

PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



**2017-18 and 2018-19
Financial and Performance Outcomes
General Questionnaire**

Treasury Corporation Victoria

Contents

Contents	i
Introduction – Financial and Performance Outcomes Questionnaire	1
Section A: Output variances and program outcomes	2
Section B: Asset investment	5
Section C: Revenue and appropriations	8
Section D: Expenses.....	13
Section E: Public sector workforce	19
Section F: Government decisions impacting on the finances	24
Section G: General.....	26
Section H: Implementation of previous recommendations	34
Section I: Department of Treasury and Finance only	35
Section J: Treasury Corporation of Victoria only	42

Introduction – Financial and Performance Outcomes Questionnaire

The Committee's inquiry into the 2017-18 and 2018-19 Financial and Performance Outcomes examines:

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

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

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

This questionnaire seeks information on the departmental/agency financials for the 2017-18 and 2018-19 financial years, what was achieved during those years and how that compares to expectations.

Timeline and format

Responses to this questionnaire are due by **5.00pm on Thursday 12 December 2019**.

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

Please also email a signed copy.

Consistency with the budget papers

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

Basis of consolidation

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

Guidance

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

Jessica Strout, Lead Analyst (03) 8682 2870

Janithri Wickramaratne, Analyst (03) 8682 2996

Krystle Gatt Rapa, Research Assistant (03) 8682 2871

Section A: Output variances and program outcomes

Question 1 (all departments) Completed initiatives from past budgets

For all initiatives that were due to be completed in 2017-18 and 2018-19, please provide details of the outcomes expected to be achieved in the community and the outcomes actually achieved to date. Please use initiatives names as specified in *Budget Paper No.3: Service Delivery* and link the initiative to the responsible output(s) and portfolio(s).

Question does not apply to TCV.

Question 2 (all departments) Program outcomes

Outcomes reflect the impact on the community of the goods and services provided by a department. The questions in this section all relate to the outcomes that the department contributed to in 2017-18 and 2018-19.

- a) Using the format of the table below, please outline the five programs that delivered the most important outcomes in the community¹ achieved by the department in 2017-18 and 2018-19 including:
- i. The name of the program
 - ii. The relevant output(s) and portfolio(s) responsible for delivery of the program
 - iii. The planned outcome as stated in the budget papers
 - iv. The actual outcome achieved
 - v. The actions taken to deliver the actual outcome (i.e. the most important elements/essential parts that led the Department to deliver the outcome).

Question does not apply to TCV.

¹ 'Outcomes' are the impact of service delivery on the community rather than a description of the services delivered. The Committee considers that an outcome could be considered important for a variety of reasons, such as the amount of funding allocated to the program, the public interest in the service or goods being delivered or where particular actions taken by the Department delivered improved outcomes.

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

Please identify all output(s) and portfolio(s) (and relate them to departmental programs) for which the department received additional funding after the initial Budget in 2017-18 and 2018-19.

For each output, please quantify the additional funding, indicate the source of the additional funding (e.g. Treasurer's Advance, unused prior years appropriations under s32 of the *Financial Management Act 1994* (Vic), supplementation through a Temporary Advance under section 35 of the FMA, or any possible sources of funding as listed in the Resource Management Framework, section 4, pg. 55) and explain why additional funding was required after funding was allocated in the Budget.

Question does not apply to TCV.

Section B: Asset investment

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

Please provide details of all capital asset programs where:

- a) there was a variance between TEI at announcement compared to the revised TEI in the 2017-18 Budget and 2018-19 Budget of equal to or greater than $\pm 5\%$ or \$50 million and an explanation for the variance
- b) the estimated completion date at announcement is different to the completion date in the 2017-18 Budget and 2018-19 Budget and an explanation for the change
- c) the scope of the project at announcement is different to the scope of the project as it is presented in the 2017-18 Budget and 2018-19 Budget.

Question does not apply to TCV.

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

Please provide the following details about asset investment projects that were completed in 2017-18 and 2018-19:

- a) Project name and Department(s), Output(s) and Portfolio(s) and/or Agency/Agencies responsible for delivery of the project
- b) Total Estimated Investment (TEI) at announcement
- c) Actual cost of project
- d) Estimated completion date at announcement
- e) Actual completion date
- f) Explanations for any variance in capital expenditure and/or completion date.

Question does not apply to TCV.

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

Under the High Value High Risk (HVHR) Framework, a project will be classified as HVHR if it is a budget funded project that has a Total Estimated Investment (TEI) of over \$250 million. HVHR projects are subject to compulsory Gateway reviews, where Gates 1 through 6 are compulsory for all eligible projects: Gate 2 outlines the development of a business case.

Please list all projects included in the 2017-18 and 2018-19 budget papers that were allocated to the department and were classified as HVHR. Please also specify which gateway reviews, if any, were completed during 2017-18 and 2018-19 and business case details for each project. Please use project names as specified in *Budget Paper No.4: State Capital Program*.

Question does not apply to TCV.

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

Please provide the following information related to the department's PPP projects:

- a) The total estimated PPP investment value, the total actual expenditure from announcement to 30 June 2018 and 2019, or the actual cost spent to 30 June 2018 and 2019 (actual cost spent in the respective financial year) and the benefits of using the PPP financing model when delivering/funding a project over other financing methods.
- b) Where the estimated completion date at announcement is different to the completion date in the 2017-18 Budget and 2018-19 Budget and an explanation for any variance.
- c) Where the scope of the PPP at announcement is different to the scope of the project as it is presented in the 2017-18 Budget and 2018-19 Budget.

Question does not apply to TCV.

Section C: Revenue and appropriations

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

Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million between the actual result for 2017-18 and 2018-19 and the actual result for 2017-18 and 2018-19 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue affected service delivery and then link it to the relevant output and portfolio.

Please also detail the outcomes in the community² achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

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

If there were no revenue/income categories for the department/agency for which the 2017-18 and 2018-19 expenditure changed from the prior year's expenditure by more than $\pm 10\%$ or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

2017-18 Response

Revenue category	2016-17 actual (\$ million)	2017-18 actual (\$ million)	Explanations for changes $\pm 10\%$ or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, how was this achieved	Relevant output(s) and portfolio(s)
Net gain on financial assets and liabilities at fair value through profit and loss	95.8	65.5	2016-17 profit was higher mainly due to the active management of cashflows from the lease of the Port of Melbourne.	For both years, the full net profit was paid as a dividend in the following year.	
Other fees and income	7.1	7.3			

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

2018-19 Response

Revenue category	2017-18 actual (\$ million)	2018-19 actual (\$ million)	Explanations for changes $\pm 10\%$ or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, how was this achieved	Relevant output(s) and portfolio(s)
Net gain on financial assets and liabilities at fair value through profit and loss	65.5	70.1			
Interest from financial assets at amortised cost	n/a	6.2	Reflects change in accounting policy related to adoption of hedge accounting	Subject to capital needs and the Treasurer's determination, the 2018-19 net profit is expected to be paid as a dividend in 2019-20.	
Other fees and income	7.3	7.9			

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

Please explain any variances equal to or greater than $\pm 10\%$ or \$100 million between the initial budget estimate (not the revised estimate) and the actual result for 2017-18 and 2018-19 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue affected service delivery and then link it to the relevant output and portfolio.

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

2017-18 Response

Revenue category	2017-18 Budget estimate (\$ million)	2017-18 actual (\$ million)	Explanations for changes $\pm 10\%$ or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, explain why	Relevant output(s) and portfolio(s)
Net gain on financial assets and liabilities at fair value through profit and loss	44.0	65.5	Outperformance through TCV value adding activities	2017-18 net profit of \$49.8 million was be paid as a dividend in 2018-19.	
Other fees and income	7.9	7.3	Reflects client invoiced fees. Variance is not material.		

2018-19 Response

Revenue category	2018-19 Budget estimate (\$ million)	2018-19 actual (\$ million)	Explanations for changes $\pm 10\%$ or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, explain why	Relevant output(s) and portfolio(s)
Net gain on financial assets and liabilities at fair value through profit and loss	34.9	70.1	Outperformance through TCV value adding activities	2018-19 net profit will be paid as a dividend subject to capital requirements and the Treasurer's determination.	
Interest from financial assets at amortised cost	6.2	6.2	-	-	
Other fees and income	8.9	7.9	Reflects client invoiced fees. Variance is not material.		

Section D: Expenses

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

Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million with regards to the actual result for 2016-17 and 2017-18 for each category of expenses detailed in your operating statement, the initial budget estimate (not the revised budget), and 2017-18 and 2018-19 actual results. Please also detail the outcomes in the community³ achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

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

Note: Explanation for variance refers to variance between the previous year actuals and the year in question actuals.

2017-18 Response

Expenses category	2016-17 Actual \$ million	2017-18 Budget estimate \$ million	2017-18 Actual \$ million	Explanations for variances $\pm 10\%$ or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
Syndication fees	0.3	-	3.0	Syndication fees are incurred in relation to bond issuances when required. They are not budgeted.	Successful issuance program
Other professional service fees	0.9	0.9	0.8	Use of consultants/contractors was less than assumed for budget purposes.	
Depreciation of property, plant and equipment	0.3	0.5	0.3	"Saving" largely reflects a change in accounting policy in respect of leased premises, made in 2016-17 after provision of the budget.	
Amortisation of intangible assets	0.5	0.8	0.6	Saving largely reflects deferred or delayed software implementation	
Other occupancy costs	0.2	0.2	0.3	YoY increase largely relates to outgoing charges following lease renewal.	
Other supplies and services	1.2	1.4	1.2	2017-18 expenditure was 11% less than anticipated in February 2017	

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

2018-19 Response

Expenses category	2017-18 Actual \$ million	2018-19 Budget estimate \$ million	2018-19 Actual \$ million	Explanations for variances ±10% or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
Syndication fees	3.0	-	5.4	Syndication fees are incurred in relation to bond issuances when required. They are not budgeted.	Successful issuance program
Rating Agency fees	0.6	0.6	0.9	Increased expenditure primarily related to increase in charges by Moody's.	Maintain Moody's rating of TCV/the Victorian Government
Other professional service fees	0.8	1.0	0.9	Increase to prior year largely reflects legal fees associated with new lending schemes	Contracts required of new loan schemes prepared.
Depreciation of property, plant and equipment	0.3	0.4	0.3	Budget depreciation assumption assumed the replacement of depreciating assets which did not occur or occurred sometime after the relevant assets became fully depreciated.	
Amortisation of intangible assets	0.6	1.0	0.8	2018-19 budget provided for the acquisition of software which was delayed.	
Other supplies and services	1.2	1.4	1.2	2018-19 expenditure was 12% less than anticipated in February 2018	

Question 11 (all departments and entities) Changes to service delivery from savings initiatives

Please provide the following details of the impact on service delivery as a result of the savings initiatives announced in the 2017-18 and 2018-19 Budget:

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

2017-18 Response

Savings initiative in the 2017-18 Budget \$ million	Savings target allocated to the department/entity in 2017-18	Actual savings achieved in 2017-18 \$ million	Actions taken to achieve the allocated savings target	What was the impact as a result of the measures taken to achieve the savings target? <i>(e.g. frontline and/or other areas of business that saw the impact)</i> If no impact, how was this achieved	Which output(s) and portfolio(s) were impacted (if relevant)
Not applicable					

2018-19 Response

Savings initiative in the 2018-19 Budget \$ million	Savings target allocated to the department/entity in 2018-19	Actual savings achieved in 2018-19 \$ million	Actions taken to achieve the allocated savings target	What was the impact as a result of the measures taken to achieve the savings target? <i>(e.g. frontline and/or other areas of business that saw the impact)</i> If no impact, how was this achieved	Which output(s) and portfolio(s) were impacted (if relevant)
Not applicable					

Question 12 (all departments) Achievement of reprioritisation of existing resources

The 2017-18 and 2018-19 budget papers include targets for 'funding from reprioritisation of existing resources' to fund new initiatives (2017-18 Budget Paper No.2, p.55 and 2018-19 Budget paper No.2, pg. 54). This is in addition to any savings or efficiencies resulting from expenditure reduction measures.

For the department (including all controlled entities),⁴ 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) what areas of expenditure were the funds actually spent on
- c) for each area of expenditure (or project or program), how much funding was reprioritised in each year
- d) the impact of the reprioritisation (in terms of service delivery) on those areas.

Question does not apply to TCV.

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

Question 13 (all departments) Contractors, Consultants and Labour Hire Arrangements

Please indicate how much the department spent on contractors, consultants and labour hire arrangements during 2016-17, 2017-18 and 2018-19. Labour hire arrangements include the cost of engaging the labour recruiting firm, plus additional costs paid to the labour recruiting firm for the provision of the services of the contractor. Please also explain variances equal to or greater than $\pm 10\%$ between years and list the business areas impacted and how.

Question does not apply to TCV.

Question 14 (PNFC and PFC entities only) Dividends and other amounts paid to the general government sector

Please detail the type and value of dividends, amounts equivalent to dividends, non-dividend grants, and capital repatriations paid by your agency to the general government sector in 2017-18 and 2018-19, explaining the reasons for any significant changes over that period and the impact of any changes on the entity.

2017-18 Response

Type of dividend paid	2017-18 Budget (\$ million) <i>BP 5, pg. 21</i>	2017-18 Actual (\$ million)	Explanations for variances $\pm 10\%$ or \$100 million	Impact on the agency. If no impact, how was this achieved	Funding ratio at 30 June 2018
s31 dividend	104	83.3	In addition to the 2016-17 net profit, the Budget allowed for payment of the 2015-16 net profit of \$41.7 million as a dividend which was not called. 2016-17 profit was also higher than budgeted mainly due to the active management of cashflows from the lease of the Port of Melbourne.	The dividend paid equalled the 2016-17 net profit. Retention of the 2015-16 net profit supports capital.	Not applicable to a wholesale funding operation like TCV

2018-19 Response

Type of dividend paid	2018-19 Budget (\$ million) <i>BP 5, pg. 21</i>	2018-19 Actual (\$ million)	Explanations for variances $\pm 10\%$ or \$100 million	Impact on the agency. If no impact, how was this achieved	Funding ratio at 30 June 2019
s31 dividend	91	49.8	In addition to the 2016-17 net profit, the Budget allowed for payment of the 2015-16 net profit of \$41.7 million as a dividend which was not called.	The dividend paid equalled the 2017-18 net profit. Retention of the 2015-16 net profit supports capital.	Not applicable to a wholesale funding operation like TCV

Section E: Public sector workforce

Question 15 (all departments and entities) Full Time Equivalent (FTE) staff by level and category

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2016, at 30 June 2017 and 30 June 2018 (broken down by the categories listed below) for the department. Please include specific categories as relevant to the department/entity and where relevant, provide a description of what categories constitute 'other'. Please provide figures consolidated on the same basis as the expenditure for the department in the budget papers and detail which, if any, entities are included in the FTE numbers provided.

Category	30 June 2017 Actual FTE number	30 June 2018 Actual FTE number	30 June 2019 Actual FTE number
Secretary			
EO-1	See table below		
EO-2			
EO-3			
VPS Grade 7 (STS)			
VPS Grade 6			
VPS Grade 5			
VPS Grade 4			
VPS Grade 3			
VPS Grade 2			
VPS Grade 1			
Government Teaching Service			
Health services			
Police			
Nurses/Midwives			
Allied health professionals			
Child protection			
Disability development and support			
*Youth custodial officers			
*Custodial officers			
**Other			
Total			

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

**Other includes:

Numbers include FTE for the following entities:

--

The following table details the workforce in TCV classification terms:

TCV Job Level / Classification	Total FTE (30.6.17)	Total FTE (30.6.18)	Total FTE (30.6.19)
GSERP	5.6	5.6	5.6
Principal Officer	3.0	3.0	3.0
TCV Professional	5.4	5.2	5.2
TCV IT Technical	9.6	9.6	9.6
TCV Technical	15.2	14.9	13.9
TCV Settlements	3.0	3.0	3.0
TCV Administration	3.25	1.6	1.6
TOTAL	45.05	42.9	41.9

Question 16 (all departments and entities) Salary by employment category

In the table below, please detail the salary costs for 2016-17, 2017-18 and 2018-19, broken down by ongoing, fixed-term and casual, and explain any variances equal to or greater than $\pm 10\%$ or \$100 million between the years for each category.

Employment category	Gross salary 2016-17 (\$ million)	Gross salary 2017-18 (\$ million)	Gross salary 2018-19 (\$ million)	Explanation for any year-on-year variances $\pm 10\%$ or \$100 million
Ongoing	4.75	4.70	4.56	
Fixed-term	2.93	2.97	3.03	
Casual	0.0	0.00	0.00	
Total	7.68	7.67	7.59	

Question 17 (all departments and entities) Executive salary increases

Please detail the number of executives who received increases in their base remuneration in 2017-18 and 2018-19, 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.

2017-18 Response

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2017-18, apart from normal increases due to employment agreements	Reasons for these increases
0-3%	9	
3-5%		
5-10%		
10-15%		
greater than 15%		

2018-19 Response

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2018-19, apart from normal increases due to employment agreements	Reasons for these increases
0-3%	9	
3-5%		
5-10%		
10-15%		
greater than 15%		

Question 18 (all departments and entities) Enterprise Bargaining Agreement (EBAs)

Please list the Enterprise Bargaining Agreement (EBAs) concluded in 2017-18 and 2018-19 that had an impact for the department/agency. For each EBA, please show the number of employees affected and the growth in employee expenses attributable to the EBA.

2017-18 Response

Enterprise Bargaining Agreement	Number of employees affected	Number of employees as a % of department/entity	Growth in employee expenses attributable to the EBA (\$ million)	Growth in employee expenses attributable to the EBA (\$ million) as a % of total employee expenses
There is no EBA at TCV				

2018-19 Response

Enterprise Bargaining Agreement	Number of employees affected	Number of employees as a % of department/entity	Growth in employee expenses attributable to the EBA (\$ million)	Growth in employee expenses attributable to the EBA (\$ million) as a % of total employee expenses
There is no EBA at TCV				

Section F: Government decisions impacting on the finances

Question 19 (all departments and entities) Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2017-18 and 2018-19 which had not been anticipated/not been concluded before the finalisation of the State budget in 2017-18 and 2018-19 and their impact(s) on the department's/entity's finances or activities during those years (including new funding agreements, discontinued agreements and changes to funding levels). Please quantify the impact on income and expenses where possible.

2017-18 Response

Commonwealth Government decision	Impact(s) in 2017-18	
	on income (\$ million)	on expenses (\$ million)
None identified		

2018-19 Response

Commonwealth Government decision	Impact(s) in 2018-19	
	on income (\$ million)	on expenses (\$ million)
None identified		

Question 20 (all departments and entities) Council of Australian Governments (COAG) decisions

Please identify any COAG decisions during 2017-18 and 2018-19 which had not been anticipated/not been concluded before the finalisation of the State Budget in 2017-18 and 2018-19 and their impact(s) on the department's/entity's finances or activities during those years (including new funding agreements, discontinued agreements and changes to agreements). Please quantify the impact on income and expenses where possible.

2017-18 Response

Commonwealth Government decision	Impact in 2017-18	
	on income (\$ million)	on expenses (\$ million)
None identified		

2018-19 Response

Commonwealth Government decision	Impact in 2018-19	
	on income (\$ million)	on expenses (\$ million)
None identified		

Section G: Genera

Question 21 (all departments and entities) Key audit matters

Please list any Key Audit Matters (KAMs) identified by the Victorian Auditor General in the department/entities 2017-18 and 2018-19 annual reports and provide information about the associated actions taken by the department/entity to benefit future disclosures or manage associated risks, since the KAMs were identified.

2017-18 Response

Key audit matters identified	Actions taken
Valuation of financial instruments carried at fair value and related net gain on financial assets and liabilities at fair value.	There were no actions required to be undertaken. VAGO through their agent EY were comfortable with the TCV reports and approach

2018-19 Response

Key audit matters identified	Actions taken
Valuation of financial instruments carried at fair value and related net gain on financial assets and liabilities at fair value.	There were no actions required to be undertaken. VAGO through their agent EY were comfortable with the TCV reports and approach

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

Please list all internal and external reviews/studies commenced or completed by or on behalf of the department/agency in 2017-18 and 2018-19 and provide the following information:

- i. Name of the review/study and which portfolio and output/agency is responsible
- ii. Reasons for the review/study
- iii. Terms of reference/scope of the review/study
- iv. Timeline for the review/study
- v. Anticipated outcomes of the review/study
- vi. Estimated cost of the review/study and final cost (if completed)
- vii. Final cost if completed
- viii. Where completed, whether the review/study is publicly available and where.

2017-18 Response

Name of the review (portfolio(s) and output(s)/agency responsible)	Reasons for the review/study	Term of reference/scope	Timeline	Anticipated outcomes	Estimated cost (\$)	Final cost if completed (\$)	Publicly available (Y/N) and URL
None undertaken on TCV.							
In normal course of business TCV does undertake financial review and analysis for other agencies and departments.							

2018-19 Response

Name of the review (portfolio(s) and output(s)/agency responsible)	Reasons for the review/study	Term of reference/scope	Timeline	Anticipated outcomes	Estimated cost (\$)	Final cost if completed (\$)	Publicly available (Y/N) and URL
None undertaken on TCV.							
In normal course of business TCV does undertake financial review and analysis for other agencies and departments.							

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

TCV has financial markets skills commensurate with the role as the States central financing authority.

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

a) Please provide the following information on performance measures that did not meet their 2017-18 and 2018-19 targets

2017-18 Response

Performance measure	2017-18 target (Budget)	2017-18 actual (Annual report)	Variance	Explanation	Output(s) and portfolio(s) impacted
All Corporate Key Performance Indicators met.					

2018-19 Response

Performance measure	2018-19 target (Budget)	2018-19 actual (Annual report)	Variance	Explanation	Output(s) and portfolio(s) impacted
All Corporate Key Performance Indicators met.					

b) Please provide the following information for objective indicators where data was not available at publication of the annual report

2017-18 Response

Objective indicators stated in annual report for which data was not available at date of publication	Best available data for 2017-18 and relevant date (ie. 95 through January 2018)	Explanation for the absence of data in annual report
Not applicable		

2018-19 Response

Objective indicators stated in annual report for which data was not available at date of publication	Best available data for 2018-19 and relevant date (ie. 95 through January 2019)	Explanation for lack of timely data in annual report	Action taken to ensure timely data for 2019-20 annual report
Not applicable			

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

Please list a minimum of five main challenges faced by the department/agency in 2017-18 and 2018-19.

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

2017-18 Response

	Challenge experienced	Internal/ External	Causes of the challenge
1.	Employee attraction and retention. Prospective changes to executive remuneration in regard to removing bonus payments may make it more difficult to attract and retain specialised financial markets experienced employees.	External	
2.	Zero interest rates. Very low interest rates may impact the desirability of bond investments for investors seeking returns with higher benchmarks, which could impact TCV's ability to raise finance.	External	
3.	Slow growth in bank balance sheets. The 4 major Australian banks represent 50% of TCV's investor base, as they must hold semi-government bonds (including TCV) for liquid asset purposes. With limited growth in their balance sheets their liquidity investment requirement stagnates, in a period where TCV is rapidly growing gross debt.	External	
4.	Cyber Security. The increase in cyber activity is a growing security threat for all organisation, and the costs associated with remaining compliant and vigilant are escalating.	External	

2018-19 Response

	Challenge experienced	Internal/ External	Causes of the challenge
1.	Employee attraction and retention. Prospective changes to executive remuneration in regard to removing bonus payments may make it more difficult to attract and retain specialised financial markets experienced employees.	External	
2.	Slow growth in bank balance sheets. The 4 major Australian banks represent 50% of TCV's investor base, as they must hold semi-government bonds (including TCV) for liquid asset purposes. With limited growth in their balance sheets their liquidity investment requirement stagnates, in a period where TCV is rapidly growing gross debt.	External	
3.	Cyber Security. The increase in cyber activity is a growing security threat for all organisation, and the costs associated with remaining compliant and vigilant are escalating.	External	

Question 25 (all departments) Newly created bodies

Please list all newly created bodies (authorities, offices, commissions, boards and/or councils) created within the department in 2017-18 and 2018-19 and provide the following information:

- Date body created
- Expenditure in relevant financial year
- FTE staff at end of relevant financial year
- purpose/function(s) of the body.

Question does not apply to TCV.

Section H: Implementation of previous recommendations

Question 26 (relevant departments only)

Please provide an update on the status of the implementation of each of the below recommendations that were made by the Committee in its *Report on the 2016-17 Financial and Performance Outcomes* and supported by the Government. Please delete those lines that are not relevant to the department.

Question does not apply to TCV.

Section I: Department of Treasury and Finance only

Question 27 (DTF only) Revenue certification

The Resource Management Framework outlines that on receipt of a revenue certification invoice, DTF assesses actual departmental output performance against agreed performance measures based on output delivery. In the event that assessment at output level may be deemed inappropriate, DTF and the department may agree on alternative, suitable and appropriate performance information that could be used as the basis for revenue certification.⁵

Please detail all outputs which DTF assessed as not having met their measures for 2017-18 and 2018-19, indicating for each:

- a) the relevant Department, output and portfolio
- b) the performance measure(s) not met
- c) the reasons provided by the Department for the performance measure(s) not being met
- d) the amount of the initial invoice
- e) the amount of revenue certified
- f) the evidence base used for the revenue certification.

Question does not apply to TCV.

⁵ Resource Management Framework, pg. 93

Question 28 (DTF only) Net cash flows from investments in financial assets for policy purposes – General Government Sector (GGS)

Financial assets include cash, investments, loans and placements. This question seeks to ascertain the variance behind the estimated value of the financial assets held versus the actual value of the financial assets and the projects that contributed to the variance.

Regarding the 'net cash flows from investments in financial assets for policy purposes' in the GGS cash flow statement for 2017-18 and 2018-19, please provide:

- a) the top five projects that contributed to the variance recorded in each year
- b) the initial budget estimate (not the revised estimate) for net cash flow in 2017-18 and 2018-19 (source: 2017-18 BP 5, pg. 10 and 2018-19 BP 5, pg. 10) and the actual net cash flow in 2017-18 and 2018-19 (source: 2017-18 Financial Report, pg. 31 and 2018-19 Financial Report, pg. 31)
- c) an explanation for variances between budget estimate and actual net cash flow.

Question does not apply to TCV.

Question 29 (DTF only) Purchases of non-financial assets – General Government Sector (GGS)

Regarding the 'purchases of non-financial assets' by the GGS in 2017-18 and 2018-19 (source: 2017-18 BP 5, pg. 31 and 2018-19 BP 5, pg. 31), please compare the initial budget estimate for each department to the actual value of 'purchases of non-financial assets' (source: 2017-18 Financial Report, pg. 45 and 2018-19 Financial Report, pg. 31) for each department, explaining any variances equal to or greater than $\pm 10\%$ or \$100 million (please fill all blank spaces) and then link it to the relevant output and portfolio.

Question does not apply to TCV.

Question 30 (DTF only) Revenue initiatives

Regarding the revenue initiatives announced in the 2017-18 and 2018-19 Budgets, please provide an explanation for the variances equal to or greater than $\pm 10\%$ or \$100 million between budget estimates and the actual results.

Question does not apply to TCV.

Question 31 (DTF only) Expenses by departments – General Government Sector (GGS)

Regarding expenses of the GGS in 2017-18 and 2018-19 (source: 2017-18 BP 5, pg. 30 and 2018-19 BP 5, pg. 30), please compare the initial budget estimates (not the revised estimate) for each department to the actual expenses for each department (source: 2017-18 Financial Report, pg. 45 and 2018-19 Financial Report, pg. 45), explaining any variances equal to or greater than $\pm 10\%$ or \$100 million (please fill all blank spaces) and then link it to the relevant output and portfolio.

Question does not apply to TCV.

Question 32 (DTF only) Economic variables

Please indicate the estimated and actual result for the following economic variables. For the estimate, please use the initial estimate used in preparing the 2017-18 and 2018-19 budget papers (not revised estimates). For any variance equal to or greater than ± 0.5 percentage points, please provide an explanation for the variance. Please fill all blank spaces.

Question does not apply to TCV.

Question 33 (DTF only) Resource Management Framework – Funding reviews

Section 6.2 of the Resource Management Framework outlines the funding review policy of the evaluation stage of the Integrated Management Cycle.

Section 6.2 states that ‘the requirements and guidance for doing reviews are currently under review’ and that ‘Departments will be advised when this policy is updated’. Please provide an update of the review and the status of the policy.

Question does not apply to TCV.

Section J: Treasury Corporation of Victoria only (TCV)

Question 34 Dividends (TCV)

- a) Please explain the factors that have been involved in the negotiations with the Treasurer, in relation to the amount of dividends paid by the Treasurer Corporation of Victoria (TCV) in 2017-18 and 2018-19.

	Dividends paid in 2017-18	Dividends paid in 2018-19
Amount of dividends paid (\$ million)		
TCV Policy is to aim to pay as dividend the full year audited earnings. TCV does review future requirements for capital to cover risk arising from planned (Budget or Projects) funding programs that could (at least temporary) increase capital requirements and may require TCV's Chair to write to the Treasurer to vary the amount and timing of the dividend. All matters of dividend are discussed with relevant DTF staff.	\$83,253,866	\$49,757,693

Question 35 Commodity risk management (TCV)

a) Please provide details of TCV's Commodity Risk Management Policy

TCV has Treasurer approval to facilitate commodity hedging transactions on behalf of TCV clients. The approval specifies that these transactions must be entered on a 'back to back' basis with the market, having cash settlement and not involving physical delivery. Clients, having exposure to volatility in commodities markets, require the Treasurer's approval to enter specific commodity hedging arrangements with TCV.

The TCV Commodity Risk Management Policy details TCV's role and the client's responsibilities for transacting commodity hedges. The policy details the commodity hedging products approved for transaction by the client, the TCV commodity transaction risk controls and reporting requirements.

b) Please explain how this policy influenced the business activities undertaken by TCV in 2017-18 and 2018-19

TCV undertook commodity hedging transactions to facilitate customer commodity hedging requirements during 2017-18 and 2018-19. These transactions were transacted on a back to back basis leaving minimal residual risk exposures on the TCV balance sheet and did not impede normal TCV business activities.

Question 36 Foreign exchange risk management (TCV)

a) Please provide details of TCV's Foreign Risk Management Policy

The State has a policy that all foreign currency borrowings are hedged against Australian dollars and all operational foreign currency exposures are fully hedged when they are known with certainty. From time to time, TCV will have small foreign currency balances held in bank accounts as a result of mismatches in foreign currency, debt buy-backs or payments. Limits specifying the maximum exposure relating to these foreign currency balances are clearly set out in TCV's internal risk management and control policies. The Prudential Supervisor's responsibilities include an assessment of whether foreign currency exposures comply with Board approved limits.

b) Explain how this policy influenced the business activities undertaken by TCV in 2017-18 and 2018-19.

TCV complied with the policy.

Question 37 Public Private Partnership (PPP) project (TCV)

- a) Please indicate how many PPP projects (and which ones) TCV provided 'project advisory services' for in 2017-18 and 2018-19. For each project, please also specify if the project is a newly confirmed engagement or if it was for a project that was already underway.

2017-18

PPP Advisory Assignments:

- Western Roads PPP (New Project / Engagement)
- Metro Tunnel and Stations PPP (Engagement Completed - underway since 2016-17)

PPP Refinancing's:

- Royal Women's PPP Refinancing (Existing Project / Engagement Completed - underway since 2016-17)

Invoice Checking for the following PPP's:

- Melbourne Exhibition Centre Expansion – QSP Model Build (Existing Project)
- Ravenhall Prison – QSP Model Review (Existing Project)
- Casey Hospital Expansion – QSP Model Build (Existing Project)
- Casey Hospital (ongoing)
- Royal Children's Hospital (ongoing)
- Royal Women's Hospital (ongoing)
- Victorian Comprehensive Cancer Centre (ongoing)
- Bendigo Hospital (ongoing)
- County Court (ongoing)
- VCIP Prisons (ongoing)

- Hopkins Correctional Centre (ongoing)
- Royal Melbourne Showgrounds (ongoing)
- Melbourne Convention Centre (ongoing)
- Biosciences Research Centre (ongoing)
- PV In Schools (ongoing)
- New Schools PPP (ongoing)

2018-19

PPP Advisory Assignments:

- Suburban Roads Upgrade – Northern and South Eastern PPP (New Project / Engagement)

PPP Refinancing's:

- New Schools PPP Refinancing (Existing Project)
- PV Schools PPP Refinancing (Existing Project)
- Bendigo Hospital PPP Refinancing (Existing Project)
- Victorian Desalination Plant PPP Refinancing (Existing Project)
- Eastlink (Bank Debt and AMTN Bridge Facilities) Refinancings (Existing Project)
- Peninsula Link Refinancing (Existing Project)
- Biosciences Research Centre (Existing Project)
- Ravenhall Prison PPP Refinancing (Existing Project)

Invoice Checking for the following PPP's:

- Melbourne Exhibition Centre Expansion (Ongoing)
- Ravenhall Prison (ongoing)
- Casey Hospital Expansion (ongoing)
- Casey Hospital (ongoing)

- Royal Children's Hospital (ongoing)
 - Royal Women's Hospital (ongoing)
 - Victorian Comprehensive Cancer Centre (ongoing)
 - Bendigo Hospital (ongoing)
 - County Court (ongoing)
 - VCIP Prisons (ongoing)
 - Hopkins Correctional Centre (ongoing)
 - Royal Melbourne Showgrounds (ongoing)
 - Melbourne Convention Centre (ongoing)
 - Biosciences Research Centre (ongoing)
 - PV In Schools (ongoing)
- New Schools PPP (ongoing)

- b) Please indicate how many business cases TCV provided (and which clients these were for) as part of its 'project advisory services' in 2017-18 and 2018-19. For each business case, also specify if the project forms part of the Department of Treasury and Finance's Gateway Review Process.

2017-18 Response

Business case provided by TCV	Client	Gateway Review Process – Y/N
Alfred Hospital Car Park Expansion Business Case	Alfred Health	N
Agricultural Services Victoria – Financial Modelling	Agriculture Services Victoria	N

2018-19 Response

Business case provided by TCV	Client	Gateway Review Process – Y/N
Victorian Heart Hospital Car Park – Financial Model	DHHS	N
Federation Square Review - Financial Model	DJPR	N

Question 38 Green Bonds (TCV)

How many TCV Green Bonds were issued in 2017-18 and 2018-19? Please also indicate the maturity and the rate of return.

Zero. No Green Bonds were issued during the period.