenditure without affecting service delivery to citizens. Savings have been realised through a management focus on improved business productivity and service innovation, including digital channels.

(b) in 2014-15

The department has managed its expenditure without affecting service delivery to citizens. Savings have been realised through a management focus on improved business productivity and service innovation, including digital channels.

**Question 21 (departments only)**

The 2013-14 and 2014-15 budget papers both include targets for the ‘reprioritisation of resources previously allocated to departments’ to fund new initiatives (2013-14 Budget Paper No.2, p.54; 2014-15 Budget Paper No.2, p.61). This is in addition to any savings or efficiencies resulting from expenditure reduction measures. For your department (including all controlled entities),<sup>5</sup> please indicate:

- (a) what areas of expenditure (including projects and programs if appropriate) the funding was reprioritised from (i.e. what the funding was initially provided for);
- (b) for each area of expenditure (or project or program), how much funding was reprioritised in each year; and
- (c) the impact of the reprioritisation on those areas.

| Area of expenditure originally funded | Value of funding reprioritised (\$ million) |         | Impact of reprioritisation of funding |
|---------------------------------------|---|---------|---------------------------------------|
|                                       | 2013-14                                     | 2014-15 |                                       |
|                                       |   |         |                                       |

<sup>5</sup> That is, please provide this information for the Department on the same basis of consolidation as is used in the budget papers.

| Area of expenditure originally funded                         | Value of funding reprioritised (\$ million) |      | Impact of reprioritisation of funding   |
|---|---|------|---|
| Corrections Victoria  | 24.5  | 12.3 | The funding which has been reprioritised by Corrections Victoria relates to operating funds associated with the opening of new prison beds at Hopkins Correctional Centre, Marngoneet and Port Phillip Prison. As there were delays in the opening of the beds, funding was available in the Corrections Victoria budget for reallocation to new initiatives. The reprioritised funding related to a timing delay rather than the cessation of a specific activity or project. There was no impact to any business area as a result. <i>(Budgets 2013-14 and 2014-15)</i> |
| Corrections Victoria  | 0.0   | 6.8  |   |
| CFA - Remediation of Fiskville and regional training colleges | 6.5   | 2.9  | Re-prioritised funds were a combination of savings from completed projects and ongoing projects. The completed projects had a surplus, therefore no impact to the outcome of these projects. <i>(Budget 2013-14)</i>  |
| Victoria Police – Critical Equipment                          | 0.0   | 0.6  | Work will be undertaken to consolidate and rationalise administrative support where possible, however this may result in further tasks being transferred to sworn police to undertake. The additional VPS attrition rate will be over and above the current general efficiencies already in place by Victoria Police. Attrition will be phased over the four years to meet the output costs. <i>(Budget 2014-15)</i>  |

**Question 22 (Department of Treasury and Finance only)**

This question does not apply to your department.

**Question 23 (PNFC and PFC entities only)**

This question does not apply to your department.

**SECTION E: Public sector workforce****Question 24**

Please detail the total full-time equivalent number of staff in your department/agency as at 30 June 2013, 30 June 2014 and 30 June 2015 in each of the following bands of levels, and explain the changes:

| Level   | Total FTE (30 June 2013) | Total FTE (30 June 2014) | Total FTE (30 June 2015) | Explanation for changes  |
|---|--------------------------|--------------------------|--------------------------|--|
| VPS Grades 1-3                                | 1,908.2                  | 1,984.7                  | 1,330.5                  | The decrease in FTE from 2014 to 2015 primarily relates to machinery of government changes and the separation of Courts Service Victoria from the department.  |
| VPS Grade 4                                   | 672.3                    | 755.3                    | 618.3                    | The decrease in FTE from 2014 to 2015 primarily relates to machinery of government changes and the separation of Courts Service Victoria from the department.  |
| VPS Grades 5-6 and STS                        | 1,289.2                  | 1,382                    | 1,248.6                  | The decrease in FTE from 2014 to 2015 primarily relates to machinery of government changes and the separation of Courts Service Victoria from the department.  |
| EO  | 61                       | 68.6                     | 61.1                     | n/a  |
| Other   | 3,474.8                  | 3,984.4                  | 3,909.4                  | An increase in front line roles including prison officer or community corrections officers account primarily for the increase between 2013 and 2014. Custodial officer numbers have increased by approximately 750 FTE over the three years. |
| Total of all staff (including non-VPS grades) | 7,405.5                  | 8,175                    | 7,167.9                  | n/a  |

Note: The following changes to the department's structure have impacted full-time equivalent numbers:

- Machinery of government (MOG) changes effective 1 January 2015
- Separation of Courts Services Victoria from the department on 1 July 2014.

The following statutory entities are included in the department's FTE:

- Freedom of Information Commissioner (excluded in 2015 data due to MOG)
- Independent Broad-based Anti-Corruption Commission (excluded in 2015 data due to MOG)
- Office of Public Prosecutions
- Privacy & Data Protection Commission (excluded in 2015 data due to MOG)
- Road Safety Camera Commissioner
- Victorian Responsible Gambling Foundation
- Victorian Equal Opportunity & Human Rights Commission
- Victorian Government Solicitors Office
- Victorian Inspectorate (excluded in 2015 data due to MOG).

### Question 25

In the table below, please detail the salary costs for 2012-13, 2013-14 and 2014-15, broken down by ongoing, fixed-term and casual, and explain any variances greater than  $\pm 10$  per cent or \$100 million between the years for each category.

| Employment category | Gross salary 2012-13 | Gross salary 2013-14 | Gross salary 2014-15 | Explanation for any year-on-year variances greater than $\pm 10$ per cent or \$100 million   |
|---------------------|----------------------|----------------------|----------------------|--|
|                     | (\$ million)         | (\$ million)         | (\$ million)         |  |
| Ongoing             | 758.8                | 759.2                | 842.8                | Changes to the department's classification profile shows an increase in staff in adaptive equivalent classifications, such as custodial officers and a decrease in VPS staff.<br><br>Custodial staff receive shifts and penalty payments in addition to normal salary which VPS staff would not receive. Custodial numbers across all ranks have increased by approximately 750 full time equivalent (FTE) over the three years. |
| Fixed-term          | 72.9                 | 89.3                 | 107.3                |  |
| Casual              | 30.6                 | 20.8                 | 29.4                 |  |
| <b>Total</b>        | 852.4                | 869.5                | 979.5                |  |

### Question 26

Please detail the number of executives who received increases in their base remuneration in 2013-14 and 2014-15, breaking that information down according to what proportion of their salary the increase was, and explaining the reasons for executives' salaries increasing in each bracket.

| Increase in base remuneration | Number of executives receiving increases in their base rate of remuneration of this amount in 2013-14 | Reasons for these increases |
|-------------------------------|---|-----------------------------|
| 0-3 per cent                  | 34  | Annual Review as per the    |

|                          |   |   |
|--------------------------|---|---|
|                          |   | Department of Premier & Cabinet                             |
| 3-5 per cent             | 3 | Annual Review and new contract                              |
| 5-10 per cent            | 6 | Annual Review and new contract or ad-hoc review             |
| 10-15 per cent           | 6 | Annual Review and new contract or ad-hoc review or new role |
| greater than 15 per cent | 2 | Annual Review and new contract or promotion                 |

| Increase in base remuneration | Number of executives receiving increases in their base rate of remuneration of this amount in 2014-15 | Reasons for these increases                          |
|-------------------------------|---|--|
| 0-3 per cent                  | 31  | Annual Review as per Department of Premier & Cabinet |
| 3-5 per cent                  | 6   | Annual Review and new contract or ad-hoc review      |
| 5-10 per cent                 | 7   | Annual Review and new contract or ad-hoc review      |
| 10-15 per cent                | 2   | Annual Review and new contract                       |
| greater than 15 per cent      | Nil   | n/a  |

## SECTION F: Inter-sector flows

### **Question 27 (Department of Treasury and Finance only)**

This question does not apply to your department.

**SECTION G: Government decisions impacting on the finances**

**Question 28**

(a) Please detail any costs incurred during 2014-15 in the following categories as a result of machinery-of-government changes:

|  | (\$ million) |
|--|--------------|
| Consultants and contractors (including legal advice) | 0            |
| Relocation   | 0            |
| Telephony  | 0            |
| IT and records management                            | 0            |
| Rebranding   | 0            |
| Furniture and fit-out                                | 0            |
| Other  |              |

(b) If these costs were met out of existing budgets, please indicate what projects, programs or areas the money was originally budgeted for.

n/a

(c) Please identify any benefits achieved during 2014-15 as a result of machinery-of-government changes, quantifying the benefits where possible.

As part of the Machinery of Government changes announced by the Premier on 4 December, 2014 a number of entities were transferred to the Department of Premier and Cabinet. The entities transferred were the:

- Commissioner for Privacy and Data Protection
- Freedom of Information Commissioner
- Independent Broad-based Anti-corruption Commission
- Public Interest Monitor
- Victorian Inspectorate
- Victorian Electoral Commission

The total output appropriation transferred for 2015-16, directly related to these entities, was \$52.9 million with an additional appropriation of \$0.6 million for Corporate Support. There were no benefits to the department.

**Question 29**

Please identify any Commonwealth Government decisions during 2013-14 or 2014-15 which had not been anticipated in the State budget but which impacted on your entity’s finances or activities during those years (including new funding agreements, discontinued agreements and changes to funding levels). Please quantify the impact on income and expenses where possible.

| Commonwealth Government decision                             | Impact type       | Impact in 2013-14      |                          | Impact in 2014-15      |                          |
|--|-------------------|------------------------|--------------------------|------------------------|--------------------------|
|  |                   | on income (\$ million) | on expenses (\$ million) | on income (\$ million) | on expenses (\$ million) |
| <b>2013-14 Commonwealth budget impact</b>                    |                   |                        |                          |                        |                          |
| National Partnership (NP) on Legal Assistance Services (LAS) | Change to funding | (0.257)                | (0.257)                  | (0.257)                | (0.257)                  |
| National Coronial Information System                         | Change to funding | 0.424                  | 0.440                    |                        |                          |
| <b>2014-15 Commonwealth budget impact</b>                    |                   |                        |                          |                        |                          |
| National Partnership on natural disaster resilience          | Change to funding |                        |                          | 2.088                  | 2.088                    |

**Question 30**

Please identify any COAG decisions during 2013-14 or 2014-15 which had not been anticipated in the State budget but which impacted on your entity’s finances or activities during those years (including new funding agreements, discontinued agreements and changes to agreements). Please quantify the impact on income and expenses where possible.

| COAG decision   | Impact in 2013-14      |                          | Impact in 2014-15      |                          |
|---|------------------------|--------------------------|------------------------|--------------------------|
|   | on income (\$ million) | on expenses (\$ million) | on income (\$ million) | on expenses (\$ million) |
| There are no known COAG decisions which impacted on department's finances or activities during 2013-14 and 2014-15. |                        |                          |                        |                          |

**SECTION H: Fiscal and financial management strategies (Department of Treasury and Finance only)**

**Question 31**

This question does not apply to your department.

**Question 32**

This question does not apply to your department.

**SECTION I: Economic environment**

**Question 33 (Department of Treasury and Finance only)**

This question does not apply to your department.

**Question 34 (Department of Treasury and Finance only)**

This question does not apply to your department.

**Question 35 (Department of Treasury and Finance only)**

This question does not apply to your department.

**Question 36 (Department of Treasury and Finance only)**

This question does not apply to your department.

**Question 37**

Please identify any key economic variables for which there were variances in 2013-14 and 2014-15 between what was estimated in the initial budget for each year (**not** the revised estimate) and what actually occurred which had a significant impact on your department's/agency's finances, service delivery or asset investment. For each variance, please indicate:

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

| Economic Variable                              | Expected economic result in 2013-14 | Actual result in 2013-14 | Impact of the variance on budget outcomes | Decisions made in response   |
|--|-------------------------------------|--------------------------|---|--|
| Return on Financial Assets (Investment income) | \$69.1m                             | \$73.5m                  | Favourable (\$4.4m)                       | In response to the low interest rate environment, the department changed the investment profile to be more diversified than predominantly Interest only. |

| Economic Variable                              | Expected economic result in 2014-15 | Actual result in 2014-15 | Impact of the variance on budget outcomes | Impact of the variance on service delivery   |
|--|-------------------------------------|--------------------------|---|--|
| Return on Financial Assets (Investment income) | \$67.3m                             | \$72.1m                  | Favourable (\$4.8m)                       | In response to the low interest rate environment, the department changed the investment profile to be more diversified than predominantly Interest only. |

## SECTION J: Previous recommendations

### Question 38 (departments only)

For each of the following recommendations from the Committee’s *Report on the 2012-13 Financial and Performance Outcomes* (report number 119) or the *Review of the Performance Measurement and Reporting System* (report number 118) that relates to an area relevant to your department or one of its portfolio agencies, please indicate:

- (a) whether or not the action specified in the recommendation has been implemented;
- (b) if so, how it has been implemented and what publicly available information (if any) demonstrates the implementation of the recommendation; and
- (a) if not, why not.

| Report No. | Rec. No. | Recommendation  | Has the action specified in the recommendation been implemented? | If yes:   |   | If no:   |
|------------|----------|---|--|---|---|----------|
|            |          |   |  | How has it been implemented?  | What publicly available information, if any, shows the implementation (include exact URL if applicable)?  | Why not? |
| 118        | 37       | The Department of Justice, in future annual reports, ensure that explanations are provided for all variances from targets of 5 per cent or more, as required by the Model Report. | Yes  | All explanations of variances from targets in excess of five per cent are now included under each requisite performance measure in the Report of Operations section of the DJR Annual Report. | Explanations of variances are provided in the department’s annual reports, available at the following URL:<br><a href="http://www.justice.vic.gov.au/utility/annual+reports/">http://www.justice.vic.gov.au/utility/annual+reports/</a> | n/a      |