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2023–24 Budget Estimates

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About the Committee

Functions

The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 2003* (the Act).

The Committee comprises nine members of Parliament drawn from both Houses of Parliament.

The Committee carries out investigations and reports to Parliament on matters associated with the financial management of the State. Its functions under the Act are to inquire into, consider and report to the Parliament on:

- any proposal, matter or thing concerned with public administration or public sector finances
- the annual estimates or receipts and payments and other Budget papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council
- audit priorities for the purposes of the *Audit Act 1994*.

The Committee also has a number of statutory responsibilities in relation to the Office of the Auditor-General and the Parliamentary Budget Office.

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Chairs foreword

Parliament's Public Accounts and Estimates Committee's inquiry into the budget estimates promotes the accountability, transparency and integrity of the executive and the public sector in Victoria. The Committee's Inquiry into the 2023–24 Budget Estimates was undertaken against a challenging economic backdrop. Global trends such as inflation, monetary tightening and geopolitical tensions have heightened the risks and uncertainty for those preparing and as well as those scrutinising Victoria's \$73 billion 2023–24 Budget that has been allocated.

However, factors closer to home also contributed to the complexity of the task. The Federal Government's review of the Infrastructure Investment Program resulted in forecast expenditure on many major infrastructure projects not appearing in the Victorian budget papers, to be confirmed at an unknown/later date. Furthermore, a sizable portion—\$13.7 billion—of the State's Budget for 2023–24 was held in contingency by the Victorian Government. This is money that was not allocated in the budget—but may be distributed for health, disability, education and other government services and infrastructure during the 2023–24 financial year.

Over 59 hours of public hearings were held to discuss the budget with all Victorian Ministers, Court Services Victoria and Parliament's Speaker and President. I would like to personally thank Ministers, departmental and parliamentary officers, the Presiding Officers and Court officials for their time and investment in this important process. I would also like to acknowledge my colleagues on the Committee for their diligent work on this inquiry—Mr Nick McGowan, Deputy Chair; Mr Michael Galea; Mr Paul Hamer; Mr Mathew Hilakari; Ms Lauren Kathage; Ms Bev McArthur; Mr Danny O'Brien; and Ms Ellen Sandell.


The Committee's inquiry encourages the effective and efficient delivery of public services and assets and enhances the understanding of the budget estimates and the wider economic environment. The Committee has made 79 recommendations in this report to the Victorian Government and three to Court Services Victoria that it believes, if implemented, will translate into greater transparency regarding government expenditure on services and infrastructure and outcomes achieved for the community. Many of the Committee's recommendations promote:

- enhanced performance reporting (for example on early intervention services for diversion of young people away from the justice system, social housing, recovery of the international education sector and Gig Worker Support Service)
- the review of substantial spending or saving initiatives (the forestry transition program, reforms to the WorkCover scheme, the Jobs and Skills Exchange)
- the release of details regarding spending allocations (road maintenance, the Hospital Infrastructure Delivery Fund, Treaty negotiations, transport capital projects)

- the release of program evaluations (including for the Sick Pay Guarantee, active case management in the County and Supreme Courts, Suburban Workplace Hubs program).

The Committee also learned of planned expenditure in early intervention, designed to be preventative, resulting in reduced pressure on acute services. This is already paying exciting dividends in the court system. For example, where a Drug and Alcohol Treatment Court pilot is improving treatment, housing, employment and family circumstances and resulting in savings within the range of \$171,000 to \$358,000 per person.

Finally, I would like to thank the PAEC Secretariat led by Caroline Williams (Executive Officer) and Charlotte Lever (Lead Analyst, Budget Estimate and Outcomes) and the Secretariat for supporting the work of the Committee on this report.



Sarah Connolly MP
Chair

Executive summary

Chapter 2—Whole of Government

The 2023–24 Budget explains that Victoria’s economic outlook is influenced by factors such as strong employment growth, low unemployment rates, the potential impacts of high inflation and interest rate rises. Risks to Victoria’s economic outlook are greater than normal, impacted by the domestic and international outlook for inflation and general uncertainty in the global market.

Despite these factors, Victoria’s gross state product (GSP) is projected to grow by 2.75%. Household consumption is forecast to contribute to 0.25% of GSP growth in 2023–24, however the Department of Treasury and Finance (DTF) expects inflation to put downward pressure on household incomes, which may cause consumers to reduce spending. Additionally, the Reserve Bank of Australia’s decision to raise interest rates from 0.1% to 4.1% will have implications for mortgage holders, potentially leading to lower disposable incomes and reduced consumer spending.

The budget papers forecast Melbourne’s consumer price index (CPI) to average 4.25% in 2023–24, down from a forecast average of 7%. Victoria’s CPI reached a high of 8% in December 2022, but has since eased. Inflation is now being driven by price rises across a broad range of goods and services and energy price increases. The 2023–24 budget papers provide an update on the Government’s four step fiscal plan. The Jobs Plan target of 400,000 new jobs by 2025 has been met almost two years early. The operating cash surplus is projected to reach \$0.8 billion in 2023–24 and increase to \$6.5 billion by 2026–27. Additionally, the Government aims to return to an operating surplus of \$1 billion by 2025–26.

The stabilisation of net debt as a percentage of GSP over the medium term is a priority, with the government outlining a 10-year plan to repay the \$31.5 billion in COVID-19 related debt. This is to be achieved through several measures, including taxation through the *COVID Debt Levy* and growth of the *Victorian Future Fund*, which is forecast to offset this debt through long-term investments by 2032–33.

Revenue from transactions in the general government sector (GGS) is expected to be \$89.3 billion in 2023–24. The 2023–24 Budget shows grants will be the largest contributor to GGS revenue in 2023–24, totalling \$41.8 billion. Payroll tax is the largest contributor to state taxation revenue and is estimated at \$8 billion in 2023–24.

The 2023–24 Budget introduces measures that result in revenue foregone and new tax and revenue measures to address fiscal challenges and increase revenue. Notable initiatives include abolishing business insurance duty and increasing payroll tax-free thresholds, which aim to reduce costs for businesses and stimulate economic activity. The budget introduces new levies on high-fee non-government schools, absentee

owners, and wagering and betting. DTF should publish revised revenue estimates for the payroll tax for high-fee non-government schools initiative in the 2023–24 Budget Update, considering changes to the initiative post-budget.

Expenditure commitments, including \$15.4 billion for new output initiatives and \$9.3 billion for new capital investment initiatives are set out in the Budget and forward estimates. Employee expenses (including superannuation) are the largest component of GGS expenditure accounting for 42.6% of total expenditure in 2023–24, and are estimated to grow at 2.7% per year over the forward estimates. The 2023–24 Budget also includes the investment of \$1.5 billion in the Early Intervention Investment Framework initiatives to improve outcomes and reduce pressure on acute services.

The 2023–24 Budget includes funding for output and asset contingencies not allocated to departments, valued at \$5 billion and \$13.7 billion respectively in 2023–24. Where estimated costs are not known or cannot be disclosed, DTF should provide a breakdown of GGS contingencies not allocated by estimated portfolio and department in the next set of budget papers.

The 2023–24 Budget includes savings initiatives that amount to \$2.9 billion and encompass various efficiency improvements, reductions in spending on corporate functions, consultancy, and labour hire costs. The *COVID Debt Repayment Plan* and *Labor's Financial Statement* also contribute to these savings. The 2023–24 budget papers do not include details of how these savings will be achieved. How these savings measures will be achieved should be published to increase transparency and accountability.

Chapter 3—Department of Health

In 2023–24 the Department of Health (DH) has the largest budget of all Victorian Government departments (\$25.8 billion), representing 35.3% of total government output. Compared to the 2022–23 Budget, funding for all DH outputs has grown in 2023–24. DH's output funding in 2023–24 represents a \$1 billion decrease compared to the 2022–23 revised Budget. This is explained by a decrease in DH's COVID-19 spending in the 2023–24 Budget. In 2023–24 DH's capital program comprises \$3 billion in new projects and \$11.5 billion in existing projects, representing 20.5% of total government capital projects.

DH has a total savings target of \$24.8 million in 2023–24 and \$52 million ongoing. These savings will not apply to frontline staff, nor impact service delivery or infrastructure projects.

The 2023–24 Budget includes funding of \$183.7 million for Ambulance Non-Emergency Services. A review of Victoria's Non-Emergency Patient Transport (NEPT) services is due to be completed in late 2023 and will address several issues within the system, including gaps in care, timeliness, and financial sustainability. The Committee identified

that there is a lack of information relating to performance of the NEPT sector in the budget papers, and recommends post-review, DH develop new performance measures for the Ambulance Non-Emergency Services output.

A further \$16.9 million is provided in the Budget to expand the *Smile Squad* program. The expected full roll out and targets for the program have changed over time and performance measures related to *Smile Squad* are not expected to be met in 2022–23, due to several factors, including school closures, COVID-19 impacts and workforce challenges. While the Government has initiated programs to grow the dental workforce to deliver the program, DH workforce data shows oral health full time equivalent positions have declined each year since 2018.

The 2023–24 Budget includes a \$153.9 million investment in women’s health, to improve access to services and promote best-practice management of health issues for women and girls. Funding is included for the expansion of the sexual and reproductive health (SRH) hub network, to establish nine additional hubs. Locations for the hubs are yet to be announced. While there remain areas in Victoria where women cannot readily access sexual and reproductive health services, the Committee recommends DH publish the locations of the new SRH hubs and how they fill gaps in access and demand. Further, while financial and geographic barriers to accessing medical and surgical abortion remain in Victoria, DH should report to the community on how SRH hubs reduce such barriers.

The Government has announced seven hospital projects in the 2023–24 Budget, to be delivered over 10 years to boost hospital capacity and improve infrastructure and quality healthcare. Funding is included for the *Hospital Infrastructure Delivery Fund* to start planning these projects. As such, the Victorian Health Building Authority should regularly report on the progress of the fund and provide information about the progress of construction of the seven projects to increase transparency.

DH advised that as part of its efforts to reduce greenhouse gas emissions throughout the public health system, new hospitals will be powered by electricity ‘where possible’. DH also has an internal target of sourcing 5% of total public hospital electricity use from behind the meter solar by June 2023. The Victorian health system contributes 1% of the State’s total greenhouse gas emissions. As such, DH should report on its progress toward the Whole of Government Emissions Reduction Pledge and the percentage share of each energy type used in its annual report, to enhance understanding about how DH is reducing greenhouse gas emissions in public hospitals.

The Committee identified issues with two new budget paper performance measures and one discontinued measure.

Chapter 4—Department of Education

In 2023–24 the Department of Education (DE) has the second largest budget of all Victorian Government departments (\$15.6 billion), representing 21.3% of total government output. DE's budget in 2023–24 represents a \$916.8 million increase compared to the 2022–23 revised Budget. DE's capital program comprises \$3.8 billion in new projects and \$4.7 billion in existing projects. DE's new projects represent 23.1% of all new infrastructure projects in the general government infrastructure program.

DE outlined three initiatives set to lapse in 2022–23, with a total expenditure of \$235 million. Two programs related to teacher recruitment and retention for hard-to-staff and graduate positions, while the third related to the *Tutor Learning Initiative*. The Minister of Education advised the program would continue until the end of 2023, and further funding for the program would be determined in September 2023. For enhanced funding certainty and transparency, the Committee encourages DE to fund all of its initiatives through the annual budget process.

The 2023–24 Budget invests \$205 million to support teacher attraction and retention through several programs. All Australian jurisdictions are currently facing workforce challenges and shortages regarding teachers. Shortages are influenced by a competitive global teaching market, ongoing impacts of the COVID-19 pandemic, declining graduate teachers and growing student populations. Teachers are leaving the profession due to challenging working conditions, high workloads and casual positions. While these issues are present, DE has had success in building the public school teacher workforce between 2012 and 2022, recording an annual average growth rate of 2.3%. The Committee recommends that to better understand shortages and efforts to recruit and retain teachers, DE should update its *Victorian Teacher Supply and Demand Report* and enhance its reporting on how it is meeting supply and demand issues.

There is a bilateral agreement that outlines the amount of school funding contributed by the State and Federal governments to Victoria's public school system. The Victorian Government has grown its contribution to 70.4% of the Schooling Resource Standard (SRS) in 2023, and has committed to providing 75% by 2028. The Commonwealth Government is committed to providing 20% of the SRS by 2023, resulting in a potential funding shortfall of 5%. Negotiations for a new bilateral agreement are set to begin in late 2023.

The 2023–24 Budget contributes \$546.4 million to continue the *Best Start, Best Life* kindergarten reform, which includes the roll out of free kindergarten, universal three-year-old kindergarten and the transition to a 'Pre-Prep' program for four-year-olds by 2032. Challenges to the roll out of the Pre-Prep program include expanding the early education workforce, the need to gradually roll out the program across the state, and the infrastructure required for reform. The budget also includes \$1.2 billion in funding for *Best Start, Best Life* supporting infrastructure. Fifty government-owned and operated early learning centres will be established as part of the reform, which aims to deliver early learning where there are not enough childcare

places available, known as ‘childcare deserts’. As such, the Victorian School Building Authority should provide information on how these 50 locations have been chosen, and how they are targeting areas in most need to reduce inequity of access.

In 2023–24 DE added 42 new performance measures, 17 of which replaced discontinued measures. DE also identified 54 measures for discontinuation. The Committee found issues with seven new performance measures and three discontinued measures.

Chapter 5—Department of Justice and Community Safety

The Department of Justice and Community Safety (DJCS) has the third largest budget of all Victorian Government departments (\$9.2 billion) in 2023–24. DJCS’ output funding in 2023–24 represents a \$406.3 million decrease when compared to the 2022–23 revised Budget. In 2023–24, DJCS’ capital program comprises \$67.7 million in new projects and \$1.8 billion in existing projects, representing 2.6% of the general government capital program in 2023–24.

The Victorian Government will raise the minimum age of criminal responsibility from 10 to 12 years old by 2024 and to 14 years old by 2027. Prior to legislation taking effect, the Government will introduce a series of reforms and early intervention support services for 10 to 13-year-olds to address the causes of problematic behaviours and prevent future contact with the criminal justice system. The 2023–24 Budget allocates \$72.6 million to several early intervention and youth justice initiatives.

The 2023–24 Budget allocates \$39 million to the Victorian Responsible Gambling Foundation (VRGF) and \$71 million to the Victorian Gambling and Casino Control Commission (VGCCC) to provide treatment services, raise public awareness of gambling-related harm and strengthen Victoria’s gambling regulator. On 16 July 2023 the Government announced the VGCCC will assume greater responsibilities for gambling harm minimisation, including taking over most of the functions of the VRGF from July 2024.

The Cultural Review of the Adult Custodial Corrections System recommended DJCS adopt a new public health approach to the delivery of healthcare services across the adult corrections system. The 2023–24 Budget allocates \$43 million over five years to deliver primary healthcare services in Victoria’s two women’s prisons. Healthcare continues to be delivered by the private sector in men’s prisons. DJCS has developed new clinical governance arrangements and a *Healthcare Services Quality Framework for Victorian Prisons* to deliver enhanced services at higher standards across the custodial healthcare network. It will be important to report on the implementation, outcomes, material improvements in, and impacts of health services delivered under these new arrangements.

The 2023–24 Budget invests a total of \$87.2 million over four years in a range of programs to support the operation of the corrections system, reduce recidivism and future justice demand and to maintain and secure the Western Plains Correctional

Centre. Since March 2020, Victoria's prison population has declined by approximately 20%. Despite reductions in Victoria's prison population, the number of unsentenced men and women in prison has increased over the past decade. The Government has introduced legislation to Parliament to amend the *Bail Act 1977* (Vic), which may reduce remand for certain offences. The extent by which these reforms, if passed, will impact prison utilisation rates, Victoria's prison population or the court system is yet to be determined.

DJCS has released an *Emergency Management Sector Outcomes Framework*, a *Strategic Roadmap* and a *Strategic Action Plan* to support reforms in emergency management and improvements in the capacity and capability of Victoria's emergency services to respond to critical events. Reporting on the impacts and outcomes of the *Framework* and improvements in outcome indicators will be important to assess its utility and outcomes.

In 2023–24, the Policing and Community Safety output has been allocated \$4.1 billion. This output is DJCS' largest and accounts for 44.9% of the department's total output funding in 2023–24. Despite recent investments in recruitment activities, Victoria Police has not kept pace with attrition or staff turnover over the past two years. As of June 2023, Victoria Police employ a total of 15,991 police officers and 216 recruits, compared to 16,269 police officers and 85 recruits one year prior.

The Committee identified issues with one of the department's 17 new performance measures and three of the nine discontinued measures.

Chapter 6—Department of Transport and Planning

The Department of Transport and Planning (DTP) has a budget of \$8 billion in 2023–24, representing 11% of total government output. DTP's total output funding in 2023–24 represents a decrease of \$679.5 million compared to the 2022–23 revised Budget. In 2023–24, DTP's capital program comprises a total estimated investment (TEI) of \$9.2 billion in new projects and \$33.8 billion in existing projects, representing 60.7% of the general government capital program and 56% of new capital projects in the general government capital program.

In May 2023, the Commonwealth Government announced it would undertake a strategic review of its Infrastructure Investment Program. In total, approximately 33 projects in DTP's, the Victorian Rail Track's and the State Tolling Corporation's capital programs may be subject to this strategic review. The combined TEI of these projects is at least \$38.1 billion and includes a total of \$14.9 billion in Commonwealth Government funding. No new contracts will be awarded for jointly funded projects during the strategic review, but the financial impacts and project delays resulting from this pause in funding cannot yet be determined, nor can the impact of the strategic review on individual projects in the State Capital Program. It will be important to report on the review's impacts once known.

The 2023–24 Budget allocates \$36.4 million to the *Delivering Victoria's Bus Plan* initiative, which will deliver bus service improvements across Victoria and commence

the roll-out of zero emissions buses (ZEBs). The Government has pledged that all new bus purchases from 2025 will be ZEBs. Reporting on the number of new ZEBs added to the metropolitan and regional bus networks and the proportion of buses in the Victorian fleet that are ZEBs will support the accurate assessment of this transition.

The 2023–24 Budget allocates \$2.3 billion in output and asset funding over ten years to the *Road maintenance and renewal* initiative. It is unclear what proportion of funding for the initiative is allocated to roadworks in inner metropolitan Melbourne, outer suburban Melbourne and regional Victoria. It is also unclear what proportion of flood-impacted roads still require repairs, or what proportion of funding for the *Road maintenance and renewal* initiative is allocated to flood-impacted roads.

The 2023–24 Budget allocates \$3.5 million to the *Mode Shift Incentive Scheme*, which will end after 2023–24. While the scheme has kept some container freight traffic on rail, it has not significantly shifted freight from road to rail or scaled up the volume or activity of freight transported by rail. DTP has initiatives in development and delivery that may further support the movement of freight by rail.

DTP added six new performance measures and discontinued eight measures in the 2023–24 Budget. Issues were identified with one of the discontinued performance measures.

Chapter 7—Department of Families, Fairness and Housing

In 2023–24 the Department of Families, Fairness and Housing (DFFH) has a budget of \$4.7 billion, representing 6.5% of total government output. This is a decrease of \$200.3 million compared to the 2022–23 revised Budget. In 2023–24 DFFH’s capital program comprises \$130.3 million in existing projects, representing 0.2% of total government infrastructure projects. The Director of Housing, a division of DFFH and public non-financial corporation, has four new capital projects in the 2023–24 Budget worth \$264.3 million.

The continued delivery of the *Big Housing Build* (BHB) is outlined in the 2023–24 Budget. Since its announcement in November 2020, the BHB has completed or is in the process of completing more than 7,600 social and affordable homes. Two thousand of these properties are occupied or tenanted. The BHB has involved replacing, rebuilding and redeveloping old social housing stock, which has resulted in the net stock not growing at the same pace as new dwellings completed. Over the life of the program, 12,000 new social and affordable homes will be delivered, but the net increase to social housing will be 8,200 homes.

Homes Victoria has waitlist data for applications for social housing on the Victorian Housing Register. The actuals from the two current performance measures related to wait times for public rental housing have been growing since 2020–21, and are expected to grow further in 2022–23. One of the measures—‘Average waiting time for public rental housing for clients who have received a priority access housing or

priority transfer allocation due to family violence’—is expected to reach 20.2 months in 2022–23, from a target of 10.5 months. This result has been influenced by fewer renters moving out of public rental housing, a sustained demand for housing post-COVID-19 pandemic, and the broader economic conditions in Victoria, which have pushed more people onto the social housing waiting list. Total applications for social housing in Victoria have grown since June 2022. To increase transparency regarding the performance of DFFH in allocating social housing, the department should publish long term data relating to applications, allocations and average wait times.

Since 2014, DFFH has funded an additional 1,180 child protection practitioner (CPP) positions, but ongoing full-time equivalent CPPs has only grown by 501 between 2014–15 and 2022–23. The number of CPP vacancies compared to the number of roles funded by the department has grown steadily since 2020–21, with DFFH advising that 461 CPP funded positions, or 22.9% of the workforce, were vacant (as of May 2023). DFFH has several initiatives in place to recruit additional CPPs, including employment programs, an international recruitment strategy and advertising campaigns. The Minister noted that while there are now more children in need of protection, there are also more staff, lower caseloads and higher allocation rates. The current average CPP caseload is 15, which fits within DFFH benchmarks. Given DFFH’s work to recruit more CPPs and increased complexity and demand for this work, DFFH should improve how it reports on CPP workloads and the success of its workforce planning.

Between 2014–15 and 2023–24, funding for the Child Protection and Family Services portfolio, taking inflation into account, has doubled. In 2023–24 \$548.3 million of funding is provided to the initiative *Delivering improved outcomes for children in residential care*, including therapeutic support in residential care. Currently only 43% of placements are funded to deliver therapeutic support, which the Government aims to provide to all children in residential care by 2025–26.

Chapter 8—Department of Jobs, Skills, Industry and Regions

In 2023–24 the Department of Jobs, Skills, Industry and Regions (DJSIR) has a budget of \$4.4 billion, representing a decrease of \$1.6 billion compared to the 2022–23 revised Budget. Many of the output initiatives contained in this year’s budget for DJSIR are funded for the 2023–24 and 2024–25 financial years only. DJSIR has a total savings target of \$11.3 million for 2023–24. In 2023–24 DJSIR’s infrastructure program comprises \$188.9 million total estimated investment in new projects, and \$624.3 million in existing projects.

As a result of machinery of government changes effective 1 January 2023, the portfolios of Higher Education and Training and Skills have now transferred to DJSIR from the Department of Education.

The *Jobs Victoria* output initiative received \$35.1 million in the 2023–24 Budget. After expansion during the COVID-19 pandemic, the program has been scaled back, with the expected target of disadvantaged jobseekers who gain employment with support of

Jobs Victoria in 2023–24 reduced to 11% of the 2022–23 expected outcome. It will now only provide services for the most disadvantaged jobseekers.

The *Sick Pay Guarantee* commenced as a two-year pilot in 2021–22 and will continue in 2023–24. The amount paid in claims to date in 2022–23 is \$40 million, below the original budget estimate of \$138.2 million. The pilot's outcomes will be evaluated, and it will be important for DJSIR to publish the evaluation, once completed.

The *Victorian Skills Plan* was released in 2022 by the Victorian Skills Authority (VSA) to plan and fund training and skills development to match the requirements of the labour market. The *Plan* estimates that 373,000 extra workers will be needed in Victoria by 2025. The health and community services industry will require the most new workers, followed by professional services and the education and training industry. The VSA should report on the outcomes of the three-year priorities and actions as outlined in the *Plan*.

International student enrolments are increasing from their pandemic levels, and the budget papers forecast further education-related travel exports growth over 2023–24. In 2022, Victorian education-related travel exports rebounded by 21.2% over the previous year to reach \$8.4 billion. The international education sector is important to Victoria's workforce and economy, as well as to the community more generally. There are ongoing concerns about the vulnerability of international students studying in Victoria, noting the current shortage of rental accommodation.

On 18 July 2023 the Premier announced regional Victoria would no longer be hosting the 2026 Commonwealth Games after the original cost of \$2.6 billion was revised to over \$6 billion. The Government has committed to spending \$2 billion on housing, sporting infrastructure and tourism attraction initiatives based in several regional cities, including those that were going to host Commonwealth Games events. DJSIR should report on these new initiatives in future budget papers.

DJSIR added one new performance measure and discontinued 12 performance measures in the 2023–24 Budget. Issues were identified with three discontinued performance measures.

Chapter 9—Department of Energy, Environment and Climate Action

In 2023–24 the Department of Energy, Environment and Climate Action (DEECA) has a \$2.7 billion budget, representing 5.6% of total government output. In 2023–24, DEECA's output funding represents a decrease of \$1.9 billion compared to the 2022–23 revised Budget, with funding for all DEECA's outputs, except two, decreasing by between 9% and 79%.

The Environment and Biodiversity output has decreased by 26.9%. It is unclear what programs or activities are no longer taking place due to this reduction in funding.

DEECA's capital program in the 2023–24 Budget represents 1.2% of the general government capital program in 2023–24. The 2023–24 Budget also lists 18 public non-financial water corporations with a total estimated investment of \$30.5 billion in new and existing capital projects.

The 2023–24 Budget invests a total of \$388 million to support workers, communities and industry to transition away from native timber harvesting prior to January 2024. The Government should undertake a review of its forestry transition program and the outcomes of support provided to native timber workers, industry and communities following the conclusion of native timber harvesting in Victoria, given the sizeable investment in the process.

The Zero Emissions Vehicle (ZEV) subsidy program was initially funded until the end of 2023–24 to provide up to 20,000 subsidies to households and businesses to purchase lower-cost ZEVs. This program ended one year early after having provided just over half the original total subsidies. Increasing the uptake of ZEVs will be important to reaching the State's new emission reduction targets. The Government has also set a target of ZEVs comprising 50% of all light vehicle sales by 2030. In 2023, ZEVs comprise 6.6% of all light vehicle sales.

A fourth iteration of the Power Saving Bonus (PSB) is funded in the 2023–24 Budget through an investment of \$400 million. Reporting on the long-term benefits of the PSB will be important considering the sizeable investment in the program, which totals approximately \$1.1 billion since the 2018–19 Budget. While there are financial incentives and benefits for visiting the Victorian Energy Compare website aside from receiving the PSB, the savings of customers who switch energy providers after using the website is unclear.

The 2023–24 Budget allocates \$44.5 million towards staffing, accommodation and other corporate costs to establish the new State Electricity Commission (SEC), as well as \$1 billion in asset funding as an initial equity investment to begin delivering 4.5 gigawatts of new renewable energy generation and storage projects. Although forecasts suggest Victoria's renewable energy transition will generate 59,214 two-year full-time equivalent jobs and a \$9.4 billion increase in gross state product, the direct impact of the SEC on employment and economic activity is not clear.

In 2022–23 Melbourne's water corporations will pay \$209.8 million, and expect to pay at least \$173.5 million in 2023–24 in capital repatriations. DEECA has stated the payment of capital repatriations do not impact consumer water bills or prices, reduce service outcomes, or impact water corporations' investment in capital projects. Transparency in this space can be further improved through public reporting on the amount, impacts and determination of capital repatriations by Melbourne's water corporations.

DEECA added 16 new performance measures and discontinued 16 measures in the 2023–24 Budget.

Chapter 10—Court Services Victoria

Court Services Victoria (CSV) has a budget of \$820.3 million in 2023–24, representing 1.1% of the total government output. CSV's output funding in 2023–24 is an increase of \$18.2 million compared to the 2022–23 revised Budget. CSV has a savings target of \$5.6 million in 2023–24, which is not expected to have an impact on frontline services or staffing. In 2023–24 CSV's infrastructure program comprises \$557.2 million in existing projects.

CSV identified two programs set to lapse in 2022–23—*Essential resources for Victorian courts* and *Improving VCAT planning and environment case management*. *Essential resources for Victorian courts* was established to ensure the court system was operating effectively and efficiently and according to CSV, had the potential to produce whole of criminal justice sector savings. Further funding for the program may be sought in 2024–25 and an evaluation of the program is due to be completed in November 2023.

CSV has a continued focus on recovery of the Victorian court system post-COVID-19, which resulted in disruptions and a backlog of cases throughout most court and tribunal jurisdictions in Victoria. Although the total pending caseload had been reduced by 5% between June 2022 and March 2023, the pending caseload remains 43% above pre-COVID-19 levels. Several initiatives have been introduced through successive budgets to reduce backlogs in the court system, as have various measures such as active case management models, changed staffing arrangements and an increased use of technology and mediation.

The Magistrates' Court of Victoria (MCV) experienced a reduction in pending caseloads since peak levels during the COVID-19 pandemic. Caseloads in the MCV remain higher than pre-COVID-19 levels. The Victorian Civil and Administrative Tribunal (VCAT) has continued to experience a growth in pending caseloads since the beginning of the COVID-19 pandemic in 2020. The County Court of Victoria (CCV) experienced a reduction of 57% in its COVID-related trial backlog between January 2022 and April 2023. The Children's Court and Coroners' Court were the most improved jurisdictions in terms of reducing their COVID-19 backlogs.

CSV has introduced a caseload dashboard for the Victorian courts and VCAT, through which data is published on a quarterly basis. The introduction of the dashboard improves transparency and captures court and tribunal performance. Data between March 2020 and June 2021 is currently not published. Publishing this data will further improve the transparency of court and tribunal performance.

The 2023–24 Budget includes \$18.3 million in output and \$1.9 million in asset funding to continue various therapeutic court programs, including the Drug Courts pilot programs in the Shepparton and Ballarat Magistrates Court, and the Drug and Alcohol Treatment Court at the CCV. Both programs have reported positive outcomes through evaluations, including cost savings and benefits for participants.

Chapter 11—Department of Government Services

The Department of Government Services (DGS) was established on 1 January 2023 to improve how Victorians and business engage with government, and to accelerate digital transformation and corporate services reform across the Victorian Public Service. DGS has a budget of \$584.7 million in 2023–24. No new infrastructure are projects for DGS are funded in the 2023–24 Budget.

Service Victoria, which delivers digital Government services, received \$90 million over 2023–24 and 2024–25 through the *Service Victoria – delivering digital government services* output initiative. Service Victoria plans to increase the availability of government-issued licences and eligibility cards in a ‘digital wallet’. One of the ‘digital wallet’ priorities in 2023–24 is the digital drivers licence trial, with a pilot of the new service commencing in Ballarat in July 2023. The first stage of the Ballarat-based pilot encountered some issues due to technical errors. A state-wide rollout of digital drivers’ licenses is planned for 2024.

The Shared Services Provider (SSP) manages public service office accommodation costs through the Centralised Accommodation Management (CAM) program. The SSP and CAM programs were expected to generate cost savings and efficiencies through aggregated buying power and effective vendor procurement and contract management. However, data on overall accommodation costs combined with the cost per square metre information show the Government paid increasing rental costs for decreasing office space between 2021–22 and 2022–23. An evaluation of the CAM program would be beneficial to assess cost savings generated and the reasons behind increased office accommodation costs.

The *Suburban workplace hubs* program trialling office spaces for use by public servants cost approximately \$18.3 million. The program will not be renewed due to the underutilisation of the suburban offices.

Consumer Affairs Victoria (CAV) and the Dispute Settlement Centre of Victoria (DSCV) are not expected to meet several of their performance measures in 2022–23. The changes in residential tenancy laws enacted in 2021 have increased the demand for services provided by CAV and DSCV. DSCV is also currently not accepting phone enquiries or offering mediation and advisory services for non-rental related disputes, in order to assist the Victorian Civil and Administrative Tribunal with disputes relating to renters and rental providers. Considering this, the Committee has recommended the funding and resourcing for CAV and DSCV be reviewed.

The council rate cap has been set at 3.5% for 2023–24. The Essential Services Commission uses the Consumer Price Index as part of forming its advice to government on the annual rate cap, which at the time of the hearings was 7%. While there are a number of funding pressures on councils, the Victorian Auditor-General’s Office recently reported that all Victorian councils are in good financial condition. Other forms of funding are also available to councils.

The Committee identified issues with one discontinued performance measure relating to zero emissions vehicles acquired via VicFleet.

Chapter 12—Department of Treasury and Finance

The Department of Treasury and Finance's (DTF) budget is \$436.8 million in 2023–24, representing 0.6% of total government output. DTF's total output funding in 2023–24 represents a decrease of \$317.2 million compared to the 2022–23 revised Budget.

The 2023–24 Budget allocates a further \$1 million for gender responsive budgeting (GRB) and to sustain the gender responsive budgeting unit (GRBU) within DTF. The GRBU has recorded several achievements, including delivering two budgets employing GRB and training almost 400 Victorian Public Service staff in developing gender impact assessments. The Committee recommends DTF introduce further performance measures related to the outcomes of GRB.

The collapse of Porter Davis Homes in March 2023 halted over 1,500 ongoing residential construction projects. The event marked an increase in claims for the Victorian Managed Insurance Authority's (VMIA) domestic building insurance (DBI), resulting in the single biggest claim event in the history of the VMIA's DBI operations. The total DBI claims payout has yet to be confirmed. This, coupled with the October 2022 flood event, is expected to impact the organisation's 2022–23 operational results. In 2021–22, the VMIA faced a \$249.2 million operating deficit due to lower investment returns and higher than expected claims.

In May 2023 the Government announced several changes to the WorkCover scheme in response to the scheme's financial sustainability and client outcomes. These changes aim to address a premium deficit, growing mental injury claims, prevent workplace injuries and promote early intervention when they do occur. It remains unclear to what extent these measures will improve WorkSafe Victoria's financial sustainability, and whether specific workplace injuries will be managed effectively after eligibility changes. For this reason, it will be important for WorkSafe Victoria to report on outcomes related to these changes.

Chapter 13—Department of Premier and Cabinet

The Department of Premier and Cabinet (DPC) has a budget of \$406.2 million. DPC's output funding in 2023–24 represents a decrease of \$194.4 million compared to the 2022–23 revised Budget, mainly due to machinery of government changes. DPC's infrastructure program comprises \$32.7 million in existing projects in 2023–24.

The 2023–24 Budget includes \$8.6 million for the continued operation of the Jobs and Skills Exchange (JSE) platform, to enhance mobility and professional development opportunities for the Victorian Public Service and to reduce labour hire usage and consultancy expenditure. Most departments and agencies are unable to accurately quantify the savings achieved as a result of the JSE, or the number of jobs awarded to contractors, consultants and labour hire arrangements after being unsuccessfully advertised on the JSE, making it difficult to ascertain the success of the platform. It will be important for DPC to strengthen its reporting mechanisms for the JSE, and to report on whether it is fulfilling its objectives.

The 2023–24 Budget provides \$9 million for the *On-demand worker support initiative*, which includes the establishment of the Gig Worker Support Service (GWSS). Established in May 2023, the GWSS provides a telephone and online inquiry service to help gig workers understand their rights and entitlements. Additionally, DPC is developing and finalising the Fair Conduct and Accountability Standards to provide guidance for digital platforms engaging gig workers, to increase fairness and transparency. As the GWSS has recently begun operations, performance measures will be vital for gauging the outcomes of the GWSS.

DPC has taken several steps to ready the Government to undertake Treaty negotiations with First Peoples in Victoria. The 2023–24 Budget provides a total of \$138.2 million for the Government to meet its legal obligations to enter into Treaty negotiations. While this funding demonstrates a clear commitment by the Government to progress key obligations under the Treaty process, further details regarding funding for the initiative *Meeting the State’s legal requirements to enter Treaty negotiations* will clarify what it is expecting to deliver.

The 2023–24 Budget provides \$14.7 million for DPC’s output initiative *A new approach to land and precincts*. A new division titled Precincts and Land was established in DPC and is led by the Land Coordinator General, whose role is to improve the use of land to support capital project delivery. Additionally, the Deputy Premier has responsibility for coordinating precinct delivery across whole of government. It will be beneficial for DPC to clarify the responsibilities and achievements of the Land Coordinator General and the newly established division.

DPC added six new performance measures and discontinued four measures in the 2023–24 Budget. Issues were identified with two of the new measures and one discontinued measure.

Chapter 14—Parliament

Parliament, including the Parliamentary Departments, Independent Officers of Parliament and Integrity Agencies, has a \$360.9 million budget in 2023–24, representing 0.5% of total government output. Parliament’s 2023–24 Budget represents an increase of \$9.1 million compared to the 2022–23 revised Budget. Parliament’s infrastructure program comprises \$38.7 million in existing projects in 2023–24.

The Parliament House Stoneworks Restoration Project is in its final stage and is due to be finished in quarter four of 2023–24, only one year behind its estimated completion date. The project began in 2006 and has a total estimated cost of \$88.9 million.

The Victorian Auditor-General’s Office, the Parliamentary Budget Office and the Victorian Ombudsman did not add new performance measures in the 2023–24 Budget. The Parliamentary Departments added two new performance measures in response to a previous Committee recommendation.

Findings and recommendations

2 Whole of government review

FINDING 1: Real gross state product (GSP) is forecast to grow at 2.75% in 2022–23 and at 1.5% in 2023–24. While the 2023–24 Budget anticipates business investment and net trade to make a strong contribution to GSP growth in 2023–24, it also outlines some potential risks such as inflation and conversion of fixed rate mortgages to variable rate mortgages over the June and September quarters, which could further affect consumer confidence.

7

FINDING 2: The Department of Treasury and Finance forecasts wage growth to increase to 3.5% in 2023–24. Wage growth in Victoria over 2022–23 was 3.6%, driven by increases across the private sector.

8

FINDING 3: Melbourne’s consumer price index (CPI) is forecast to average 4.25% over 2023–24, down from the 2022–23 forecast average of 7%. Victoria’s CPI reached a high of 8% in the December 2022 quarter.

9

FINDING 4: Victoria’s estimated population growth rate for 2023–24 is 1.9%, the same expected growth rate for 2022–23. These forecasts are based on anticipated increases in net overseas migration over the forward estimates.

10

FINDING 5: The 2023–24 Budget forecasts a return to an operating cash surplus of \$0.8 billion in 2023–24, which increases to \$6.5 billion in 2026–27. Net debt is estimated to grow to \$171.4 billion by 2026–27 representing 24.5% of gross state product (GSP), four times the budgeted net debt to GSP of 6.1% in the 2013–14 Budget.

11

FINDING 6: The risks to the Victorian economy are greater than normal due to high domestic and global inflation in the past year and uncertainty in the global economy including monetary tightening and geopolitical tensions.

12

FINDING 7: General government net debt is forecast to reach \$135.4 billion in 2023–24, increasing to \$171.4 billion by 2026–27. Non-financial public sector (NFPS) net debt is estimated to be \$161.4 billion in 2023–24 and \$204.9 billion in 2026–27. NFPS net debt to gross state product is estimated to be 26.9% in 2023–24 and 29.2% in 2026–27.

12

FINDING 8: The Government estimates the COVID-19 debt accumulated between 2019–20 and 2022–23 amounts to \$31.5 billion. This debt relates to one-off expenditure that the Government borrowed for short-term emergency responses. **14**

FINDING 9: Revenue for 2023–24 from the *COVID Debt Levy* is estimated to be \$2 billion in 2023–24, increasing to \$2.3 billion in 2026–27. **14**

FINDING 10: Revenue for the general government sector is expected to be 7.6% higher in 2023–24 compared to the revised Budget. **15**

FINDING 11: Goods and services tax revenue, known as general purpose grants, is the largest contributor to Victoria's 2023–24 grant revenue, amounting to \$19.8 billion, 47.5% of the total. **17**

FINDING 12: Payroll tax is the largest contributor to State taxation revenue and is estimated to increase to \$8 billion in 2023–24, compared to the 2022–23 revised estimate of \$7.2 billion. **19**

FINDING 13: The land transfer duty estimate of \$7.4 billion in 2023–24 is a 10.4% reduction on the 2022–23 revised estimate. The reduction is due to falling settlement volumes and the impact of interest rate rises, reflecting the Reserve Bank of Australia's tightening of monetary policy to combat high inflation. **19**

FINDING 14: The number of schools exempt from the *Remove the payroll tax exemption for high-fee non-government schools* payroll tax threshold has increased to 91.7% from 85% after the Budget Papers were released. This reflects an increase from \$7,500 to \$15,000 in the income per student threshold that forms the basis of the exemption. **20**

RECOMMENDATION 1: The Department of Treasury and Finance publish revised revenue estimates for the *Remove the payroll tax exemption for high-fee non-government schools* initiative in the 2023–24 Budget Update, reflecting changes made to the assessment of non-government schools exemption status. **20**

FINDING 15: Total expenditure for the general government sector is estimated at \$93.3 billion in 2023–24, a 3.9% increase compared to the 2022–23 Budget. Expenditure is expected to grow by an average of 1.9% per year over the forward estimates. **21**

FINDING 16: Employee expenses (including superannuation) are the largest component of general government sector expenditure, accounting for 42.6% of total expenditure in 2023–24. Employee expenses are estimated to grow at 2.7% per year over the forward estimates. **22**

FINDING 17: Employee expenses (including superannuation) are expected to grow by 37.7% between 2018–19 and 2023–24. The moderating projected growth over 2023–24 and the forward estimates reflects budget decisions and the Government’s wages policy. **22**

FINDING 18: A total of \$1.5 billion has been invested in Early Intervention Investment Framework-related initiatives since 2021–22, with \$677 million invested across 22 initiatives in the 2023–24 Budget. **23**

RECOMMENDATION 2: The Department of Treasury and Finance provide a breakdown of the large general government sector contingencies not allocated to departments by estimated portfolio and department (for example, health, disability education) in the next set of budget papers. **25**

FINDING 19: Government infrastructure investment for 2023–24 is expected to be \$22.4 billion, declining to \$16.9 billion in 2026–27 at the end of the forward estimates. **25**

FINDING 20: The 2023–24 Budget includes savings of \$2.9 billion over the budget and forward estimates. **26**

RECOMMENDATION 3: The Government provide further details on the Department of Treasury and Finance website on how savings initiatives related to the *Whole of Government savings and efficiencies*, *Labor’s financial statement savings* and *COVID Debt Repayment Plan* amounting to \$2.9 billion will be achieved. **26**

3 Department of Health

FINDING 21: The Department of Health’s budgeted spending related to COVID-19 has reduced in the 2023–24 Budget. 30

FINDING 22: The Department of Health has a total savings target of \$24.8 million 2023–24 and \$52 million ongoing. These savings will not apply to frontline staff, nor impact service delivery or infrastructure projects. 31

FINDING 23: The Victorian Government has initiated a review into the Non-Emergency Patient Transport sector, in response to several issues with service delivery and performance. 32

RECOMMENDATION 4: Post-review, the Department of Health develop new performance measures for the Ambulance Non-Emergency Services output for inclusion in the 2024–25 Budget. This should include performance information relating but not limited to timeliness, quality, regulatory compliance, access and supply. 32

FINDING 24: The Minister for Health advised \$4.9 billion extra funding had been added to Victoria’s healthcare system in the 2023–24 Budget including over the forward estimates. 33

FINDING 25: The annual targets for the *Smile Squad* program have reduced since its inception. In April 2021 the Victorian Government announced 500 schools would be visited and 200,000 students would be treated as part of the *Smile Squad* program that calendar year. The expected results related to the program in the 2022–23 financial year are 177 schools visited and 7,759 students treated. The reasons for the reduction include COVID-19 impacts, school closures and workforce issues. 35

FINDING 26: In 2018 the Victorian Government estimated 500 dentists, oral health therapists and dental assistants would need to be employed to staff the *Smile Squad* program when rolled out in full. Since 2018 total full-time equivalent oral health positions have reduced in Victorian public health services, despite programs such as the Dental Assistant Traineeship Program. 35

FINDING 27: The 2023–24 Budget provides funding to establish nine additional sexual and reproductive health hubs over the next two years. The Department of Health is yet to announce where the hubs will be established. 37

RECOMMENDATION 5: The Department of Health publish on its website the location of the nine new sexual and reproductive hubs and explain how these hubs will fulfil gaps in sexual and reproductive services and respond to demand for these services. **37**

FINDING 28: There are financial and geographic barriers to accessing medical and surgical abortion in Victoria. **38**

RECOMMENDATION 6: The Department of Health regularly report to the community on how the establishment of sexual and reproductive health hubs reduce the barriers to accessing sexual and reproductive health care, including how they reduce the financial burden of this care. **38**

FINDING 29: The Department of Health's sexual and reproductive health hubs provide free and low-cost services. At some clinics, there may be out-of-pocket costs for contraception and termination services. **38**

FINDING 30: The 2023–24 Budget includes \$320 million for the *Hospital Infrastructure Delivery Fund*, to begin the delivery and enabling activities of one new and six expanded/upgraded hospitals. **40**

RECOMMENDATION 7: The Department of Health regularly report on the progress of the *Hospital Infrastructure Delivery Fund* on the Victorian Health Building Authority website, including relevant due diligence and feasibility studies related to all public hospital projects. **40**

RECOMMENDATION 8: The Victorian Health Building Authority publish dedicated information about the progress of construction of the one new and six expanded/upgraded hospitals listed in the 2023–24 Budget. **40**

FINDING 31: The Department of Health (DH) has a target to source 5% of public hospital total electricity use from behind the meter solar by June 2023. After further expansion of behind the meter solar in 2023–24, DH expects to reach 3% of total electricity use. **41**

RECOMMENDATION 9: The Department of Health publish its progress towards the *Whole of Government Emissions Reductions Pledge* in percentage terms and the percentage share of each energy type used in its operations each financial year in its annual report. **42**

RECOMMENDATION 10: The Department of Health update its *Environmental sustainability strategy* for the next five years, including 2023–24. **42**

FINDING 32: The Health Infrastructure portfolio is newly created in 2023–24. No clear or reported responsibilities are set out in the budget papers for the portfolio. **43**

RECOMMENDATION 11: The Department of Health clearly outline the Health Infrastructure portfolio responsibilities, related initiatives, outputs, objectives, objective indicators and performance measures in the 2024–25 Budget. **43**

FINDING 33: The 2023–24 Budget includes \$160.1 million for the *Alcohol and other drug treatment, support and harm reduction services* initiative. This funding includes new opioid pharmacotherapy clinics and 84 Alcohol and Other Drugs workforce positions. **44**

RECOMMENDATION 12: The Department of Health report on the number of workforce positions recruited as part of the *Alcohol and other drug treatment, support and harm reduction services* initiative in its forthcoming annual reports. **44**

FINDING 34: The Department of Health achieved or exceeded only 53% of its performance measures in 2021–22 with a similar outcome expected in 2022–23. **46**

RECOMMENDATION 13: The Department of Health address the shortcomings identified by the Committee in two new performance measures introduced in 2023–24 with further, or altered, performance measures for inclusion in the 2024–25 Budget. **47**

RECOMMENDATION 14: The Department of Health develop new performance measures that reflect the increased investment in sexual and reproductive health for inclusion in the 2024–25 Budget. **48**

4 Department of Education

FINDING 35: The Department of Education’s (DE) *Tutor Learning Initiative* is funded until the end of 2023. As of 6 August, the Government is to decide whether funding for this and other programs in the education sector will continue in September 2023.

54

RECOMMENDATION 15: Where possible, the Department of Education fund all of its initiatives through the budget to promote funding certainty and transparency.

54

FINDING 36: Teacher workforce retention, recruitment and shortages are issues faced in Victoria, and across Australia. Workforce issues are driven by several factors including international supply issues, declining numbers of graduate teachers, higher student numbers and challenging workforce conditions, including high workloads. The 2023–24 Budget aims to address some of these issues through the *Targeted Initiatives to Attract More Teachers* initiative and support for lesson planning.

56

RECOMMENDATION 16: The Department of Education update its *Victorian Teacher Supply and Demand Report*.

57

RECOMMENDATION 17: The Department of Education enhance its reporting on how it is meeting teacher workforce supply and demand issues including:

- creating performance measures related to the funding provided for teaching workforce attraction and retention, including *Targeted Initiatives to Attract More Teachers* as funded in the 2023–24 Budget
- creating and publishing a workforce strategy demonstrating what actions will be taken to meet the demand for government teachers over an appropriate period of time.

57

FINDING 37: In 2023 the Victorian Government’s contribution to the Schooling Resource Standard (SRS) is 70.4%, with a commitment to grow this to 75% by 2028. The Commonwealth Government provides 20% of the SRS to Victoria as of 2023, resulting in a 5% funding shortfall.

58

FINDING 38: There are several challenges to implementing the *Best Start, Best Life* universal pre-prep program. This includes the need for an increase in qualified educators and infrastructure to support reform, and the local government area-based roll out, which will be completed in 2032.

60

FINDING 39: The 2023–24 Budget includes \$1.2 billion in output and asset funding for infrastructure related to the *Best Start, Best Life* early childhood education reform. The funding includes establishing and upgrading kindergartens at existing schools and building a number of the 50 Government owned and operated early learning centres that have been announced as part of the reform.

61

RECOMMENDATION 18: The Victorian School Building Authority provide information on its website regarding how the location of the 50 planned Government owned and operated early learning centres has been chosen. This should include reporting on the consultation process to determine the remaining 26 locations, and information regarding how each of the 50 locations are targeting areas most in need and reducing inequity of access.

62

RECOMMENDATION 19: The Department of Education address the shortcomings identified by the Committee in the new performance measures identified by the Committee through further, or altered, performance measures in the 2024–25 Budget.

65

FINDING 40: Changes to the Department of Education's (DE) performance measures, including new and discontinued measures, reflect DE's response to recommendations made in the Victorian Auditor-General's Office audit, *Measuring and Reporting on Service Delivery*.

68

RECOMMENDATION 20: The Department of Education review the discontinued performance measures outlined by the Committee regarding primary and secondary school education.

68

5 Department of Justice and Community Safety

FINDING 41: The Government will raise the minimum age of criminal responsibility from 10 to 12 years old by 2024 and to 14 years old by 2027. Prior to legislation taking effect, the Government will introduce a series of targeted and developmentally appropriate reforms and early intervention support services for 10-, 11-, 12-, and 13-year-olds to address the causes of problematic behaviours and prevent future contact with the criminal justice system.

73

RECOMMENDATION 21: The Department of Justice and Community Safety explore ways to report on the overall success, outcomes and details of new early intervention support services and outreach and diversionary programs specifically targeting 10-, 11-, 12- and 13-year-olds to prepare for the raising of the minimum age of criminal responsibility.

73

FINDING 42: The 2023–24 Budget allocates \$72.6 million to several early intervention and youth justice initiatives to divert young people from the criminal justice system. Most of this funding is towards existing programs and does not extend beyond 2025–26.

74

FINDING 43: The 2023–24 Budget allocates \$39 million to the Victorian Responsible Gambling Foundation and \$71 million to the Victorian Gambling and Casino Control Commission. *Preventing and addressing gambling harm* is the Department of Justice and Community Safety’s second largest new output initiative.

75

FINDING 44: The Cultural Review of the Adult Custodial Corrections System recommended the Department of Justice and Community Safety adopt a new public health approach to the delivery of healthcare services across the adult corrections system. The 2023–24 Budget allocates \$43 million over five years to deliver primary healthcare services in Victoria’s two women’s prisons. Healthcare continues to be delivered by the private sector in men’s prisons.

77

RECOMMENDATION 22: The Department of Justice and Community Safety include two performance measures in the 2024–25 Budget that report on the implementation and delivery of expected outcomes associated with the *Healthcare Services Quality Framework for Victorian Prisons* by custodial health service providers in both men’s and women’s prisons.

78

RECOMMENDATION 23: The Department of Justice and Community Safety consider ways to publicly report on material improvements in and impacts of health services delivered under new clinical governance arrangements and the *Healthcare Services Quality Framework for Victorian Prisons*.

78

FINDING 45: The 2023–24 Budget invests a total of \$87.2 million over four years in a range of programs to support the operation of the corrections system, reduce recidivism and future justice demand and enhance prisoners’ reintegration in the community and to maintain and secure the Western Plains Correctional Centre. Since March 2020, Victoria’s prison population has reduced by approximately 20%.

78

FINDING 46: Since the 2022–23 Budget, two prison expansion projects delivering a combined total of 1,354 new beds have been completed. The estimated completion date of the *Men’s prison system capacity (statewide)* capital project, which will deliver 708 new beds, has been revised from quarter 2 2023–24 to quarter 2 2024–25.

79

FINDING 47: Despite reductions in Victoria's prison population following COVID-19, the number of unsentenced men and women in prison has increased over the past decade. The Government has introduced legislation to Parliament to amend the *Bail Act 1977* (Vic), which may reduce remand for certain offences. The extent by which these reforms, if passed, will impact prison utilisation rates, Victoria's prison population or the court system is yet to be determined.

81

FINDING 48: The Department of Justice and Community Safety has released an Emergency Management outcomes framework, strategic roadmap and an action plan to support reforms in emergency management and improvements in the capacity and capability of Victoria's emergency services to respond to critical events.

82

RECOMMENDATION 24: The Department of Justice and Community Safety report on the outcomes and impacts of the *Emergency Management Sector Outcomes Framework*, as well as annual improvements or changes in outcome indicators outlined in the *Framework* on the Emergency Management Victoria website.

82

FINDING 49: Despite recent investments in recruitment activities, Victoria Police has not kept pace with attrition or staff turnover over the past two years. The 2023–24 Budget does not allocate any additional funding to expand the size of Victoria's police force.

83

RECOMMENDATION 25: The Department of Justice and Community Safety explore ways to report on the quality of the *Youth Crime Prevention* program and implement a new performance measure in the 2024–25 Budget that reports on the proportion of participants of the program who complete a planned exit.

85

RECOMMENDATION 26: The Department of Justice and Community Safety review the three discontinued performance measures outlined by the Committee regarding gambling inspections and gambling licensing client satisfaction.

86

6 Department of Transport and Planning

FINDING 50: The 2023–24 Budget continues the *COVID-19 impacts on the transport network* initiative with \$628.2 million allocated over 2022–23 and 2023–24, bringing total funding for COVID-19-related impacts on the public transport network to approximately \$2.2 billion since the 2020–21 Budget.

90

FINDING 51: In total, 33 projects in the Department of Transport and Planning, the Victorian Rail Track and the State Tolling Corporation’s capital programs may be subject to a strategic review of the Infrastructure Investment Program. The total estimated investment in these projects as per the 2022–23 Budget is at least \$38.1 billion and includes a combined total of \$14.9 billion in Commonwealth Government funding.

92

FINDING 52: It is unclear which projects in the State Capital Program are subject to the Commonwealth Government’s strategic review of the Infrastructure Investment Program.

93

FINDING 53: The pause in Commonwealth funding decisions may result in financial impacts and project delays in the State Capital Program, but these impacts cannot yet be determined.

93

FINDING 54: It is unclear how the Commonwealth Government’s strategic review of the Infrastructure Investment Program might impact individual projects in the State Capital Program.

94

RECOMMENDATION 27: The Department of Transport and Planning publish comprehensive details of the impacts of the strategic review of the Infrastructure Investment Program, including: all information listed as ‘tbc’ in the 2023–24 Budget, any financial costs and delays in project timelines associated with the review, any changes in Commonwealth funding or Victorian Government funding allocated to specific projects and the reasons for the change. This should include updated Total Estimated Investment figures and estimated completion dates for those projects not impacted by the strategic review.

94

RECOMMENDATION 28: The Department of Transport and Planning introduce in the 2024–25 Budget two new performance measures that report on the number of new zero emissions buses added to the metropolitan and regional bus networks.

95

RECOMMENDATION 29: The Department of Transport and Planning introduce an objective indicator in the 2024–25 Budget that reports on zero emissions buses as a proportion of all operational buses in the Victorian fleet.

95

FINDING 55: Changes to the negotiation process for metropolitan bus service contracts have been announced. Potential service providers will need to compete in a public tender process and submit proposals outlining how they aim to boost passenger experience, deliver network and operating efficiencies and optimise the transition to zero emission buses in line with the objectives of *Victoria's Bus Plan*.

96

RECOMMENDATION 30: The Department of Transport and Planning publish information related to the actual outcomes of proposed reforms, including measures to improve customer satisfaction, deliver passenger experience and network operating efficiencies and optimise the transition to zero emission buses, that are implemented in line with *Victoria's Bus Plan* and realised through new bus service contracts.

96

FINDING 56: The 2023–24 Budget allocates \$2.3 billion in output and asset funding over ten years to the *Road maintenance and renewal* initiative. It is unclear what proportion of funding for the initiative is allocated to roadworks in inner metropolitan Melbourne, outer suburban Melbourne and regional Victoria. It is also unclear what proportion of funding for the initiative is allocated to critical, needed or desirable roadworks.

97

FINDING 57: The Department of Transport and Planning exceeded its target for the road area resurfaced or rehabilitated in outer suburban Melbourne in 2022–23 but did not to reach its target for inner metropolitan Melbourne and regional Victoria due to the increased costs of road treatment, the impact of flooding on planned works and government reprioritisations.

98

FINDING 58: The Department of Transport and Planning did not report targets for three performance measures identified by the Committee due to modelling for the road maintenance workplan being incomplete when the 2023–24 Budget was published.

98

RECOMMENDATION 31: The Department of Transport and Planning publish on its website the finalised road maintenance workplan for 2023–24, including how the workplan was prioritised and determined, the proportion of roadworks set to take place in inner metropolitan Melbourne, outer suburban Melbourne and regional Victoria, and the proportion of roadworks classified as critical, needed or desirable.

99

FINDING 59: The Government allocated \$165 million to undertake emergency road repairs following the 2022 Flood Event. The 2022 Victorian Economic and Fiscal Update and the 2023–24 Budget do not report on the proportion of funding allocated to flood-related road maintenance and repairs under the *Victoria's Flood Recovery* initiative.

99

FINDING 60: It is unclear what proportion of flood-impacted roads still require repairs, whether emergency funding for repairs was sufficient or completed in a timely manner, or what proportion of funding for the *Road maintenance and renewal* initiative is allocated to flood-impacted roads.

99

FINDING 61: The Department of Transport and Planning has reduced its targets in 2023–24 compared to 2022–23 for three Road Safety performance measures. It is unclear how reduced performance measure targets will impact road safety outcomes in 2023–24.

100

FINDING 62: As of 6 August 2023, the number of lives lost on Victorian roads in 2023 represents a 24.6% increase compared to the same time last year and a 27.3% increase compared to the five-year-average. It is unclear from data collected by the Transport Accident Commission how many people have been seriously injured on Victorian roads in 2023.

101

RECOMMENDATION 32: The Department of Transport and Planning consider ways to improve the timeliness of its public reporting on non-fatal crashes and road accidents, including reporting on the severity of injuries, where road accidents happened and what caused them to further enhance public understanding of the factors contributing to road fatalities and serious injuries on Victorian roads and support the delivery of road safety policy and infrastructure improvements.

102

FINDING 63: The 2023–24 Budget allocates \$3.5 million to the Mode Shift Incentive Scheme, bringing total funding for the scheme to approximately \$56.5 million since it was introduced in the 2012–13 Budget. The scheme will end after 2023–24 because it is obsolete.

103

FINDING 64: While the Mode Shift Incentive Scheme has kept some container freight traffic on rail, it has 'not significantly shifted freight from road to rail' or scaled up the volume or activity of freight transported by rail. The Department of Transport and Planning has initiatives in development and delivery that may further support the movement of freight by rail.

103

RECOMMENDATION 33: The Department of Transport and Planning introduce a performance measure that reports on the proportion of containers entering Melbourne’s ports that are freighted by rail. **103**

RECOMMENDATION 34: The Department of Transport and Planning retain in the 2024–25 Budget a performance measure that reports on the success of prosecutions for transport safety offences. **105**

7 Department of Families, Fairness and Housing

FINDING 65: The Big Housing Build will deliver a net increase of 8,200 social and affordable homes over the life of the program, from 2020 to 2027. **112**

FINDING 66: The Victorian economic context, including general housing and cost of living pressures and interest rate rises have resulted in an increase to the social housing waitlist with clients experiencing family violence waiting an average of 20.2 months and other priority clients waiting 16.5 months. **114**

RECOMMENDATION 35: The Department of Families, Fairness and Housing publish long-term data on social housing applications, allocations and average wait times for all categories on its website. **114**

FINDING 67: The number of child protection practitioners employed by the Department of Families, Fairness and Housing did not reach the total number of funded positions between 2021 and 2023. As of 30 May 2023, 22.9% equating to a total of 463 full-time equivalent positions were vacant. **116**

RECOMMENDATION 36: The Department of Families, Fairness and Housing consider ways to improve reporting on child protection practitioners’ workloads and the success of its child protection workforce planning, including the number of child protection practitioner vacancies compared to total number of funded positions, or the average caseload and case complexity of child protection practitioners. **117**

FINDING 68: Funding for the Child Protection and Family Services portfolio has doubled between 2014–15 and 2023–24, from \$1 billion (present value) to \$2 billion, while the State’s population has grown by approximately 15% over this time period. **119**

FINDING 69: The 2023–24 Budget allocates \$548.3 million to the *Delivering improved outcomes for children in residential care* initiative, which forms part of the *Roadmap for Reform: Strong Families, Safe Children*. This includes \$100.4 million to increase the provision of therapeutic support in residential care, with an aim to ensure all children in residential care have access to this support by 2025–26, up from 43% of children in residential care placements.

120

RECOMMENDATION 37: The Department of Families, Fairness and Housing address the shortcomings identified by the Committee with the two new performance measures under the Office for Disability and Family Violence Service Delivery outputs with further, or altered, performance measures in the 2024–25 Budget.

122

RECOMMENDATION 38: The Department of Families, Fairness and Housing ensure future budget papers detail the department’s rationale for discontinuing proposed performance measures.

123

8 Department of Jobs, Skills, Industry and Regions

FINDING 70: In the 2023–24 Budget, the Department of Jobs, Skills, Industry and Regions has an operating deficit forecast of \$57 million. Output appropriations are budgeted as \$3.2 billion, a 25.1% reduction on the 2022–23 revised Budget figure. The variation in output appropriations is due to the completion or reduced funding for COVID-19, flood relief and recovery initiatives and funding held centrally to be released.

128

FINDING 71: The *Jobs Victoria* output initiative will receive \$35.1 million over 2023–24 and 2024–25. After expansion during the COVID-19 pandemic, the program has been scaled back with the expected target of disadvantaged jobseekers accessing the program over 2023–24 reduced to 11% of the 2022–23 expected target, and will now only provide services for the most disadvantaged jobseekers. The Commonwealth is responsible for supporting jobseekers and is currently undertaking a review into employment.

130

FINDING 72: *Sick Pay Guarantee* claims to date in 2022–23 (\$40 million) are below the original budget estimate (\$138.2 million). The Department of Jobs, Skills, Industry and Regions will continue with the pilot program in 2023–24.

131

RECOMMENDATION 39: The Department of Jobs, Skills, Industry and Regions publish the evaluation of the *Sick Pay Guarantee* scheme once the pilot program has been completed.

131

FINDING 73: The *Victorian Skills Plan* estimates Victoria will require an extra 373,000 workers by 2025, with most workers required in the health and community services industry, followed by professional services workers and the education and training industry. **132**

RECOMMENDATION 40: The Victorian Skills Authority include a section that reports on the outcomes of their three-year priorities and actions in the 2025 *Victorian Skills Plan*. **134**

FINDING 74: The \$186 million *Backing TAFE for the Skills Victoria Needs* output initiative will expand access to training by allowing individuals to enrol in more than one course attracting the *Free TAFE* subsidy, as well as people who already hold higher level qualifications. **134**

FINDING 75: Victoria's international education exports are returning from pandemic levels, growing by 21% over the previous year to reach \$8.4 billion in 2022. **135**

RECOMMENDATION 41: The Department of Jobs, Skills Industries and Regions publish timely data relating to the *International Education Recovery Plan 2025's* measures of success in half-yearly or yearly intervals on the Study Melbourne website. **136**

FINDING 76: While the Department of Jobs, Skills, Industry and Regions has introduced several measures to support Victoria and Melbourne's international student population, such as the Study Melbourne Hub in Hardware Lane, international students are still susceptible to exploitation. **137**

FINDING 77: The Government announced Victoria would no longer be hosting the 2026 Commonwealth Games after the original \$2.6 billion budget for the event faced an upward revision to over \$6 billion. **138**

RECOMMENDATION 42: The Department of Jobs, Skills, Industries and Regions publicly release a detailed breakdown of the original \$2.6 billion forecast cost of hosting the 2026 Commonwealth Games, as well as any cost-benefit analysis undertaken, and a detailed breakdown of the revised approximate of \$6 billion forecast cost of hosting the 2026 Commonwealth Games. **138**

RECOMMENDATION 43: The Government announce the details of any costs incurred to the State of Victoria as a result of the cancellation of the Commonwealth Games as soon as they are known.

139

FINDING 78: The Government announced a \$2 billion funding package for regional Victoria after the Commonwealth Games was cancelled. This includes infrastructure development and upgrades to sporting facilities across regional Victoria including the Geelong region, Bendigo, Shepparton, Ballarat and Gippsland, a \$150 million *Regional Tourism and Events Fund* and a \$1 billion *Regional Housing Fund*.

140

RECOMMENDATION 44: The Department of Jobs, Skills, Industry and Regions report on the regional initiatives announced as part of the Commonwealth Games cancellation, the *Regional Tourism and Events Fund* and the *Regional Housing Fund* in the 2023–24 Budget Update and in Budget Paper No. 4 in coming years.

140

FINDING 79: Victoria’s live music sector continues to face challenges post-COVID, including workers leaving the industry, less new and emerging young performers and increased costs. The \$35.6 million *Victorian Music and Community Broadcasting* initiative funded in the 2023–24 Budget aims to address some of these issues and support the industry.

141

RECOMMENDATION 45: The Department of Jobs, Skills Industry and Regions disclose enhanced information regarding grants allocated through the *Victorian Music and Community Broadcasting* initiative, such as the grant recipient, the amount provided, a summary of what the grant was used for and the output of grant activities.

142

RECOMMENDATION 46: The Department of Jobs, Skills, Industry and Regions review the issues with the five discontinued measures identified by the Committee relating to Jobs Victoria Services, the Jobs Victoria Fund and investment attraction.

144

9 Department of Energy, Environment and Climate Action

FINDING 80: Funding for all Department of Energy, Environment and Climate Change's outputs decreased by between 9% and 79% in 2023–24 compared to the 2022–23 revised Budget, except for the Parks Victoria and Effective Water Management and Supply outputs. The Environment and Biodiversity output has decreased by 26.9%. It is unclear what programs or activities are no longer taking place due to this reduction in funding.

148

FINDING 81: The 2023–24 Budget allocates \$388 million over five years to support workers, communities and industry to transition away from native timber harvesting. Funding allocations to the various components of the *Timber Harvesting Transition Support* and the *Timber worker and industry support* initiatives, at this stage, are unclear. It is also unclear whether these initiatives deliver new programs or change funding for existing supports outlined in the *Victorian Forestry Plan*.

150

RECOMMENDATION 47: The Department of Energy, Environment and Climate Action outline the specific programs, services and payments delivered through funding provided for the *Timber Harvesting Transition Support* and *Timber worker and industry support* initiatives, including the total funding allocated to each program, and report on the total support payments to workers and the outcomes of these programs and services on the Forestry Transition Program website.

150

RECOMMENDATION 48: The Victorian Government undertake a comprehensive review into the forestry transition program that assesses and reports on the outcomes of the support provided to native timber workers, industry and communities and articulate its plan for VicForests and public land formerly subject to native timber harvesting as soon as practicable.

151

FINDING 82: The Zero Emissions Vehicle (ZEV) subsidy program was originally funded until the end of 2023–24 to provide up to 20,000 subsidies for households and businesses to purchase lower-cost ZEVs. However, the 2023–24 Budget states the program will end in June 2023, one year early, after providing just over half the original total subsidies.

151

RECOMMENDATION 49: The Department of Energy, Environment and Climate Action detail in its annual report the total payments provided under the Zero Emissions Vehicles subsidy program and the reasons for ending the program earlier than scheduled.

152

FINDING 83: Zero Emissions Vehicles (ZEVs) comprise 6.6% of all light vehicle sales in Victoria in 2023. The Victorian Government has a target of ZEVs comprising 50% of all light vehicle sales by 2030.

152

FINDING 84: The 2023–24 Budget allocates \$400 million in 2022–23 to the \$250 *Power Saving Bonus* (PSB), bringing the total funding allocated to the PSB program to \$1.1 billion since the 2018–19 Budget. The Committee reiterates the importance of assessing and transparently reporting on the long-term benefits of this program in the budget papers.

153

FINDING 85: The Committee recognises there are financial incentives and benefits of visiting the Victorian Energy Compare (VEC) website, aside from the receipt of the \$250 *Power Saving Bonus*, but it cannot determine the annual savings realised by customers who switch energy providers after using the VEC website or whether customers visit and utilise the VEC website before claiming the rebate.

154

RECOMMENDATION 50: The Department of Energy, Environment and Climate Action consider the benefits of developing an objective indicator that reports on the average annual savings realised by consumers who switch energy retailers for a better deal after using the Victorian Energy Compare website.

154

FINDING 86: The 2023–24 Budget allocates \$20.6 million to VicGrid to implement the Victorian Transmission Infrastructure Framework (VTIF) and to progress planning reform to enhance the renewable energy approvals framework. The VTIF commits to a new payment system for compensation to landowners affected by transmission line easements.

155

RECOMMENDATION 51: The Department of Energy, Environment and Climate Action provide a breakdown by project of the total annual compensation payments to landowners affected by transmission line easements in its forthcoming annual reports.

155

FINDING 87: The 2023–24 Budget allocates \$44.5 million to establish the new State Electricity Commission (SEC), including staffing, accommodation, and other corporate costs. The design, mandate and operating model of the SEC are currently under development.

155

FINDING 88: The 2023–24 Budget allocates \$1 billion in asset funding as an initial equity investment in the State Electricity Commission to begin delivering the entity’s target of 4.5 gigawatts (GW) of new renewable energy generation and storage projects. This will account for 18% of the estimated 25GW in new energy production required to reach Victoria’s renewable energy targets.

156

RECOMMENDATION 52: The Department of Energy, Environment and Climate Action publish a forecast of the total funding required by the State Electricity Commission for all future equity investments to reach its target of 4.5 gigawatts of new renewable energy generation and storage.

156

RECOMMENDATION 53: The Department of Energy, Environment and Climate Action develop an objective indicator that reports on the relative share of Victoria’s energy sourced from State Electricity Commission projects.

156

RECOMMENDATION 54: The Department of Energy, Environment and Climate Action publish in forthcoming annual reports a breakdown by project of the scope, expected completion date, ownership share and total estimated investment of State Electricity Commission investments.

156

FINDING 89: The 2023–24 Budget invests \$28 million in training and skills to support Victoria’s renewable energy transition, including developing the State Electricity Commission Centre of Training Excellence, new renewable energy vocational and educational training certificates, and the *Victorian Energy Jobs Plan* and establishing hydrogen and wind worker training centres.

158

FINDING 90: Forecasts suggest 59,214 two-year full-time equivalent jobs will be created by reaching Victoria’s renewable energy generation and storage targets, of which only 961 operational jobs are expected to be direct impacts of the renewable energy transition. The SEC is expected to deliver some of these jobs, but it is unclear how many jobs the SEC is expected to generate or what economic impact the SEC is expected to have on Victoria’s gross state product.

158

RECOMMENDATION 55: The Department of Energy, Environment and Climate Action publish the forecasted impact of the State Electricity Commission (SEC) on employment, such as the total number of jobs directly created by SEC projects, and economic activity, such as the SEC’s impact on Victoria’s gross state product.

158

FINDING 91: The State Electricity Commission portfolio is a newly created portfolio in 2023–24. It has no reported responsibilities in the budget papers. **158**

RECOMMENDATION 56: The Department of Energy, Environment and Climate Action clearly outline the responsibilities, related initiatives, outputs, objectives, objective indicators and performance measures of the State Electricity Commission portfolio in the 2024–25 Budget. **158**

FINDING 92: It is unclear how capital repatriation payments by water corporations are determined and where payments are represented and accounted for in the budget papers. **159**

RECOMMENDATION 57: The Department of Treasury and Finance consider ways to improve its public reporting on the amount, impact, and determination of capital repatriation payments by Melbourne’s water corporations to Government. **159**

FINDING 93: Melbourne’s water corporations will pay \$209.8 million in capital repatriations in 2022–23 and expect to pay at least \$173.5 million in 2023–24, noting that Yarra Valley Water has not published forecasts of its capital repatriations in 2023–24. The Committee cannot determine why capital repatriation payments in 2021–22 and 2022–23 and forecast for 2023–24 have increased when compared to 2018–19, the last year that capital repatriations were paid to Government. **160**

FINDING 94: The Department of Energy, Environment and Climate Action has stated the payment of capital repatriations do not impact consumer water bills or prices, reduce service outcomes, or impact water corporations’ investment in capital projects. However, South East Water has reported its overall debt levels and total borrowings will increase over the forward estimates to service dividends, capital repatriations and capital expenditure outlays. **161**

RECOMMENDATION 58: The Department of Energy, Environment and Climate Action consider ways to report on the quality or impact of targeted conservation actions for threatened species, not just the number of actions taken. **162**

RECOMMENDATION 59: The Department of Energy, Environment and Climate Action ensure future budget papers detail the department’s rationale for discontinuing proposed performance measures. **163**

10 Court Services Victoria

FINDING 95: Court Services Victoria (CSV) forecasts a balanced net result from transactions and a balanced net cash position in 2023–24. CSV has a savings target of \$5.6 million in 2023–24 but does not anticipate this will impact frontline services or staffing.

168

FINDING 96: Court Services Victoria identified *Essential resources for Victorian courts* as a lapsing program in 2022–23. Subject to the findings of an evaluation of the program due in November 2023, further funding may be sought in 2024–25. A prior evaluation of the active case management pilot, which forms part of the lapsing program, found strong potential to produce whole of criminal justice sector savings by reducing delays, improving trial readiness, and facilitating early resolution.

170

RECOMMENDATION 60: Court Services Victoria publish the evaluation report on the outcomes of the active case management pilot in the County and Supreme Courts of Victoria in November 2023.

170

FINDING 97: Court Services Victoria identified *Improving the VCAT planning and environment case management* initiative as a lapsing program in 2022–23. The cessation of the program may have some impacts, such as diverting Members' time away from core functions and delaying the processing and resolution of cases.

170

FINDING 98: The pending civil and criminal caseload backlog in the Magistrates' Court of Victoria has reduced as at March 2023, compared to the highest peaks experienced during the COVID-19 pandemic in July 2021. Despite the reductions, the total pending caseload backlog remains higher than pre-COVID levels calculated at March 2020.

175

FINDING 99: The Victorian Civil and Administrative Tribunal (VCAT) has continued to experience growth in its pending caseload backlog as of March 2023. Total pending caseloads in VCAT at March 2023 are 248.3% higher than the pre-COVID levels reported in March 2020, and 28.3% higher than the levels reported in July 2021 during the COVID-19 pandemic.

176

FINDING 100: The County Court of Victoria (CCV) experienced a 57% reduction in its COVID-related trial backlog between January 2022 and April 2023, and expects a continued downward backlog trend for the remainder of 2023. CCV has also revised its target for performance measures relating to case clearance rates for criminal matters disposed of in the CCV, to reflect changes in recent performance driven by a higher finalisation rate for matters of low to medium complexity.

177

FINDING 101: As at March 2023, the Children’s Court and Coroners’ Courts pending caseloads have decreased to below the figures reported at March 2020, or pre-COVID levels. **177**

FINDING 102: In 2022 Court Services Victoria commenced publishing data on initiations, finalisations and pending matters in Victorian courts and tribunals. Although data from March 2020 is published, data from April to December 2020 and from January to June 2021 is not available. **178**

RECOMMENDATION 61: Court Services Victoria publish data on the initiations, finalisations and pending matters for the periods from April to December 2020 and from January to June 2021. **178**

FINDING 103: The 2023–24 Budget does not include performance measures that track the outcomes of initiatives introduced in previous budgets to reduce the number of pending matters across the Victorian courts and tribunal. **179**

FINDING 104: The Drugs Courts regional expansion commenced operations at the Shepparton and Ballarat Magistrates’ Court in December 2021 and February 2022 respectively. An interim evaluation reported positive benefits, with every dollar spent on the Drug Courts program resulting in \$1.84 avoided prison costs. **180**

RECOMMENDATION 62: Court Services Victoria publish its *Evaluation of the Drug Courts of Victoria: Interim Evaluation Report*. **180**

FINDING 105: The Drug and Alcohol Treatment Court pilot in the County Court of Victoria (CCV) is allocated \$7.3 million in the 2023–24 Budget. An evaluation by the CCV found that the pilot has generated savings of \$11 million to \$25 million across the justice system for 70 participants. **181**

11 Department of Government Services

FINDING 106: The first stage of the digital driver’s licence pilot in Ballarat experienced difficulties, with incorrect information distributed to participants leading to concerns about data breaches. 187

FINDING 107: While the Centralised Accommodation Management program has been established to achieve costs savings and efficiencies, the Government is expected to experience increasing rental costs in 2021–22 and 2022–23, while leasing less space. 188

RECOMMENDATION 63: The Department of Government Services evaluate the Centralised Accommodation Management program, including any cost savings it has generated and the reasons behind any increased office accommodation costs. 189

FINDING 108: By June 2023 the *Suburban workplace hubs* program trialling the office spaces for use by public servants in Footscray, Dandenong, Essendon Fields, Mulgrave and Williams Landing cost \$18.3 million. The program will not be renewed due to the underutilisation of the suburban offices. 189

RECOMMENDATION 64: The Department of Government Services publicly release the evaluation of the *Suburban workplace hubs* program once it is completed. 189

FINDING 109: The Dispute Settlement Centre of Victoria is not expecting to meet two of its 2022–23 performance measure targets, and is currently not accepting phone enquiries, or offering mediation and advisory services for a number of non-rental related disputes, in order to assist the Victorian Civil and Administrative Tribunal with disputes relating to renters and rental providers. 191

FINDING 110: Consumer Affairs Victoria does not have a disaggregated budget for investigation and compliance activities and deploys resources according to need and the intelligence it receives on an ongoing basis. Over the last year, investigation resources were prioritised towards renters and rental assessments. 192

RECOMMENDATION 65: The funding and resourcing for the Dispute Settlement Centre of Victoria and Consumer Affairs Victoria be reviewed, noting that targets related to dispute resolution performance measures and court and administrative actions are not expected to be met, as the two organisations focus on the increase in disputes relating to renters and rental providers. 192

FINDING 111: The Minister for Local Government set the rate cap for 2023–24 at 3.5% on advice from the Essential Services Commission and other stakeholders. The Essential Services Commission uses the Consumer Price Index to inform its advice, which at the time of the hearings was 7%. **195**

RECOMMENDATION 66: The Department of Government Services review issues with the proposed discontinued performance measure relating to zero emission vehicles acquired via VicFleet. **198**

12 Department of Treasury and Finance

FINDING 112: The 2023–24 Budget includes \$1 million over two years to continue the work of the Gender Responsive Budgeting Unit (GRBU) in the Department of Treasury and Finance. The GRBU has recorded several achievements, delivering two budgets employing gender responsive budgeting approaches and training almost 400 Victorian Public Service staff in developing gender impact assessments. **203**

FINDING 113: The 2023–24 Budget includes one new performance measure related to Gender Response Budgeting—‘Percentage of Gender Responsive Budgeting/ Gender Impact Assessment information session attendees who indicated the session helped improve their understanding of the GIA requirements’. **206**

RECOMMENDATION 67: The Department of Treasury and Finance introduce the performance measure ‘Percentage of funding requests through the budget process that meet minimum gender impact consideration requirements’ in the 2024–25 Budget. **206**

RECOMMENDATION 68: The Department of Treasury and Finance include further performance measures related to the outcomes achieved from gender responsive budgeting including the activities of the Gender Responsive Budgeting Unit in the 2024–25 Budget. **206**

FINDING 114: As a result of the insolvency of Porter Davis Homes in 2023, the Victorian Managed Insurance Authority expects claims related to domestic building insurance (DBI) to grow by up to 2,500 in 2022–23, representing growth of over 50%. The total DBI claims payout in 2022–23 is yet to be confirmed, however total claims equalled \$77.1 million in 2021–22. **208**

FINDING 115: In the context of improving Victoria’s domestic building insurance consumer protection framework, the Department of Treasury and Finance is exploring avenues of reform, both to strengthen consumer protections and improve building insurance. **208**

FINDING 116: The increase in claims attributed to the Porter Davis Homes insolvency and the 2022 October–November flood event will have an impact on the Victorian Managed Insurance Authority’s (VMIA) 2022–23 operating result. In 2021–22 the VMIA recorded an operating deficit of \$249.2 million. **209**

FINDING 117: Domestic Building Insurance premiums are set to increase from 1 September 2023. **209**

FINDING 118: The Victorian Government provided WorkSafe with an operating grant of \$550 million and \$450 million in 2020–21 and 2021–22 respectively. WorkSafe’s WorkCover scheme is experiencing financial challenges associated with a premium deficit, growing numbers of mental injury claims and more workers staying on the scheme for longer than two-and-a-half years. **211**

FINDING 119: In 2023–24 the WorkCover average premium will increase from 1.272% to 1.8%, representing an increase of 41.2%. Victoria will have the second highest WorkCover premium in the country when comparing to jurisdictions where workers’ compensation schemes are managed by a single agency. Revenue received by WorkSafe from WorkCover premiums is expected to grow, contributing to the financial stabilisation of the WorkCover scheme. **212**

FINDING 120: Reforms to the WorkCover scheme have been announced by the Victorian Government, to address the financial viability and improve outcomes of clients of the scheme. Reforms include limiting claims of stress and burnout to provisional payments for 13 weeks, and establishing Return to Work Victoria to provide early and targeted intervention for WorkCover claims. **214**

RECOMMENDATION 69: WorkSafe Victoria publish the modelling showing how the WorkCover scheme reform will improve its financial position on their website. **214**

RECOMMENDATION 70: WorkSafe Victoria report on the outcomes and performance of changes to mental health injury claim eligibility and the establishment of Return to Work Victoria in upcoming annual reports. **214**

13 Department of Premier and Cabinet

FINDING 121: The Department of Premier and Cabinet forecasts a reduction in both revenue and expenditure in the 2023–24 Budget compared to the 2022–23 revised Budget, due to machinery of government changes which saw multiple outputs transferred to the newly created Department of Government Services.

220

FINDING 122: The 2023–24 Budget provides \$8.6 million to continue the Jobs and Skills Exchange (JSE) over two years, to increase mobility and professional development opportunities for the Victorian Public Service, and to reduce labour hire usage and consultancy expenditure. Only 35.9% of jobs advertised through the JSE were filled through that platform in 2022–23.

222

FINDING 123: An objective of the Jobs and Skills Exchange (JSE) is to reduce labour hire usage and consultancy expenditure. However most Victorian Government departments and agencies are unable to quantify the cost savings of utilising the JSE, or how many roles are subsequently awarded to consultants, contractors or labour hire after advertisement on the JSE.

223

RECOMMENDATION 71: The Department of Premier and Cabinet develop stronger reporting mechanisms that allow departments and agencies to easily collect data linked to the number of jobs awarded to contractors and consultants or under labour hire arrangements.

223

RECOMMENDATION 72: The Department of Premier and Cabinet publish information in its upcoming annual report about whether the Jobs and Skills Exchange is fulfilling its objectives, including reducing labour hire usage and consultancy expenditure.

223

FINDING 124: The Department of Premier and Cabinet recently launched the Gig Worker Support Service, which provides a telephone and online service to gig workers who require information and advice on their work rights and entitlements.

225

RECOMMENDATION 73: The Department of Premier and Cabinet review the performance measure ‘On demand matters resolved or referred to a more suitable body within 180 days’ to ensure the measure is sufficiently challenging.

225

RECOMMENDATION 74: The Department of Premier and Cabinet develop further performance measures related to the Gig Worker Support Service for inclusion in the 2023–24 Budget.

225

FINDING 125: The 2023–24 Budget includes \$138.2 million over the next four years to progress key obligations as part of Victoria’s ongoing Treaty Process with First Peoples. 226

RECOMMENDATION 75: The Department of Premier and Cabinet publish on its website further information regarding the \$138.2 million provided for the *Meeting the State’s legal requirements to enter Treaty negotiations* initiative, including details about what the funding is expected to deliver. 227

RECOMMENDATION 76: The Department of Premier and Cabinet address the shortcomings identified by the Committee regarding the performance measures ‘Meetings with departments to support Minimum Standards and Additional Preparations, and engaging in Treaty negotiations’ and ‘Minimum Standards and Additional Preparations the State can notify compliance with to the Treaty Authority’. 227

FINDING 126: The Department of Premier and Cabinet has assumed shared responsibility of the Justice Policy, Services and Law Reform output, and the Land Justice Unit from the Department of Justice and Community Safety, through machinery of government changes effective 1 January 2023. It is unclear how these responsibilities are divided. 229

RECOMMENDATION 77: The Department of Premier and Cabinet and the Department of Justice and Community Safety outline the shared output and changed responsibilities resulting from machinery of government changes in their next annual reports. 229

RECOMMENDATION 78: When multiple departments share responsibility for an output, the budget papers outline how this responsibility is divided between Ministers, including how initiatives and performance measures are allocated to ensure clarity. 229

FINDING 127: The Department of Premier and Cabinet has responsibility for the Land Coordinator General and the Precincts Policy and Coordination function, and the Deputy Premier has been given responsibility for coordinating precincts delivery across the whole of government. 230

RECOMMENDATION 79: The Department of Premier and Cabinet clarify the responsibilities and achievements of the Land Coordinator General and the Precincts and Land division in its next annual report. 230

RECOMMENDATION 80: The Department of Premier and Cabinet develop new budget paper performance measures for inclusion in the 2024–25 Budget to measure the performance and outcomes of the Land Coordinator General role and the precincts and land coordinator function within the department. **230**

RECOMMENDATION 81: The Department of Premier and Cabinet address the shortcomings identified by the Committee with the two new performance measures introduced in 2023–24 regarding the Industrial Relations and Self-Determination Policy and Reform Advice and Programs outputs with further, or altered, performance measures in the 2024–25 Budget. **232**

RECOMMENDATION 82: The Department of Premier and Cabinet retain the performance measure regarding the percentage of agencies that indicate the Victorian Public Sector Commission advice assists in improving their integrity capability. **233**

14 Parliament

FINDING 128: Parliament House’s public galleries have not been open to the public since prior to the COVID-19 pandemic, due to heightened security risks. The public galleries reopened in the sitting week starting 20 June 2023. **239**

FINDING 129: The Parliament House Stoneworks Restoration project is due to be completed this year, marking the conclusion of a restoration project that was started in 2006 and has been completed in 13 stages. The total estimated cost is \$88.9 million. **240**

Acronyms

ABS	Australian Bureau of Statistics
ACM	Active Case Management
AOD	Alcohol and Other Drugs
BHB	Big Housing Build
CAM	Centralised Accommodation Management
CAV	Consumer Affairs Victoria
CCV	County Court of Victoria
CEO	Chief Executive Officer
ChCV	Children's Court of Victoria
CPI	Consumer Price Index
CPP	Child Protection Practitioner
CPOM	Child Protection Operating Model
CSV	Court Services Victoria
DATC	Drug and Alcohol Treatment Court
DBI	Domestic Building Insurance
DE	Department of Education
DEECA	Department of Energy, Environment and Climate Action
DELWP	Department of Environment, Land, Water and Planning
DFFH	Department of Families, Fairness and Housing
DGS	Department of Government Services
DH	Department of Health
DJCS	Department of Justice and Community Safety
DJPR	Department of Jobs, Precincts and Regions
DJSIR	Department of Jobs, Skills, Industries and Regions
DoT	Department of Transport
DPC	Department of Premier and Cabinet
DPS	Department of Parliamentary Services
DSCV	Dispute Settlement Centre of Victoria
DTF	Department of Treasury and Finance
DTP	Department of Transport and Planning
EIIF	Early Intervention Investment Framework
EMV	Emergency Management Victoria
ESC	Essential Services Commission
FSAH	Financing Social and Affordable Housing

FTE	Full-Time Equivalent
GEO	GEO Healthcare
GGS	General Government Sector
GIA	Gender Impact Assessment
GII	Government Infrastructure Investment
GRB	Gender Responsive Budgeting
GRBU	Gender Responsive Budgeting Unit
GSP	Gross State Product
GST	Goods and Service Tax
GVA	Gross Value Added
GW	Gigawatts
GWSS	Gig Worker Support Service
IBAC	Independent Broad-based Anti-corruption Commission
IFR	Insurance Funding Ratio
IIP	Infrastructure Investment Program
JSE	Jobs and Skills Exchange
LA	Legislative Assembly
LC	Legislative Council
LGA	Local Government Area
MCV	Magistrates' Court of Victoria
MoG	Machinery of Government
MMBF	Melbourne Metropolitan Bus Franchise
NAPLAN	National Assessment Program – Literacy and Numeracy
NDIS	National Disability Insurance Scheme
NEPT	Non-Emergency Patient Transport
NFPS	Non-Financial Public Sector
PBO	Parliamentary Budget Office
PED	Planning and Environment Division
PFIO	Performance From Insurance Operations
PPCC	Priority Primary Care Centre
PSB	Power Saving Bonus
PSO	Protective Services Officer
PwC	PricewaterhouseCoopers
RBA	Reserve Bank of Australia
SAP	Strategic Action Plan 2022–25: Emergency Management Sector
SCV	Supreme Court of Victoria
SEC	State Electricity Commission

Acronyms

SES	State Emergency Services
SRH	Sexual and Reproductive Health
SRS	Schooling Resource Standard
SSP	Shared Service Provider
TAC	Transport Accident Commission
TAFE	Technical And Further Education
TCV	Treasury Corporation of Victoria
TEI	Total Estimated Investment
TLI	Tutor Learning Initiative
VAAF	Victorian Aboriginal Affairs Framework
VAGO	Victorian Auditor-General's Office
VAHP	Victorian Affordable Housing Program
VCAT	Victorian Civil and Administrative Tribunal
VEC	Victorian Energy Compare
VET	Vocational Education and Training
VFF	Victorian Future Fund
VGCCC	Victorian Gambling and Casino Control Commission
VHBA	Victorian Health Building Authority
VHR	Victorian Housing Register
VI	Victorian Inspectorate
VJIF	Victorian Jobs and Investment Fund
VMIA	Victorian Managed Insurance Authority
VO	Victorian Ombudsman
VPSC	Victorian Public Sector Commission
VPF	Victorian Property Fund
VPS	Victorian Public Service
VRGF	Victorian Responsible Gambling Foundation
VSA	Victorian Skills Authority
VSBA	Victorian School Building Authority
VTIF	Victorian Transmission Investment Framework
WoVG	Whole of Victorian Government
ZEB	Zero Emissions Bus
ZEV	Zero Emissions Vehicle

Chapter 1

Introduction

1.1 Background

The *Parliamentary Committees Act 2003* (Vic) requires the Public Accounts and Estimates Committee (the Committee) to inquire into, consider and report to the Parliament on the annual budget estimates.¹

This Inquiry considers the budget estimates of government revenue and expenditure and the financial and performance measures in Victoria's 2023–24 State Budget.

1.2 Objectives

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

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

1.3 Inquiry process

Each year around May, the Government tables the budget papers and the Appropriation Bills in the Parliament. The budget papers include estimated projections of government revenue over the forward estimates (three years) and expenditure for the next financial year. They also outline the fiscal outlook for the State's economy and the Government's proposed major initiatives.²

The Appropriation Bills reflect the spending proposals contained in the budget papers and the Parliament must pass the bills to authorise the expenditure of public money.

¹ *Parliamentary Committees Act 2003* (Vic) s 14.

² The 2023–24 Budget was delivered on 23 May 2023. Source: Department of Treasury and Finance, *2023–24 State Budget*, 23 May 2023, <<https://www.dtf.vic.gov.au/state-budget/2023-24-state-budget>> accessed 22 August 2023; Department of Treasury and Finance, *Budget process in Victoria*, 3 May 2022, <<https://www.dtf.vic.gov.au/state-budget/budget-process-victoria>> accessed 22 August 2023.

The budget papers and the Appropriation Bills form the basis of accountability for financial and performance management for each government department.³

To assist the Committee with their Inquiry, a questionnaire was sent out to all departments and their agencies. This year's questionnaire included questions on:

- lapsing departmental initiatives
- workforce capability and capacity, including contractors, consultants and labour hire
- machinery of government changes and how this impacted departments
- climate change strategy
- community consultation on budget initiatives
- health spending (the Department of Health only).

The Committee held nine days of public hearings starting on 2 June and finishing on 15 June 2023. The Premier, Deputy Premier, Treasurer, all government Ministers, Parliamentary Presiding Officers and senior departmental officials appeared at the hearings.

The hearings provided an opportunity for Ministers and officials to present information and the Committee to ask questions on their portfolios and various aspects of the Budget. During the hearings process, some witnesses agreed to take questions on notice from Committee members.

Responses to the Committee's questionnaire, transcripts of the public hearings, Ministers' presentations, documents tabled and responses to questions taken on notice can be found on the Committee's website: www.parliament.vic.gov.au/paec.

In writing the report, the Committee primarily used the 2023–24 Budget Papers, evidence presented at the public hearings, information provided by departments in the questionnaire and responses provided to questions taken on notice.

Considerable departmental resources are allocated to preparing for the Committee hearings and responding to written requests for information. The Committee would like to acknowledge this significant investment by Ministers, the Presiding Officers and departmental staff in the inquiry process.

³ Parliament of Victoria, Public Accounts and Estimates Committee, *Annual Public Accounts and Estimates Committee Budget Estimates inquiry*, n.d., <<https://new.parliament.vic.gov.au/4928d8/globalassets/sections-shared/get-involved/committee-shared-blocks/paec-be-inquiry.pdf>> accessed 25 August 2023.

1.4 Report structure

This report presents the findings and recommendations of the Committee as a result of its Inquiry into the 2023–24 Budget Estimates. The report comprises 14 chapters, including this introductory chapter.

Chapter 2 considers the economic and fiscal outlook for Victoria at the time the 2023–24 Budget was released, including revenue and expenditure forecasts. It also considers new taxation measures announced in the 2023–24 Budget and net debt forecasts, including the Government’s plan to reduce debt associated with the COVID-19 pandemic, the *COVID Debt Repayment Plan*. The savings measures introduced as part of the plan are also outlined.

Chapters 3 to 14 scrutinise the budget estimates by department or entity in order of budget allocation (largest to smallest). Each chapter includes an overview of the department or entity, and a financial and capital spend analysis (where relevant). Key issues identified during the Committee’s inquiry by portfolio are examined, followed by an analysis of performance measures that are new and proposed to be discontinued.

This year’s report includes a financial snapshot graphic for chapters 3 to 14, which includes information about the department or entity’s portfolios, budget, output funding, new output initiatives, infrastructure program, expenditure, and revenue. Explanatory information for the snapshots can be found in Appendix A.

Chapter 2

Whole of government review

2.1 Introduction

While the economic outlook in this year's Budget forecasts continuing strong employment growth and low rates of unemployment, there is some uncertainty about consumer spending in the face of high inflation and interest rate rises.¹

Victoria's net debt to gross state product (GSP) ratio is forecast to reach 24.5% by 2026–27.² This year's budget papers include the *COVID Debt Repayment Plan*, which outlines how the Government intends to pay down debt that was accumulated as part of the COVID-19 response. This includes new revenue and savings initiatives, as well as an investment strategy using returns from the *Victorian Future Fund* (VFF).

In addition to the economic outlook and the Government's plan for repaying debt, this chapter will also review the revenue initiatives, government expenditure, savings measures and planned government infrastructure spending contained in the 2023–24 Budget.

2.2 Economic outlook

2.2.1 Gross state product

Gross state product (GSP) is a broad measure of the state's overall economic activity. It represents the monetary value of all finished goods and services produced within the state during the financial year.³ Figure 2.1 shows the impact of the COVID-19 pandemic on Victoria's real GSP, including the 0.3% fall in real GSP growth experienced over 2020–21 at the height of the pandemic, followed by the 5.6% bounce in growth the following year.⁴

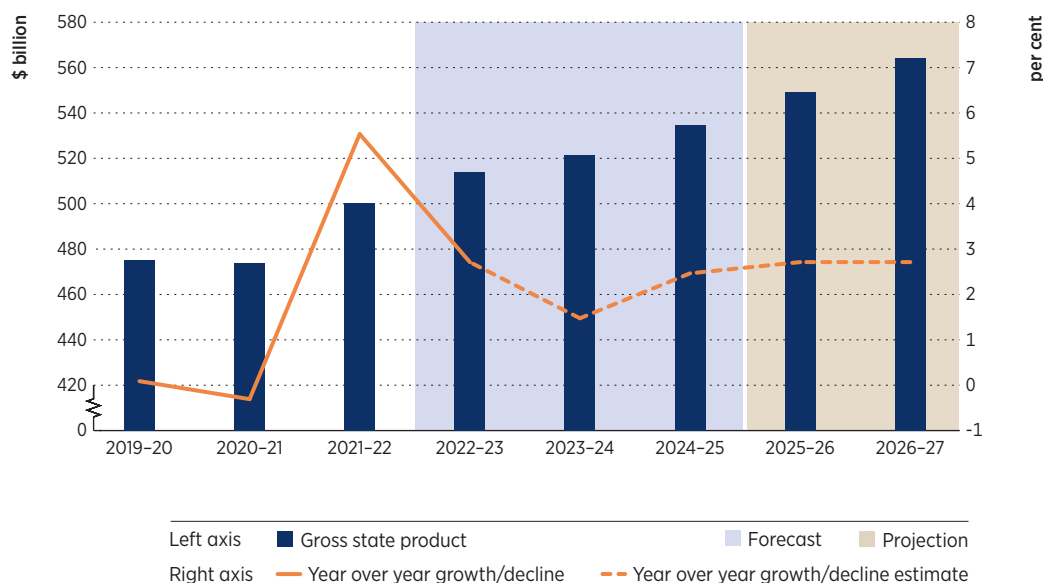
1 Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2023, pp. 29–30, 39.

2 Ibid., p. 5.

3 Parliamentary Library and Information Service, Parliament of Victoria, *Research Note: Victorian Economic Snapshot*, Melbourne, February 2018, p. 3.

4 Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 23.

Figure 2.1 Real gross state product (GSP) and percentage change in GSP, 2019–20 to 2026–27^a



a. 2022–23 to 2024–25 real GSP figures are forecasts and 2025–26 to 2026–27 GSP figures are projections.

Source: Department of Treasury and Finance, *Macroeconomic indicators: Macroeconomic data 2023–24 Budget*, 2 June 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/macroeconomic-indicators>> accessed 28 July 2023 (Committee calculation).

While the 2022–23 Budget estimated 3.25% GSP growth for 2022–23, the 2023–24 Budget revises this estimate to 2.75%.⁵ The Department of Treasury and Finance (DTF) stated that a key factor affecting GSP growth in 2022–23 was the major flooding events in Victoria during October and November 2022.⁶ The flooding affected northern Victorian communities along the Campaspe, Goulburn and Murray Rivers including the towns of Shepparton, Rochester and Echuca. Residents and businesses in some inner western suburbs in Melbourne were also impacted by the Maribyrnong River flooding.⁷ The gross economic cost of these floods in affected regions is estimated at approximately \$900 million in 2022–23.⁸

Household consumption is forecast to contribute to 0.25% of GSP growth in 2023–24, assisted by ongoing low unemployment levels, solid wages growth and substantial levels of household savings.⁹ While consumer spending grew over 2022, rising by 8% before moderating in the second half of the year, DTF expects ongoing inflation to put downward pressure on many households' disposable incomes. This may cause consumers to reduce spending on discretionary items.¹⁰

⁵ Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, p. 24; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 22.

⁶ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 24.

⁷ Victoria State Emergency Service, 'Victorian Floods 2022', *VICSES Community Matters*, Melbourne, December 2022, pp. 4, 14.

⁸ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 24.

⁹ *Ibid.*, pp. 24–25.

¹⁰ *Ibid.*, pp. 25–26.

After a period of low interest rates, the Reserve Bank of Australia (RBA) increased the cash rate target, from 0.1% in April 2022 to 4.1% in June 2023 in an effort to reduce inflation.¹¹ Many mortgage-holders who entered into low fixed rate loans will roll onto much higher variable rates in 2023, particularly over the June and September quarters.¹² This will have an impact on household disposable incomes and may weigh on aggregate consumer spending.¹³

Business investment and net trade in goods is expected to make a contribution to GSP growth in 2023–24 while dwelling investment is forecast to reduce in 2023–24, placing downward pressure on GSP.¹⁴

FINDING 1: Real gross state product (GSP) is forecast to grow at 2.75% in 2022–23 and at 1.5% in 2023–24. While the 2023–24 Budget anticipates business investment and net trade to make a strong contribution to GSP growth in 2023–24, it also outlines some potential risks such as inflation and conversion of fixed rate mortgages to variable rate mortgages over the June and September quarters, which could further affect consumer confidence.

2.2.2 Labour market

The budget papers note that labour market conditions have been strong in the past year amid increased demand and supply following the reopening of national borders.¹⁵ Figure 2.2 shows the unemployment and employment rate from 2016–17 to 2021–22 and the estimates from 2022–23 to 2026–27. DTF expects continued growth in employment in the near term with forward indicators of labour demand, such as job advertisements and job vacancies still at high levels.¹⁶ The unemployment rate is forecast to increase to 4.75% towards the end of the forward estimates period.¹⁷

¹¹ Reserve Bank of Australia, *Cash Rate Target, 2023*, <<https://www.rba.gov.au/statistics/cash-rate>> accessed 18 July 2023.

¹² Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 27.

¹³ Ibid.

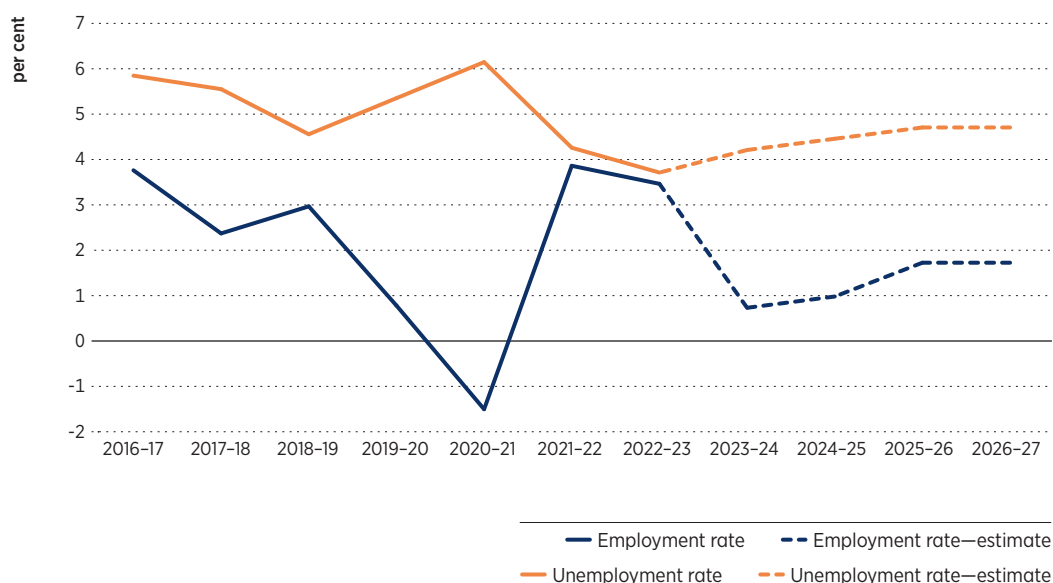
¹⁴ Ibid., pp. 27–28.

¹⁵ Ibid., p. 29.

¹⁶ Ibid., p. 30.

¹⁷ Ibid., p. 22.

Figure 2.2 Unemployment rate and growth in employment rate, 2016–17 to 2026–27



Source: Department of Treasury and Finance, *Macroeconomic indicators: Macroeconomic data 2023–24 Budget*, 2 June 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/macroeconomic-indicators>> accessed 28 July 2023 (Committee calculation).

2.2.3 Other indicators

Wage growth

The budget papers forecast wages to grow by 3.5% in 2023–24.¹⁸ The latest Australian Bureau of Statistics (ABS) wage growth figures show 3.6% wage growth for Victoria over 2022–23.¹⁹ Wage increases have been stronger for the private sector, where the prevalence of individual wage-setting arrangements means they are more responsive to tight labour market conditions, as opposed to wage agreements struck by enterprise bargaining, which can last up to four years or more.²⁰

DTF forecasts a moderation of wages growth in 2023–24 with businesses citing factors such as softening business conditions, increased internal focus on cost control and improved availability of labour.²¹

FINDING 2: The Department of Treasury and Finance forecasts wage growth to increase to 3.5% in 2023–24. Wage growth in Victoria over 2022–23 was 3.6%, driven by increases across the private sector.

¹⁸ Ibid.

¹⁹ Australian Bureau of Statistics, *Wage Price Index: States and territory wage growth*, 15 August 2023, <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release#state-and-territory-wage-growth>> accessed 18 August 2023.

²⁰ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 34; Australian Bureau of Statistics, *Wage Price Index: Sector wage growth*, 15 August 2023, <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release#sector-wage-growth>> accessed 18 August 2023.

²¹ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 34.

Melbourne's consumer price index (CPI)²², commonly used as a measure for inflation, is forecast to average 4.25% in 2023–24, down from the 2022–23 forecast average of 7%.²³ Victoria's CPI reached a high of 8% in the December 2022 quarter, before easing to 6.8% in March 2023 and 5.6% in June 2023.²⁴

The budget papers explain that inflation was initially driven by global supply chain disruptions, and higher commodity prices due to Russia's invasion of Ukraine, however high inflation is now being driven by price rises across a broad range of market goods and services.²⁵ Another factor was the energy market, with wholesale gas and electricity prices rising throughout 2022, as well as a disruption to the coal-powered electricity generation in the Australian National Electricity Market.²⁶

Inflation is set to moderate gradually as overall business growth eases and domestic demand is constrained by higher interest rates.²⁷ With the easing of consumer inflation during the March 2023 quarter, price pressures and global shipping costs have fallen from their highs in early 2022.²⁸

FINDING 3: Melbourne's consumer price index (CPI) is forecast to average 4.25% over 2023–24, down from the 2022–23 forecast average of 7%. Victoria's CPI reached a high of 8% in the December 2022 quarter.

Population

Victoria's population growth forecast for 2023–24 is 1.9%, which is the same forecast growth rate for 2022–23.²⁹ Victoria's population reduced between December 2020 and December 2021 due to border closures as a result of COVID-19.³⁰ Since the reopening of the borders, the Victorian population has been growing steadily.³¹

Net overseas migration was the largest driver of Victoria's population in the decade before the pandemic when Victoria experienced sustained high levels of population growth.³² Population levels are also affected by natural increases (births) and net

22 The ABS bases the CPI calculation on price changes across a selection of household and personal items, such as groceries, electrical items, clothing and footwear, as well as consumer activities such as eating out, travel and entertainment expenses. This is known as the 'basket of consumer goods'. Source: Australian Bureau of Statistics, *Consumer Price Index, Australia methodology*, 26 July 2023, <<https://www.abs.gov.au/methodologies/consumer-price-index-australia-methodology/jun-quarter-2023>> accessed 4 August 2023.

23 Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 22.

24 Parliamentary Budget Office, *Victorian economic and fiscal indicators*, 18 August 2023, <<https://pbo.vic.gov.au/Victorian-economic-and-fiscal-indicators>> accessed 20 August 2023.

25 Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 31.

26 Ibid.

27 Ibid.

28 Ibid.

29 Ibid., p. 22.

30 Ibid., p. 36; Parliamentary Budget Office, *Victorian economic and fiscal indicators*.

31 Australian Bureau of Statistics, *National, state and territory population: States and territories*, 15 June 2023, <<https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release#states-and-territories>> accessed 18 August 2023.

32 Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 36.

interstate migration. Victoria experienced a net outward interstate migration population loss over 2020 and 2021.³³

While borders have now reopened and overseas migration to Australia is returning, a post-COVID ‘normal’ level of migration is still uncertain.³⁴ The 2023–24 Federal Budget explains that although there has been strong net overseas migration to Australia over 2022 and 2023, this is a ‘one-off catch up after the pandemic’ and that ‘total net overseas migration is not expected to catch up to the level forecast prior to the pandemic until 2029–30’.³⁵

FINDING 4: Victoria’s estimated population growth rate for 2023–24 is 1.9%, the same expected growth rate for 2022–23. These forecasts are based on anticipated increases in net overseas migration over the forward estimates.

2.3 Fiscal overview

2.3.1 Fiscal strategy

The Government continues to focus on its four-step fiscal strategy, first outlined in the 2020–21 Budget.³⁶ The fiscal strategy is:

- step 1: creating jobs, reducing unemployment and restoring economic growth
- step 2: returning to an operating cash surplus
- step 3: returning to operating surpluses
- step 4: stabilising debt levels.³⁷

In the budget papers DTF explained that the first step is ‘progressing well’.³⁸ In addition to forecast employment growth and low unemployment, DTF pointed to the Government’s *Jobs Plan* target of 400,000 new jobs by 2025 being met more than two years early.³⁹ The budget papers also advised the economy was ‘rebounding strongly’, with economic activity above pre-COVID levels and a strong labour market.⁴⁰ However as discussed in Section 2.2.1, real GSP is forecast to decline to 1.5% in 2023–24 from 2.75% the previous year, while forecast to rebound to 2.5% in 2024–25.⁴¹

³³ Data provided to September 2021. Source: Department of Transport and Planning, *COVID-era population change*, 11 June 2023, <<https://www.planning.vic.gov.au/guides-and-resources/data-and-insights/insights/covid-era-population-change>> accessed 18 August 2023.

³⁴ Ibid.

³⁵ Commonwealth of Australia, *Budget 2023–24: Budget Strategy and Outlook: Budget Paper No. 1*, Canberra, 2023, p. 59.

³⁶ Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 6.

³⁷ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 3.

³⁸ Ibid., p. 4.

³⁹ Ibid., pp. 2, 4.

⁴⁰ Ibid., p. 3.

⁴¹ Ibid., p. 22.

The second step—returning to an operating cash surplus—means the State generates sufficient cash inflows to exceed its cash outflows on operating activities.⁴² The 2023–24 Budget forecasts a return to an operating cash surplus of \$0.8 billion in 2023–24, which is forecast to increase to \$6.5 billion by 2026–27.⁴³

The Government anticipates reaching the third step of returning to an operating surplus of \$1 billion by 2025–26.⁴⁴ The 2023–24 Budget estimates a deficit of \$4 billion in 2023–24 and \$1.1 billion in 2024–25.⁴⁵ The Committee notes the inclusion of the taxation elements related to the *COVID Debt Repayment Plan*, which amounts to approximately \$8.6 billion over the budget and the forward estimates, will contribute to the forecast operating surpluses.⁴⁶

The fourth step is to stabilise net debt as a percentage of GSP over the medium term.⁴⁷ GSP was discussed in Section 2.2.1.

Budget forecasts over the forward estimates for steps two to four of the Government's fiscal strategy can be seen in Table 2.1 on the general government sector (GGS) fiscal aggregates.

Table 2.1 General government sector fiscal aggregates

	2021–22 actual	2022–23 revised	2023–24 budget	2024–25 estimate	2025–26 estimate	2026–27 estimate
Net result from transactions (\$ billion)	-13.8	-10.3	-4.0	-1.1	1.0	1.2
Net cash flows from operating activities (\$ billion)	-8.9	2.9	0.8	4.3	6.5	6.5
Government infrastructure investment (\$ billion)	18.7	22.5	22.4	20.6	18.6	16.9
Net debt (\$ billion)	100.0	116.7	135.4	151.2	162.2	171.4
Net debt to GSP (per cent)	19.4	20.6	22.6	23.9	24.4	24.5

Source: Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2023, p. 5.

FINDING 5: The 2023–24 Budget forecasts a return to an operating cash surplus of \$0.8 billion in 2023–24, which increases to \$6.5 billion in 2026–27. Net debt is estimated to grow to \$171.4 billion by 2026–27 representing 24.5% of gross state product (GSP), four times the budgeted net debt to GSP of 6.1% in the 2013–14 Budget.

⁴² Ibid., p. 4.

⁴³ Ibid., p. 5.

⁴⁴ Ibid., p. 4.

⁴⁵ Ibid., pp. 4–5.

⁴⁶ This includes the COVID Debt Levy – Payroll \$10m+ and COVID Debt Levy – Landholdings. Source: Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 18; Department of Treasury and Finance, *2023–24 State Budget: COVID Debt Repayment Plan*, Melbourne, 2023, p. 19 (Committee calculation)

⁴⁷ Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 4.

2.3.2 Fiscal risks

The 2023–24 Budget explains that risks to Victoria’s economic outlook are ‘greater than normal’, impacted by the domestic and international outlook for inflation and general uncertainty in the global economy.⁴⁸ Global risks identified in the 2023–24 Budget include global monetary tightening, high inflation and geopolitical tensions.⁴⁹

The general fiscal risks to the State’s financial position and budget outcomes include:

- State taxes—a further increase in inflation and possible further interest rate increases will put downward pressure on consumers’ real incomes and further pressure on consumption
- demand for government services could increase due to population growth and increased expenditure on unforeseen events such as a natural disaster response
- risks to Government’s capital program include Victoria’s *Big Build* coinciding with a period of unprecedented growth in construction across Victoria. The high level of demand for skills, labour and materials may also place pressure on the Government’s capital program.⁵⁰

The budget papers also mention general risks relating to property-related taxes, interest expenses, employee expenses and specific risks such as Commonwealth schools and health funding, Victoria’s contribution to disability funding and Victoria’s goods and services tax (GST) revenue.⁵¹

FINDING 6: The risks to the Victorian economy are greater than normal due to high domestic and global inflation in the past year and uncertainty in the global economy including monetary tightening and geopolitical tensions.

2.4 Net debt

The net debt of the GGS is estimated to be \$135.4 billion in 2023–24, rising to \$171.4 billion in 2026–27, an increase of \$36 billion (26.6%).⁵²

FINDING 7: General government net debt is forecast to reach \$135.4 billion in 2023–24, increasing to \$171.4 billion by 2026–27. Non-financial public sector (NFPS) net debt is estimated to be \$161.4 billion in 2023–24 and \$204.9 billion in 2026–27. NFPS net debt to gross state product is estimated to be 26.9% in 2023–24 and 29.2% in 2026–27.

⁴⁸ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, pp. 39, 64.

⁴⁹ *Ibid.*, p. 64.

⁵⁰ *Ibid.*, pp. 64, 66.

⁵¹ *Ibid.*, pp. 64–68.

⁵² *Ibid.*, p. 5 (Committee calculation).

At the hearings the Treasurer explained the Government strategy for managing the budget was to pay off the ‘COVID emergency debt, the credit card that we used to save lives and livelihoods’.⁵³ While a 10-year plan to pay off the ‘COVID emergency debt’ is now in place, the Government has not provided detail on how the remainder of the net debt will be paid.

2.4.1 COVID Debt Repayment Plan

The budget papers explain that at the onset of the pandemic, the Government acted on the RBA’s advice to use the state budget to ‘save jobs and protect household budgets’.⁵⁴ The 2023–24 Budget further states the nature of the COVID debt was incurred for essential short-term emergency response measures that involved one-off expenditure.⁵⁵ The COVID debt is estimated to be \$31.5 billion for expenditure incurred and revenue foregone between 2019 and 2023 (Table 2.2).⁵⁶

Table 2.2 COVID debt expenditure by category, 2019–20 to 2022–23

Category	Amount (\$ billion)
Business, economic and worker support ^a	21.2
Equipping our health system	16.3
Household support	2.6
Total	40.1
Less funding received from the Commonwealth Government	(8.7)
Total borrowings	31.5

Note: Table may not add due to rounding.

a. Includes funding of \$238.3 million in 2023–24 for COVID-19 impacts on the transport network.

Source: Department of Treasury and Finance, *2023–24 Budget – COVID Debt Repayment Plan*, Melbourne, 2023, p. 4.

The *COVID Debt Repayment Plan* forms a part of step four of the fiscal strategy—stabilising debt levels.⁵⁷ The Treasurer explained that the plan is to repay the COVID debt over the next 10 years and ‘is targeted at those with the greatest ability to pay following the pandemic’.⁵⁸ The Treasurer also stated that total business profits (excluding mining results) between 2020 and 2022 were \$996 billion, which is 24% higher than the preceding three years.⁵⁹ The plan targets large businesses, investors and landholders.⁶⁰

⁵³ Mr Tim Pallas MP, Treasurer, 2023–24 Budget Estimates (Treasurer) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, p. 1.

⁵⁴ Department of Treasury and Finance, *2023–24 Budget – COVID Debt Repayment Plan*, p. 1.

⁵⁵ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 8.

⁵⁶ Department of Treasury and Finance, *2023–24 Budget – COVID Debt Repayment Plan*, p. 13.

⁵⁷ *Ibid.*, p. 15.

⁵⁸ Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 2.

⁵⁹ *Ibid.*

⁶⁰ Department of Treasury and Finance, *2023–24 Budget – COVID Debt Repayment Plan*, p. 16.

FINDING 8: The Government estimates the COVID-19 debt accumulated between 2019–20 and 2022–23 amounts to \$31.5 billion. This debt relates to one-off expenditure that the Government borrowed for short-term emergency responses.

COVID Debt Levy

The *COVID Debt Levy* has two components, an additional payroll tax component for large businesses and a tax on landholdings.⁶¹ Revenue for 2023–24 attained from the *COVID Debt Levy* is estimated to be \$2 billion, increasing to \$2.3 billion by 2026–27 at the end of the current budget estimates period.⁶² The levy will grow by an average of 4.9% over the forward estimates.⁶³

Table 2.3 Revenue from *COVID Debt Levy*

COVID Debt Levy	2023–24 (\$ million)	2024–25 (\$ million)	2025–26 (\$ million)	2026–27 (\$ million)
Payroll \$10m+	836	961	1,006	1,071
Landholdings	1,149	1,173	1,197	1,222
Total	1,985	2,134	2,203	2,293

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 18.

The payroll component will affect businesses with national payroll above \$10 million a year and will take effect from 1 July 2023.⁶⁴ A rate of 0.5% will be levied on businesses with national payrolls above \$10 million and an additional 0.5% will apply for businesses with national payrolls above \$100 million.⁶⁵

The landholdings tax component will take effect from 1 January 2024.⁶⁶ This component reduces the tax-free threshold for general land tax rates from \$300,000 to \$50,000.⁶⁷

FINDING 9: Revenue for 2023–24 from the *COVID Debt Levy* is estimated to be \$2 billion in 2023–24, increasing to \$2.3 billion in 2026–27.

⁶¹ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 52

⁶² *Ibid.*, p. 55.

⁶³ *Ibid.*

⁶⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 6.

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*

⁶⁷ *Ibid.*

2.4.2 The Victorian Future Fund

The VFF was created in 2022–23 with \$7.9 billion in proceeds received from the VicRoads Modernisation Joint Venture.⁶⁸ The Government also plans to use the VFF to assist in repaying the COVID debt.⁶⁹

Victoria's COVID-related debt was accrued when interest rates were at record lows. The Treasury Corporation of Victoria (TCV) 'locked in' these low rates by issuing long term bonds with varying future repayment dates.⁷⁰ The 2023–24 Budget explains that the bonds will not mature 'for many years'.⁷¹ The Government does not intend to pay these loans off in the near term, but allow the VFF to grow in coming years.⁷² The Government anticipates that by 2032–33, the VFF will grow to an amount equal to that of the COVID debt, effectively offsetting it.⁷³ The 2023–24 Budget explains that once the COVID debt is managed, the State's balance sheet will be returned to investments that generate productive capacity enhancing infrastructure and programs over a long-term period.⁷⁴

2.5 Revenue

Revenue from transactions in the GGS is expected to be \$89.3 billion in 2023–24.

FINDING 10: Revenue for the general government sector is expected to be 7.6% higher in 2023–24 compared to the revised Budget.

The 2023–24 Budget includes a number of revenue initiatives and changes to tax revenue initiatives such as:

- the *Abolish business insurance duty* initiative, which the Government expects will lead to \$276.7 million in revenue foregone over the budget and forward estimates. The aim of the initiative is to reduce the current ten per cent insurance rate by one per cent a year over the next ten years, commencing on 1 July 2024.⁷⁵
- the *Increase the payroll tax-free threshold* initiative, which the Government expects will lead to \$62 million in revenue foregone. This initiative will raise the payroll tax free threshold for smaller businesses, while phasing out the benefit of the tax-free threshold for larger businesses.⁷⁶ The payroll tax-free threshold will increase from \$700,000 to \$900,000 from 1 July 2024 and then increase to

68 Mr Tim Pallas MP, *Better Deal For Drivers And Billions For The Victorian Future Fund*, media release, Melbourne, 1 July 2022.

69 Department of Treasury and Finance, *2023–24 Budget – COVID Debt Repayment Plan*, p. 16.

70 Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 8.

71 Ibid.

72 Ibid.

73 Ibid.

74 Ibid.

75 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 114.

76 Ibid., p. 115.

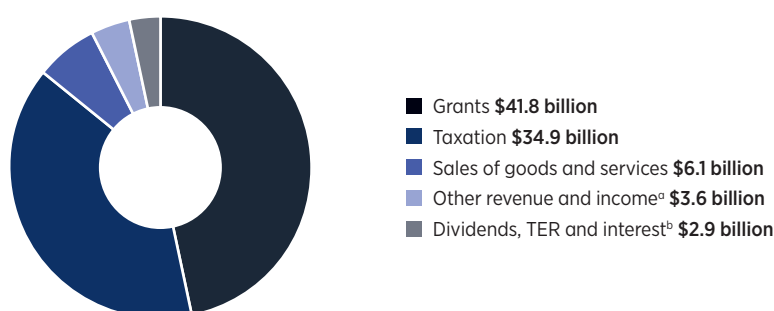
\$1 million from 1 July 2025.⁷⁷ The phase out aspect of the initiative will result in the tax-free amount reducing for each dollar a business pays in wages over \$3 million. Businesses with wages over \$5 million will not benefit from the tax-free threshold. These changes will commence from 1 July 2024.⁷⁸

The 2023–24 Budget also includes other changes to revenue which amount to \$16.9 million in revenue foregone.⁷⁹

2.5.1 Grants

Consistent with previous years, revenue from grants is the largest contributor to GGS revenue in 2023–24, accounting for \$41.8 billion (46.8%).⁸⁰ This is followed by taxation (Figure 2.3).⁸¹

Figure 2.3 Composition of general government sector revenue, 2023–24



a. Other revenue and income includes fines, royalties, donations and gifts and assets received free of charge and other miscellaneous revenue.

b. Comprises dividends, income tax and rate equivalent revenue and interest.

Source: Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2023, pp. 54, 56, 57.

Estimated grant revenue of \$41.8 billion in 2023–24 is a 4.9% increase compared to the 2022–23 revised Budget.⁸² GST revenue, known as ‘general purpose grants’ in the budget papers, is the largest contributor to grant revenue, accounting for \$19.8 billion (47.5%).⁸³ While Victoria’s share of GST revenue is estimated to grow by an average of 5.6% per year over the forward estimates, the Treasurer informed the Committee that since the pandemic began, Victoria has received \$2.5 billion less in GST grant revenues when compared to its population share.⁸⁴

The current GST distribution arrangement featuring the ‘no-worse-off’ guarantee between the Commonwealth and the states is set to expire in 2026–27, the final year of

77 Ibid.

78 Ibid.

79 Ibid., p. 114. (Committee calculation)

80 Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 54 (Committee calculation).

81 Ibid. (Committee calculation).

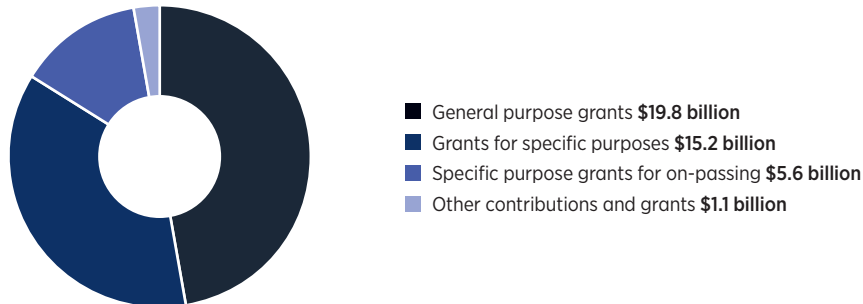
82 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 174.

83 Ibid. (Committee calculation).

84 Ibid.; Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 3.

the current forward estimates period.⁸⁵ The budget papers note that if the guarantee, originally introduced as a temporary measure, was to become permanent, most states are likely to be worse off under this system.⁸⁶ The Commonwealth Grants Commission,⁸⁷ is currently reviewing the methodology for GST distribution, with the results of the review coming into effect in 2025–26.⁸⁸

Figure 2.4 Components of grant revenue, 2023–24



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 174.

FINDING 11: Goods and services tax revenue, known as general purpose grants, is the largest contributor to Victoria’s 2023–24 grant revenue, amounting to \$19.8 billion, 47.5% of the total.

2.5.2 Taxation

State taxation revenue estimated for 2023–24 is \$34.9 billion, which is a 10.7% increase when compared to the 2022–23 revised Budget.⁸⁹ Payroll tax is the largest contributor to State taxation revenue in 2023–24, accounting for \$8 billion (22.9%).⁹⁰ In 2023–24, payroll tax is forecast to increase by 11.7% compared to the 2022–23 revised figure, after which it is expected to grow by an average of 4.6% per year over the forward estimates.⁹¹

The land transfer duty estimate of \$7.4 billion in 2023–24 is a 10.4% reduction compared to the 2022–23 revised estimate.⁹² However, after 2023–24, land transfer duty is expected to increase every year over the forward estimates.⁹³ The budget papers explain the 2023–24 decline is due to falling settlement volumes and the

⁸⁵ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 177.

⁸⁶ Ibid.

⁸⁷ The Commonwealth Grants Commission is an independent agency that provides advice to the Australian Government on the distribution of GST revenue among the states and territories. Source: Commonwealth Grants Commission, *About us*, 2022, <<https://www.cgc.gov.au/about-us>> accessed 28 August 2023.

⁸⁸ Commonwealth Grants Commission, *2025 Methodology Review: Terms of Reference*, 9 February 2023, <<https://www.cgc.gov.au/reports-for-government/2025-methodology-review>> accessed 22 August 2023.

⁸⁹ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 54 (Committee calculation).

⁹⁰ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 164 (Committee calculation).

⁹¹ Ibid., pp. 164, 170 (Committee calculation).

⁹² Ibid., p. 164 (Committee calculation).

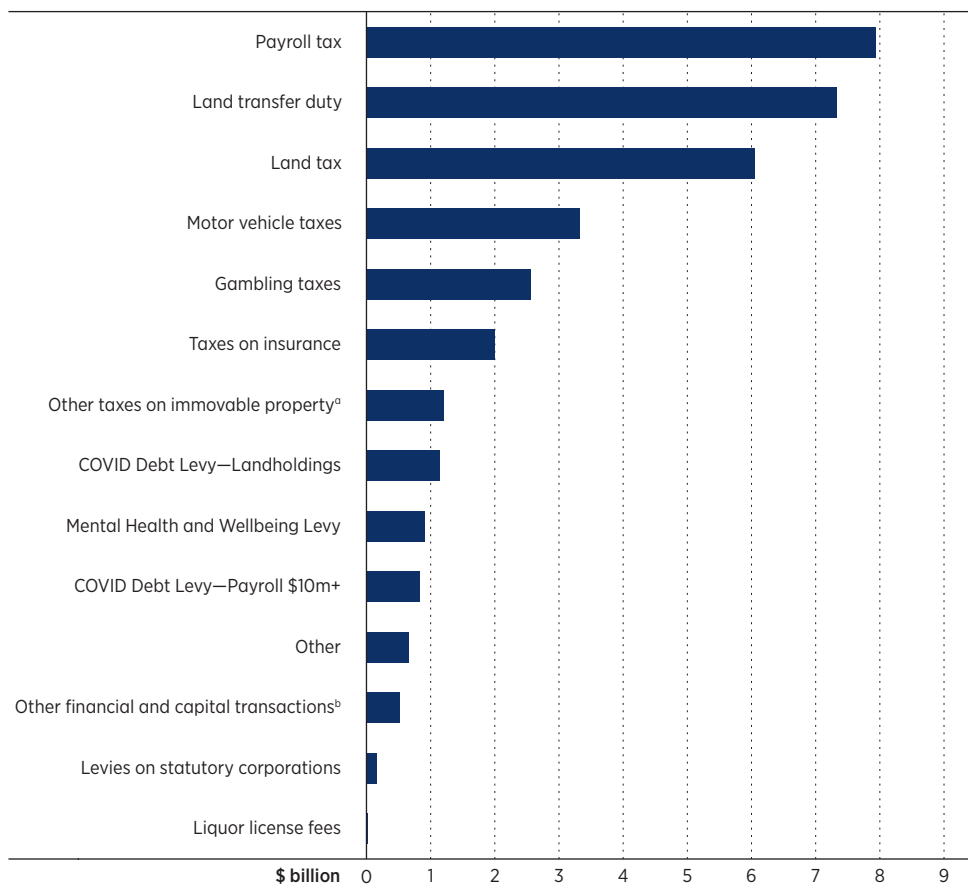
⁹³ Ibid., p. 165.

impact of tightening monetary policy by the RBA.⁹⁴ The increase in land transfer duty expected over the forward estimates is due to growth of residential property prices and transaction volumes.⁹⁵

The 2023–24 Budget also announced the Government’s intention to reform elements of the current land tax, transitioning commercial and industrial properties away from land transfer duties levied on sales prices to an annual property tax. The budget papers do not include any estimates due to it being in the design stages.⁹⁶ The Treasurer explained that current commercial and industrial property owners will be exempt, and the transition will only affect new commercial and industrial property buyers from 1 July 2024 onwards.⁹⁷

The composition of State taxation revenue is shown in Figure 2.5.

Figure 2.5 Composition of State taxation revenue, 2023–24



a. Other taxes on immovable property exclude land tax.

b. Other financial and capital transaction exclude land transfer duty.

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 164.

⁹⁴ Ibid., pp. 165–166.

⁹⁵ Ibid., p. 165.

⁹⁶ Ibid.

⁹⁷ Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 3.

FINDING 12: Payroll tax is the largest contributor to State taxation revenue and is estimated to increase to \$8 billion in 2023–24, compared to the 2022–23 revised estimate of \$7.2 billion.

FINDING 13: The land transfer duty estimate of \$7.4 billion in 2023–24 is a 10.4% reduction on the 2022–23 revised estimate. The reduction is due to falling settlement volumes and the impact of interest rate rises, reflecting the Reserve Bank of Australia’s tightening of monetary policy to combat high inflation.

2.5.3 New tax and revenue measures

The 2023–24 Budget introduces several new revenue initiatives that will impact Victoria’s fiscal position (detailed in Table 2.4), in addition to the *Abolish business insurance duty* and *Increase the payroll tax-free threshold* initiatives discussed earlier.⁹⁸

Table 2.4 New revenue initiatives in the 2023–24 Budget

	2023–24 (\$ million)	2024–25 (\$ million)	2025–26 (\$ million)	2026–27 (\$ million)
Abolish business insurance duty	-	-41.9	-90.0	-144.8
Increase the payroll tax-free threshold	-	20.3	-43.6	-38.7
Remove the payroll tax exemption for high-fee non-government schools	-	134.8	140.3	147.1
Harmonise the absentee owner surcharge rate with New South Wales	283.3	283.5	294.7	312.7
Harmonise the wagering and betting tax rate with New South Wales	-	142.5	148.2	154.1
Total	283.3	539.2	449.6	430.4

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 114 (Committee calculation).

Remove the payroll tax exemption for high-fee non-government schools

This initiative will remove the payroll tax exemption for high-fee non-government schools from 1 July 2024 onwards.⁹⁹ The budget papers state that ‘approximately 110 schools, or around the top 15 per cent fee level, will lose their exemption’.¹⁰⁰ The 2023–24 Budget states the initiative aligns the treatment of payroll tax for

⁹⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 114.

⁹⁹ *Ibid.*, p. 115.

¹⁰⁰ *Ibid.*

high-fee non-government schools with that of government schools.¹⁰¹ Payroll tax in government schools is funded by the State.¹⁰²

At the hearings the Premier clarified the number of schools to be impacted by the payroll tax changes would be less than 110, contingent on whether the fee rate at the school was above or below a \$7,500 per student threshold.¹⁰³ A subsequent media release made by the Minister for Education states that 60 schools will no longer receive the exemption, as they receive an income of more than \$15,000 per student per year.¹⁰⁴ The list of schools impacted by changes to the exemption, available on the Department of Education's website, will be in place until 1 January 2029 and any new non-government schools will also be assessed against this threshold.¹⁰⁵

As the number of schools exempt from the payroll tax threshold is now 91.7% instead of the initially announced figure of 85%,¹⁰⁶ the original estimate of \$422.2 million in revenue raised over the forward estimates will change.¹⁰⁷

FINDING 14: The number of schools exempt from the *Remove the payroll tax exemption for high-fee non-government schools* payroll tax threshold has increased to 91.7% from 85% after the Budget Papers were released. This reflects an increase from \$7,500 to \$15,000 in the income per student threshold that forms the basis of the exemption.

RECOMMENDATION 1: The Department of Treasury and Finance publish revised revenue estimates for the *Remove the payroll tax exemption for high-fee non-government schools* initiative in the 2023–24 Budget Update, reflecting changes made to the assessment of non-government schools exemption status.

Harmonise the absentee owner surcharge rate with New South Wales

From 1 January 2024, the absentee owner surcharge rate will increase from two to four per cent and the minimum threshold for non-trust absentee owners will decrease from \$300,000 to \$50,000.¹⁰⁸ The initiative aims to ensure that a bigger pool of overseas property investors can contribute towards provision of government services and infrastructure in Victoria.¹⁰⁹

¹⁰¹ Ibid.

¹⁰² Mr David Martine, Secretary, Department of Treasury and Finance, 2023–24 Budget Estimates (Treasurer) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, p. 14.

¹⁰³ Hon Daniel Andrews MP, Premier, 2023–24 Budget Estimates (Premier) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, p. 4.

¹⁰⁴ Hon Natalie Hutchins MP, *Fairness In Payroll Tax For Non-Government Schools*, media release, Melbourne, 29 June 2023.

¹⁰⁵ Victorian Government, *Payroll tax for non-government schools*, 30 June 2023, <<https://www.vic.gov.au/payroll-tax-non-government-schools>> accessed 9 August 2023.

¹⁰⁶ Ibid.; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 115 (Committee calculation).

¹⁰⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 114 (Committee calculation).

¹⁰⁸ Ibid., p. 115.

¹⁰⁹ Ibid.

Harmonise the wagering and betting tax rate with New South Wales

From 1 July 2024, the wagering and betting tax will increase from ten per cent to 15% of net wagering revenue. This will also increase the amount of net wagering revenue paid to the Victorian Racing Industry from 3.5% to 7.5% with the balance to be distributed to the *Hospitals and Charities Fund* and the *ANZAC Day Proceeds Fund*.¹¹⁰

2.6 Expenditure

The 2022–23 Budget allocates \$15.4 billion over five years (2022–23 to 2026–27) in new output initiatives and \$9.3 billion total estimated investment (TEI) in new capital investment initiatives over the same timeframe.¹¹¹

FINDING 15: Total expenditure for the general government sector is estimated at \$93.3 billion in 2023–24, a 3.9% increase compared to the 2022–23 Budget. Expenditure is expected to grow by an average of 1.9% per year over the forward estimates.

Employee expenses (including superannuation) will have grown by 37.7% between the 2018–19 actual and the 2023–24 Budget (Figure 2.6).¹¹² The projected growth rate over 2023–24 and the forward estimates reflects the impact of budget decisions and will moderate in line with the Government’s wages policy which has recently been adjusted to a 3% per annum increase to wages.¹¹³

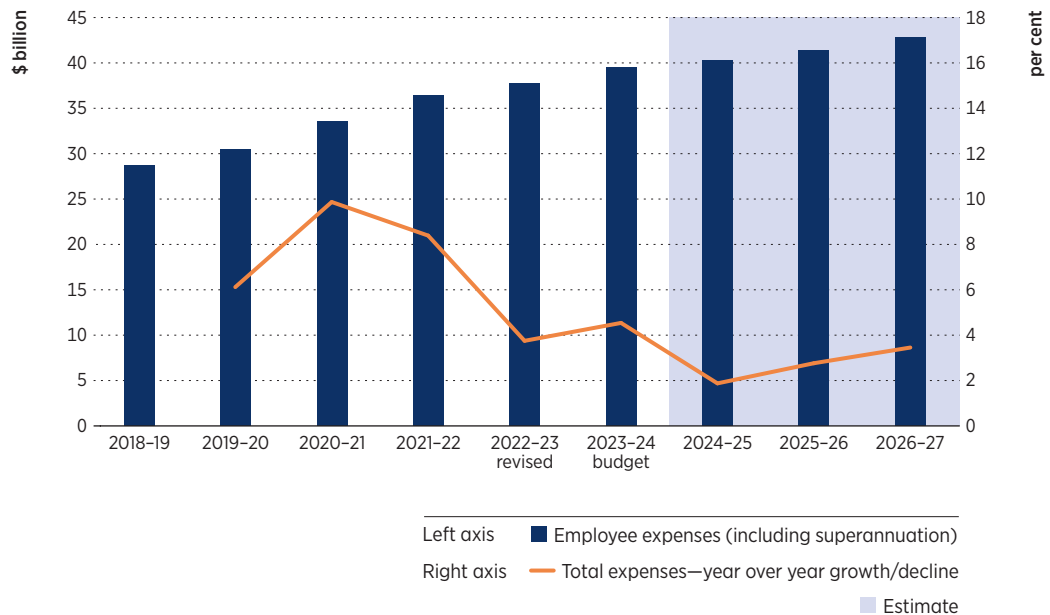
¹¹⁰ Ibid.

¹¹¹ Ibid., p. 1.

¹¹² Department of Treasury and Finance, *Consolidated comprehensive operating statement*, 2 June 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/aggregate-financial-statements>> accessed 10 August 2023 (Committee calculation).

¹¹³ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, 23.

Figure 2.6 General government sector expenditure on employee expenses and growth/decline, 2018–19 to 2026–27^a



a. 2018–19 to 2021–22 figures are actuals, 2022–23 figures are revised estimates, 2023–24 figures are budgeted, and 2024–25 to 2026–27 figures are estimates.

Source: Department of Treasury and Finance, *Consolidated comprehensive operating statement*, 2 June 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/aggregate-financial-statements>> accessed 10 August 2023 (Committee calculation).

FINDING 16: Employee expenses (including superannuation) are the largest component of general government sector expenditure, accounting for 42.6% of total expenditure in 2023–24. Employee expenses are estimated to grow at 2.7% per year over the forward estimates.

FINDING 17: Employee expenses (including superannuation) are expected to grow by 37.7% between 2018–19 and 2023–24. The moderating projected growth over 2023–24 and the forward estimates reflects budget decisions and the Government’s wages policy.

2.6.1 Early Intervention Investment Framework

The *Early Intervention Investment Framework* (EIIF) was introduced in the 2021–22 Budget and aims to improve outcomes for Victorians while reducing pressure on acute services.¹¹⁴ Table 2.5 outlines the total funding provided for EIIF-related initiatives to-date.

¹¹⁴ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 13.

Table 2.5 Funding to Early Intervention Investment Framework packages, 2021–22 to 2023–24

	2021–22 (\$ million)	2022–23 (\$ million)	2023–24 (\$ million)	Total (\$ million)
<i>Early Intervention Investment Framework</i>	324	504	677	1,505

Source: Department of Treasury and Finance, *Budget Paper No. 2: 2021–22 Strategy and Outlook*, Melbourne, 2021, p. 52; Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, p. 9; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2023, p. 50; Department of Treasury and Finance, *The Early Intervention Investment Framework*, August 2022, Melbourne, pp. 1, 20.

The 2023–24 Budget commits funding for 22 early intervention initiatives anticipated to generate economic and fiscal benefits totalling \$1 billion over the next decade.¹¹⁵ The Committee notes the budget papers do not detail how this figure was derived.

Key early intervention initiatives in the 2023–24 Budget include:

- \$91 million to establish three new Mental Health and Wellbeing Locals
- \$42 million to continue to provide high quality care to vulnerable older people
- \$33 million to deliver a *Housing First* approach for around 225 young people with complex needs exiting residential care and other settings
- \$20 million to enhance data infrastructure to identify and support school leavers lost or disengaged from the education and training system.¹¹⁶

The Committee recommended in its *Report on the 2021–22 Budget Estimates* that DTF publish the methodology utilised when assessing the outcomes of initiatives under the EIIF and provide information to clarify how the targets and outcomes of these initiatives would be published.¹¹⁷ While this was supported in principle by the Government, the Committee notes that currently there are no outcome measures, targets and avoided costs data that are publicly available.¹¹⁸

FINDING 18: A total of \$1.5 billion has been invested in Early Intervention Investment Framework-related initiatives since 2021–22, with \$677 million invested across 22 initiatives in the 2023–24 Budget.

¹¹⁵ Ibid., p. 50.

¹¹⁶ Ibid.

¹¹⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 159.

¹¹⁸ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2021–22 Budget Estimates*, p. 17.

2.6.2 Output and asset contingencies

In budgetary terms, contingencies are funding allocations for items where estimated costs are not known or cannot be disclosed at the time of publication.¹¹⁹ For example, at the Commonwealth Games Delivery portfolio hearing, the Committee was informed that ‘most of the funding for the Commonwealth Games is held in central contingency’.¹²⁰

The 2023–24 Budget includes funding for output and asset contingencies not allocated to departments (Table 2.6). For output contingencies, this amounts to approximately \$5 billion in 2023–24, and for asset contingencies—\$8.8 billion.¹²¹

Table 2.6 General government sector contingencies not allocated to departments

	2023–24 budget (\$ million)	2024–25 estimate (\$ million)	2025–26 estimate (\$ million)	2026–27 estimate (\$ million)
Output contingencies				
Decisions made but not yet allocated	4,851	6,467	8,574	9,441
Funding not allocated to specific purposes	100	500	500	1,100
Total general government output contingencies	4,951	6,967	9,074	10,541
Asset contingencies				
Decisions made but not yet allocated	8,785	10,578	11,516	12,061
Funding not allocated to specific purposes	0	300	700	1,200
Total general government asset contingencies	8,785	10,878	12,216	13,261
Total	13,736	17,845	21,290	23,802

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, pp. 29–30.

The 2023–24 Budget states that ‘Decisions made but not yet allocated’ reflect existing government policy decisions for which funding has yet to be allocated to departments, including provisions not yet allocated to meet additional price and demand growth for health, disability, and education.¹²² The Committee notes the 2023–24 Budget does not include any additional information that outlines which policy decisions are yet to be allocated and fall under this line item.

‘Funding not allocated to specific purposes’ relates to an unallocated provision available to contribute to future government policy decisions and commitments.¹²³

¹¹⁹ Department of Finance, *Contingency reserve*, 7 August 2021, <<https://www.finance.gov.au/about-us/glossary/papa/term-contingency-reserve>> accessed 22 August 2023.

¹²⁰ Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, 2023–24 Budget Estimates (Commonwealth Games Delivery) hearing, Melbourne, 13 June 2023, *Transcript of evidence*, p. 2.

¹²¹ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 30 (Committee calculation).

¹²² *Ibid.*, p. 29.

¹²³ *Ibid.*

The Committee was unable to find any further information in the budget papers clarifying how the Government calculates this funding pool.

RECOMMENDATION 2: The Department of Treasury and Finance provide a breakdown of the large general government sector contingencies not allocated to departments by estimated portfolio and department (for example, health, disability education) in the next set of budget papers.

2.7 Infrastructure investment

Government infrastructure investment is budgeted as \$22.4 billion in 2023–24, and is estimated to decline to \$16.9 billion by 2026–27.¹²⁴ On 1 May 2023, the Commonwealth Government announced it would be undertaking an independent strategic review of its Infrastructure Investment Program.¹²⁵ As a result of the review, a large number of capital projects have ‘tbc’ (to be confirmed) listed for the TEI, remaining expenditure and estimated completion date in the 2023–24 Budget.¹²⁶ This is discussed further in Chapter 6.

FINDING 19: Government infrastructure investment for 2023–24 is expected to be \$22.4 billion, declining to \$16.9 billion in 2026–27 at the end of the forward estimates.

2.8 Savings measures

The 2023–24 Budget includes savings initiatives totalling \$2.9 billion over the budget and forward estimates (Table 2.7).¹²⁷ This also includes savings and efficiencies as part of the *COVID Debt Repayment Plan*.

Table 2.7 Savings measures in the 2023–24 Budget

	2023–24 (\$ million)	2024–25 (\$ million)	2025–26 (\$ million)	2026–27 (\$ million)
<i>Labor’s Financial Statement</i> savings	125.0	125.0	125.0	125.0
Whole of Government savings and efficiencies	18.3	59.8	113.3	109.4
COVID Debt Repayment Plan – savings and efficiencies	175.1	543.8	636.0	704.1
Total	318.4	728.6	874.3	938.5

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 6, 118.

¹²⁴ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 5.

¹²⁵ Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government, *Securing Australia’s \$120 billion Nation Building Infrastructure Pipeline*, media release, Canberra, 1 May 2023.

¹²⁶ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 83–88, 180, 182–185.

¹²⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 6, 118 (Committee calculation).

*Labor's Financial Statement*¹²⁸ includes reducing spending on consultancy and labour hire (estimated savings of \$200 million) and redirecting existing discretionary funds to offset new initiatives (estimated savings of \$300 million).¹²⁹

The 2023–24 Budget explains the *COVID Debt Repayment Plan* and *Whole of Government savings and efficiencies* savings initiatives will include reductions in corporate and back-office functions, labour hire and consultancy expenditure and a range of savings and efficiencies across government.¹³⁰ The budget papers confirm these are in addition to the *Labor's Financial Statement* savings.¹³¹

The Committee asked departments to identify savings and efficiencies in 2023–24 in its budget estimates questionnaire. When asked how they would meet their savings targets, a number of departments advised they would be 'providing further details to Government on implementation of savings'.¹³² The Committee notes the savings relating to *Whole of Government savings and efficiencies*, *Labor's Financial Statement savings* and *COVID Debt Repayment Plan* amount to \$2.9 billion without a detailed explanation.¹³³

To promote accountability and enhance transparency in its reporting, the Government could consider publishing information on how these savings will be achieved.

FINDING 20: The 2023–24 Budget includes savings of \$2.9 billion over the budget and forward estimates.

RECOMMENDATION 3: The Government provide further details on the Department of Treasury and Finance website on how savings initiatives related to the *Whole of Government savings and efficiencies*, *Labor's financial statement savings* and *COVID Debt Repayment Plan* amounting to \$2.9 billion will be achieved.

¹²⁸ *Labor's Financial Statement* includes the policy costings for the Australian Labor Party's 2022 Victorian State election platform. Source: Department of Treasury and Finance, *2022 Victorian Election Costings: EC 053 – Labor's Financial Statement 2022*, 24 November 2022, <https://static.pbo.vic.gov.au/files/DTF_Labors-Financial-Statement-2022.pdf> accessed 11 August 2023.

¹²⁹ *Ibid.*; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 118.

¹³⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 6, 118.

¹³¹ *Ibid.*, p. 6.

¹³² The Department of Government Services and Parliament did not have applicable savings initiatives. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2023–24 Budget Estimates: Questionnaire responses, question 13*, n.d., <<https://new.parliament.vic.gov.au/get-involved/inquiries/BE2023-24/questionnaires>> accessed 22 August 2023.

¹³³ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 6, 118 (Committee calculation).

Chapter 3

Department of Health

3.1 Overview

The Department of Health's (DH) vision is that Victorians are the healthiest people in the world. Its mission is to achieve the best health, wellbeing and safety for Victorians so they can live a life they value.¹

In 2023–24 DH supports six portfolios: Health, Health Infrastructure, Medical Research, Mental Health, Ambulance Services, and the ageing component of Disability, Ageing and Carers.²

In 2023–24 DH's objectives are:

- keep people healthy and safe in the community
- care closer to home
- keep improving care
- improve Aboriginal health and wellbeing
- move from competition to collaboration
- a stronger workforce
- a safe and sustainable health system.³

This chapter examines the budget initiatives and key issues relevant to four portfolios that were identified during the estimates hearings.

1 Department of Health, *Annual Report 2021–22*, Melbourne, 2022, p. 8.

2 Responsibility for Disability, Ageing and Carers is shared with the Department of Families, Fairness and Housing. DH is responsible for the Ageing part of the portfolio only. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 207; Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 1 June 2023, p. 148.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 207.

Department of Health

Portfolios



- Health
- Ambulance Services
- Disability, Ageing and Carers
- Mental Health

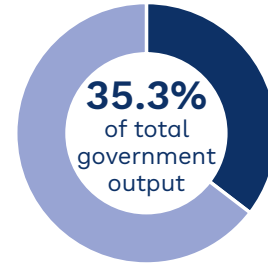
- Health Infrastructure
- Medical Research

Total department output funding

2022–23 Budget \$25.1b

2022–23 revised Budget \$26.8b

2023–24 Budget \$25.8b



↑ **\$733m**

increase compared to
the 2022–23 Budget

\$4.4b

new output initiative
spending, 2022–23 to 2026–27

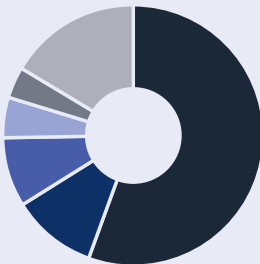
Largest budget

of all Victorian Government
departments

↓ **\$1b**

decrease compared to
the 2022–23 revised Budget

Department funding by output, 2023–24



- Admitted services **\$14.4b**
- Mental Health Clinical Care **\$2.7b**
- Non-admitted Services **\$2.2b**
- Ambulance Emergency Services **\$1.3b**
- Emergency Services **\$1b**
- Other* **\$4.2b**

* Includes 20 outputs with budgets <\$1b
and COVID-19 costs of \$0.3 billion.

New output initiatives with largest funding allocation, 2022–23 to 2026–27



40 new
output initiatives

\$2.3b

Meeting the needs of
Victorian public hospital
services

\$160.1m

Alcohol and other drug
treatment, support and
harm reduction services

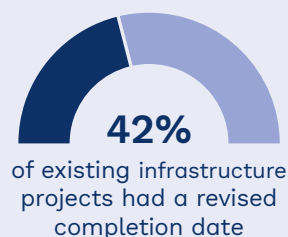
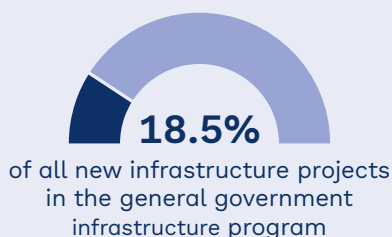
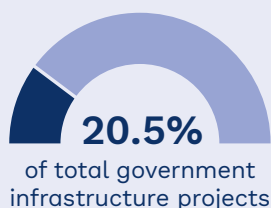
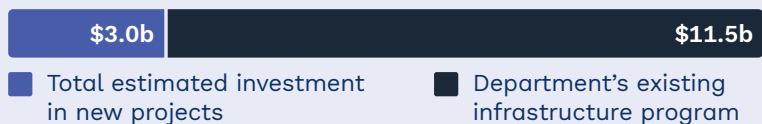
\$201.5m

System-wide improvements
to support timely emergency
care

\$156.6m

High quality and therapeutic
bed-based services

Infrastructure program, 2023–24 (\$14.5b)



New infrastructure projects with highest total investment, 2023–24



11 new infrastructure projects

\$320m

Hospital Infrastructure Delivery Fund

\$53.2m

Redevelopment of Thomas Embling Hospital—Stage 3

\$162.2m

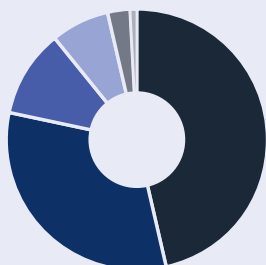
Better aged care services for regional Victorians*

\$44m

More PET scanners for Victorian hospitals

* Total estimated investment includes funding beyond 2026–27.

Money in, 2023–24 (\$27.8b)



- Output appropriations **\$12.9b**
- Grants **\$8.8b**
- Special appropriations **\$3b**
- Sale of goods and services **\$2b**
- Other revenue and income **\$818m**
- Interest income **\$179m**

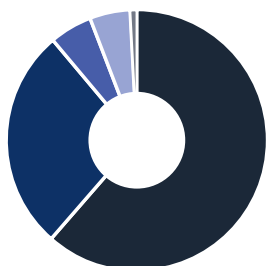
↓ **\$788m**

decrease compared to the 2022–23 revised Budget

↑ **\$953m**

increase compared to the 2022–23 Budget

Money out, 2023–24 (\$28.1b)



- Employee benefits **\$17.3b**
- Other operating expenses **\$7.7b**
- Depreciation **\$1.5b**
- Grants expense **\$1.4b**
- Interest expense **\$244m**

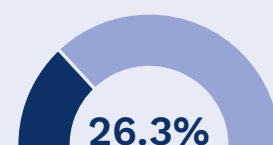
↓ **\$887m**

decrease compared to the 2022–23 revised Budget

↑ **\$1.1b**

increase compared to the 2022–23 Budget

Total funding department received from Treasurer's Advances, 2021–22 (\$4b)



of total Treasurer's Advances made across government in 2021–22

3.2 Financial analysis

DH's total output appropriations are budgeted as \$12.9 billion in 2023–24, a decrease of \$1.2 billion (8.3%) compared to the 2022–23 revised Budget.⁴ DH explained this variation was primarily due to 'government funding for initiatives (including COVID-19 response initiatives) that were one-off or lapsing in 2022–23'.⁵

Compared to the 2022–23 Budget, funding for all of DH's outputs grew, by between 0.1% and 52.8%.⁶ However, compared to the 2022–23 revised figures, several outputs had a decrease in funding in the 2023–24 Budget.⁷ For example, the Medical Research output reduced by 35.9% compared to the 2022–23 revised Budget. Emergency Management reduced by 19.7%, and Health Workforce Training and Development reduced by 11.4%.⁸ DH's response to the departmental questionnaire demonstrates funding for the COVID-19 response has reduced across all areas of the healthcare system.⁹

FINDING 21: The Department of Health's budgeted spending related to COVID-19 has reduced in the 2023–24 Budget.

DH has a total savings target of \$24.8 million in 2023–24 and \$52 million ongoing.¹⁰ When asked how DH would meet its savings target in 2023–24, DH advised it would be providing further detail to Government, but the target was expected to be achieved through corporate and back-office functions and reductions in labour hire and consultancy expenditure, with no expected impacts on service delivery or infrastructure projects. DH did not advise when details of savings would be finalised or what line item in the 2023–24 Budget DH's savings applied to.¹¹

During the hearings the Committee discussed with DH its contribution to whole of government savings efficiencies, including jobs reductions as outlined in the 2023–24 Budget. DH confirmed that the 'government will have a workforce transition plan' for all departments in the second half of 2023, which would guide how savings are implemented throughout DH. DH confirmed savings and job cuts would apply to departmental positions, rather than frontline staff.¹²

4 Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 24 (Committee calculation).

5 Ibid.

6 The Health Protection output grew by 52.8% in 2023–24 compared to the 2022–23 Budget. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 208 (Committee calculation).

7 Ibid. (Committee calculation).

8 Ibid. (Committee calculation).

9 Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 201–202.

10 Ibid., p. 72; Professor Euan Wallace, Secretary, Department of Health, 2023–24 Budget Estimates (Ambulance Services) hearing, Melbourne, 7 June 2023, *Transcript of evidence*, p. 14.

11 The 2023–24 Budget includes two line items related to savings—*Labour's Financial Statement* savings and Whole of Government savings and efficiencies. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 118; Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 72.

12 Professor Euan Wallace, Secretary, Department of Health, 2023–24 Budget Estimates (Health) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 25.

FINDING 22: The Department of Health has a total savings target of \$24.8 million 2023–24 and \$52 million ongoing. These savings will not apply to frontline staff, nor impact service delivery or infrastructure projects.

3.2.1 Lapsing initiatives

DH advised that there were six lapsing programs with funding equal to or greater than \$5 million in 2022–23, totalling \$309.1 million.¹³ Two lapsing programs were unrelated to the COVID-19 response, while the remaining four related to surge demand for hospitals, infrastructure, community healthcare and the health workforce in response to the COVID-19 pandemic.¹⁴ DH advised that while demand for hospital services, health infrastructure and community health was ongoing, COVID-19 specific funding was no longer required.¹⁵

3.3 Ambulance Services portfolio: key issues

The Minister for Ambulance Services is responsible for two outputs: Ambulance Emergency Services (funding in 2023–24: \$1.3 billion) and Ambulance Non-Emergency Services (funding in 2023–24: \$183.7 million).¹⁶

3.3.1 Non-Emergency Patient Transport

The Ambulance Non-Emergency Services output provides non-emergency road, rotary and fixed-wing aircraft patient treatment and transport services.¹⁷ Non-Emergency Patient Transport (NEPT) services in Victoria were discussed at length during the hearings.

NEPT services in Victoria are used to transport non-emergency patients to and from public health services, between hospitals and between hospitals and the community.¹⁸ NEPT services transport patients who need clinical monitoring and supervision, but do not require an ambulance response.¹⁹ NEPT services play a vital role in Victoria's health system and are delivered by 13 private providers.²⁰

A review into the NEPT service is due to be completed in late 2023 and aims to look comprehensively at 'what is needed to ensure these services meet the needs of the Victorian community both now and into the future'.²¹ The Minister acknowledged that

¹³ Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 57–62 (Committee calculation).

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid., p. 146; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 208.

¹⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 219.

¹⁸ Department of Health, *Non-Emergency Patient Transport Review: Discussion Paper*, Melbourne, 2023, p. 7.

¹⁹ Hon Gabrielle Williams MP, *Wide ranging review to future-proof patient transport*, media release, Melbourne, 14 April 2023.

²⁰ Department of Health, *Non-Emergency Patient Transport Review*, p. 13.

²¹ Hon Gabrielle Williams MP, *Wide ranging review to future-proof patient transport*, media release.

the review was initiated because the service was not operating at an optimal level or meeting government expectations.²²

Both the Minister and the review's discussion paper outline some of the main issues with NEPT performance and the causes of these issues, which include fragmentation, gaps in care, timeliness, workforce pay and conditions issues, financial sustainability, the environmental impact of the sector and insufficient supply to meet demand for NEPT services, among others.²³

The review notes that there are multiple approaches to NEPT delivery across Australia, with three states and territories (including Victoria) outsourcing the service, whereas the remaining states deliver services through a public entity.²⁴ The review notes that Victoria is unique compared to other states who use private providers, as it has many providers within a larger NEPT market.²⁵

During the hearings the Minister was asked whether a cost-benefit analysis had been completed to compare a private versus public model for NEPT services, and whether the government was considering privatising the sector.²⁶ The Minister advised the review would determine the most appropriate pathway forward for the service to ensure its outcomes were improved.²⁷

The Committee notes that the review's discussion paper outlines several problematic areas relating to NEPT performance. The budget papers do not enable the assessment of many areas of the sector's performance due to a lack of information. Areas highlighted in the review, such as timeliness, quality, regulatory compliance, access and supply, among many others, are not canvassed in budget paper performance measures related to the Ambulance Non-Emergency Services output.²⁸

FINDING 23: The Victorian Government has initiated a review into the Non-Emergency Patient Transport sector, in response to several issues with service delivery and performance.

RECOMMENDATION 4: Post-review, the Department of Health develop new performance measures for the Ambulance Non-Emergency Services output for inclusion in the 2024–25 Budget. This should include performance information relating but not limited to timeliness, quality, regulatory compliance, access and supply.

²² Hon Gabrielle Williams MP, Minister for Ambulance Services, 2023–24 Budget Estimates (Ambulance Services) hearing, Melbourne, 7 June 2023, *Transcript of evidence*, p. 14.

²³ *Ibid.*, p. 10; Department of Health, *Non-Emergency Patient Transport Review*, pp. 19–33.

²⁴ Department of Health, *Non-Emergency Patient Transport Review*, pp. 17–18.

²⁵ *Ibid.*

²⁶ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Ambulance Services) hearing, Melbourne, 7 June 2023, *Transcript of evidence*, p. 14.

²⁷ Hon Gabrielle Williams MP, Minister for Ambulance Services, *Transcript of evidence*, p. 14.

²⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 219; Department of Health, *Non-Emergency Patient Transport Review*, pp. 3, 19–33.

3.4 Health portfolio: key issues

The Minister for Health is responsible for 12 outputs with a total funding output of \$19.7 billion in 2023–24.²⁹

According to the budget papers, the 2023–24 Budget invests an extra \$4.9 billion in the Victorian healthcare system, in several key areas such as health and hospital infrastructure, the healthcare workforce, women’s health, primary care, mental health and early intervention.³⁰ The Minister provided context for this investment, stating that the Government’s focus was shifting from the crisis of the COVID-19 pandemic to recovery and sustainable growth in the healthcare system. The Minister added that the 2023–24 Budget continued to increase investment to respond to growing demand across the healthcare system.³¹

As part of this investment in the 2023–24 Budget, \$41.9 million is provided to the initiative *Prevention and early intervention of chronic and preventable health conditions*.³² Funding is provided to continue the operation of Priority Primary Care Centres (PPCC) and GP Respiratory Clinics to ‘treat patients who require urgent care, but not an emergency response’.³³ PPCC’s provide free care and are partnered with public hospital emergency departments, who divert patients to clinics where appropriate.³⁴ As at 1 May 2023, 22 PPCC’s had treated over 50,000 patients.³⁵

FINDING 24: The Minister for Health advised \$4.9 billion extra funding had been added to Victoria’s healthcare system in the 2023–24 Budget including over the forward estimates.

3.4.1 Public dental care

Smile Squad

In 2019–20 the Victorian Government initiated the *Smile Squad* initiative, which aims to give all students in government schools free of charge dental check-ups and treatments (excluding orthodontics), delivered during school hours.³⁶ The program

²⁹ Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 133; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 208 (Committee calculation).

³⁰ Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2023, pp. 11–12.

³¹ Hon Mary-Anne Thomas MP, Minister for Health, 2023–24 Budget Estimates (Health) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 2.

³² Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 54.

³³ *Ibid.*, p. 58.

³⁴ Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 21.

³⁵ *Ibid.*

³⁶ Department of Health, *About Smile Squad*, 21 June 2023, <<https://www.health.vic.gov.au/smile-squad/about-smile-squad>> accessed 5 July 2023; Hon Mary-Anne Thomas MP, *Bringing more smile to Victorian students*, media release, Melbourne, 19 March 2023; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, pp. 51, 61.

aims to address dental health issues in school aged children and reduce costs on families, and is provided by Dental Health Services Victoria.³⁷

Funding for *Smile Squad* has been provided over a number of budgets between 2019–20 and 2022–23.³⁸ The 2023–24 Budget continues and expands the funding for the program, providing \$16.9 million in 2025–26 and 2026–27 to extend *Smile Squad* to low-fee non-government primary and secondary schools from 2026.³⁹

During the hearing the Committee discussed with the Minister and DH the proposed outcomes and targets of the program, the expected performance results in 2022–23 and some of the challenges the program has faced since it was introduced.⁴⁰

The expected full roll out and targets of the program have changed over time. During the initial stages of the program in February 2020, the Government advised over 100,000 students would receive treatment in 2020 and the full roll out to all government schools would be completed by 2022.⁴¹ In April 2021 during the COVID-19 pandemic, the Government stated 500 schools would participate that year and over 200,000 students would be treated, with the full roll out to be completed by the end 2023.⁴² When *Smile Squad* is fully rolled out, 650,000 children are expected to be seen for check-ups and dental treatment.⁴³

In the 2022–23 financial year 177 school visits are expected, the number of total students examined is expected to be 31,844 and students receiving treatment is expected to reach 7,759. These numbers differ from expected yearly targets announced in 2020 and 2021, but meet DH's internal performance targets, which are lower than those announced by the Government in 2020 and 2021.⁴⁴

The Minister explained that there were several factors impacting the roll out of *Smile Squad*. These included COVID-19 impacts, school closures during 2020 and 2021, and workforce challenges, including border closures hampering the growth of the workforce.⁴⁵ The Minister added that all government schools would be visited by

37 Department of Health, *Information for parents and carers*, 8 June 2023, <<https://www.health.vic.gov.au/smile-squad/information-for-parents-and-carers>> accessed 5 July 2023; Hon Daniel Andrews MP, *The Smile Squad – Free Dental Vans to Hit Schools Soon*, media release, Melbourne, 26 May 2019.

38 The 2022–23 Budget listed the initiative *Smile Squad: specialist services* as not for publication due to commercial in confidence arrangements. DH's questionnaire suggests approximately \$33.6 million was allocated as part of this initiative across two years. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 54–55; Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 52; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 61; Department of Treasury and Finance, *2021–22 Financial Report*, Melbourne, 2022, p. 147; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20*, pp. 51, 61 (Committee calculation).

39 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 54, 59 (Committee calculation).

40 Hon Mary-Anne Thomas MP, *Transcript of evidence*, pp. 19–21.

41 Hon James Merlino MP, *Smile Squad to visit thousands more students in 2020*, media release, Melbourne, 11 February 2020.

42 Hon James Merlino MP, *Smile Squad to visit even more schools from term two*, media release, Melbourne, 27 April 2021.

43 Hon Jenny Mikakos MP, *The Smile Squad – free dental vans to hit schools soon*, media release, Melbourne, 26 May 2019.

44 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 225–226; Hon James Merlino MP, *Smile Squad to visit thousands more students in 2020*, media release; Hon James Merlino MP, *Smile Squad to visit even more schools from term two*, media release.

45 Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 21.

Smile Squad by the end of 2023.⁴⁶ This would represent an approximate 780% increase in the number of schools visited in the last six months of 2023, compared to the expected result for the full 2022–23 year.⁴⁷

FINDING 25: The annual targets for the *Smile Squad* program have reduced since its inception. In April 2021 the Victorian Government announced 500 schools would be visited and 200,000 students would be treated as part of the *Smile Squad* program that calendar year. The expected results related to the program in the 2022–23 financial year are 177 schools visited and 7,759 students treated. The reasons for the reduction include COVID-19 impacts, school closures and workforce issues.

During the roll out of *Smile Squad*, the need for a growing workforce to support the program has been recognised.⁴⁸ A Dental Assisting Traineeship Program was implemented through Jobs Victoria to grow the dental assistant workforce.⁴⁹ At the time the Government estimated 500 dentists, oral health therapists and dental assistants would need to be employed to staff *Smile Squad* vans when the program is fully rolled out.⁵⁰

According to DH data, full-time equivalent (FTE) oral health positions⁵¹ have been slow to grow since 2018. Total FTE oral health positions in all Victorian public health services have reduced each year since 2018, which includes Dental Health Services Victoria, which manages the *Smile Squad* program.⁵² In 2022 there were a total of 584.4 FTE public oral health positions in Victorian health services, a reduction of 2.3% compared to the previous year.⁵³ Of these total positions, Dental Health Services Victoria made up 168 FTE oral health positions in 2022.⁵⁴

FINDING 26: In 2018 the Victorian Government estimated 500 dentists, oral health therapists and dental assistants would need to be employed to staff the *Smile Squad* program when rolled out in full. Since 2018 total full-time equivalent oral health positions have reduced in Victorian public health services, despite programs such as the Dental Assistant Traineeship Program.

46 Ibid.

47 In 2022 there were 1,557 government schools, while the total number of schools expected to be visited by *Smile Squad* in 2022–23 is 177. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 226; Department of Education, *Victorian Schools: Summary Statistics 2022*, n.d., <<https://www.education.vic.gov.au/Documents/about/departments/summarystatisticsnapshot.pdf>> accessed 21 July 2023 (Committee calculation).

48 Hon Jenny Mikakos MP, *The Smile Squad – free dental vans to hit schools soon*, media release.

49 Hon Jaala Pulford MLC, *Grinner are winners: More dental jobs for Victoria*, media release, Melbourne, 23 July 2022.

50 Hon Jenny Mikakos MP, *The Smile Squad – free dental vans to hit schools soon*, media release.

51 This includes dental assistants, dental prosthetists, dental therapists, dentists and other dentistry positions. Source: Department of Health, *Knowledge Bank: Public Health Workforce, 2023*, <<https://vicknowledgebank.net.au/current-workforce/public-health-workforce>> accessed 5 July 2023.

52 Ibid.; Department of Health, *Information for parents and carers*.

53 Oral health positions include dental assistants, dental prosthetists, dental therapists, dental nurses, dentists, oral health technicians and dentistry positions. Source: Department of Health, *Knowledge Bank*.

54 Ibid.

3.4.2 Women's health

The 2023–24 Budget includes \$153.9 million over four years for the *Giving women's health the focus and funding it deserves* initiative.⁵⁵ The budget papers advise the funding aims to improve access to services and promote best-practice management of women's health issues for women and girls.⁵⁶ The Minister explained the initiative intends to destigmatise and give further legitimacy to women's health concerns, in order to encourage access to appropriate healthcare.⁵⁷

The funding for the initiative includes:

- \$58 million to establish 20 comprehensive women's health clinics based out of or close to hospitals, five of which will be established in 2023–24
- \$64.8 million for an additional 10,800 laparoscopy surgeries
- \$5.3 million for a mobile women's health clinic to provide access to healthcare across Victoria, including its regions and remote areas
- \$6.4 million for the sexual and reproductive health (SRH) hub network, to establish nine additional hubs on top of the existing 11 over the next two years
- \$1 million to provide 50 women's health scholarships in 2023–24
- \$2 million in grants funding to establish support groups for women living with challenging conditions including chronic pain and endometriosis.⁵⁸

Funding is also included to begin an Inquiry into Women's Pain Management, for data collection and research and to establish a business case to develop a Women's Health Research Institute.⁵⁹

The Minister advised that the further nine SRH hubs funded in the budget would provide treatment, information and support for contraception, including testing and clinical services for sexual health, abortion care such as medical termination and referral for surgical termination.⁶⁰ SRH hubs are established within community health services, that are funded to expand or develop their capability to provide SRH services.⁶¹

⁵⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 54 (Committee calculation).

⁵⁶ *Ibid.*, p. 55.

⁵⁷ Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, pp. 17–18.

⁵⁸ The Committee received differing information about funding for the nine new SRH hubs, with \$6.4 million and \$10 million both provided. Source: Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 17–18; Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, pp. 17–19; Ms Peta McCammon, Secretary, Department of Families, Fairness and Housing, 2023–24 Budget Estimates (Women) hearing, Melbourne, 13 June 2023, *Transcript of evidence*, p. 9.

⁵⁹ Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 18; Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, pp. 3, 18–19.

⁶⁰ Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, pp. 17–18.

⁶¹ Department of Health, *Improving women's health*, 23 May 2023, <<https://www.health.vic.gov.au/populations/improving-womens-health>> accessed 5 July 2023.

The Committee asked the Minister about the existing hubs and discussed barriers to SRH and the Victorian Auditor General's Office (VAGO) report assessing the outcomes of the hubs.⁶² VAGO's report, *Supporting Sexual and Reproductive Health*, made several findings, including that there are areas in Victoria where women cannot readily access SRH services. Further, the report found there is a lack of understanding from DH regarding service gaps and demand across the state.⁶³ DH has not announced where its new hubs will be established or how the nine new hubs will help women access SRH in areas with the most need and most demand.

FINDING 27: The 2023–24 Budget provides funding to establish nine additional sexual and reproductive health hubs over the next two years. The Department of Health is yet to announce where the hubs will be established.

RECOMMENDATION 5: The Department of Health publish on its website the location of the nine new sexual and reproductive hubs and explain how these hubs will fulfil gaps in sexual and reproductive services and respond to demand for these services.

During the hearing the Committee asked the Minister about barriers to accessing SRH and abortion care, including financial and location barriers, and how hubs responded to these issues.⁶⁴ The VAGO report notes that there are a number of rural local government areas (LGAs) that have none or one registered SRH service, and as of January 2023, 17 regional and rural LGAs have no registered medical or surgical termination providers.⁶⁵ Access to surgical abortion can be harder to access in rural and regional Victoria, with most private surgical abortion options located in metropolitan Melbourne.⁶⁶

The Minister agreed that there are several barriers to termination access, including the need for reform at the Federal level, workforce shortages, and stigma resulting in providers not wanting to provide abortion care, especially in regional and rural areas. The Minister added that the Government is strongly committed to improving access.⁶⁷ While the Minister stated that all public healthcare related to abortion care is free,⁶⁸ there are financial barriers to medical and surgical abortion, as most surgical abortions are performed by private providers in Victoria.⁶⁹

62 Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Health) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 27.

63 Victorian Auditor-General's Office, *Supporting Sexual and Reproductive Health*, Melbourne, 2023, p. 1.

64 Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Health) hearing, *Transcript of evidence*, pp. 27–28.

65 Minister for Health agreed to provide the locations of the 17 LGAs that have no registered medical or surgical termination providers, but had not done so at the time of publication. Source: Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 27; Victorian Auditor-General's Office, *Supporting Sexual and Reproductive Health*, p. 5.

66 1800myoptions, *Where to get an abortion*, n.d., <<https://www.1800myoptions.org.au/information/where-get-abortion>> accessed 4 July 2023; Victorian Women's Health Network, submission to the Parliament of Australia, Senate Standing Committees on Community Affairs, Inquiry on Universal Access to Reproductive Healthcare, 15 December 2022, p. 5.

67 Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 27.

68 Ibid.

69 1800myoptions, *How much does an abortion cost?*, n.d., <<https://www.1800myoptions.org.au/information/how-much-abortion-costs>> accessed 4 July 2023.

FINDING 28: There are financial and geographic barriers to accessing medical and surgical abortion in Victoria.

RECOMMENDATION 6: The Department of Health regularly report to the community on how the establishment of sexual and reproductive health hubs reduce the barriers to accessing sexual and reproductive health care, including how they reduce the financial burden of this care.

On financial barriers to accessing SRH and the cost of services at SRH hubs, DH advised the hubs provide free and low-cost services to ensure affordability for vulnerable women and provide State funding to keep costs as low as possible.⁷⁰ The Minister advised that at SRH hubs, there ‘may well still be these discrepancies where people are being asked to pay for contraceptive devices’.⁷¹ DH stated that variations of out-of-pocket costs for contraception and pregnancy termination between SRH hubs arose due to inadequate Medicare rebates and limitations on pharmaceutical subsidies, both of which are the responsibility of the Federal Government.⁷²

Some SRH hubs bulk bill for appointments where others do not, and some include full fee lists detailing out of pocket expenses.⁷³ For example, the Ballarat Community SRH Clinic provided the most comprehensive information and advises standard consultations have an out-of-pocket fee of \$30, an \$84.40 fee for intrauterine device insertion and \$100 fee for Implanon removal.⁷⁴

FINDING 29: The Department of Health’s sexual and reproductive health hubs provide free and low-cost services. At some clinics, there may be out-of-pocket costs for contraception and termination services.

3.4.3 Hospital Infrastructure Delivery Fund

The Victorian Government has announced seven hospital projects for the State over 10 years to boost hospital capacity and improve infrastructure and quality healthcare,

70 Hon Mary-Anne Thomas MP, Minister for Health, 2023–24 Budget Estimates hearing, response to questions on notice, received 3 July 2023, p. 2.

71 Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 27.

72 Hon Mary-Anne Thomas MP, Minister for Health, response to questions on notice, p. 2.

73 Ballarat Community Health, *Consultation Fees – Sexual Health Clinic*, 2022, <https://bchc.org.au/wp-content/uploads/2022/09/2022_fee-schedule_sexual-health-clinic_a3.pdf> accessed 4 July 2023; Bendigo Community Health Services, *Sexual health clinic*, n.d., <<https://www.bchs.com.au/sexual-health-clinic>> accessed 4 July 2023; cohealth, *Sexual and reproductive health*, 2023, <<https://www.cohealth.org.au/service/sexual-and-reproductive-health>> accessed 4 July 2023.

74 Ballarat Community Health, *Consultation Fees*.

as outlined in the 2023–24 Budget.⁷⁵ The projects and their estimated costs as provided by the Department of Treasury and Finance and the Parliamentary Budget Office are outlined in Table 3.1 below.

Table 3.1 Hospital infrastructure delivery

Initiative name	Description	Department of Treasury and Finance costing (total estimated investment) (\$ million)	Parliamentary Budget Office costing ^a (total estimated investment) (\$ million)
A new hospital for West Gippsland to put patients first	A new hospital to be built in Drouin East, West Gippsland.	610.0–675.0	622.5
A new Queen Elizabeth II Hospital in Melbourne's East	Redevelopment and expansion of the Maroondah Hospital at Ringwood.	850.0–1,050.0	938.8
A Hospital Plan for our growing Northern suburbs	Includes an expanded emergency department at Austin Hospital and a new emergency department and extra beds at the Northern Hospital.	1,020.0–1,155.0	1,117.3
A bigger and better Monash Medical Centre	Upgrade of the Monash Medical Centre.	510.0–560.0	521.0
A Hospital Plan for the South-East – Dandenong Hospital	Redevelopment of Dandenong Hospital.	245.0–295.0	282.0
Wonthaggi Hospital redevelopment	Redevelopment and expansion of Wonthaggi Hospital.	250.0–290.0	266.4
Total		3,485.0–4,025.0	3,748.0

a. Across 2022–23 to 2032–33.

Source: Parliamentary Budget Office, *Victorian Labor – election costings, 2022*, <<https://static.pbo.vic.gov.au/files/PBO-POST-ALP-Costings-FINAL.pdf>> accessed 6 July 2023, pp. 156–159, 161–163, 166–169, 176–179, 181–184, 260–263; Department of Treasury and Finance, *2022 Victorian Election Costings: EC 053 – Labor's Financial Statement 2022*, 24 November 2022, <https://static.pbo.vic.gov.au/files/DTF_Labors-Financial-Statement-2022.pdf> accessed 6 July 2023, p. 6; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 67 (Committee calculation).

The 2023–24 Budget does not contain funding for the construction of any of these projects. According to the budget papers, total estimated investment and cashflows and associated details including procurement, market engagement and timelines will be included in future budgets following 'detailed due diligence and design' work.⁷⁶

⁷⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 67; Parliamentary Budget Office, *Victorian Labor – election costings, 2022*, <<https://static.pbo.vic.gov.au/files/PBO-POST-ALP-Costings-FINAL.pdf>> accessed 6 July 2023, pp. 156–159, 161–163, 166–169, 176–179, 181–184, 260–263.

⁷⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 67.

However, the Budget includes a total estimated investment of \$320 million for the *Hospital Infrastructure Delivery Fund*, which is provided to plan the delivery of the new and upgraded facilities and begin enabling activities.⁷⁷ Both the budget papers and information gathered during the hearings gave the Committee an insight into what this investment aims to deliver. The Minister for Health Infrastructure advised that the *Fund* would include work such as land acquisition, clinical service and master plans, due diligence investigations, design work, environmental and heritage planning, and feasibility studies to ensure project options would deliver the ‘most cost-effective and effective delivery outcome’.⁷⁸

FINDING 30: The 2023–24 Budget includes \$320 million for the *Hospital Infrastructure Delivery Fund*, to begin the delivery and enabling activities of one new and six expanded/upgraded hospitals.

Funding is only provided for early works with the total cost of all projects estimated to be between \$3–4 billion. To increase transparency information could be provided to the Victorian public across all stages of the delivery of the projects, including for planning and enabling works. Public information could be provided on why the projects are needed, how they will benefit Victorians, the cost for each stage of construction including any further funding or cost overruns, how and when the projects will be procured, when each stage of construction is beginning and is complete, who is contracted to complete the work, what risks are involved and how they will be managed, and whether each project delivers its intended benefits.

RECOMMENDATION 7: The Department of Health regularly report on the progress of the *Hospital Infrastructure Delivery Fund* on the Victorian Health Building Authority website, including relevant due diligence and feasibility studies related to all public hospital projects.

RECOMMENDATION 8: The Victorian Health Building Authority publish dedicated information about the progress of construction of the one new and six expanded/upgraded hospitals listed in the 2023–24 Budget.

3.4.4 Emissions and energy efficiency

During the hearings the Committee discussed with the Minister for Health Infrastructure and departmental officials what type of energy would be used for the new hospital and health facilities outlined in the 2023–24 Budget, and whether new capital infrastructure would use electricity or gas.⁷⁹

⁷⁷ Ibid.

⁷⁸ Hon Mary-Anne Thomas MP, Minister for Health Infrastructure, 2023–24 Budget Estimates (Health Infrastructure) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 5.

⁷⁹ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Health Infrastructure) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 13.

The Minister and DH confirmed that while the new Melton hospital as funded in the 2022–23 Budget is the first all-electric hospital, all electricity powered was now a minimum internal standard for newly built hospitals ‘where possible’, and reducing emissions would be incorporated into the design of all new health projects, with electrification being an important part of the transition to energy efficiency in public hospitals.⁸⁰ The Minister did not confirm whether the seven hospital infrastructure projects outlined in the Budget would be all electric or a mix of gas and electric.

In its *Guidelines for sustainability in health care capital works*, the Victorian Health Building Authority (VHBA) and DH seek to embed ‘sustainability, carbon reduction and climate adaptation requirements into all capital projects’ and provides advice and guidance on how to build sustainable and resilient buildings.⁸¹ The *Guidelines* outline the move to all-electric buildings in health infrastructure, but note all-electric may not be viable on sites that already have gas reticulation and services.⁸²

The Minister also advised the Committee that DH had an internal target to source 5% of total public hospital electricity use from behind the meter solar⁸³ by June 2023, with 175 public healthcare facilities with rooftop solar already installed.⁸⁴ DH advised in 2022–23, public hospitals sourced 2% of their electricity demand from behind the meter solar, a lower percentage than 2021–22, adding that with further expansion in 2023–24 the amount was to increase to 3%.⁸⁵ Information was not provided on how DH will reach its 5% target by June 2023.

FINDING 31: The Department of Health (DH) has a target to source 5% of public hospital total electricity use from behind the meter solar by June 2023. After further expansion of behind the meter solar in 2023–24, DH expects to reach 3% of total electricity use.

80 Mr Chris Hotham, Deputy Secretary, Health Infrastructure, 2023–24 Budget Estimates (Health Infrastructure) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 13; Hon Mary-Anne Thomas MP, Minister for Health Infrastructure, *Transcript of evidence*, p. 13.

81 Victorian Health Building Authority, *Guidelines for sustainability in capital works*, 22 October 2021, <<https://www.vhba.vic.gov.au/sites/default/files/2021-10/Sustainability-guidelines-for-capital-works-VHBA-Revised-October-2021.pdf>> accessed 6 July 2023; Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 155–156.

82 Victorian Health Building Authority, *Guidelines for sustainability in capital works*, p. 12.

83 ‘Behind the meter’ refers to the generation or management of electricity behind the electricity meter in the home or in businesses. Behind the meter solar is not integrated into the electricity network, and energy generation and storage is used on-site. Source: Australian Renewable Energy Agency, *Distributed energy resources*, 2023, <<https://arena.gov.au/renewable-energy/distributed-energy-resources>> accessed 6 July 2023; Western Power, *What is the difference between an ‘in front of the meter’ battery and a ‘behind the meter’ battery?*, n.d., <<https://www.westernpower.com.au/faqs/community-batteries/community-batteries/what-is-the-difference-between-an-in-front-of-the-meter-battery-and-a-behind-the-meter-battery/>> accessed 2 August 2023; SP Energy Networks, *Behind the Meter Electricity Generation*, 2021, <https://www.spenergynetworks.co.uk/pages/behind_the_meter.aspx> accessed 2 August 2023.

84 As reported by the department, Victoria has over 300 hospitals and health services. Source: Department of Health, *Hospitals & Health Services*, 9 November 2022, <<https://www.health.vic.gov.au/hospitals-health-services>> accessed 28 July 2023; Hon Mary-Anne Thomas MP, Minister for Health Infrastructure, *Transcript of evidence*, p. 13.

85 Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 155–156.

The health system in Victoria contributes to greenhouse gas emissions in the State, representing 1% of Victoria's total emissions.⁸⁶ As such, there are several emissions reduction plans and strategies that impact DH. DH's response to the departmental questionnaire gave further information regarding the department's targets and initiatives related to climate change and greenhouse gas emissions.⁸⁷

DH's response to the questionnaire notes the *Whole of Government Emissions Reduction Pledge* requires all government operations, including public hospitals, to be powered by 100% renewable energy by 2025.⁸⁸ DH will also contribute to achieving net carbon zero in Victoria by 2050.⁸⁹ Considering DH's 5% energy generation goal related to behind-the-meter solar, it is unclear what mechanisms DH will use to meet 100% renewable energy by 2025. Both DH's response to the Committee questionnaire and the environmental information published in its *Annual Report 2021-22* suggest a focus on electrification, solar generation and changes to design and construction practices to reduce emissions.⁹⁰

While DH publishes energy use and greenhouse gas information in its annual report, the department could include its progress towards this target in percentage terms and the share of each energy type it uses to allow for comparisons over time.

RECOMMENDATION 9: The Department of Health publish its progress towards the *Whole of Government Emissions Reductions Pledge* in percentage terms and the percentage share of each energy type used in its operations each financial year in its annual report.

Along with developing the *Guidelines for sustainability in capital works*, the VHBA is also leading the delivery of DH's *Environmental sustainability strategy 2018-19 to 2022-23*, which sets out three strategic directions and associated objectives and actions to reduce carbon emissions and improve DH's overall environmental performance.⁹¹ A new strategy has not been published for future years. Considering this is the main document that guides DH's efforts to improve its environmental performance, the Committee recommends the strategy is updated.

RECOMMENDATION 10: The Department of Health update its *Environmental sustainability strategy* for the next five years, including 2023-24.

⁸⁶ Department of Health, *Carbon emissions in healthcare facilities*, 10 October 2022, <<https://www.health.vic.gov.au/planning-infrastructure/carbon-emissions-in-healthcare-facilities>> accessed 6 July 2023.

⁸⁷ Department of Health, *Response to the 2023-24 Budget Estimates General Questionnaire*, pp. 155-156.

⁸⁸ *Ibid.*, p. 154.

⁸⁹ Victorian Health and Human Services Building Authority, *Environmental sustainability strategy 2018-19 to 2022-23*, Melbourne, 2018, p. 1.

⁹⁰ Department of Health, *Response to the 2023-24 Budget Estimates General Questionnaire*, pp. 154-156; Department of Health, *Annual Report 2021-22*, pp. 108-111.

⁹¹ Victorian Health and Human Services Building Authority, *Environmental sustainability strategy 2018-19 to 2022-23*, p. 3.

There are several data sets that speak to DH's efforts to improve its environmental performance and reduce greenhouse gas emissions. DH's *Annual Report 2021–22* demonstrates mixed results, especially relating to types of energy utilised. While DH reported an annual reduction of 6% in greenhouse gas emissions, data demonstrated that between 2020–21 and 2021–22 total greenhouse gas emissions from electricity dropped, while emissions from natural gas and diesel rose.⁹² In its public health services, DH used more terajoules of natural gas between 2020–21 and 2021–22 and less of electricity during the same time period.⁹³ As such, the Committee reiterates the need for recommendation 9 above. Publishing the share of energy type used will allow for an enhanced understanding of how DH is performing regarding electrification and subsequent greenhouse gas emissions in public hospitals.⁹⁴

3.5 Health Infrastructure portfolio: key issues

The Health Infrastructure portfolio is a newly created portfolio in 2023–24.⁹⁵ As reported by DH the portfolio has no clear responsibilities in the budget. There are no associated outputs, objectives, objective indicators, or performance measures for the portfolio.⁹⁶ The portfolio does not have responsibility for any agencies, entities or bodies.⁹⁷ No new asset initiatives for DH fall under the portfolio.⁹⁸ For these reasons it is unclear why the portfolio was established or what it does.

FINDING 32: The Health Infrastructure portfolio is newly created in 2023–24. No clear or reported responsibilities are set out in the budget papers for the portfolio.

RECOMMENDATION 11: The Department of Health clearly outline the Health Infrastructure portfolio responsibilities, related initiatives, outputs, objectives, objective indicators and performance measures in the 2024–25 Budget.

3.6 Mental Health portfolio: key issues

The Minister for Mental Health is responsible for four outputs: Mental Health Clinical Care (funding in 2023–24: \$2.7 billion), Mental Health Community Support Services (funding in 2023–24: \$188.4 million), Drug Prevention and Control (funding in 2023–24: \$41.3 million) and Drug Treatment and Rehabilitation (funding in 2023–24: \$331.1 million).⁹⁹

⁹² Department of Health, *Annual Report 2021–22*, pp. 108, 114.

⁹³ *Ibid.*, p. 113.

⁹⁴ Hon Mary-Anne Thomas MP, Minister for Health Infrastructure, *Transcript of evidence*, p. 13.

⁹⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 207.

⁹⁶ Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 141.

⁹⁷ *Ibid.*, p. 153.

⁹⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 66.

⁹⁹ *Ibid.*, p. 208; Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 142.

DH advised after post-election changes, the outputs of Drug Prevention and Control and Drug treatment and Rehabilitation transferred from the Health portfolio to the Mental Health portfolio.¹⁰⁰

3.6.1 Drug Treatment and Rehabilitation

During the hearings several elements related to the Drug Treatment and Rehabilitation output were discussed with the Minister for Mental Health. Compared to the 2022–23 Budget, the output’s funding has grown by 21.5%, largely due to new output initiatives in the 2023–24 Budget.¹⁰¹

New initiatives include \$160.1 million for *Alcohol and other drug treatment, support and harm reduction services*.¹⁰² The Minister advised this included several components such as:

- \$10 million for 84 Alcohol and Other Drugs (AOD) workforce trainee positions to meet projected workforce attrition needs
- \$10 million for additional support for nine new opioid pharmacotherapy clinics to expand services and address gaps, boosting services for an estimated 360 people per year
- funding for the operation of the North Richmond Medically Supervised Injecting Room and several other elements including outreach services, continued operation of treatment and withdrawal beds and the continuation of several programs.¹⁰³

The Committee notes that elements of this funding respond to key areas of concern from the AOD sector and the community. By expanding opioid pharmacotherapy clinics, the government aims to better respond when access to a prescriber in a certain area suddenly changes resulting in serious service provision shortages.¹⁰⁴

FINDING 33: The 2023–24 Budget includes \$160.1 million for the *Alcohol and other drug treatment, support and harm reduction services* initiative. This funding includes new opioid pharmacotherapy clinics and 84 Alcohol and Other Drugs workforce positions.

RECOMMENDATION 12: The Department of Health report on the number of workforce positions recruited as part of the *Alcohol and other drug treatment, support and harm reduction services* initiative in its forthcoming annual reports.

¹⁰⁰ Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 133.

¹⁰¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 54, 208.

¹⁰² *Ibid.*, p. 54 (Committee calculation).

¹⁰³ Hon Gabrielle Williams MP, Minister for Mental Health, 2023–24 Budget Estimates (Mental Health) hearing, Melbourne, 7 June 2023, *Transcript of evidence*, pp. 10–11; Victorian Alcohol and Drug Association, *State Budget delivers carefully balanced budget to an AOD system on a tightrope*, media release, Melbourne, 23 May 2023; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 60.

¹⁰⁴ Hon Gabrielle Williams MP, Minister for Mental Health, *Transcript of evidence*, p. 11.

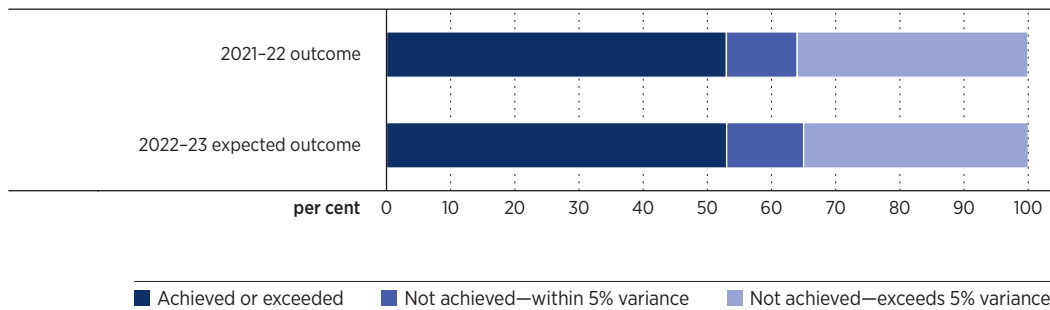
3.7 Department-wide: key issues

3.7.1 Departmental performance

During the hearing with the Minister for Health the Committee discussed at length DH’s expected performance outcomes for 2022–23, what factors had impacted performance and how DH planned to improve its performance in the coming financial years.¹⁰⁵

DH’s expected performance relating to its measures for all outputs for 2022–23 and its actual performance in 2021–22 are shown in Figure 3.1 below.

Figure 3.1 Department of Health, 2022–23 expected performance and 2021–22 actual performance



Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 211–231; Department of Health, *Annual Report 2021–22*, Melbourne, 2022, pp. 40–58 (Committee calculation).

The figure shows that DH’s performance has been similar across both years, with DH achieving 53% of its measures in 2021–22 and the same expected in 2022–23.¹⁰⁶

During the hearings the Committee noted DH’s expected lowest performing outputs for 2022–23.¹⁰⁷ DH is expected to achieve just 35% of its measures for the Admitted Services output, 33% for Non-Admitted Services and 33% for Emergency Services.¹⁰⁸ The Committee also discussed with the Minister several individual measures, including ‘Proportion of ambulance patient transfers within 40 minutes’ (expected outcome of 70% from 90% in 2022–23) and ‘Number of patients admitted from the elective surgery waiting list’ (expected outcome of 187,453 from a target of 230,100 in 2022–23).¹⁰⁹

When discussing the reasons for DH’s overall expected performance in 2022–23 and what actions were being taken to improve performance, the Minister advised that the COVID-19 pandemic and the resulting increased pressure on the healthcare

¹⁰⁵ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Health) hearing, *Transcript of evidence*, pp. 9–10, 14, 16–17, 22.
¹⁰⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 211–231; Department of Health, *Annual Report 2021–22*, pp. 40–58 (Committee calculation).
¹⁰⁷ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Health) hearing, *Transcript of evidence*, pp. 9, 10, 14, 15–16, 22.
¹⁰⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 211–231 (Committee calculation).
¹⁰⁹ Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, pp. 13, 14, 16; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 211, 214.

system had a large impact on performance, and the effects of the pandemic were still being experienced.¹¹⁰ The Minister added that the \$12 billion investment in the *Pandemic Repair Plan* in the 2022–23 Budget was being implemented to improve the performance of DH, and improvements and stabilisation of some data had already been recorded as an outcome of the *Plan*.¹¹¹

The Committee will continue to monitor DH's performance through its Financial and Performance Outcomes inquiries.

FINDING 34: The Department of Health achieved or exceeded only 53% of its performance measures in 2021–22 with a similar outcome expected in 2022–23.

3.7.2 Machinery of government changes

Following machinery of government (MoG) changes effective on 1 January 2023, the Medical Research portfolio, output and functions transferred to DH from the former Department of Jobs, Precincts and Regions.¹¹² DH advised that the MoG change resulted in a minimal cost of \$28,000 related to the transfer and provision of new equipment, managed within their existing budget.¹¹³

3.8 Performance measures

3.8.1 Department-wide: analysis of new performance measures

DH added nine new performance measures in the 2023–24 Budget, five of which replaced discontinued measures. A further six performance measures were created from disaggregating previous measures.¹¹⁴

Table 3.2 summarises the issues that Committee identified with these performance measures by relevant output.

¹¹⁰ Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, pp. 9–10.

¹¹¹ *Ibid.*, pp. 9–10, 16, 22.

¹¹² Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 131, 141.

¹¹³ *Ibid.*, p. 131.

¹¹⁴ *Ibid.*, pp. 74–82, 102–108.

Table 3.2 Issues with new performance measures in 2023–24

Output	Performance measures	Issues identified by the Committee
Health Protection (Timeliness)	Comments on proposals and applications to amend the ANZ Food Standards Code are provided within timeframes specified by Food Standards Australia New Zealand (FSANZ)	<p>The Department of Health (DH) advises the new measure will ‘increase accountability around the provision of activities which ultimately impact food safety’.</p> <p>The Committee does not consider the new measure to be a strong indicator of whether DH is reaching these goals or responsibilities, because comments on proposal and applications to amend the ANZ Food Standards Code have a deadline of submission. Submissions after deadlines are only given if an extension has been granted.</p> <p>As such, the measure does not indicate performance by DH, but a minimum standard the department must meet to have comments considered.</p>
Health Workforce Training and Development (Quantity)	Sign-on bonuses for nursing and midwifery graduates	<p>The new performance measure relates to a Government election commitment to provide a sign-on bonus to student nurses and midwives who enter the public health system and commit to working for two years. DH states this is ‘part of [their] commitment to strengthen Victoria’s nursing and midwifery graduates’.</p> <p>As noted in DH’s questionnaire response, the measure does not provide information into the retention of graduates after the two-year period—a key part of strengthening the workforce.</p> <p>The Committee considers it important that DH develop measures that demonstrate retention or growth of applicable positions, where funding is provided to grow the healthcare workforce.</p>

Source: Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 1 June 2023, pp. 76, 80; Food Standards Australia New Zealand, *Current calls for public comment and how to make a submission*, 10 July 2023, <<https://www.foodstandards.gov.au/code/changes/Pages/Documents-for-public-comment.aspx>> accessed 6 July 2023; Food Standards Australia New Zealand, *Call for submissions – Application A1265*, 8 June 2023, <<https://www.foodstandards.gov.au/code/applications/Documents/A1265%20CFS%20Report.pdf>> accessed 6 July 2023, p. i; Victorian Auditor-General’s Office, *Measuring and Reporting on Service Delivery*, Melbourne, May 2021, p. 44; Department of Health, *Nursing and midwifery graduate sign-on bonus*, 3 July 2023, <<https://www.health.vic.gov.au/nursing-and-midwifery/nursing-and-midwifery-graduate-sign-on-bonus>> accessed 6 July 2023.

RECOMMENDATION 13: The Department of Health address the shortcomings identified by the Committee in two new performance measures introduced in 2023–24 with further, or altered, performance measures for inclusion in the 2024–25 Budget.

3.8.2 Department-wide: analysis of performance measures proposed to be discontinued

DH identified eleven performance measures for discontinuation in the 2023–24 Budget.¹¹⁵ The Committee commends DH on the reasoning included for the discontinuation and disaggregation of several measures. For example, ‘Separations from an acute inpatient unit where the consumer received post-discharge follow-up

¹¹⁵ Ibid., pp. 102–108.

within 7 days', 'Clients readmitted (unplanned) within 28 days' and 'Registered community clients' were all disaggregated into three measures by age cohort.¹¹⁶ This allows for a better understanding of performance, service provision, and demographics of consumers accessing services.¹¹⁷

The Committee supports DH's rationale for the discontinuation of nine performance measures. Table 3.3 summarises the issues that the Committee identified with the remaining performance measure proposed to be discontinued by relevant output.

Table 3.3 Issues with one performance measure proposed to be discontinued in 2023–24

Output	Performance measure proposed to be discontinued	Issues identified by the Committee
Health Advancement (Quantity)	Number of training courses for health professionals on sexual and reproductive health	<p>The Committee supports the discontinuation of this performance measure, as the Department of Health (DH) outlines that the measure does not 'represent the full breadth of training provided'.</p> <p>However, DH advises a new measure 'that captures all relevant training' will be included in the 2024–25 Budget. Considering both that there are limited performance measures that directly measure performance of sexual and reproductive health training or programs, and the funding included in the budget for women's health, which includes sexual and reproductive hubs, the Committee believes a new measure should have been added in this year's budget related to training in this area.</p> <p>Further, the Committee suggests further performance measures related to DH's programs, outcomes and goals related to sexual and reproductive health be developed that extend beyond training courses.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 390; Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 1 June 2023, p. 103.

RECOMMENDATION 14: The Department of Health develop new performance measures that reflect the increased investment in sexual and reproductive health for inclusion in the 2024–25 Budget.

¹¹⁶ Ibid., pp. 105–107; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 390.

¹¹⁷ Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 105–107.

Chapter 4

Department of Education

4.1 Overview

The Department of Education's (DE) mission statement is 'A great education for every child and young person – so they can thrive now, and in the future, for a fairer, smarter and more prosperous state'.¹

In 2023–24 DE supports two ministerial portfolios: Early Childhood and Pre-Prep, and School Education.²

In 2023–24 DE has three objectives:

- raise development outcomes of three and four-year-old children prior to attending school
- raise learning, development, engagement and wellbeing outcomes for all Victorian students
- provide equitable and inclusive schooling to all Victorian students.³

Prior to the machinery of government (MoG) changes effective 1 January 2023 (discussed in more detail in Section 4.6.1), the department was known as the Department of Education and Training.

1 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 124.

2 Ibid.

3 Ibid.

Department of Education

Formerly Department of Education and Training

Portfolios



• Education

• Early Childhood and Pre-Prep

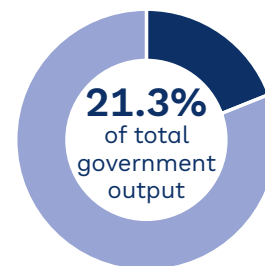
• Early Childhood
• Higher Education and Training and Skills

Total department output funding

2022–23 Budget \$14.0b

2022–23 revised Budget \$14.7b

2032–24 Budget \$15.6b



↑ \$1.5b

increase compared to the 2022–23 Budget

\$2.9b

new output initiative spending, 2022–23 to 2026–27

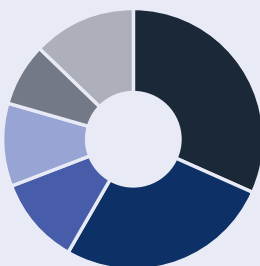
2nd largest budget

of all Victorian Government departments

↑ \$916.8m

increase compared to the 2022–23 revised Budget

Department funding by output, 2023–24



- School Education—Primary \$5b
- School Education—Secondary \$4.2b
- Supports for Schools and Staff \$1.7b
- Additional Supports for Students with Disabilities \$1.6b
- Promoting Equal Access to Education \$1.2b
- Other* \$2b

* Includes 3 outputs with budgets <\$1.2b.

New output initiatives with largest funding allocation, 2022–23 to 2026–27



41 new output initiatives

\$450.2m

Non-Government Schools Capital Fund

\$372.7m

Best Start, Best Life: Free Kinder

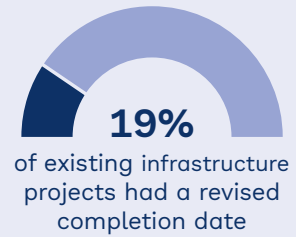
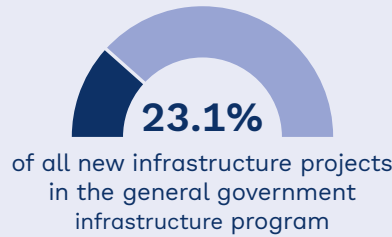
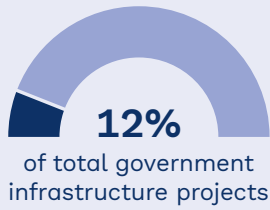
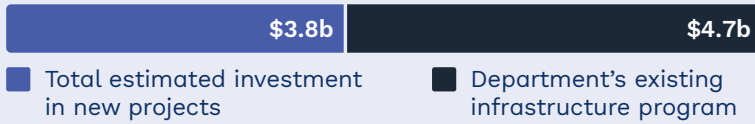
\$423.2m

School enrolment-based funding

\$217.5m

Essential maintenance and compliance

Infrastructure program, 2023–24 (\$8.5b)



New infrastructure projects with highest total investment, 2023–24



\$912.8m
Best Start, Best Life: Infrastructure

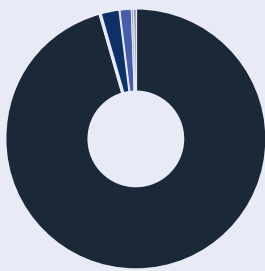
\$266.1m
School upgrades*

\$573.2m
New schools construction

\$208.4m
Three-Year-Old Kinder*

* Total estimated investment for some projects includes funding beyond 2026–27.

Money in, 2023–24 (\$16.1b)

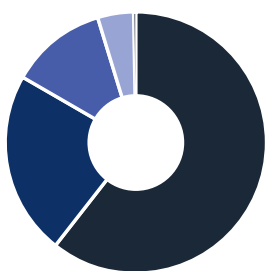


- Output appropriations **\$15.4b**
- Other revenue and income **\$371m**
- Sale of goods and services **\$220m**
- Interest income **\$73m**
- Grants **\$10m**

↓ \$78m
decrease compared to the 2022–23 revised Budget

↓ \$833m
decrease compared to the 2022–23 Budget

Money out, 2023–24 (\$15.6b)



- Employee benefits **\$9.5b**
- Other operating expenses **\$3.5b**
- Grant expense **\$1.9b**
- Depreciation **\$692m**
- Interest expense **\$26m**

↑ \$16m
increase compared to the 2022–23 revised Budget

↓ \$939m
decrease compared to the 2022–23 Budget

4.2 Financial analysis

While MoG changes saw the Training and Skills and Higher Education portfolios transfer out of the department, DE's budget continued to grow in several areas in 2023–24.⁴ DE's output appropriations are budgeted as \$15.4 billion in 2023–24, a \$287 million (2%) increase compared to the 2022–23 revised estimate.⁵ This increase is attributed to funding for new initiatives in 2023–24 and rephasing of funding to 2023–24.⁶

In the 2023–24 Budget DE received increased funding for several of its outputs, when compared to the 2022–23 Budget. Kindergarten Delivery increased by 49.8%, while Early Childhood Education Sector Supports and Regulation increased by 65.2%. The Supports for School Staff output increased by 11.9%.⁷

DE forecasts an operating surplus of \$537 million in the 2023–24 Budget, reflecting a reduction in operating income of \$78 million when compared to the 2022–23 revised Budget. This is also due to the transfer of the Training and Skills and Higher Education portfolios, partially offset by additional funding for initiatives in the 2023–24 Budget.⁸

In response to the departmental questionnaire DE confirmed a savings and efficiencies target of \$34 million in 2023–24, which DE stated would not impact frontline service delivery.⁹

4.2.1 Lapsing initiatives

Through the departmental questionnaire DE outlined three initiatives set to lapse in 2022–23 with an associated total expenditure of \$235 million in 2022–23.¹⁰ Details of the lapsing programs are provided in Table 4.1.

4 Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, pp. 22–23.

5 Ibid. (Committee calculation).

6 Ibid., p. 22.

7 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 125.

8 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, 2023, Melbourne, p. 74.

9 Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 56.

10 Ibid., pp. 43–46.

Table 4.1 Department of Education—lapsing programs in 2022–23 with total funding equal or greater than \$5 million

Name	Expenditure in the financial year 2022–23	Objective	Impact of ceasing the program	Strategies to minimise potential negative impact
<i>Targeted Financial Incentives</i>	\$7.1 million, with a further \$5 million beyond 2022–23	Provision of financial incentives to support eligible government schools to attract qualified teachers to take up hard-to-staff positions.	The Victorian Government is reviewing evidence about the effectiveness of the program and will use this to determine future funding. Evidence suggests the initiative has allowed schools to recruit teachers into difficult to fill vacancies.	Investment in several other initiatives to support schools with teacher supply, including attracting registered but not practicing teachers and programs that reduce barriers to studying teaching.
<i>Transforming the First Years of the Teaching Career</i>	\$13.5 million	Support graduate teachers through professional learning and mentoring, and a reduction in the hours of face-to-face teaching to improve the experience, quality and retention of graduate teachers.	Graduate teachers in the three pilot areas will not receive additional professional learning and mentoring and will not receive an additional reduction in face-to-face teaching.	Other support strategies for graduate teachers including school-based induction-processes, reductions in face-to-face teaching and existing learning opportunities.
<i>Tutor Learning Initiative</i>	\$214.4 million	Support schools to employ tutors to continue small-group tutoring for students who have fallen behind, in response to effects of the COVID-19 pandemic.	Students who have fallen behind will not receive the targeted support provided under the program.	The Department of Education will 'continue to make available advice for teachers on how students with different learning attainment levels can be supported in mainstream classrooms'.

Source: Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, pp. 43–46.

The Committee notes two of the lapsing programs relate to teacher recruitment and retention for hard-to-staff and graduate positions. Teacher recruitment and retention is discussed further in Section 4.4.1.

During the hearings the Committee discussed the lapsing *Tutor Learning Initiative* (TLI) with the Minister for Education. The TLI was put in place to support students whose learning had been disrupted by the COVID-19 pandemic. The initiative focuses on students who are below, or at risk of falling below, the National Minimum Standards in the National Assessment Program—Literacy and Numeracy.¹¹

¹¹ Department of Education, *School operations: Tutor Learning Initiative*, 8 June 2023, <<https://www2.education.vic.gov.au/pal/tutor-learning-initiative/policy>> accessed 31 July 2023.

While the Minister advised the program would continue to the end of 2023, further funding for the TLI would be determined by September 2023 and if necessary, funded through contingency, adding that the same applied for several programs.¹² The Minister added that the tutors employed as part of the program (more than 5,500 during the 2022 school year) would be engaged if further funding was allocated to the program.¹³ In 2022 the TLI supported 114,000 students.¹⁴ In 2020 when the initiative was established, it was estimated it would support more than 200,000 students.¹⁵

FINDING 35: The Department of Education's (DE) *Tutor Learning Initiative* is funded until the end of 2023. As of 6 August, the Government is to decide whether funding for this and other programs in the education sector will continue in September 2023.

RECOMMENDATION 15: Where possible, the Department of Education fund all of its initiatives through the budget to promote funding certainty and transparency.

4.3 Capital spend

The 2023–24 Budget allocates \$3.8 billion to new projects.¹⁶ The Minister for Education advised \$2 billion of this funding is allocated to new schools and upgrades, including \$741.4 million for nine new schools to meet enrolment growth, particularly in the outer suburbs of Melbourne.¹⁷

Further, \$1.1 billion in asset funding is provided to the Kindergarten Delivery output to expand early learning infrastructure and infrastructure to meet required capacity associated with universal three-year-old kinder.¹⁸ This investment is discussed further in Section 4.5.1.

4.4 Education portfolio: key issues

The Minister for Education is responsible for six outputs with a total funding of \$14 billion in the 2023–24 Budget.¹⁹ The Minister for Education's six outputs make up 19% of all output funding in the 2023–24 Budget.²⁰

¹² Hon Natalie Hutchins MP, Minister for Education, 2023–24 Budget Estimates (Education) hearing, Melbourne, 13 June 2023, *Transcript of evidence*, p. 14.

¹³ *Ibid.*, p. 15; Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 46.

¹⁴ Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 46.

¹⁵ Hon Daniel Andrews MP, *Thousands of tutors bring students up to speed*, media release, Melbourne, 13 October 2020.

¹⁶ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 Capital Program*, Melbourne, 2023, p. 43.

¹⁷ Hon Natalie Hutchins MP, Minister for Education, *Transcript of evidence*, p. 2; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 24.

¹⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 22, 23 (Committee calculation).

¹⁹ *Ibid.*, p. 125; Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 129 (Committee calculation).

²⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 125 (Committee calculation).

4.4.1 Teacher recruitment and retention

In response to the departmental questionnaire, DE advised one of the most significant strategic issues that influenced the development of its estimates for 2023–24 was ‘addressing school workforce issues’.²¹ The 2023–24 Budget includes \$205 million in funding over four years for *Targeted Initiatives to Attract More Teachers* to support teacher attraction and retention.²²

The initiative includes funding for several elements, such as:

- \$32.2 million for placement supports for pre-service teachers in rural and targeted schools
- \$13.6 million to attract more First Nations people to the teaching profession
- \$12 million to expand teacher re-engagement support services
- \$9.5 million to support flexible working arrangements for school leaders.²³

During the hearings the Committee discussed the need for teacher attraction and retention programs with the Minister for Education. The Minister stated that the public school system in Victoria is experiencing workforce challenges with teacher recruitment and retention that are common across all Australian jurisdictions, adding that \$1.2 billion had been spent on workforce initiatives since 2019.²⁴ As part of this figure \$360 million was provided to teacher attraction and retention, and \$779 million to recruit extra teachers to provide extra time for planning and collaboration to current teachers.²⁵

An issues paper produced by the Federal Minister of Education highlighted the issue of the teacher workforce shortages around Australia. The paper notes workforce shortages are one of the ‘single biggest issues facing teacher employers in all school sectors...across Australia’.²⁶ The paper outlines several factors influencing shortages such as a competitive global teaching market, the ongoing impacts of the COVID-19 pandemic, declining numbers of new graduate teachers, growing student populations and an ageing workforce. The paper also notes there are factors driving teachers from the profession, including the perceived low status of the teaching profession, challenging working conditions, high workloads and casual positions.²⁷

The 2023–24 Budget provides funding aimed at addressing some of these issues. Along with funding for teacher attraction and retention, the Budget includes funding for lesson planning, which the Minister advised would contribute to ‘lessening workload

21 Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 12.

22 Ibid.; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 12.

23 Hon Natalie Hutchins MP, Minister for Education, *2023–24 Budget Estimates hearing presentation: Education*, supplementary evidence received 13 June 2023, p. 13.

24 Hon Natalie Hutchins MP, Minister for Education, *Transcript of evidence*, pp. 11–12.

25 Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 12.

26 Australian Government, Department of Education, *Issues Paper: Teacher Workforce Shortages*, Canberra, 2021, p. 3.

27 Ibid., pp. 5–7.

tensions on teachers'.²⁸ The Minister also highlighted that as part of the public teaching workforce's new Enterprise Bargaining Agreement, face-to-face teaching hours would be reduced by one hour in 2023 and 1.5 hours in 2024, with an associated cost of \$779 million and requiring further recruitment of teachers.²⁹ The cost of this initiative is not represented in the 2023–24 Budget.

FINDING 36: Teacher workforce retention, recruitment and shortages are issues faced in Victoria, and across Australia. Workforce issues are driven by several factors including international supply issues, declining numbers of graduate teachers, higher student numbers and challenging workforce conditions, including high workloads. The 2023–24 Budget aims to address some of these issues through the *Targeted Initiatives to Attract More Teachers* initiative and support for lesson planning.

Over the last 10 years DE has had some success in recruiting more government school teachers, growing the workforce by over 10,000 full-time equivalent positions and recording an average annual growth rate of 2.3% between 2012 and 2022.³⁰ By comparison over the same period, the annual average growth rate of government school students was 1.7%.³¹ Teacher growth is demonstrated in Figure 4.1. The Victorian branch of the Australian Education Union estimates over the next decade, 11,000 additional public school teachers will be required.³² If an annual average growth rate of 2.3% is sustained between 2023 and 2032, the workforce will grow by almost 13,000.³³

DE also produces a *Victorian Teacher Supply and Demand Report* on a regular basis to examine if there are sufficient teachers at work and in training to meet demand over a six-year period.³⁴ The last report, produced in 2021, made several key findings, including that teacher recruitment challenges are intensifying with vacancy and no fill rates increasing, especially in regional locations. The report also found that while the supply of teachers is expected to balance demand to 2027, there is a predicted shortfall in secondary teachers.³⁵

The report notes the COVID-19 pandemic has impacted teacher supply and demand forecasts and while the report reflects government estimates as at May 2022, 'these projections continue to change rapidly as the state recovers'.³⁶ For this reason, and due to the challenges the issue now presents, the Committee recommends DE publish an updated *Victorian Teacher Supply and Demand Report* as soon as practicable.

²⁸ Hon Natalie Hutchins MP, Minister for Education, *Transcript of evidence*, p. 12.

²⁹ *Ibid.*, p. 11.

³⁰ Australian Curriculum Assessment and Reporting Authority, *Staff numbers, 2022*, <<https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/staff-numbers>> accessed 1 August 2023 (Committee calculation).

³¹ Australian Curriculum Assessment and Reporting Authority, *Student numbers: All students by school sector, Victoria (time series), 2022*, <<https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/student-numbers>> accessed 14 August 2023.

³² Australian Education Union Victoria, *A Ten-Year Plan for Staffing in Public Education*, Melbourne, 2022, p. 6.

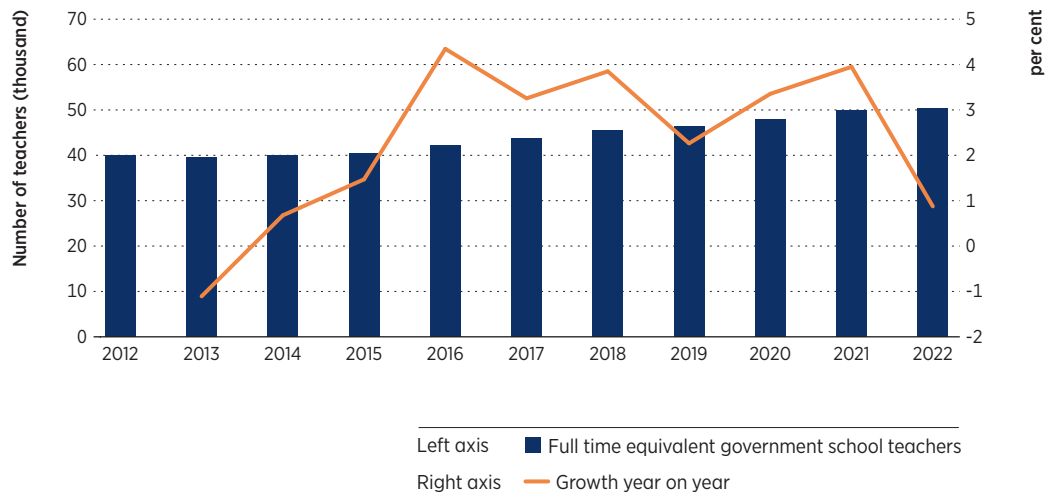
³³ Australian Curriculum Assessment and Reporting Authority, *Staff numbers* (Committee calculation).

³⁴ Victorian Government, *Statistics on Victorian schools and teaching: Teacher supply and demand*, 19 June 2023, <<https://www.vic.gov.au/statistics-victorian-schools-and-teaching>> accessed 1 August 2023.

³⁵ Department of Education, *Victorian Teacher Supply and Demand Report 2021*, Melbourne, 2023, pp. 10, 17.

³⁶ *Ibid.*, p. 4.

Figure 4.1 Full-time equivalent government teaching staff—Victoria, 2012 to 2022



Source: Australian Curriculum Assessment and Reporting Authority, *Staff numbers, 2022*, <<https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/staff-numbers>> accessed 1 August 2023 (Committee calculation).

Additionally, the Committee recommends enhanced reporting on how DE is meeting and intends to meet workforce shortages and supply and demand issues related to Victorian government teachers. This could include performance measures related to the funding provided to workforce attraction and retention and a dedicated workforce strategy demonstrating how teacher demand will be met over an appropriate period of time.

RECOMMENDATION 16: The Department of Education update its *Victorian Teacher Supply and Demand Report*.

RECOMMENDATION 17: The Department of Education enhance its reporting on how it is meeting teacher workforce supply and demand issues including:

- creating performance measures related to the funding provided for teaching workforce attraction and retention, including *Targeted Initiatives to Attract More Teachers* as funded in the 2023–24 Budget
- creating and publishing a workforce strategy demonstrating what actions will be taken to meet the demand for government teachers over an appropriate period of time.

4.4.2 School funding

During the hearings and through the departmental questionnaire, the Minister and DE outlined Victoria's school funding in relation to its bilateral agreement with the Commonwealth Government and how school funding currently compares to the Schooling Resource Standard (SRS).³⁷

The SRS is an estimate of how much total government funding a school needs to meet its students' educational needs, made up of a base amount of funding for all primary and secondary school students and six types of needs-based loadings for student priority cohorts and disadvantaged schools.³⁸

Victoria's bilateral agreement with the Commonwealth Government on National School Reform sets out the State's committed funding contributions between 2017 and 2023, demonstrating the Victorian Government is growing its funding contribution to the SRS from 67.8% in 2017, to 70.4% in 2023.³⁹

The Victorian Government has committed to providing 75% of the SRS by 2028 for government-funded schools, while the Commonwealth Government has committed to providing at least 20% by 2023, representing a potential 5% funding shortfall when compared to the SRS.⁴⁰ When asked about this shortfall, the Minister highlighted that negotiations for a new bilateral agreement would begin at the end of 2023, during which the State government would aim to 'work with' their Commonwealth counterparts to meet the 5% shortfall.⁴¹

FINDING 37: In 2023 the Victorian Government's contribution to the Schooling Resource Standard (SRS) is 70.4%, with a commitment to grow this to 75% by 2028. The Commonwealth Government provides 20% of the SRS to Victoria as of 2023, resulting in a 5% funding shortfall.

4.5 Early Childhood and Pre-Prep portfolio: key issues

The Minister for Early Childhood and Pre-Prep is responsible for two outputs: Kindergarten Delivery (funding in 2023–24: \$825.8 million) and Early Childhood Sector Supports and Regulation (funding in 2023–24: \$716.1 million).⁴²

³⁷ Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 126; Hon Natalie Hutchins MP, Minister for Education, *Transcript of evidence*, pp. 18–19.

³⁸ Australian Government, Department of Education, *What is the Schooling Resource Standard and how does it work*, Canberra, 2017, p. 1.

³⁹ Australian Government, Department of Education, *Bilateral agreement between Victoria and the Commonwealth on quality schools reform*, Canberra, 2018, p. 8.

⁴⁰ Hon Natalie Hutchins MP, Minister for Education, *Transcript of evidence*, p. 18; Australian Government, Department of Education, *Bilateral agreement between Victoria and the Commonwealth on quality schools reform*, p. 8.

⁴¹ Hon Natalie Hutchins MP, Minister for Education, *Transcript of evidence*, p. 20.

⁴² Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 138; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 125.

4.5.1 Best Start, Best Life reform

The *Best Start, Best Life* reform, announced in 2022, aims to overhaul childhood education and care.⁴³ The reform includes several elements:

- free kindergarten for three and four-year-old children at participating services, made available from January 2023
- universal three-year-old kindergarten, which is progressively being rolled out across the state. All services will scale up their hours to 15 hours per week by 2029
- the transition to a 'Pre-Prep' program from four-year-old kindergarten by 2032, which will provide a universal 30 hours per week of kindergarten to four-year-olds
- investment to attract, retain and upskill early childhood teachers and educators
- the establishment of 50 government owned and operated early learning centres and investment in infrastructure to support reform.⁴⁴

The 2023–24 Budget includes \$546.4 million in output funding to continue reform across the forward estimates, including to continue the expansion of three-year-old kindergarten, continue the provision of Free Kinder, begin the transition to Pre-Prep, attract and retain an early childhood workforce, and fund Aboriginal community organisations and Traditional Owners to help services improve cultural safety.⁴⁵

During the hearings the Committee discussed with the Minister for Early Childhood and Pre-Prep the main challenges to reform.⁴⁶ When asked why the roll out of Pre-Prep would take a decade to complete, the Minister highlighted the challenges of growing the early education workforce, the need to gradually roll out Pre-Prep services, and the infrastructure uplift required.⁴⁷ The Minister added that approximately 11,000 new teachers and educators would be needed to deliver the reform.⁴⁸

The roll out of Pre-Prep is planned to begin in 2025 in six regional local government areas (LGAs) and will continue progressively until Pre-Prep is available across Victoria in 2032.⁴⁹ The Minister advised this approach had worked well with the early childhood education sector for the roll out of three-year-old kindergarten.⁵⁰

⁴³ Hon Daniel Andrews MP, *Best Start, Best Life: Early Childhood Education That Works*, media release, Melbourne, 16 June 2022.

⁴⁴ Victorian Government, *Best Start Best Life: The Best Start for Victoria*, 5 July 2023, <<https://www.vic.gov.au/best-start-victoria>> accessed 1 August 2023; Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 6–7; Hon Ingrid Stitt MLC, Minister for Early Childhood and Pre-Prep, 2023–24 Budget Estimates (Early Childhood and Pre-Prep) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 9.

⁴⁵ Hon Ingrid Stitt MLC, Minister for Early Childhood and Pre-Prep, *Transcript of evidence*, pp. 1–2; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 11; Hon Ingrid Stitt MLC, Minister for Early Childhood and Pre-Prep, 2023–24 Budget Estimates hearing presentation: *Early Childhood and Pre-Prep*, supplementary evidence received 14 June 2023, p. 6.

⁴⁶ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Early Childhood and Pre-Prep) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 9; Hon Ingrid Stitt MLC, Minister for Early Childhood and Pre-Prep, *Transcript of evidence*, p. 9.

⁴⁷ Hon Ingrid Stitt MLC, Minister for Early Childhood and Pre-Prep, *Transcript of evidence*, p. 9.

⁴⁸ Ibid.

⁴⁹ Victorian Government, *Best Start Best Life: The Best Start for Victoria*.

⁵⁰ Hon Ingrid Stitt MLC, Minister for Early Childhood and Pre-Prep, *Transcript of evidence*, p. 9.

FINDING 38: There are several challenges to implementing the *Best Start, Best Life* universal pre-prep program. This includes the need for an increase in qualified educators and infrastructure to support reform, and the local government area-based roll out, which will be completed in 2032.

Infrastructure to support reform

During the hearings the Minister told the Committee that infrastructure is a critical part of the kindergarten reform agenda, and kindergarten infrastructure will need to be expanded and upgraded across Victoria to support reform.⁵¹ The 2023–24 Budget includes \$1.2 billion in asset and output funding to support the *Best Start, Best Life* reform, outlined in Table 4.2 below.⁵²

Table 4.2 Funding in the 2023–24—Budget infrastructure investment for *Best Start, Best Life* Reform

Name of initiative	Funding in 2023–24 Budget over the forward estimates	Details provided in Budget Papers No. 3 and 4	Expected completion date
<i>Best Start, Best Life: Infrastructure</i>	Output: \$78.1 million Asset: total estimated investment (TEI)—\$912.8 million Asset funding in the 2023–24 Budget contributes to an overall TEI of \$2.2 billion for the initiative, which includes previous investment.	Will contribute to: <ul style="list-style-type: none"> building new early learning facilities, including on government and low-fee non-government school sites expanding existing services building 50 government-owned Early Learning Centres land acquisition. 	Quarter 4 2027–28 The initiative contributes to an overall ten-year infrastructure program with a completion date of 2032–33.
<i>Three-year-old kinder</i>	Asset: TEI—\$208.4 million	Infrastructure funding to continue the delivery of universal three-year-old kinder, which is required to increase capacity. Will contribute to building new facilities on government school sites.	Quarter 3 2027–28

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 22, 33; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, p. 37.

The Minister provided further information about the kindergarten infrastructure investment in the budget during the hearings. The Committee was advised that the funding would deliver 145 new and upgraded kindergartens on existing school sites, with the selection of the sites based on assessing the needs of the LGA. Twenty-one kindergarten sites had been upgraded or built on school sites in 2023, with a further ten planned for 2024.⁵³

⁵¹ Hon Ingrid Stitt MLC, Minister for Early Childhood and Pre-Prep, *Transcript of evidence*, p. 6.

⁵² Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 22–23.

⁵³ Hon Ingrid Stitt MLC, Minister for Early Childhood and Pre-Prep, *Transcript of evidence*, p. 6.

The Minister outlined the benefits of locating kindergartens on school sites, which included convenience for parents and improved relationships between early childhood educators and schoolteachers, improving the experience of transitioning to primary school for children.⁵⁴ Additionally, at some locations other services are co-located, such as maternal and child health, and other health services.⁵⁵

The Minister also advised the Committee that the infrastructure funding would allow for the delivery of a number of the 50 planned Government owned and operated early learning centres that form part of the early learning reform. Locations have been announced for 30 locations and four will be delivered in 2025. The additional 20 locations are going through a consultation process to identify areas of most need, with DE, the Victorian School Building Authority (VSBA), local governments and the local community involved in this process.⁵⁶

The Minister added this policy is a centrepiece of the *Best Start, Best Life* reform, as it would allow for the delivery of early learning centres in areas of most need where there are not enough childcare places available, known as ‘childcare deserts’.⁵⁷ ‘Childcare deserts’ are areas where there are more than three children per childcare place.⁵⁸ Research by the Mitchell Institute has found that in Australia, 35% of the population live in neighbourhoods classified as childcare deserts, and these are more likely to be in regional areas.⁵⁹ In Victoria, there are a number of areas classified as childcare deserts, such as the outer northern and eastern suburbs of greater Melbourne, and the west, north west and eastern areas of regional Victoria.⁶⁰

Considering the importance of the investment in Government-run early learning centres to the *Best Start, Best Life* reform, the Government’s efforts to reduce inequity of access in early learning and childcare, and the public interest in access to childcare and early learning, the Committee recommends the VSBA report on the consultation process to determine the location of the remaining 26 centres, and information regarding how all 50 locations are targeting areas of most need and reducing inequity of access.

FINDING 39: The 2023–24 Budget includes \$1.2 billion in output and asset funding for infrastructure related to the *Best Start, Best Life* early childhood education reform. The funding includes establishing and upgrading kindergartens at existing schools and building a number of the 50 Government owned and operated early learning centres that have been announced as part of the reform.

⁵⁴ Ibid., pp. 5–6.

⁵⁵ Ibid., p. 6.

⁵⁶ Ibid., p. 8; Victorian School Building Authority, *50 early learning centres for Victoria*, 1 June 2023, <<https://www.schoolbuildings.vic.gov.au/50-early-learning-centres-victoria>> accessed 2 August 2023.

⁵⁷ Hon Ingrid Stitt MLC, Minister for Early Childhood and Pre-Prep, *Transcript of evidence*, p. 8.

⁵⁸ Less than 0.333 places per child aged four or under. Source: Victoria University, Mitchell Institute, *Childcare deserts and oases: How accessible is childcare in Australia?*, 2022, <<https://www.vu.edu.au/mitchell-institute/early-learning/childcare-deserts-oases-how-accessible-is-childcare-in-australia>> accessed 27 July 2023.

⁵⁹ Ibid.

⁶⁰ Victoria University, Mitchell Institute, *Childcare Deserts & Oases: Interactive Maps*, n.d., <<https://www.vu.edu.au/mitchell-institute/early-learning/childcare-deserts-oases-interactive-maps>> accessed 2 August 2023.

RECOMMENDATION 18: The Victorian School Building Authority provide information on its website regarding how the location of the 50 planned Government owned and operated early learning centres has been chosen. This should include reporting on the consultation process to determine the remaining 26 locations, and information regarding how each of the 50 locations are targeting areas most in need and reducing inequity of access.

4.6 Department-wide: key issues

4.6.1 Machinery of government changes

As part of MoG changes effective 1 January 2023, the Ministerial portfolios of Training and Skills and Higher Education transferred to the Department of Jobs, Skills, Industries and Regions, as did the associated outputs of Training, Higher Education, and Workforce Development.⁶¹

4.6.2 Changes to output structure

DE has made several changes to its output structure in 2023–24, including renaming, disaggregating, and removing whole outputs.⁶² This is shown below in Table 4.3.

Table 4.3 Department of Education—changes made to output structure, 2023–24

2022–23 outputs	2023–24 outputs	Explanation provided by DE
Early Childhood Education	Kindergarten Delivery Early Childhood Sector Supports and Regulation	Disaggregation of output group to more accurately reflect service delivery, improve accountability and better align with standard output practice across government.
School Education—Primary School Education—Secondary	School Education—Primary School Education—Secondary Supports for School and Staff Promoting Equal Access to Education	Disaggregation of output groups to more accurately reflect service delivery, improve accountability and better align with standard output practice across government.
Support Services Delivery	Wellbeing Supports for Students	Renamed to more accurately reflect service delivery related to wellbeing supports.
Support for Students with Disabilities	Additional Supports for Students with Disabilities	Renamed to more accurately reflect service delivery to support students with a disability.
Strategy, Review and Regulation	Nil	Output group removed due to machinery of government changes. Revised performance measures moved to the Supports for Schools and Staff output.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 124.

⁶¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 122.

⁶² *Ibid.*, p. 124.

The Committee commends DE for disaggregating its outputs where appropriate, especially regarding the disaggregation of the School Education—Primary and School Education—Secondary outputs, considering the combined value of these outputs in 2023–24 is over \$9 billion.⁶³

4.6.3 Implementation of previous recommendations

Through the development of new performance measures in the 2023–24 Budget DE has responded to several recommendations made by the Committee in the *Report on the 2021–22 Budget Estimates* and *Report on the 2022–23 Budget Estimates*.⁶⁴ This included acquitting in part or in full recommendations related to publishing information regarding progress toward targets in the early childhood agreement, developing performance measures related to the roll out of three-year-old kindergarten and information about kindergarten participation rates for various cohorts.⁶⁵

New schools planning data

In several previous reports the Committee has discussed the need for the evidence that informs the decision-making regarding the allocation of DE’s asset funding to be published and updated regularly, to demonstrate why and how funding for new school builds and school upgrades are allocated.⁶⁶

During the hearings the Committee raised again whether there was consideration given to publicly providing information regarding how infrastructure spending is allocated to government schools. DE advised the Committee that the VSBA evaluates all school facilities over a five-year period, the result of which is provided to government to make investment decisions.⁶⁷

4.7 Performance measures

4.7.1 Department-wide: analysis of new performance measures

DE added 42 new performance measures in the 2023–24 Budget, 17 of which replaced discontinued measures.⁶⁸ The Committee notes that the new measure ‘Number of inspections of early childhood services’ responds to feedback provided in the *Report on the 2020–21 Budget Estimates*.⁶⁹

⁶³ Ibid., p. 125 (Committee calculation).

⁶⁴ Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 151–156.

⁶⁵ Ibid.

⁶⁶ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 3.

⁶⁷ Mr Tom Kirkland, Chief Executive Officer, Victorian School Building Authority, 2023–24 Budget Estimates (Education) hearing, Melbourne, 13 June 2023, *Transcript of evidence*, p. 19.

⁶⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 377–384; Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 58–80.

⁶⁹ Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 62; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, p. 108.

Table 4.4 summarises the issues that Committee identified with a number of DE's new performance measures by relevant output.

Table 4.4 Issues with new performance measures in 2023–24

Output	Performance measures	Issues identified by the Committee
Early Childhood Sector Supports and Regulation (Quantity)	Total number of early childhood teachers delivering a funded kindergarten program	<p>The Department of Education (DE) advises the purpose of this measure is to 'reflect the early childhood teaching workforce' and provide 'workforce insights on funded kindergarten programs each year'.</p> <p>While the Committee supports the rationale of the measure and notes the importance of growing the early childhood workforce in the context of the <i>Best Start, Best Life</i> reforms, it is difficult to determine departmental performance regarding the early childhood workforce with this measure, as it only measures the number of teachers. No context is provided regarding how the target was set, how many services there are, how many teachers are needed, or whether DE has met its specified objectives regarding the workforce.</p> <p>Further performance measures should be created to demonstrate DE's performance regarding the early childhood workforce.</p>
School Education – Primary School Education – Secondary (Quality)	<p>Percentage of government primary school teachers in ongoing employment</p> <p>Percentage of government secondary school teachers in ongoing employment</p>	<p>The new measures are useful to demonstrate the stability of the government school teaching workforce and will show a growth or decline in trends in ongoing employment over time.</p> <p>DE notes that both measures were created in part to respond to a Committee recommendation in the <i>Report on the 2022–23 Budget Estimates</i>. The recommendation stated: The 2023–24 Budget include performance measures to track the outcomes achieved by investments to attract, retain and increase the numbers of teachers across metropolitan, rural and regional Victoria.</p> <p>DE does not currently have other performance measures that demonstrate performance in attracting, retaining and increasing teachers. Additionally, there are no measures of workforce trends in different areas in Victoria. DE's performance measures and response to the Committee's recommendation would be improved by further measures addressing these gaps.</p>
School Education – Secondary (Quality)	Apparent retention rate, full-time students, Year 7/8 to 12	<p>While the Committee supports the reasoning given for amending this performance measure, the resulting name change and information provided on the methodology for calculating the result is unclear.</p> <p>The methodology provided states the outcome is calculated by using the total number of Year 7 students in a given year, while the name of the measure suggests Year 8 students may also be taken into account. The Committee suggests DE rename the measure to clarify the method of calculation.</p>

Output	Performance measures	Issues identified by the Committee
School Education – Primary (Quantity)	Number of school campuses supported by the Mental Health in Primary Schools program	<p>The Committee believes the Mental Health in Primary Schools initiative is important to report on and has discussed the initiative multiple times across previous reports.</p> <p>However, measures such as these that only provide a number often do not aid in the understanding of performance by the department. With a target of 474 schools in 2023–24, the Victorian public will be able to see how the initiative is rolled out to further schools over multiple years. This is the only information gained from this measure.</p> <p>No information regarding the proportion of schools who have access to the program (out of all government schools or those eligible), demand for the program, or the quality of the program is provided. Considering the importance of the initiative, it is vital access and quality are measured to demonstrate how DE is performing when delivering this initiative.</p>
Promoting Equal Access to Education (Quality)	Aboriginal student attendance rate, all schools, years 7 to 10	<p>This new measure has replaced the measure ‘Average days lost due to absence for Aboriginal students in Years 7–12’ as the new measure is nationally comparable.</p> <p>The new measure results in a loss of information about Aboriginal student absence and attendance in Years 11 and 12, which is important as attendance is likely lower in these years, yet vital for student outcomes in their last year(s) of schooling.</p> <p>The Committee suggests DE create a new measure to demonstrate attendance of Aboriginal students in Years 11 and 12.</p>
Promoting Equal Access to Education (Quality)	Inner regional attendance rate, all schools, Years 7 to 10 Outer regional attendance rate, all schools, Years 7 to 10	<p>The Committee commends DE for establishing measures relating to attendance that are broken down into inner and outer regional areas.</p> <p>However, issues with this performance measure are similar to the issues outlined above. An understanding of attendance in Years 11 and 12 are important. The Committee suggests DE establish such measures for inner and outer regional students.</p>

Source: Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, pp. 61, 62, 63–64, 67, 68, 70, 75, 77, 78; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 129, 130, 132; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 56.

RECOMMENDATION 19: The Department of Education address the shortcomings identified by the Committee in the new performance measures identified by the Committee through further, or altered, performance measures in the 2024–25 Budget.

4.7.2 Department-wide: analysis of performance measures proposed to be discontinued

DH identified 54 performance measures for discontinuation in the 2023–24 Budget.⁷⁰

The Committee notes that in the budget papers DE advises most measures have been discontinued ‘following a review which has resulted in a revised objective and output group structure and a consolidated suite of performance measures to provide more meaningful and comparable performance information’.⁷¹

DE’s response to the departmental questionnaire also adds that most measures were discontinued in response to recommendations from the 2021 Victorian Auditor-General’s Office (VAGO) audit, *Measuring and Reporting on Service Delivery*.⁷² Several measures have been replaced as objective indicators rather than performance measures as part of this review, as they relate more closely to departmental objectives.⁷³

Overall, the Committee commends DE for undertaking a review of their performance measures, objectives and outputs in response to VAGO’s report. However, the Committee also notes that the discontinuation of many of these measures results in a loss of information in DE’s performance reporting on several programs, such as performance measures relating to the *Respectful Relationships* and *School-wide Positive Behaviour Support* programs, the latter of which received further funding in the 2023–24 Budget.⁷⁴

Issues with discontinued performance measures are outlined in Table 4.5 below.

⁷⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 377–384.

⁷¹ Ibid.

⁷² Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 89–111.

⁷³ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 377–384.

⁷⁴ Ibid., pp. 12, 124, 130–131, 378–382; Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 99, 100, 103 (Committee calculation).

Table 4.5 Issues with performance measures proposed to be discontinued in 2023–24

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
School Education – Primary (Quality)	Proportion of identified schools that subsequently improved their performance	<p>DE advised that the measure is proposed to be discontinued as ‘the underlying methodology for calculating school performance is being reviewed in conjunction with the revisions to the National Assessment Program–Literacy and Numeracy (NAPLAN)’.</p> <p>The Committee supports this reasoning. However, DE no longer has performance measures in the School Education – Primary output that directly demonstrate schools improving their performance.</p> <p>Improved learning and development, and improved literacy and numeracy skills are listed objectives of DE. Therefore, the Committee recommends that in the next budget, or when appropriate following the revisions to the NAPLAN, DE creates performance measures relating to school performance across relevant outputs.</p>
School Education – Primary (Timeliness)	Percentage of government schools compliant with the Child Safety Standards three months after review	<p>DE reports that this measure has been discontinued as it does not meet the Resource Management Framework criteria for usefulness or relevance.</p> <p>With the discontinuation of this measure the output does not have any measures associated with the Child Safety Standards, or presumably the work DE does to ensure government schools are compliant with Standards and legislation relating to child safety. The Committee considers it important that there are some measures relating to how schools meet such standards.</p>
School Education – Secondary (Quality)	Average days lost due to absence in Years 11 and 12	<p>Several of DE’s performance measures relating to average days lost for different year levels have been replaced by new measures in 2023–24.</p> <p>This measure has been discontinued and has not been replaced ‘as there is no nationally comparable measure for senior secondary student attendance’. Attendance for Years 11–12 is now no longer covered by DE’s performance measures.</p> <p>The Committee does not see the inability to compare the measure nationally as a reason to discontinue, as the comparison is still valid in Victoria year-on-year. Further, attendance in Years 11 and 12 are likely both lower than other years, and important for student outcomes for all available study options in these years of schooling.</p> <p>The Committee suggests the measure be retained, or a new measure created to allow for performance information on attendance in Years 11 and 12 to be recorded.</p>

Source: Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, pp. 99, 100, 103; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 12, 124, 130–131, 378–382 (Committee calculation).

FINDING 40: Changes to the Department of Education’s (DE) performance measures, including new and discontinued measures, reflect DE’s response to recommendations made in the Victorian Auditor-General’s Office audit, *Measuring and Reporting on Service Delivery*.

RECOMMENDATION 20: The Department of Education review the discontinued performance measures outlined by the Committee regarding primary and secondary school education.

Chapter 5

Department of Justice and Community Safety

5.1 Overview

The Department of Justice and Community Safety (DJCS) leads the delivery of justice and community safety services in Victoria.¹ DJCS manages the development and implementation of a range of laws, regulations and policy and ensures all elements of the justice and community safety system are working efficiently and effectively.²

In 2023–24 DJCS supports nine portfolios: the Attorney General, Emergency Services, Police, Crime Prevention, Racing, Corrections, Youth Justice, Victim Support, and Casino, Gaming and Liquor Regulation.³

In 2023–24 DJCS' objectives are:

- ensuring community safety through policing, law enforcement and crime prevention activities
- reducing the impact of, and consequences from, natural disasters and other emergencies on people, infrastructure, the economy and the environment
- the effective management of prisoners and offenders and provision of opportunities for rehabilitation and reparation
- the effective supervision of children and young people through the provision of youth justice services promoting rehabilitation
- a fair and accessible justice system that supports confidence in the Victorian community
- protecting Victorians with equal opportunities, information freedoms and privacy rights
- responsible and sustainable liquor, gambling and racing sectors.⁴

This chapter examines the budget initiatives and key issues relevant to five portfolios that were identified during the estimates hearings.

1 Department of Justice and Community Safety, *Annual Report 2021–22*, Melbourne, 2022, p. 7.

2 Ibid.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 261.

4 Ibid., pp. 261–262.

Department of Justice and Community Safety

Portfolios

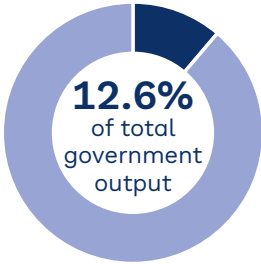


- Attorney-General
- Corrections
- Crime Prevention
- Emergency Services
- Police
- Victim Support
- Youth Justice

- Casino, Gaming and Liquor Regulation
- Racing

- Workplace Safety
- Consumer Affairs, Gaming and Liquor Regulation

Total department output funding



↑ \$256.4m

increase compared to the 2022–23 Budget

\$1b

new output initiative spending, 2022–23 to 2026–27

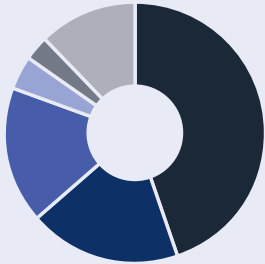
3rd largest budget

of all Victorian Government departments

↓ \$406.3m

decrease compared to the 2022–23 revised Budget

Department funding by output, 2023–24



- Policing and Community Safety **\$4.1b**
- Emergency Management Capability **\$1.7b**
- Prisoner Supervision and Support **\$1.6b**
- Public Prosecutions and Legal Assistance **\$386.8m**
- Fines and Road Safety Enforcement **\$277.1m**
- Other* **\$1.1b**

* Includes 9 outputs with budgets <\$277.1m.

New output initiatives with largest funding allocation, 2022–23 to 2026–27



\$355.9m

Backing Victoria’s Racing Industry: increase to wagering revenue payment

\$87m

Backing jobs in Victorian Racing

37 new output initiatives

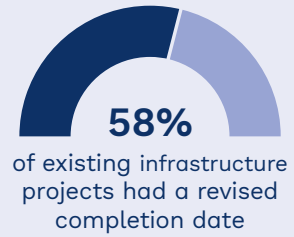
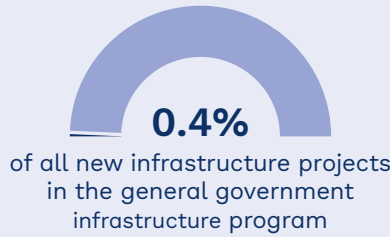
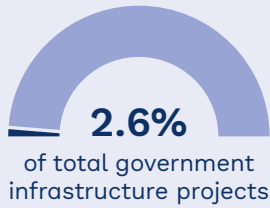
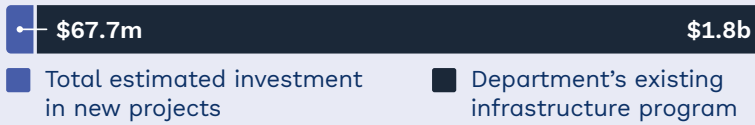
\$110m

Preventing and addressing gambling harm

\$50.9m

Continuing Youth Justice initiatives

Infrastructure program, 2023–24 (\$1.9b)



New infrastructure projects with highest total investment, 2022–23 to 2026–27



6 new infrastructure projects

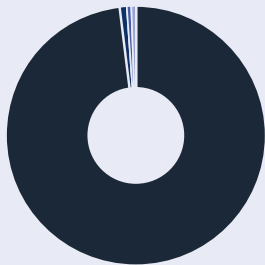
\$26.6m
Delivering emergency services upgrades

\$15.1m
VICSES fleet capability

\$23.6m
Repair of Rochester and Heathcote VicSES Emergency Hub

\$1.3m
Replacement of critical police facilities

Money in, 2023–24 (\$9.2b)

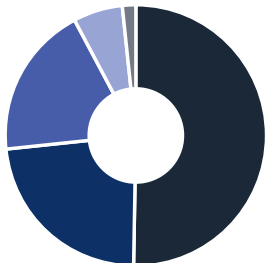


- Output appropriations **\$9.1b**
- Grants **\$73m**
- Special appropriations **\$64m**
- Other revenue and income **\$28m**

↓ \$786m
decrease compared to the 2022–23 revised Budget

↑ \$116m
increase compared to the 2022–23 Budget

Money out, 2023–24 (\$9.2b)

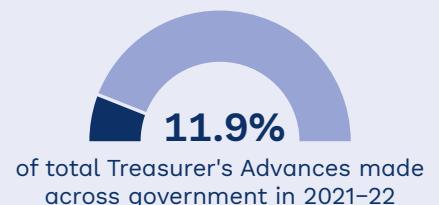
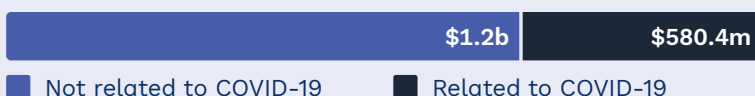


- Employee benefits **\$4.6b**
- Other operating expenses **\$2.1b**
- Grant expense **\$1.7b**
- Depreciation **\$574m**
- Interest expense **\$134m**

↓ \$793m
decrease compared to the 2022–23 revised Budget

↑ \$90m
increase compared to the 2022–23 Budget

Total funding department received from Treasurer's Advances, 2021–22 (\$1.8b)



5.2 Financial analysis

DJCS' output appropriations are budgeted as \$9.1 billion in 2023–24, a decrease of \$666 million (6.8%) compared to the 2022–23 revised Budget.⁵ DJCS explained this variation was primarily due to fixed-term funding supplementation in 2022–23 for the WorkCover scheme and the *Fiskville Off-site Remediation and Redress Scheme*, *Victoria's Flood Recovery* and *COVID-19 Quarantine Victoria* initiatives.⁶ The Committee notes DJCS exceeded its budgeted output appropriations by between \$171 million and \$2.1 billion every year from 2018–19 to 2021–22.⁷ In 2023–24, DJCS' budgeted output appropriations represent a \$1.4 billion (13.2%) decrease compared to 2021–22 actuals.⁸

5.3 Attorney-General: key issues

The Attorney-General is responsible for six outputs in the 2023–24 Budget with a total funding allocation of \$1 billion.⁹ Responsibility for the Advocacy, Human Rights and Victim Support is shared with the Minister for Victim Support.¹⁰

5.3.1 Raising the minimum age of criminal responsibility

On 26 April 2023, the Government announced it would raise the minimum age of criminal responsibility from 10 to 12 years old by 2024, without exception, and to 14 years old by 2027, with exceptions for serious crimes still to be determined.¹¹ Under planned legislative reforms, the Government also aims to codify and strengthen existing legal presumptions of *doli incapax*—that a child under 14 cannot be held criminally responsible unless they knew their actions were seriously wrong—to improve understanding and consistent application in Victorian courts.¹² The Minister for Youth Justice informed the Committee that such codification will 'help improve outcomes and

5 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 120 (Committee calculation).

6 Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, p. 27.

7 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 120; Department of Treasury and Finance, *Budget Paper No. 5: 2022–23 Statement of Finances*, Melbourne, 2022, p. 114; Department of Treasury and Finance, *Budget Paper No. 5: 2021–22 Statement of Finances*, Melbourne, 2021, p. 125; Department of Treasury and Finance, *Budget Paper No. 5: 2020–21 Statement of Finances*, Melbourne, 2020, p. 111; Department of Treasury and Finance, *Budget Paper No. 5: 2019–20 Statement of Finances*, Melbourne, 2019, p. 118 (Committee calculation).

8 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 120 (Committee calculation).

9 This comprises the Fines and Road Safety Enforcement output (funding in 2023–24: \$277.1 million), Public Prosecutions and Legal Assistance output (funding in 2023–24: \$386.8 million), Forensic Justice Services output (funding in 2023–24: \$64.6 million), Justice Policy, Services and Law Reform output (funding in 2023–24: \$164.1 million), Public Sector Information Management, Privacy and Integrity output (funding in 2023–24: \$20.1 million) and Advocacy, Human Rights and Victim Support output (funding in 2023–24: \$117.7 million). Source: Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 139–140; Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 263.

10 Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 139–140.

11 Hon Jaclyn Symes MLC, *Keeping Young People Out Of The Criminal Justice System*, 26 April 2023, Melbourne, media release.

12 Ibid.

fairness across the criminal justice system and reduce the number of young people in youth justice custody'.¹³

The Government has stated it will introduce a series of reforms and support services over two stages prior to raising the minimum age of criminal responsibility to 12 years old and 14 years old.¹⁴ In the first stage, the Government will roll out early intervention support services for 10- and 11-year-olds to address the causes of problematic behaviours and prevent future contact with the criminal justice system. DJCS will also continue outreach and diversionary programs and will work with Victoria Police to determine appropriate responses for serious offences by 10- and 11-year-olds.¹⁵ Further details of the reforms, services and responses to serious offences are yet to be released.

The second stage of reforms will be subject to an alternate service model for 12- and 13-year-olds designed and implemented in consultation with an Independent Review Panel.¹⁶ Despite welcoming the decision to raise the minimum age of criminal responsibility to 14, organisations such as Victorian Legal Aid and the Victorian Aboriginal Legal Service have called for the Government to do so immediately, rather than by 2027.¹⁷

FINDING 41: The Government will raise the minimum age of criminal responsibility from 10 to 12 years old by 2024 and to 14 years old by 2027. Prior to legislation taking effect, the Government will introduce a series of targeted and developmentally appropriate reforms and early intervention support services for 10-, 11-, 12-, and 13-year-olds to address the causes of problematic behaviours and prevent future contact with the criminal justice system.

RECOMMENDATION 21: The Department of Justice and Community Safety explore ways to report on the overall success, outcomes and details of new early intervention support services and outreach and diversionary programs specifically targeting 10-, 11-, 12- and 13-year-olds to prepare for the raising of the minimum age of criminal responsibility.

The Attorney-General and the Minister for Youth Justice emphasised the need to deliver a balance between supporting young people to stay out of the justice system and ensuring community safety concerns are treated appropriately, particularly regarding

¹³ Hon Enver Erdogan MLC, Minister for Youth Justice, 2023–24 Budget Estimates (Youth Justice) hearing, Melbourne, 15 June 2023, *Transcript of evidence*, p. 9.

¹⁴ Hon Jaclyn Symes MLC, *Keeping Young People Out Of The Criminal Justice System*, media release.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Victoria Legal Aid, *Evidence supports age of criminal responsibility being 14*, 26 April 2023, <<https://www.legalaid.vic.gov.au/evidence-supports-age-criminal-responsibility-being-14>> accessed 4 August 2023; Victorian Aboriginal Legal Service, *Victorian Aboriginal Legal Service will continue our hard work to keep children out of the criminal legal system*, 26 April 2023, <<https://www.vals.org.au/victorian-aboriginal-legal-service-will-continue-our-hard-work-to-keep-children-out-of-the-criminal-legal-system>> accessed 7 August 2023.

violent crimes and serious offences.¹⁸ Both informed the Committee the staged approach would provide the Government with time to bolster specific prevention, intervention and diversion programs and services for at-risk youth of different ages, given the variation and complexity associated with offences committed by, and the needs of, children aged between 10 and 14 years old.¹⁹ The Attorney-General advised this would avoid ‘creating a system where we are putting young people on a waiting list to go into custody at 14’.²⁰

The 2023–24 Budget allocates a total of \$72.6 million across several early intervention and youth justice initiatives aimed at diverting young people from the criminal justice system, including:

- \$3 million in 2023–24 to *Addressing over-representation in the Youth Justice system*
- \$5 million in 2023–24 to *Supporting progressive reform in Youth Justice* to deliver early intervention, diversion, and family therapy programs for 10- and 11-year-olds in contact or at risk of contact with the justice system
- \$13.7 million between 2023–24 and 2025–26 to *Preventing youth offending through early intervention* to continue the *Youth Crime Prevention Program*
- \$50.9 million over 2023–24 and 2024–25 to *Continuing youth justice initiatives* to maintain frontline custodial staff and deliver culturally responsive services to Aboriginal young people in custody and offence-specific services for young offenders subject to community-based orders.²¹

Most of this funding is for existing programs and is not funded beyond 2025–26.²² The Committee inquired about the cashflow for these initiatives and whether funding was sufficient to keep young people, specifically at-risk 10- to 13-year-olds, out of custody prior to 2027. The Secretary of DJCS advised the 10- to 11-year-old cohort was very small and the *Supporting progressive reform in Youth Justice* initiative was specifically targeted towards preventing that cohort from entering youth detention.

FINDING 42: The 2023–24 Budget allocates \$72.6 million to several early intervention and youth justice initiatives to divert young people from the criminal justice system. Most of this funding is towards existing programs and does not extend beyond 2025–26.

¹⁸ Hon Jaclyn Symes MLC, Attorney-General, 2023–24 Budget Estimates (Attorney-General) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 19; Hon Enver Erdogan MLC, Minister for Youth Justice, *Transcript of evidence*, pp. 9–10.

¹⁹ Hon Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 19; Hon Enver Erdogan MLC, Minister for Youth Justice, *Transcript of evidence*, pp. 9–10.

²⁰ Hon Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 19.

²¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 40, 43, 82–84, 90–91 (Committee calculation).

²² Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Youth Justice) hearing, Melbourne, 15 June 2023, *Transcript of evidence*, pp. 14–15; Hon Enver Erdogan MLC, Minister for Youth Justice, *Transcript of evidence*, pp. 14–15.

5.4 Casino, Gaming and Liquor Regulation: key issues

The Minister for Casino, Gaming and Liquor Regulation is responsible for one output, Racing, Gambling, Liquor and Casino Regulation (funding in 2023–24: \$125.1 million), which is shared with the Minister for Racing.²³

5.4.1 Preventing and addressing gambling harm

The 2023–24 Budget allocates \$110 million over two years to support the Victorian Responsible Gambling Foundation (VRGF) and strengthen the Victorian Gambling and Casino Control Commission (VGCCC).²⁴ Of this funding, \$39 million is allocated to the VRGF in 2023–24 and \$71 million is allocated to the VGCCC in 2022–23 and 2023–24.²⁵

Preventing and addressing gambling harm comprises 11.6% of the department's new output initiative expenditure in the 2023–24 Budget.²⁶ Funding will provide treatment services, raise public awareness of gambling-related harm, strengthen Victoria's gambling regulator and support Victorians affected by problem gambling.²⁷

The Committee inquired about the future of the VRGF, given it is only funded in the Budget for one year, and whether the entity would cease operations after 2023–24.²⁸ The Minister for Casino, Gaming and Liquor Regulation advised that any additional funding would be subject to future budget decisions.²⁹ On 16 July 2023 the Government announced the VGCCC will assume greater responsibilities for gambling harm minimisation, including taking over most of the functions of the VRGF from July 2024.³⁰ The impact of this decision will be elaborated on and further explored in the Committee's report on the *Inquiry into the Victorian Auditor-General's reports no. 99: Follow up of Regulating Gambling and Liquor (2019) and no. 213: Reducing the Harm Caused by Gambling (2021)*.

FINDING 43: The 2023–24 Budget allocates \$39 million to the Victorian Responsible Gambling Foundation and \$71 million to the Victorian Gambling and Casino Control Commission. *Preventing and addressing gambling harm* is the Department of Justice and Community Safety's second largest new output initiative.

²³ Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 139–140, 149, 152; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 264.

²⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 82, 85 (Committee calculation).

²⁵ Mr Toby Hemming, Deputy Secretary, Integrity, Regulation and Legal Services, Department of Justice and Community Safety, 2023–24 Budget Estimates (Casino, Gaming and Liquor Regulation) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 2.

²⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 82–83 (Committee calculation).

²⁷ Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 21.

²⁸ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Casino, Gaming and Liquor Regulation) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, pp. 2–3.

²⁹ Hon Melissa Horne MP, Minister for Casino, Gaming and Liquor Regulation, 2023–24 Budget Estimates (Casino, Gaming and Liquor Regulation) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 3.

³⁰ Hon Daniel Andrews MP, *Landmark Reforms To Reduce Gambling Related Harm*, media release, 16 July 2023, Melbourne.

5.5 Corrections: key issues

The Minister for Corrections is responsible for two outputs: Community Based Offender Supervision (funding in 2023–24: \$262.5 million) and Prisoner Supervision and Support (funding in 2023–24: \$1.6 billion).³¹

5.5.1 Custodial health services

In March 2023, the final report of the independent Cultural Review of the Adult Custodial Corrections System in Victoria (the review) was released to the public. The review found the delivery of healthcare in Victorian prisons had ‘significant systemic problems’ and recommended as a matter of urgency that DJCS adopt a new public health approach to the delivery of healthcare services across the adult corrections system.³² The review outlined this could deliver a range of benefits for Victorian prisons, including a deeper understanding of how to manage complex health conditions, greater alignment between community and prison standards of healthcare and professional standards, and improved access to clinical expertise.³³ The review suggested DJCS immediately move ‘away from current contracts with private health providers’ and instead ‘urgently implement an adequately resourced public health model for delivery and oversight of health services’.³⁴

The 2023–24 Budget allocates \$43 million over five years to deliver primary healthcare services in Victoria’s two women’s prisons through new contracts with public providers Western Health and Dhelkaya Health.³⁵ According to the budget papers, enhanced services will provide increased access to medical officers, improved cultural safety and access to Aboriginal services, an inmate reception process, integrated care planning and a strengthened clinical governance framework.³⁶

The Government has not extended the implementation of this recommendation to custodial health services in men’s prisons. On 1 July 2023 healthcare services in men’s prisons transitioned from Correct Care Australia to a different private provider, GEO Healthcare (GEO).³⁷ The Minister for Corrections advised a new five-year contract with GEO will provide enhanced services under a *Healthcare Services Quality Framework for Victorian Prisons* (the Framework).³⁸ There is no further information available to suggest whether the Government intends to transition the

³¹ Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 139; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 263.

³² Cultural Review of the Adult Custodial Corrections System, *Safer Prisons, Safer People, Safer Communities*, Melbourne, 2022, pp. 695, 699.

³³ *Ibid.*, p. 698.

³⁴ *Ibid.*, pp. 78, 699.

³⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 82, 88 (Committee calculation).

³⁶ *Ibid.*, p. 88.

³⁷ Victorian Government, *Victorian Government Response to the Cultural Review of the Adult Custodial Corrections System*, Melbourne, 2023, p. 8; Hon Enver Erdogan MLC, Minister for Corrections, 2023–24 Budget Estimates (Corrections) hearing, Melbourne, 15 June 2023, *Transcript of evidence*, p. 4.

³⁸ Hon Enver Erdogan MLC, Minister for Corrections, *Transcript of evidence*, pp. 4, 13; Department of Justice and Community Safety, *Healthcare Services Quality Framework for Victorian Prisons 2023*, Melbourne, July 2023, p. 4.

men's custodial health services to a public health model following the end of GEO's five-year contract.³⁹ The Secretary of DJCS informed the Committee the value of this contract was commercial-in-confidence, but GEO has reported publicly that it will generate approximately \$USD 33 million (\$AUD 51.5 million) in incremental annualised revenue.⁴⁰

FINDING 44: The Cultural Review of the Adult Custodial Corrections System recommended the Department of Justice and Community Safety adopt a new public health approach to the delivery of healthcare services across the adult corrections system. The 2023–24 Budget allocates \$43 million over five years to deliver primary healthcare services in Victoria's two women's prisons. Healthcare continues to be delivered by the private sector in men's prisons.

Regarding the Government's decision to continue private healthcare services in men's prisons, the Minister advised that 'the men's system is much larger, around 20 times larger, and the plain reality is that it was not realistically possible for the existing public health providers to take on such a substantial volume in such short time.'⁴¹ The Minister advised GEO was expected to provide the same level of care as private providers, including delivering improved access to medical officers and Aboriginal health staff, and enhanced services at higher standards under new clinical governance arrangements developed with the Department of Health and Corrections Victoria.⁴² The Secretary of DJCS added performance measures and standards, and the services GEO will deliver will be 'much enhanced'.⁴³

There are challenges facing public health providers following the COVID-19 pandemic and, given men account for roughly 95% of the prison population, the scale of delivering healthcare services in men's prisons differs substantially to women's prisons.⁴⁴ However, considering the review's recommendation for a public health model in Victorian prisons, clear reporting on improvements in and the outcomes of health services delivered by GEO under new clinical governance arrangements and the Framework is important.

The Framework outlines a series of expected outcomes to gauge the effectiveness of providers in the delivery of prison health services, as well as several action areas and specific requirements by which expected outcomes can be judged or assessed.⁴⁵

³⁹ Hon Enver Erdogan MLC, Minister for Corrections, *Transcript of evidence*, p. 13.

⁴⁰ Ms Kate Houghton, Secretary, Department of Justice and Community Safety, 2023–24 Budget Estimates (Corrections) hearing, Melbourne, 15 June 2023, *Transcript of evidence*, p. 13; The GEO Group, Inc., *The GEO Group Signs Contract for Delivery of Primary Health Services in Prisons Across the State of Victoria, Australia*, 9 January 2023, <<https://investors.geogroup.com/news-releases/news-release-details/geo-group-signs-contract-delivery-primary-health-services>> accessed 2 August 2023.

⁴¹ Hon Enver Erdogan MLC, Minister for Corrections, *Transcript of evidence*, p. 5.

⁴² *Ibid.*, pp. 4, 12–13.

⁴³ Ms Kate Houghton, Secretary, *Transcript of evidence*, p. 13.

⁴⁴ Hon Enver Erdogan MLC, Minister for Corrections, *Transcript of evidence*, p. 13.

⁴⁵ Department of Justice and Community Safety, *Healthcare Services Quality Framework for Victorian Prisons 2023*, Melbourne, July 2023, p. 5.

The Framework does not state when or how DJCS will assess or report on providers' compliance with these action areas and specific requirements.⁴⁶

RECOMMENDATION 22: The Department of Justice and Community Safety include two performance measures in the 2024–25 Budget that report on the implementation and delivery of expected outcomes associated with the *Healthcare Services Quality Framework for Victorian Prisons* by custodial health service providers in both men's and women's prisons.

RECOMMENDATION 23: The Department of Justice and Community Safety consider ways to publicly report on material improvements in and impacts of health services delivered under new clinical governance arrangements and the *Healthcare Services Quality Framework for Victorian Prisons*.

5.5.2 Prisoner numbers and infrastructure

The 2023–24 Budget invests a total of \$87.2 million over four years in a range of programs to support the operation of the corrections system, reduce recidivism and future justice demand, enhance prisoners' reintegration in the community and to maintain and secure the Western Plains Correctional Centre.⁴⁷ The Minister informed the Committee that Victoria's prison population had reduced by approximately 20% since March 2020 (as of May 2023). The Minister attributed much of this decrease to the pandemic but also noted an improvement in recidivism and diversion rates 'in line with the government's increasing investment in rehabilitation, early intervention and diversion programs'.⁴⁸ The Minister also advised it was 'too early to make a confident assessment as to whether the current trend will continue in the short or medium term'.⁴⁹

FINDING 45: The 2023–24 Budget invests a total of \$87.2 million over four years in a range of programs to support the operation of the corrections system, reduce recidivism and future justice demand and enhance prisoners' reintegration in the community and to maintain and secure the Western Plains Correctional Centre. Since March 2020, Victoria's prison population has reduced by approximately 20%.

The budget papers detail the completion of two prison expansion projects in DJCS' capital program, *Western Plains Correctional Centre (Lara)* (TEI of \$1.1 billion) and *Women's prison system capacity (statewide)* (TEI of \$152.6 million), resulting in the

⁴⁶ Ibid., pp. 4–6.

⁴⁷ This comprises funding for the *Reducing future justice demand and keeping the community safe*, *Supporting the corrections system to improve community safety* and *Western Plains Correctional Centre* output initiatives. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 40, 51, 82, 86–87 (Committee calculation).

⁴⁸ Hon Enver Erdogan MLC, Minister for Corrections, *Transcript of evidence*, p. 2.

⁴⁹ Ibid.

delivery of a combined 1,354 new beds.⁵⁰ The estimated completion date of *Men's prison system capacity (statewide)* (TEI of \$758.1 million) has been revised from quarter 2 2023–24, as reported in the 2022–23 Budget, to quarter 2 2024–25 in the 2023–24 Budget.⁵¹ A combined total of 708 new beds across Barwon Prison, Middelton Prison, Hopkins Correctional Centre, the Metropolitan Remand Centre and Marngoneet Correctional Centre will be delivered under this project.⁵²

FINDING 46: Since the 2022–23 Budget, two prison expansion projects delivering a combined total of 1,354 new beds have been completed. The estimated completion date of the *Men's prison system capacity (statewide)* capital project, which will deliver 708 new beds, has been revised from quarter 2 2023–24 to quarter 2 2024–25.

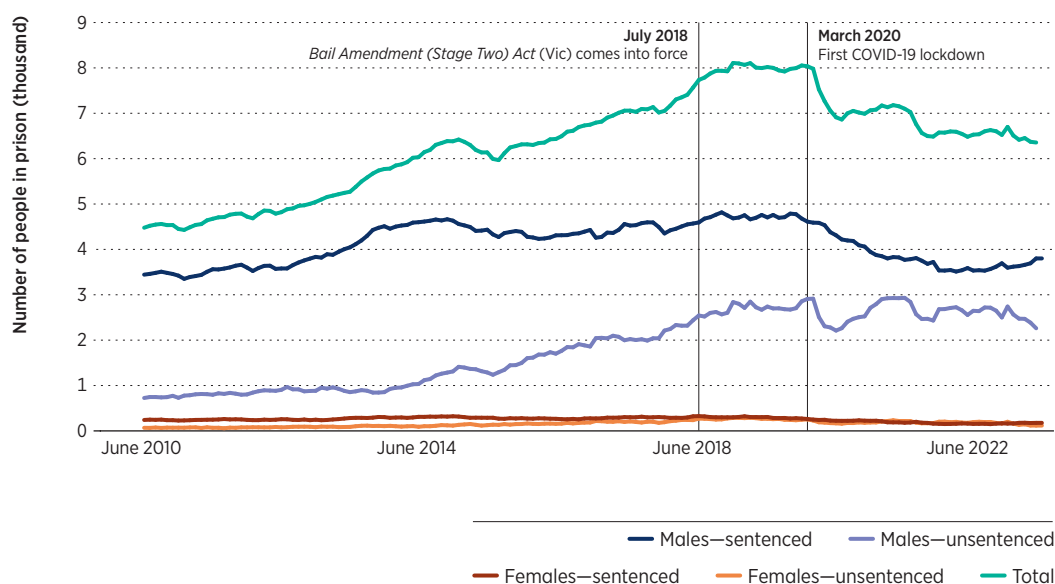
The Committee inquired about the need for increases in Victoria's corrections capacity, given its reduced prison population.⁵³ Since 2019–20, utilisation rates for male and female prisons have been below DJCS' targets.⁵⁴ Due to lower than forecast growth in the number of prisoners in Victoria, DJCS expects the female prison utilisation rate in 2022–23 to be 61.7%, and the male prison utilisation rate to be 78.8% (both against a target of 85–90%).⁵⁵ The Minister advised prison expansion projects enable the ability to scale up or down depending on demand.⁵⁶ Neither DJCS nor the Crime Statistics Agency are able to predict how prison populations will change over the short term with certainty.⁵⁷

The number of sentenced males in prison (as of June 2023) has reduced since the beginning of the pandemic (illustrated in Figure 5.1). However, Victoria's unsentenced prison population remains elevated compared to historic levels.⁵⁸ The Victorian Aboriginal Legal Service and Victorian Legal Aid note that changes in 2018 to the

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- 50 Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, p. 81; Community Safety Building Authority, *Western Plains Correctional Centre*, 16 February 2023, <<https://csba.vic.gov.au/our-projects/western-plains-correctional-centre>> accessed 7 August 2023; Community Safety Building Authority, *Dame Phyllis Frost Centre*, 21 February 2023, <<https://csba.vic.gov.au/our-projects/dame-phyllis-frost-centre>> accessed 7 August 2023; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 78 (Committee calculation).
- 51 Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, p. 79; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, p. 76.
- 52 Community Safety Building Authority, *Prison Infill Expansion program*, 17 January 2023, <<https://csba.vic.gov.au/our-projects/prison-infill-expansion-program>> accessed 7 August 2023; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 78 (Committee calculation).
- 53 Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Corrections) hearing, Melbourne, 15 June 2023, *Transcript of evidence*, pp. 6–7.
- 54 Department of Treasury and Finance, *Department of Justice and Community Safety output performance measures 2022–23*, 2 June 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departamental-statements>> accessed 4 August 2023.
- 55 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 276.
- 56 Hon Enver Erdogan MLC, Minister for Corrections, *Transcript of evidence*, pp. 6, 12.
- 57 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 80.
- 58 The number of sentenced males in prison has fallen from 4,099 in June 2013 to 3,851 in June 2023 (-6.1%), whereas the number of unsentenced males in prison increased from 865 to 2,291 (164.9%) in the same period. Over the past decade the number of sentenced females in prison also decreased from 287 to 179 (-37.6%), whereas the number of unsentenced females increased from 89 to 119 (33.7%). Source: Department of Justice and Community Safety, Corrections Victoria, *Monthly time series prison and Community Corrections data*, August 2023, <<https://www.corrections.vic.gov.au/monthly-time-series-prison-and-community-corrections-data>> accessed 8 August 2023.

Bail Act 1977 (Vic) have had a disproportionate impact on the number of Aboriginal and Torres Strait Islander people on remand.⁵⁹

Figure 5.1 Number of people in prison by gender and warrant status, June 2010 to June 2023



Source: Department of Justice and Community Safety, Corrections Victoria, *Monthly time series prison and Community Corrections data*, August 2023, <<https://www.corrections.vic.gov.au/monthly-time-series-prison-and-community-corrections-data>> accessed 8 August 2023; Rebecca Storen and Nikki Corrigan, Parliament of Australia, *COVID-19: a chronology of state and territory government announcements (up until 30 June 2020)*, 22 October 2020, <https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/rp/rp2021/Chronologies/COVID-19StateTerritoryGovernmentAnnouncements> accessed 18 August 2023; *Bail Amendment (Stage Two) Act 2018* s 2(2); *Bail Act 1997* (Vic) pp. 116.

The Minister for Corrections noted the ‘disproportionate effect [of Victoria’s bail laws] on certain cohorts in the community’ with the Attorney-General advising bail amendment legislation was ‘well advanced and will come to the Parliament shortly’.⁶⁰ In August 2023, the Government introduced the *Bail Amendment Bill 2023* (Vic) to Parliament.⁶¹ The Government has stated this bill will reduce remand for low-level, non-violent offences, ensure it is targeted towards serious offences to prevent risks to community safety and will address the impacts of previous changes to bail laws on vulnerable cohorts such as Aboriginal people, women and children.⁶² It is not clear the extent or degree by which these reforms will impact prison utilisation rates or Victoria’s overall prison population. However, the Committee notes the importance of modelling and forecasting to support future prison capacity expansion projects, given the potential impacts of reform of Victoria’s bail laws on the prison population and the court system.

⁵⁹ Victorian Aboriginal Legal Service, *Statement on bail reform reports*, 24 January 2023, <<https://www.vals.org.au/statement-on-bail-reform-reports>> accessed 17 August 2023; Victorian Legal Aid, *Prioritising bail applications for Aboriginal and Torres Strait Islander clients*, 22 July 2022, <<https://www.legalaid.vic.gov.au/prioritising-bail-applications-aboriginal-and-torres-strait-islander-clients>> accessed 10 August 2023.

⁶⁰ Hon Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 3; Hon Enver Erdogan MLC, Minister for Corrections, *Transcript of evidence*, p. 14.

⁶¹ Hon Jaclyn Symes MLC, *New Reforms To Make Victoria’s Bail Laws Fairer*, media release, 15 August 2023, Melbourne; *Bail Amendment Bill 2023* (Vic).

⁶² Hon Jaclyn Symes MLC, *New Reforms To Make Victoria’s Bail Laws Fairer*, media release.

FINDING 47: Despite reductions in Victoria’s prison population following COVID-19, the number of unsentenced men and women in prison has increased over the past decade. The Government has introduced legislation to Parliament to amend the *Bail Act 1977* (Vic), which may reduce remand for certain offences. The extent by which these reforms, if passed, will impact prison utilisation rates, Victoria’s prison population or the court system is yet to be determined.

5.6 Emergency Services: key issues

The Minister for Emergency Services is responsible for one output, Emergency Management Capability (funding in 2023–24: \$1.7 billion).⁶³

5.6.1 Future of emergency services

The Committee asked the Commissioner of Emergency Management Victoria (EMV) whether the State Emergency Services (SES) model remained fit for purpose, given emerging challenges posed by climate change-related disasters and an ageing and dwindling volunteer population.⁶⁴ The Commissioner advised community preparedness and resilience needed to be prioritised to enable emergency services to focus their attention on the most vulnerable in emergency situations.⁶⁵ The Commissioner pointed to New Zealand’s *Get Ready* model as an example of how emergency services can be supported to deliver targeted emergency attention to the most vulnerable through community education and preparedness.⁶⁶

In 2022, DJCS released the *Emergency Management Sector Outcomes Framework* (the Framework), the *Strategic Roadmap for Emergency Management in Victoria 2022–28* (the Roadmap) and the *Strategic Action Plan 2022–25: Emergency Management Sector* (the SAP) to support strategic reforms in emergency management and improvements in the capacity and capability of Victoria’s emergency services to respond to critical events.⁶⁷ The Framework outlines a series of desired outcomes to monitor and report on the success of emergency management in Victoria. The Roadmap details the Government’s priorities in achieving these outcomes, and the rolling three-year SAP, which will be updated annually, lists the strategic actions to deliver these priorities.⁶⁸ This suite of documentation reflects an understanding and shift in Victoria’s emergency

⁶³ Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 139; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 263.

⁶⁴ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Emergency Services) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 13.

⁶⁵ Mr Andrew Crisp, Commissioner, Emergency Management Victoria, 2023–24 Budget Estimates (Emergency Services) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 13.

⁶⁶ The *Get Ready* program is a public education campaign aimed at supporting communities to prepare for natural hazards and emergencies. Source: *Ibid.*, pp. 13–14; New Zealand Government, *Get Ready*, 2023, <<https://getready.govt.nz>> accessed 15 August 2023.

⁶⁷ Victorian Government, *Safer and More Resilient Communities: Strategic Roadmap for Emergency Management in Victoria 2022–28*, Melbourne, 2022, pp. 5–6; Victorian Government, *Strategic Action Plan 2022–25*, Melbourne, 2022, p. 1; Victorian Government, *Emergency Management Sector Outcomes Framework*, Melbourne, 2022, pp. 3–5.

⁶⁸ Victorian Government, *Safer and More Resilient Communities*, pp. 5–6.

services that ‘community connection and resilience before an emergency has a strong influence on how communities adapt and recover after an emergency’ and ultimately aims to build ‘communities that are healthy and knowledgeable, with the ability to assess, monitor and manage risks’.⁶⁹

Public reporting on the impact, progress and success of the desired outcomes of the Framework will be important to assess its utility and outcomes.

FINDING 48: The Department of Justice and Community Safety has released an Emergency Management outcomes framework, strategic roadmap and an action plan to support reforms in emergency management and improvements in the capacity and capability of Victoria’s emergency services to respond to critical events.

RECOMMENDATION 24: The Department of Justice and Community Safety report on the outcomes and impacts of the *Emergency Management Sector Outcomes Framework*, as well as annual improvements or changes in outcome indicators outlined in the *Framework* on the Emergency Management Victoria website.

5.7 Police: key issues

The Minister for Police is responsible for one output, Policing and Community Safety (funding in 2023–24: \$4.1 billion).⁷⁰ Policing and Community Safety is DJCS’ largest output and accounts for 44.9% of the department’s total output funding in 2023–24.⁷¹

5.7.1 Police workforce numbers

The Committee discussed workforce numbers with the Minister for Police during the hearings, including reports of shortages of operational officers, staff attrition following COVID-19, the size of Victoria’s police force in comparison to New South Wales and funding for the recruitment of additional police officers.⁷² The Minister advised the cumulative investment in Victoria Police totalled \$4.5 billion since 2015–16, including \$341.8 million allocated in the 2022–23 Budget to recruit 502 new police officers and 50 Protective Services Officers (PSOs) by 30 June 2024.⁷³ The Minister advised that

⁶⁹ Ibid., pp. 8, 12.

⁷⁰ Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 139; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 263.

⁷¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 263 (Committee calculation).

⁷² Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Police) hearing, Melbourne, 7 June 2023, *Transcript of evidence*, pp. 2–4, 7–8, 12–13; Hon Anthony Carbines MP, Minister for Police, 2023–24 Budget Estimates (Police) hearing, Melbourne, 7 June 2023, *Transcript of evidence*, pp. 7–8, 12–13; Mr Shane Patton, Chief Commissioner, Victoria Police, Budget Estimates (Police) hearing, Melbourne, 7 June 2023, *Transcript of evidence*, pp. 2–4, 13.

⁷³ Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 90, 96, 101; Hon Anthony Carbines MP, *2023–24 Budget Estimates hearings presentation: Police*, supplementary evidence, received 7 June 2023, p. 4 (Committee calculation).

Victoria Police was ahead of schedule and would deliver this target by the end of September 2023.⁷⁴

Despite recent investments in recruitment, Victoria Police has been unable to exceed attrition and staff turnover over the past two years. Victoria Police employed a total of 15,991 police officers and 216 recruits as of June 2023, compared to 16,269 police officers and 85 recruits in June 2022 and 16,443 police officers and 156 recruits in June 2021.⁷⁵ The Chief Commissioner advised that Victoria Police was ‘under attrition’ by 807 police officers.⁷⁶ However, the Chief Commissioner added the pipeline of new recruits, including past funding for 502 new officers, and the number of officers currently in training at the academy would assist in reducing attrition in a short period of time.⁷⁷

FINDING 49: Despite recent investments in recruitment activities, Victoria Police has not kept pace with attrition or staff turnover over the past two years. The 2023–24 Budget does not allocate any additional funding to expand the size of Victoria’s police force.

In September 2022, a report by the Victorian Auditor-General’s Office (VAGO) found Victoria Police’s staffing needs were unclear due to its lack of a strategic workforce plan. The report also noted Victoria Police did not have any modelling or forecasting to understand or plan for its current and long-term staffing requirements.⁷⁸ VAGO made six recommendations to Victoria Police—all which were accepted or accepted in-principle—including developing a long-term strategic workforce plan to inform future budget requests, producing a benefits realisation plan and changing governance and reporting structures relating to its Staff Allocation Model.⁷⁹

5.8 Department-wide: key issues

5.8.1 Machinery of government changes

Machinery of government changes (MoG) effective on 1 January 2023 had the following impact on DJCS:

- transfer of the Workplace Safety portfolio to the Department of Treasury and Finance
- transfer of the Racing portfolio, and the Racing portion of the former Sport, Recreation and Racing output, from the Department of Jobs, Skills, Industry and Regions

⁷⁴ Hon Anthony Carabine MP, Minister for Police, *Transcript of evidence*, p. 2.

⁷⁵ These figures refer to the number of full-time-equivalent (FTE) roles. Source: Victoria Police, *Police numbers by region*, June 2023, <<https://www.police.vic.gov.au/police-number-region>> accessed 7 August 2023.

⁷⁶ Mr Shane Patton, Chief Commissioner, Victoria Police, *Transcript of evidence*, p. 3.

⁷⁷ *Ibid.*

⁷⁸ Victorian Auditor-General’s Office, *The Effectiveness of Victoria Police’s Staff Allocation*, September 2022, p. 2.

⁷⁹ *Ibid.*, pp. 3, 5.

- splitting of the former Consumer Affairs, Gaming and Liquor Regulation portfolio into two new portfolios, namely Casino, Gaming and Liquor Regulation and Consumer Affairs, including
 - transfer of the Consumer Affairs portfolio and responsibility for the Regulation of the Victorian Consumer Marketplace output to the Department of Government Services (DGS)
 - renaming of the Gambling and Liquor Regulation output to Racing, Gambling, Liquor and Casino Regulation
- transfer of responsibility for the Land Justice Unit to the Department of Premier and Cabinet
- transfer of responsibility for the Dispute Settlement Centre of Victoria to DGS
- transfer of responsibility for the Protection of Children, Personal Identity and Screening Services output, including Births, Deaths and Marriages and Worker Screening but excluding Adoption Services, to DGS.⁸⁰

DJCS did not detail the total estimated costs resulting from MoG changes because they were ‘not yet available until scope and timelines are more established’.⁸¹

5.9 Performance measures

5.9.1 Department-wide: analysis of new performance measures

DJCS added 17 new performance measures in the 2023–24 Budget, five of which replaced discontinued measures.⁸² Table 5.1 summarises the issues the Committee identified with one of these performance measures by relevant output.

⁸⁰ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 25 May 2023, p. 89; Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 137, 141, 149, 151–152; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 122–123, 284, 287; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 279.

⁸¹ Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 137.

⁸² *Ibid.*, pp. 81–89, 106–110.

Table 5.1 Issues with one new performance measure in 2023–24

Output	Performance measure	Issues identified by the Committee
Community Crime Prevention (Quantity)	Number of young people completing a planned exit through the Youth Crime Prevention program	<p>The new measure reports on the number of participants in the <i>Youth Crime Prevention</i> program who complete a 'planned exit'. According to the Department of Justice and Community Safety (DJCS), planned exits are where a young person either achieves agreed goals or outcomes, has favourable court determinations, or has sufficient services in place.</p> <p>DJCS acknowledged this measure fails to report on engagement with the program and potential benefits for young people who undertake an 'unplanned exit'. Unplanned exits can occur for several reasons, including a young person disengaging from the program, changing local government areas, being deemed unsuitable after entering the program, or exiting to custodial or intensive support. The Committee recognises the program can still deliver substantial benefits to young people who have an unplanned exit.</p> <p>The Committee recommends DJCS consider ways to report on the quality of the <i>Youth Crime Prevention</i> program that captures its benefits for all participants, not just measuring the number of participants who complete planned exits. The Committee also recommends DJCS consider reporting on the proportion of participants who complete a planned exit, rather than the number of participants, as this would provide greater insight into how many participants complete planned or unplanned exits through the program.</p>

Source: Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, p. 81; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 269.

RECOMMENDATION 25: The Department of Justice and Community Safety explore ways to report on the quality of the *Youth Crime Prevention* program and implement a new performance measure in the 2024–25 Budget that reports on the proportion of participants of the program who complete a planned exit.

5.9.2 Department-wide: analysis of performance measures proposed to be discontinued

DJCS identified nine performance measures for discontinuation in the 2023–24 Budget.⁸³

The Committee supports DJCS' rationale for the discontinuation of six measures. Table 5.2 summarises the issues that the Committee identified with the remaining performance measures proposed to be discontinued by relevant output.

⁸³ Ibid., pp. 106–110.

Table 5.2 Issues with performance measures proposed to be discontinued in 2023–24

Output	Performance measure	Issues identified by the Committee
Racing, Gambling, Liquor and Casino Regulation	Gambling inspections completed – metropolitan (Quantity)	The two measures are proposed to be discontinued and combined to form the new measure ‘Gambling inspections completed’. The Department of Justice and Community Safety (DJCS) reported this is due to the Victorian Gambling and Casino Control Commission (VGCCC) following ‘a risk-based, intelligence led approach rather than a location-based approach’, which has led to an increasing focus on metropolitan inspections. DJCS has not reached its target for the number of ‘Gambling inspections – regional’ since the performance measure was first reported on in 2019–20. DJCS expects the 2022–23 outcome to be lower than the department’s target due to ‘limited regional operations being conducted’ in 2022–23. Notwithstanding the change in the VGCCC’s approach to gambling inspections, the Committee considers reporting on the number of inspections by location to be an important measure of the VGCCC’s actions and performance, especially given the prevalence of gambling losses across both regional and metropolitan areas.
	Gambling inspections – regional (Quantity)	
	Gambling licensing client satisfaction (Quality)	The measure is proposed to be discontinued due to a poor response rate for stakeholder satisfaction surveys from gambling license holders. The discontinued measure has not been replaced by a new performance measure. DJCS advised the Committee that ‘almost the entire response rate ... has been from liquor license holders’ and the VGCCC do not believe it is feasible to obtain a statistically relevant sample size for gambling alone. The Committee notes DJCS intends to retain the ‘Liquor licensing client satisfaction’ performance measure beyond the 2023–24 Budget. The Committee recommends DJCS reconsider discontinuing the measure and consider ways to encourage better response rates to stakeholder satisfaction surveys from gambling license holders or to explore alternate ways to report on the satisfaction of gambling license holders with the VGCCC.

Source: Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 107–108, 110; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 292, 394; Department of Treasury and Finance, *Department of Justice and Community Safety output performance measures 2022–23*, 2 June 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departamental-statements>> accessed 4 August 2023.

RECOMMENDATION 26: The Department of Justice and Community Safety review the three discontinued performance measures outlined by the Committee regarding gambling inspections and gambling licensing client satisfaction.

Chapter 6

Department of Transport and Planning

6.1 Overview

The Department of Transport and Planning's (DTP) mission is to 'deliver an integrated approach to Victoria's transport and planning system to support an inclusive, prosperous and sustainable community'.¹

In 2023–24 DTP supports six portfolios: Transport and Infrastructure, the Suburban Rail Loop, Public Transport, Roads and Road Safety, Ports and Freight, and Planning.²

In 2023–24 DTP's objectives are:

- reliable and people-focused transport services
- safe and well-regulated transport services
- a safe and quality built environment
- the effective management of Victoria's land assets
- to build prosperous and connected communities.³

Prior to the machinery of government (MoG) changes effective 1 January 2023 (discussed in more detail in Section 6.8.1), the department was known as the Department of Transport.

This chapter examines the budget initiatives and key issues relevant to five of DTP's portfolios that were identified during the estimates hearings.

1 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 307.

2 Ibid.

3 Ibid., pp. 307–309.

Department of Transport and Planning

Formerly Department of Transport

Portfolios



- Ports and Freight
- Public Transport
- Roads and Road Safety
- Transport and Infrastructure

- Planning
- Suburban Rail Loop

- Fishing and Boating

Total department output funding

2022-23 Budget

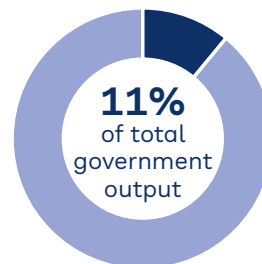
\$7.5b

2022-23 revised Budget

\$8.7b

2023-24 Budget

\$8.0b



↑ **\$540.7m**

increase compared to
the 2022-23 Budget

\$1.7b

new output initiative spending,
2022-23 to 2026-27

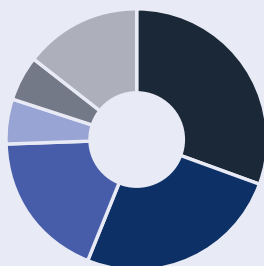
4th largest budget

of all Victorian Government
departments

↓ **\$679.5**

decrease compared to
the 2022-23 revised Budget

Department funding by output, 2023-24



- Train Services **\$2.5b**
- Road Operations **\$2.0b**
- Bus Services **\$1.5b**
- Tram Services **\$443.4m**
- Road Asset Management **\$441.6m**
- Other* **\$1.1b**

* Includes 8 outputs with budgets <\$441.6m.

New output initiatives with largest funding allocation, 2022-23 to 2026-27



24 new
output initiatives

\$628.2m

COVID-19 impacts on
the transport network

\$219.4m

More trains, more often

\$240m

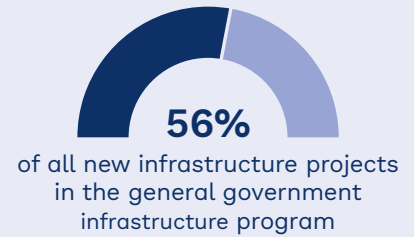
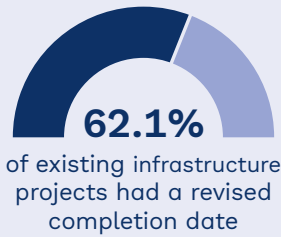
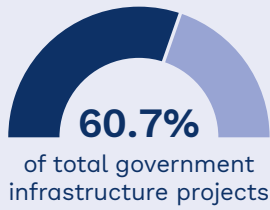
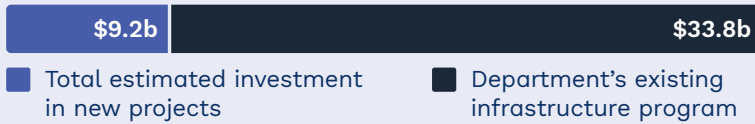
Road maintenance
and renewal*

\$189.4m

Cheaper public transport
fares for the regions

* Total output funding amount to 2032-33 is \$1.1b.

Infrastructure program, 2023–24 (\$43b)



New infrastructure projects with highest total investment, 2023–24*



\$1.3b
Road maintenance and renewal

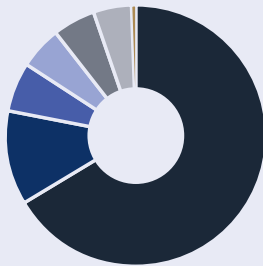
\$641m
Melton Line Upgrade

\$674m
Road blitz to get families home sooner and safer

\$600.8m
More VLocity trains

* Total estimated investment for some projects includes funding beyond 2026–27.

Money in, 2023–24 (\$8b)

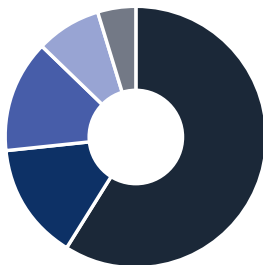


- Output appropriations **\$5.3b**
- Special appropriations **\$950m**
- Grants **\$488m**
- Fair value of assets and services received free of charge or for nominal consideration **\$430m**
- Sales of goods and services **\$407m**
- Other revenue and income **\$401m**
- Interest income **\$7m**

↓ **\$428m**
decrease compared to the 2022–23 revised Budget

↑ **\$919m**
increase compared to the 2022–23 Budget

Money out, 2023–24 (\$7.9b)

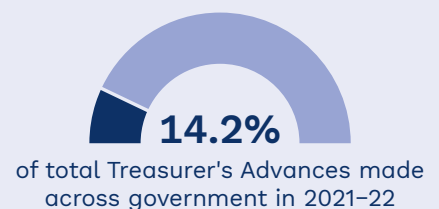
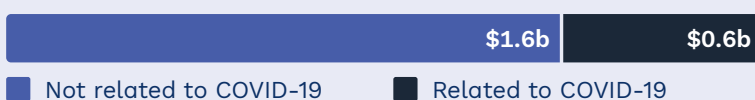


- Other operating expenses **\$4.7b**
- Grant expense **\$1.2b**
- Depreciation **\$1.1b**
- Employee benefits **\$637m**
- Interest expense **\$368m**

↓ **\$508m**
decrease compared to the 2022–23 revised Budget

↑ **\$949m**
increase compared to the 2022–23 Budget

Total funding department received from Treasurer's Advances, 2021–22 (\$2.2b)



6.2 Financial analysis

DTP's output appropriations are budgeted as \$5.3 billion in 2023–24, a reduction of \$858 million (13.8%) compared to the 2022–23 revised Budget.⁴ DTP explained this was primarily due to the impact of COVID-19 on farebox revenue, additional flood recovery works, funding held in Department of Treasury and Finance (DTF) contingency and the reclassification of budgets from capital to operating.⁵ The department reported this reduction was partially offset by funding for the *Cheaper Public Transport Fares for the Regions, Regional Rail Sustainability* and *More Trains, More Often* initiatives.⁶

The 2023–24 Budget continues the *COVID-19 impacts on the transport network* initiative with \$389.9 million allocated in 2022–23 and \$238.3 million in 2023–24.⁷ This is the second largest of DTP's new output initiatives—accounting for 36.8% of the department's total new output expenditure in the 2023–24 Budget—and brings total funding for COVID-19-related impacts on the public transport network to approximately \$2.2 billion since the 2020–21 Budget.⁸

FINDING 50: The 2023–24 Budget continues the *COVID-19 impacts on the transport network* initiative with \$628.2 million allocated over 2022–23 and 2023–24, bringing total funding for COVID-19-related impacts on the public transport network to approximately \$2.2 billion since the 2020–21 Budget.

6.3 Capital spend

DTP's largest new capital project as listed in Budget Paper No. 4: State Capital Program—and third largest overall—is *Twenty-five more level crossing removals by 2030 (Level Crossing Removal) (metropolitan various)*. This project was announced in the 2022 Victorian Economic and Fiscal Update with a total estimated investment (TEI) of \$6.5 billion, bringing the total number of level crossings to be removed by 2030 to 110.⁹ The *West Gate Tunnel (metropolitan various)* (TEI of \$10.2 billion) and *85 by 2025 (Level Crossing Removal) (metropolitan various)* (TEI of \$8.8 billion) remain the largest and second largest projects in DTP's capital program.¹⁰ The combined TEI of these three projects accounts for 59.3% of DTP's total capital program in the 2023–24 Budget.¹¹

4 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 135 (Committee calculation).

5 Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, p. 17.

6 Ibid.

7 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 96.

8 This includes \$438.1 million in the 2020–21 Budget, \$296.2 million in the 2021–22 Budget, \$12.8 million in the 2021–22 Budget Update, \$866.3 million in the 2022–23 Budget, and \$628.2 million in the 2023–24 Budget. Source: Ibid.; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 127; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, pp. 107–108; Department of Treasury and Finance, *2021–22 Budget Update*, Melbourne, 2021, p. 149; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 109 (Committee calculation).

9 Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 15, 83.

10 Ibid., pp. 83–88.

11 Ibid. (Committee calculation).

6.4 Transport and Infrastructure & the Suburban Rail Loop: key issues

The Minister for Transport and Infrastructure and the Minister for the Suburban Rail Loop are responsible for two outputs: Transport Infrastructure (funding in 2023–24: \$237.1 million) and Precincts (funding in 2023–24: \$112.2 million).¹²

6.4.1 Infrastructure Investment Program review

On 1 May 2023, the Commonwealth Government announced it would undertake a 90-day strategic review (the review) of its Infrastructure Investment Program (IIP).¹³ The review aims to ensure the IIP pipeline is ‘fit for purpose and the Government’s investment is focused on projects which improve long-term productivity, supply chains and economic growth’.¹⁴ Following the review, the Commonwealth will work with state and territory transport and infrastructure Ministers to agree on projects for ongoing investment.¹⁵ Large projects that remain in the pipeline may also be subject to a ‘proper cost-benefit analysis’.¹⁶ The 2023–24 budget papers state any funding changes will be reported by the Commonwealth in a future budget publication following the conclusion of the review.¹⁷ However, the Committee cannot determine if, when, or where the review’s complete findings, including details of any cost-benefit analyses, will be published.

According to the 2023–24 Budget, 23 of the 67 (34.3%) projects in DTP’s capital program may be subject to the review.¹⁸ The State Tolling Corporation’s one capital project, and nine of the 49 (18.4%) existing projects in Victorian Rail Track’s (VicTrack) capital program may also be subject to the review.¹⁹ The majority of projects that may be subject to the review have ‘tbc’ (to be confirmed) listed for the TEI, remaining expenditure and estimated completion date in the 2023–24 Budget.²⁰ However, as per the 2022–23 Budget, the combined TEI of these 33 projects is approximately \$38.1 billion, including a total of approximately \$14.9 billion in Commonwealth

¹² Department of Treasury and Finance, *Budget Paper No. 3: 2023–24* p. 310; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 124.

¹³ The Commonwealth provides funding to the states and territories for road and rail infrastructure, as well as other infrastructure projects including City Deals, Olympic Games venues and dams, through the IIP under the National Partnership Agreement on Land Transport Infrastructure Projects. Source: Department of Infrastructure, Transport, Regional Development, Communication and the Arts, *Infrastructure Investment Program Strategic Review, 2023*, <<https://investment.infrastructure.gov.au/about/budget-announcements/infrastructure-investment-program-strategic-review>> accessed 13 July 2023; Rodney Bogaards, Parliament of Australia, *Infrastructure pipeline review: a quick guide*, 1 June 2023, <https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/rp/rp2223/Quick_Guides/InfrastructurePipeline> accessed 13 July 2023.

¹⁴ Rodney Bogaards, Parliament of Australia, *Infrastructure pipeline review*.

¹⁵ Department of Infrastructure, Transport, Regional Development, Communication and the Arts, *Terms of Reference for the Independent Strategic Review of the Infrastructure Investment Program, 2023*, <<https://investment.infrastructure.gov.au/about/budget-announcements/infrastructure-investment-program-strategic-review>> accessed 13 July 2023.

¹⁶ Rodney Bogaards, Parliament of Australia, *Infrastructure pipeline review*.

¹⁷ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, p. 3.

¹⁸ *Ibid.*, pp. 83–88 (Committee calculation).

¹⁹ *Ibid.*, pp. 180–185 (Committee calculation).

²⁰ *Ibid.*, pp. 82–88, 180–185 (Committee calculation).

Government funding.²¹ Several existing projects that may be subject to the review in 2023–24 have a TEI of greater than \$500 million as per the 2022–23 Budget (listed in Table 6.1 below).

Table 6.1 Capital projects with a total estimated investment of more than \$500 million that may be subject to the Infrastructure Investment Program review^a

Project name	Total estimated investment (TEI) as per the 2022–23 Budget	Commonwealth funding as per the 2023–24 Budget
North East Link – Primary Package (Tunnels) and State Toll Co (Greensborough)	\$14.0 billion	\$1.8 billion
Suburban Rail Loop – Airport (metropolitan various)	TEI has not been reported but both the Victorian and Commonwealth Governments have committed \$5 billion to the project.	
Geelong Fast Rail (regional various)	TEI has not been reported but both the Victorian and Commonwealth Governments have committed \$2 billion to the project.	
Suburban Roads Upgrade – Northern Roads Upgrade and South Eastern Roads Upgrade (statewide)	\$2.5 billion	\$1.1 billion
Regional Rail Revival – Waurin Ponds Track Duplication – Stage 2 (regional various)	\$899.2 million	\$754.0 million
Murray Basin Rail Project (regional various)	\$794.4 million	\$470.4 million
M80 Ring Road upgrade (metropolitan north and west)	\$656.8 million	\$349.1 million
Western Highway duplication – Ballarat to Stawell (regional various)	\$656.4 million	\$499.4 million
Car Parks for Commuters (statewide)	\$618.1 million	\$132.9 million
Regional Rail Revival – Gippsland Line Upgrade Stage 1 (regional various)	\$531.4 million	\$449.4 million

a. The Committee notes that the North East Link (State and Freeway Packages) (Greensborough) likely involves a TEI of more than \$500 million, however, this has not been reported yet as procurement processes and commercial arrangements had not been finalised at the time of the 2022–23 Budget.

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 83–88, 180–185; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 82–87, 185–190.

FINDING 51: In total, 33 projects in the Department of Transport and Planning, the Victorian Rail Track and the State Tolling Corporation’s capital programs may be subject to a strategic review of the Infrastructure Investment Program. The total estimated investment in these projects as per the 2022–23 Budget is at least \$38.1 billion and includes a combined total of \$14.9 billion in Commonwealth Government funding.

21 Total estimated investment in the *North East Link (State and Freeway Packages) (Greensborough)* has not been reported, but the Committee has included Commonwealth Government funding in its calculation. The Committee has included announced Commonwealth and Victorian Government funding for the *Clyde Road upgrade (metropolitan southeast)*, *Pakenham Roads upgrade (Pakenham)*, *Geelong Fast Rail (regional various)* and *Suburban Rail Loop – Airport (metropolitan various)* projects in its calculation. Commonwealth funding for *Regional road upgrades 2021–22 (regional various)* was not listed in the budget papers. Source: *Ibid.*, pp. 83–88, 180–185; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 82–87, 185–190 (Committee calculation).

The review's terms of reference state it 'is not designed to consider projects already under construction nor will it consider the Commonwealth's 2022 election commitments'.²² The Commonwealth has also advised the Suburban Rail Loop will not be scrutinised as part of the review.²³ However, as noted in a research paper by the Commonwealth's Parliamentary Library, it is not entirely clear which IIP projects are included or exempt from the review process.²⁴

Regarding this uncertainty, the Secretary of DTF advised the Committee that prior to the publication of the 2023–24 Budget, the department had 'not had a lot of information or detail from the Commonwealth yet on their particular review, how they are planning to proceed or what is within scope'.²⁵ Since the release of the 2023–24 Budget, the Commonwealth and Victorian Governments have not published any further details regarding which projects are included or exempt from the review.

FINDING 52: It is unclear which projects in the State Capital Program are subject to the Commonwealth Government's strategic review of the Infrastructure Investment Program.

The Committee was informed that during this period no new contracts will be awarded for jointly funded projects which may be subject to the review.²⁶ DTP also advised the pause in Commonwealth funding decisions may result in some financial impacts to the State's infrastructure program. According to DTP, it was not possible to quantify those impacts at the time of their response to the departmental questionnaire.²⁷

FINDING 53: The pause in Commonwealth funding decisions may result in financial impacts and project delays in the State Capital Program, but these impacts cannot yet be determined.

The budget papers state that Victorian Government funding remains allocated to all projects, pending the outcomes of the review or until advice is received from the Commonwealth.²⁸ The Treasurer also informed the Committee that total Commonwealth funding is secure and is reflected in the State's balance sheet, but the specific funding allocation to particular projects could change following the outcomes of the review.²⁹

²² Department of Infrastructure, Transport, Regional Development, Communication and the Arts, *Terms of Reference for the Independent Strategic Review of the Infrastructure Investment Program*.

²³ Rodney Bogaards, Parliament of Australia, *Infrastructure pipeline review*.

²⁴ Ibid.

²⁵ Mr David Martine, Secretary, Department of Treasury and Finance, 2023–24 Budget Estimates (Treasurer) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, p. 22.

²⁶ Mr Paul Younis, Secretary, Department of Transport and Planning, 2023–24 Budget Estimates (Transport and Infrastructure) hearing, Melbourne, 13 June 2023, *Transcript of evidence*, p. 13.

²⁷ Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 122.

²⁸ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, p. 3.

²⁹ Mr Tim Pallas MP, Treasurer, 2023–24 Budget Estimates (Treasurer) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, pp. 22–23.

FINDING 54: It is unclear how the Commonwealth Government’s strategic review of the Infrastructure Investment Program might impact individual projects in the State Capital Program.

The Committee emphasises the uncertainty of the review’s potential impacts and notes the importance of accurate and clear reporting on these impacts once they are known.

RECOMMENDATION 27: The Department of Transport and Planning publish comprehensive details of the impacts of the strategic review of the Infrastructure Investment Program, including: all information listed as ‘tbc’ in the 2023–24 Budget, any financial costs and delays in project timelines associated with the review, any changes in Commonwealth funding or Victorian Government funding allocated to specific projects and the reasons for the change. This should include updated Total Estimated Investment figures and estimated completion dates for those projects not impacted by the strategic review.

6.5 Public Transport: key issues

The Minister for Public Transport is responsible for five outputs: Bus Services (funding in 2023–24: \$1.5 billion), Train Services (funding in 2023–24: \$2.5 billion), Tram Services (funding in 2023–24: \$443.4 million), Regulation of Commercial Passenger Vehicle Services (funding in 2023–24: \$119.5 million) and Transport Safety and Security (funding in 2023–24: \$44 million), which is shared with the Minister for Outdoor Recreation and the Minister for Ports and Freight.³⁰

6.5.1 Victoria’s Bus Plan

The 2023–24 Budget allocates \$36.4 million in output and asset funding over four years to the *Delivering Victoria’s Bus Plan* initiative.³¹ This includes funding to deliver bus service improvements across Victoria, support other community and public transport services, and commence the roll-out of zero emissions buses (ZEBs), building on \$108.5 million allocated in the 2022–23 Budget to *Victoria’s Bus Plan*.³² The *Plan* aims to build a modern, productive and environmentally sustainable bus network that increases bus patronage.³³

According to the former Department of Environment, Land, Water and Planning, bus emissions contributed to 1.9% of Victoria’s total transport-related emissions,

³⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 310; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 125, 129.

³¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 96–97, 102 (Committee calculation).

³² *Ibid.*, p. 97; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 109, 111, 115 (Committee calculation).

³³ Department of Transport and Planning, *Victoria’s Bus Plan*, Melbourne, 2021, p. 4.

and 0.5% of Victoria's total emissions in 2020.³⁴ The Government has pledged that all new bus purchases from 2025 will be ZEBs.³⁵ To accurately assess the progress of this transition, the Committee recommends DTP introduce in the 2024–25 Budget two new performance measures that report on the number of new ZEBs added to the metropolitan and regional bus networks. The Committee also recommends DTP introduce an objective indicator in the 2024–25 Budget that reports on ZEBs as a proportion of all operational buses in the Victorian fleet.

RECOMMENDATION 28: The Department of Transport and Planning introduce in the 2024–25 Budget two new performance measures that report on the number of new zero emissions buses added to the metropolitan and regional bus networks.

RECOMMENDATION 29: The Department of Transport and Planning introduce an objective indicator in the 2024–25 Budget that reports on zero emissions buses as a proportion of all operational buses in the Victorian fleet.

In Victoria, bus services are delivered through long term contracts with various bus operators.³⁶ The Melbourne Metropolitan Bus Franchise (MMBF) delivers around 50 local bus routes and 537 buses, which comprises roughly 30% of Melbourne's bus network.³⁷ In October 2021, Kinetic was awarded a \$2.3 billion contract to operate the MMBF from 31 January 2022 until June 2031.³⁸ In 2021–22, the Government paid public transport service providers \$1.2 billion for the operation of the bus network, with contractual commitments for future expenditure on bus services totalling \$5.2 billion.³⁹

On 10 May 2023, the Government announced changes to the negotiation process between service providers and the Government for metropolitan bus service contracts covering 30% of Melbourne's bus network.⁴⁰ Rather than privately negotiating terms directly with bus companies, contracts for these metropolitan bus services will now

³⁴ Bus emissions, measured as a proportion of all passenger motor vehicle emissions, contributed 0.4 Mt CO₂-e of the 20.8 Mt CO₂-e produced by Victoria's transport industry and 0.4 Mt CO₂-e of the 83.3 Mt CO₂-e of Victoria's total emissions in 2020. Source: Department of Environment, Land, Water and Planning, *Victorian Greenhouse Gas Emissions Report 2020*, Melbourne, 2020, p. 8; Department of Environment, Land, Water and Planning, Figure 28, *Victorian Greenhouse Gas Emissions Report 2020*, 2020, <https://www.climatechange.vic.gov.au/_data/assets/excel_doc/0027/598320/Victorian-Greenhouse-Gas-Emissions-Report-2020-Chart-data.xlsx> accessed 1 August 2023 (Committee calculation).

³⁵ Hon Ben Carroll MP, Minister for Public Transport, 2023–24 Budget Estimates (Public Transport) hearing, Melbourne, 6 June 2023, *Transcript of evidence*, p. 7; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 140; Department of Transport and Planning, *Buses*, 2023, <<https://dtp.vic.gov.au/getting-around/public-transport/buses>> accessed 24 July 2023.

³⁶ Department of Transport and Planning, *Annual Report 2021–22*, Melbourne, 2022, p. 96.

³⁷ *Ibid.*, p. 51; Hon Ben Carroll MP, *New Bus Franchise To Jump Start Zero Emissions Pledge*, media release, 2 October 2021, Melbourne; Australia New Zealand Infrastructure Pipeline, *Melbourne Metro Bus Franchise*, 2020, <<https://infrastructurepipeline.org/project/melbourne-metro-bus-franchise>> accessed 7 August 2023.

³⁸ Hon Ben Carroll MP, *New Bus Franchise To Jump Start Zero Emissions Pledge*, media release.

³⁹ Department of Transport and Planning, *Annual Report 2021–22*, pp. 51, 95.

⁴⁰ While 30% of Melbourne's metropolitan bus network has been competitively tendered since 2013 under the MMBF, services for the remaining 70% have been provided through 27 separately and privately negotiated contracts. Source: Hon Ben Carroll MP, *New Melbourne Bus Contracts To Benefit Passengers*, media release, 10 May 2023, Melbourne; Iain Lawrie, Natasha Manawadu and John Stone, University of Melbourne, *Melbourne's Zero Emission Bus Transition: Briefing Paper*, Melbourne, June 2022, p. 5.

be put out to public, competitive tender processes.⁴¹ The Government advised that public tenderers will need to submit proposals on how they aim to boost passenger experience, deliver network and operating efficiencies and optimise the transition to ZEBs during the recontracting process.⁴²

Victoria's Bus Plan details several factors that drive customer satisfaction, including frequency of services, timeliness of arrivals and departures, reliability of journey times and the span of bus services over the day.⁴³ The Committee notes that while the *Plan* diagnoses issues with the bus network and outlines six key objectives, it does not include targets or measures for improvements to drivers of customer experience, such as patronage, timeliness, the span of network operating hours or service frequency.⁴⁴

The Committee welcomes the requirement for public tenderers of bus network contracts to outline how they intend to improve passenger experience and optimise the transition to ZEBs, as well as the alignment of the contract process with the objectives of *Victoria's Bus Plan*.

FINDING 55: Changes to the negotiation process for metropolitan bus service contracts have been announced. Potential service providers will need to compete in a public tender process and submit proposals outlining how they aim to boost passenger experience, deliver network and operating efficiencies and optimise the transition to zero emission buses in line with the objectives of *Victoria's Bus Plan*.

RECOMMENDATION 30: The Department of Transport and Planning publish information related to the actual outcomes of proposed reforms, including measures to improve customer satisfaction, deliver passenger experience and network operating efficiencies and optimise the transition to zero emission buses, that are implemented in line with *Victoria's Bus Plan* and realised through new bus service contracts.

6.6 Roads and Road Safety: key issues

The Minister for Roads and Road Safety is responsible for two outputs: Road Asset Management (funding in 2023–24: \$441.6 million) and Road Operations (funding in 2023–24: \$2 billion).⁴⁵

⁴¹ Hon Ben Carroll MP, *New Melbourne Bus Contracts To Benefit Passengers*, media release.

⁴² Ibid.

⁴³ Department of Transport and Planning, *Victoria's Bus Plan*, Melbourne, 2021, p. 6.

⁴⁴ Ibid., pp. 8–9.

⁴⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, 2023, p. 310; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 129.

6.6.1 Road maintenance and repairs package

The 2023–24 Budget allocates \$1.1 billion in output funding and \$1.3 billion in asset funding over ten years to the *Road maintenance and renewal* initiative to undertake road pavement works across metropolitan Melbourne and regional Victoria.⁴⁶ The budget papers report this funding will deliver ‘routine maintenance, road resurfacing and rehabilitation, bridge and drainage repair works, and asset data collection’.⁴⁷

This initiative comprises a combined output and asset funding of \$2.3 billion, but only \$80 million is allocated to 2023–24, \$100 million to 2024–25 and \$230 million to both 2025–26 and 2026–27.⁴⁸ The budget papers do not detail the cashflow for this initiative beyond the forward estimates.⁴⁹ Although the Municipal Association of Victoria and Rural Councils Victoria welcomed this investment, both have also called for more substantial and immediate funding in the near-term.⁵⁰

During the hearings, the Minister for Roads and Road Safety advised the 2023–24 Budget includes an additional investment of \$2.8 billion for road maintenance.⁵¹ The Committee cannot determine how this total was calculated. It is also unclear what proportion of funding for the initiative is allocated to roadworks in inner metropolitan Melbourne, outer suburban Melbourne and regional Victoria.

FINDING 56: The 2023–24 Budget allocates \$2.3 billion in output and asset funding over ten years to the *Road maintenance and renewal* initiative. It is unclear what proportion of funding for the initiative is allocated to roadworks in inner metropolitan Melbourne, outer suburban Melbourne and regional Victoria. It is also unclear what proportion of funding for the initiative is allocated to critical, needed or desirable roadworks.

DTP is not expected to meet its 2022–23 targets for the road area resurfaced or rehabilitated in both inner metropolitan Melbourne (expected outcome of 241,000 metres squared (m²) out of a target of 490,000 m²) and regional Victoria (expected outcome of 8,570,000 m² out of a target of 12,140,000 m²).⁵² DTP attributed these shortfalls to ‘increased costs arising from market price escalation, increased pavement repair work to prepare for resealing and resurfacing due to heavy rainfall’.⁵³ However,

⁴⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 96, 102–103.

⁴⁷ *Ibid.*, p. 103.

⁴⁸ *Ibid.*, pp. 96, 102 (Committee calculation).

⁴⁹ *Ibid.*

⁵⁰ Municipal Association of Victoria, *Wins and losses for local communities in State budget*, 23 May 2023, media release, <<https://www.mav.asn.au/news/wins-and-losses-for-local-communities-in-state-budget>> accessed 2 August 2023; Rural Councils Victoria, *RCV notes state budget, seeks more investment in rural Victoria*, 25 May 2023, media release, <<https://ruralcouncilsvictoria.org.au/rcv-notes-state-budget-seeks-more-investment-in-rural-victoria>> accessed 2 August 2023.

⁵¹ Hon Melissa Horne MP, Minister for Roads and Road Safety, 2023–24 Budget Estimates (Roads and Road Safety) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, pp. 1, 8, 9.

⁵² Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 315.

⁵³ *Ibid.*

DTP is expected to exceed its target for the road area resurfaced or rehabilitated in outer suburban Melbourne (expected outcome of 909,000 m² out of a target of 560,000 m²).⁵⁴

DTP did not provide a reason for why it exceeded its target for the road area resurfaced and rehabilitated in outer suburban Melbourne in either the budget papers or its response to the Committee's questionnaire.⁵⁵ During the hearings, the Committee inquired about whether roadworks in outer suburban Melbourne were completed at the expense of roadworks in regional Victoria.⁵⁶ The Secretary of DTP advised increased costs for road treatment and the impact of flooding had impacted planned road resurfacing and rehabilitation works across the State, especially in regional Victoria. The Secretary noted funding was reprioritised from roadworks in inner metropolitan areas to outer suburban areas, but not from regional Victoria.⁵⁷

FINDING 57: The Department of Transport and Planning exceeded its target for the road area resurfaced or rehabilitated in outer suburban Melbourne in 2022–23 but did not to reach its target for inner metropolitan Melbourne and regional Victoria due to the increased costs of road treatment, the impact of flooding on planned works and government reprioritisations.

In 2023–24, targets for these performance measures are listed as 'tbc' because they were not finalised at the time of the Budget's publication.⁵⁸ The budget papers report that DTP will 'continue to finalise modelling to inform the 2023–24 road maintenance workplan, including the prioritisation of flood recovery works'.⁵⁹ Given the substantial investment in the 2023–24 Budget in road maintenance and repair, the Committee emphasises the importance of transparent and up-to-date reporting. The Committee recognises VicRoads publishes a live map of maintenance works currently underway by treatment type, but there is no reporting on roadworks planned throughout the year or the criteria by which DTP prioritises and determines its planned roadworks.⁶⁰

FINDING 58: The Department of Transport and Planning did not report targets for three performance measures identified by the Committee due to modelling for the road maintenance workplan being incomplete when the 2023–24 Budget was published.

⁵⁴ Ibid.

⁵⁵ Ibid; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 84.

⁵⁶ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Roads and Road Safety) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 11.

⁵⁷ Mr Paul Younis, Secretary, Department of Transport and Planning, 2023–24 Budget Estimates (Roads and Road Safety) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, pp. 11–12.

⁵⁸ These performance measures are 'Road area resurfaced or rehabilitated: roads in inner metropolitan Melbourne', 'Road area resurfaced or rehabilitated: roads in outer suburban Melbourne' and 'Road area resurfaced or rehabilitated: roads in regional Victoria'. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 315.

⁵⁹ Ibid.

⁶⁰ VicRoads, *Maintenance works*, 2023, <<https://caportal.com.au/vicroads/maintenance/map>> accessed 1 August 2023.

RECOMMENDATION 31: The Department of Transport and Planning publish on its website the finalised road maintenance workplan for 2023–24, including how the workplan was prioritised and determined, the proportion of roadworks set to take place in inner metropolitan Melbourne, outer suburban Melbourne and regional Victoria, and the proportion of roadworks classified as critical, needed or desirable.

Flood impacted roads

The 2022 Victorian Economic and Fiscal Update allocated \$500 million to the whole-of-government *Victoria's Flood Recovery* initiative, which included funding to deliver:

emergency road repair works to ensure the safety of road users and the community, repair works to reopen priority roads in flood affected areas, and larger-scale works like the reconstruction of roads, bridges and culverts following damage assessments.⁶¹

The proportion of funding allocated to flood-impacted road repairs is not disclosed in either the 2022 Victorian Economic and Fiscal Update or the 2023–24 Budget.⁶² However, during the hearings the Committee was informed that \$165 million was allocated to post-flood emergency road repairs, and that \$141 million had been spent as of May 2023.⁶³

FINDING 59: The Government allocated \$165 million to undertake emergency road repairs following the 2022 Flood Event. The 2022 Victorian Economic and Fiscal Update and the 2023–24 Budget do not report on the proportion of funding allocated to flood-related road maintenance and repairs under the *Victoria's Flood Recovery* initiative.

The budget papers state the Government is 'prioritising efforts to rebuild the State's road network following the 2022 floods in the immediate-term' but that the 2023–24 Budget would deliver 'a strong foundation, to continue to support a safer and more efficient Victorian road network' in the long term.⁶⁴

FINDING 60: It is unclear what proportion of flood-impacted roads still require repairs, whether emergency funding for repairs was sufficient or completed in a timely manner, or what proportion of funding for the *Road maintenance and renewal* initiative is allocated to flood-impacted roads.

⁶¹ Department of Treasury and Finance, *2022 Victorian and Economic Fiscal Update*, Melbourne, 2022, p. 78.

⁶² Ibid.; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 7.

⁶³ Hon Melissa Horne MP, Minister for Roads and Road Safety, *Transcript of evidence*, p. 3; Mr Paul Younis, Secretary, Department of Transport and Planning, *Transcript of evidence*, p. 3.

⁶⁴ Department of Treasury and Finance, *Budget Paper No. 2: Strategy and Outlook, 2023*, Melbourne, p. 16.

6.6.2 Road safety and increases in fatalities

During the hearings the Committee inquired about reductions in the targets of three Road Safety performance measures (outlined in Table 6.2 below) and how this might impact road safety outcomes in 2023–24.⁶⁵

Table 6.2 Road Safety performance measures discussed during the hearings

Performance measure	2023–24 target	2022–23 expected outcome	2022–23 target	2021–22 outcome	2021–22 target
Kilometres of road treated with tactile line marking (km)	3.0	103.0	tbc ^a	653.6	466.0
Kilometres of safety barrier installed (km)	23.5	220.0	195.0	185.2	167.0
Road safety initiatives completed (number)	30.0	47.0	34.0	50.0	50.0

a. The 2022–23 target was listed as ‘tbc’ in the budget papers as works were planned but subject to Commonwealth confirmation through the Road Safety Program.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 319; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 339.

The Minister advised the performance measure targets were lower in 2023–24 compared to the 2022–23 expected outcomes and targets, due to the conclusion of the *Safer Roads* program and the Commonwealth Government’s *Road Safety Program* (Tranches 1 to 3).⁶⁶ The Secretary noted that road barriers are still being installed as part of road upgrade programs rather than as a standalone road program.⁶⁷ The Minister informed the Committee that Commonwealth guidelines and funding for the *Road Safety Program* in 2023–24 and 2024–25 were under review.⁶⁸

The Committee notes the *Road Safety Program* website outlines a final tranche will be delivered from 1 July 2023 to 30 June 2025 and is ‘currently being redesigned in consultation with states and territories’.⁶⁹ As a result, the actual outcomes of these performance measures may exceed published targets, depending on whether additional funding is provided in 2023–24.

FINDING 61: The Department of Transport and Planning has reduced its targets in 2023–24 compared to 2022–23 for three Road Safety performance measures. It is unclear how reduced performance measure targets will impact road safety outcomes in 2023–24.

65 Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Roads and Road Safety) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, pp. 7, 8, 10.

66 Hon Melissa Horne MP, Minister for Roads and Road Safety, *Transcript of evidence*, pp. 7–8.

67 Mr Paul Younis, Secretary for the Department of Transport and Planning, *Transcript of evidence*, p. 10.

68 Hon Melissa Horne MP, Minister for Roads and Road Safety, *Transcript of evidence*, pp. 7–8.

69 Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *Road Safety Program*, n.d., <<https://investment.infrastructure.gov.au/about/national-initiatives/road-safety-program>> accessed 18 July 2023.

The *Victorian Road Safety Strategy 2021–2030* outlines a target of halving road deaths and reducing serious injuries by 2030 and eliminating deaths and serious injuries by 2050.⁷⁰ In 2023, 177 lives have been lost on Victorian roads (as of 6 August 2023), which represents a 24.6% increase compared to the same time last year and a 27.3% increase compared to the five-year-average.⁷¹ The Committee recognises the importance of detailed and reliable data in informing road safety policy, and notes the *Road Safety Action Plan 2021–2023* aims to:

improve Victoria’s system of road safety data collection and build on Victoria’s strengths in current road safety data and research by developing and implementing a roadmap for the governance of Victoria’s road safety data.⁷²

While the Transport Accident Commission (TAC) collects and regularly updates and publishes data on fatal crashes in Victoria, it is unclear how many people have been seriously injured on Victoria’s roads in 2023.⁷³ The TAC publishes data on the number of accepted claims from people with injuries that were sustained in transport accidents and involved hospitalisation, but does not report on the severity of injuries or locations where road accidents happen.⁷⁴ The TAC also does not report on the causes of severe injuries or road fatalities, including how driver behaviour, vehicle safety and road design quality and maintenance contributed to crashes and road accidents.⁷⁵ The Committee notes VicRoads and DTP have reported on the location, causes and severity of road accidents in the past, however, this data has not been updated for several years.⁷⁶

FINDING 62: As of 6 August 2023, the number of lives lost on Victorian roads in 2023 represents a 24.6% increase compared to the same time last year and a 27.3% increase compared to the five-year-average. It is unclear from data collected by the Transport Accident Commission how many people have been seriously injured on Victorian roads in 2023.

70 Department of Transport, *Victorian Road Safety Strategy 2021–2030*, Melbourne, 2022, p. 3.

71 Transport Accident Commission, *Lives Lost – Year to Date*, 16 July 2023, <<https://www.tac.vic.gov.au/road-safety/statistics/lives-lost-year-to-date>> accessed 18 July 2023 (Committee calculation).

72 Department of Transport and Planning, *Victorian Road Safety: Action Plan 2021–2023*, Melbourne, 2021, p. 19.

73 Transport Accident Commission, *Lives Lost – Year to Date*; Transport Accident Commission, *TAC Claims involving hospitalisation reports*, n.d., <<https://www.tac.vic.gov.au/road-safety/statistics/tac-hospitalisation-reports>> accessed 19 July 2023.

74 Transport Accident Commission, *TAC Claims involving hospitalisation reports*.

75 Transport Accident Commission, *Claims Involving Hospitalisation Annual*, 3 July 2023, <<https://www.tac.vic.gov.au/road-safety/statistics/tac-hospitalisation-reports/claims-involving-hospitalisation-annual>> accessed 19 July 2023.

76 Department of Transport and Planning, *Crash Stats: Data Extract*, 24 July 2023, <<https://discover.data.vic.gov.au/dataset/crash-stats-data-extract>> accessed 7 August 2023; VicRoads, *Crash statistics*, 28 July 2021, <<https://www.vicroads.vic.gov.au/safety-and-road-rules/safety-statistics/crash-statistics>> accessed 7 August 2023.

RECOMMENDATION 32: The Department of Transport and Planning consider ways to improve the timeliness of its public reporting on non-fatal crashes and road accidents, including reporting on the severity of injuries, where road accidents happened and what caused them to further enhance public understanding of the factors contributing to road fatalities and serious injuries on Victorian roads and support the delivery of road safety policy and infrastructure improvements.

6.7 Ports and Freight: key issues

The Minister for Ports and Freight is responsible for two outputs: Ports and Freight (funding in 2023–24: \$88.3 million) and Transport Safety and Security (funding in 2023–24: \$44 million), which is shared with the Minister for Public Transport and the Minister for Outdoor Recreation.⁷⁷

6.7.1 Mode Shift Incentive Scheme

The 2023–24 Budget continues the *Mode Shift Incentive Scheme* with \$3.5 million allocated to 2023–24.⁷⁸ Under the scheme, the Government pays a rebate to private freight handlers and operators of regional intermodal terminals for each container shipped by rail instead of road, to incentivise the use of rail freight transport and promote intermodal supply chains.⁷⁹ Since the 2012–13 Budget, the scheme has received a total funding of approximately \$56.5 million.⁸⁰

During the hearings, the Minister for Ports and Freight informed the Committee that the scheme would cease after 2023–24, as the infrastructure would be in place to provide that linkage and so the scheme was ‘no longer really fit for purpose’.⁸¹ The Minister advised that Government investment in the regional rail freight network and an increase in the number of rail freight paths had led to the scheme becoming ‘obsolete’.⁸² On the results of the scheme, the Minister stated that ‘ultimately this is an incentive scheme that really has done what it was needed to do’.⁸³

⁷⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 310; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 129, 134.

⁷⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 96, 99.

⁷⁹ Victorian Auditor-General's Office, *Effectiveness of Rail Freight Support Programs*, Melbourne, June 2023, p. 13, 19.

⁸⁰ The \$7.6 million allocated in the 2018–19 Budget also included funding for the Transport Freight Plan and the \$4.3 million allocated in the 2019–20 Budget also included funding for the development of the Review of Coastal Shipping. The Committee notes the Scheme may only have accounted for a proportion of the funding in both the 2018–19 Budget and 2019–20 Budget. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, p. 96; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 109; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 107; Hon Melissa Horne MP, Minister for Ports and Freight, 2020–21 Budget Estimates (Ports and Freight) hearing, Melbourne, 17 December 2020, *Transcript of evidence*, p. 1; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20*, pp. 100, 102; Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, Melbourne, 2018, pp. 11, 22; Department of Treasury and Finance, *Budget Paper No. 3: 2014–15 Service Delivery*, Melbourne, 2014, p. 55; Department of Treasury and Finance, *Budget Paper No. 3: 2012–13 Service Delivery*, Melbourne, 2012, p. 66 (Committee calculation).

⁸¹ Hon Melissa Horne MP, Minister for Ports and Freight, 2023–24 Budget Estimates (Ports and Freight) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, pp. 4, 6.

⁸² *Ibid.*, p. 5.

⁸³ *Ibid.*, p. 4.

FINDING 63: The 2023–24 Budget allocates \$3.5 million to the Mode Shift Incentive Scheme, bringing total funding for the scheme to approximately \$56.5 million since it was introduced in the 2012–13 Budget. The scheme will end after 2023–24 because it is obsolete.

A report by the Victorian Auditor-General’s Office (VAGO) found the scheme has only partly achieved its objectives.⁸⁴ While the scheme has kept container freight traffic on rail, it has ‘not significantly shifted freight from road to rail’ or scaled up the volume and activity of freight transported by rail.⁸⁵ VAGO concluded that achieving the Government’s target for 30% of Melbourne’s metropolitan containers to be freighted by rail by 2050 was unlikely, given the proportion of containers shipped by rail would need to increase by 4.6% annually to reach this target.⁸⁶

DTP’s response to the Committee’s questionnaire advised ‘without Government support and investment, rail freight is unlikely to grow’.⁸⁷ However, DTP advised other initiatives currently in development and delivery may further support and encourage the movement of freight by rail.⁸⁸ The Minister also informed the Committee the Government’s investment in regional freight lines and rail paths would increase the volume of freight transported by rail.⁸⁹

FINDING 64: While the Mode Shift Incentive Scheme has kept some container freight traffic on rail, it has ‘not significantly shifted freight from road to rail’ or scaled up the volume or activity of freight transported by rail. The Department of Transport and Planning has initiatives in development and delivery that may further support the movement of freight by rail.

The Committee recognises the importance of increasing the volume of freight transported by rail and welcomes further initiatives and investment to encourage the use of rail transport.

RECOMMENDATION 33: The Department of Transport and Planning introduce a performance measure that reports on the proportion of containers entering Melbourne’s ports that are freighted by rail.

⁸⁴ Victorian Auditor-General’s Office, *Effectiveness of Rail Freight Support Programs*, p. 2.

⁸⁵ *Ibid.*, pp. 2–3.

⁸⁶ *Ibid.*, pp. 4, 29.

⁸⁷ Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 29.

⁸⁸ *Ibid.*, p. 30.

⁸⁹ Hon Melissa Horne MP, Minister for Ports and Freight, *Transcript of evidence*, pp. 4–5.

6.8 Department-wide: key issues

6.8.1 Machinery of government changes

MoG changes effective on 1 January 2023 had the following impact on DTP:

- transfer of the Planning portfolio and associated Building, Planning and Heritage and Land Use Victoria outputs from the former Department of Environment, Land, Water and Planning to DTP, including
 - renaming the Land Use Victoria output to Land Services
- transfer of the Business Precincts output from the former Department of Jobs, Precincts and Regions to DTP, including
 - renaming the Business Precincts output to Precincts
- transfer of the Office of the Victorian Government Architect output from the Department of Premier and Cabinet to DTP, including
 - aggregating the Office of the Victorian Government Architect output into the Building output
- transfer of the former Fishing and Boating portfolio and associated Sustainably Managed Fish and Boating Resources output to the Department of Jobs, Skills, Industry and Regions.⁹⁰

DTP estimates the costs of these MoG changes, including system integration and migration, to be \$11.6 million.⁹¹

6.8.2 Changes to output structure

In addition to MoG changes, DTP has made one change to its output structure in 2023–24. The Road Operations: Road Network Performance sub-output has been disaggregated into two sub-outputs, namely Registration and Licencing and Road Network Performance to enhance transparency.⁹²

6.9 Performance measures

6.9.1 Department-wide: analysis of new performance measures

DTP added six new performance measures in the 2023–24 Budget, two of which replaced discontinued measures.⁹³ The Committee notes two new measures report on the number of new metropolitan trains and new regional trains added to the network,

⁹⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 122, 309; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 123, 124, 135.

⁹¹ Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 123.

⁹² Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 309.

⁹³ *Ibid.*, pp. 312–334.

following substantial Government investment in additional rolling stock, implemented in response to a previous Committee recommendation.⁹⁴

6.9.2 Department-wide: analysis of performance measures proposed to be discontinued

DTP identified eight performance measures for discontinuation in the 2023–24 Budget.⁹⁵ The Committee supports DTP's rationale for the discontinuation of seven measures. Table 6.3 summarises the issues the Committee identified with the remaining performance measure proposed to be discontinued by relevant output.

Table 6.3 Issues with one performance measure proposed to be discontinued in 2023–24

Output	Performance measure	Issues identified by the Committee
Transport Safety and Security (Quality)	Prosecution success rate for transport safety offences	<p>The performance measure is proposed to be discontinued and replaced by 'Prosecutions that meet model litigant guidelines and court procedures and requirements'.</p> <p>The Department of Transport and Planning reports this moves from measuring success to a quality (compliance) rating, advising that compliance with external requirements is the best way to rate litigation quality. However, the Committee notes this new measure reflects Safe Transport Victoria meeting minimum standards and expected legal requirements.</p> <p>The Committee still considers the success rate of prosecutions for transport safety offences to be an important measure of the actual outcomes of the department. The Committee recommends the department retain the measure proposed to be discontinued or consider other ways to report on the success or outcomes of litigation.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 397; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, p. 61.

RECOMMENDATION 34: The Department of Transport and Planning retain in the 2024–25 Budget a performance measure that reports on the success of prosecutions for transport safety offences.

⁹⁴ Ibid., pp. 320–321.

⁹⁵ Ibid., pp. 396–397.

Chapter 7

Department of Families, Fairness and Housing

7.1 Overview

The Department of Families, Fairness and Housing's (DFFH) vision is to empower communities to build a fairer and safer Victoria.¹

In 2023–24 DFFH supports nine portfolios: Child Protection and Family Services, Disability, Ageing and Carers, Equality, Housing, Multicultural Affairs, Prevention of Family Violence, Veterans, Women, and Youth.²

In 2023–24 DFFH's objectives are:

- children, young people and families are safe, strong and supported
- Victorian communities are safe, fair, inclusive and resilient
- all Victorians have stable, affordable and appropriate housing.³

All of DFFH's outputs also have the following two objectives:

- our social services system is integrated, effective, person-centred and sustainable
- Aboriginal voice, knowledge and cultural leadership drive Aboriginal policy, legislation and system reform.⁴

This chapter examines the budget initiatives and key issues relevant to two portfolios that were identified during the estimates hearings.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 173.

² Responsibility for Disability, Ageing and Carers is shared with the Department of Health (DH). DH is responsible for the Ageing part of the portfolio. Source: *Ibid.*, pp. 173, 207; Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 1 June 2023, p. 148.

³ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 173.

⁴ *Ibid.*, p. 174.

Department of Families, Fairness and Housing

Portfolios



- Child Protection and Family Services
- Disability, Ageing and Carers
- Equality
- Housing
- Multicultural Affairs
- Prevention of Family Violence
- Veterans
- Women
- Youth

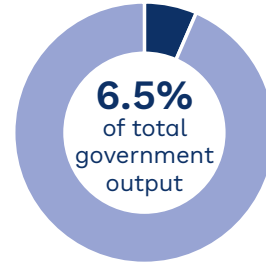


Total department output funding

2022-23 Budget \$4.7b

2022-23 revised Budget \$4.9b

2023-24 Budget \$4.7b



↑ \$76.9m

increase compared to the 2022-23 Budget

\$1.4b

new output initiative spending, 2022-23 to 2026-27

5th largest budget

of all Victorian Government departments

↓ \$200.3m

decrease compared to the 2022-23 revised Budget

Department funding by output, 2023-24



- Child Protection and Family Services \$2b
- Housing Assistance \$674.2m
- Concessions to Pensioners and Beneficiaries \$655.2m
- Family Violence Service Delivery \$622.5m
- Disability Services \$444.1m
- Other* \$309m

* Includes 9 outputs with budgets <444.1m.

New output initiatives with largest funding allocation, 2022-23 to 2026-27



27 new output initiatives

\$548.3m

Delivering improved outcomes for children in residential care

\$77.6m

Delivering commitments to Victoria's multicultural communities

\$139.9m

Stronger Families - Closing the Gap by transforming the children and families service system

\$77.1m

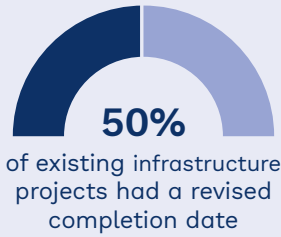
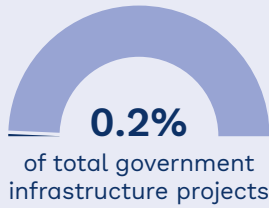
Ending family violence and sexual assault

Infrastructure program, 2023–24 (\$130.3m)



■ Total estimated investment in new projects (\$0)

■ Department's existing infrastructure program



New infrastructure projects with highest total investment, 2022–23 to 2026–27



2 new infrastructure projects

\$135.8m

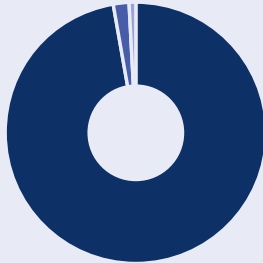
Cooling our public housing towers*

\$22.9m

Supporting homelessness services in Victoria*

* Both new projects fall under the infrastructure program of the Director of Housing, a public non-financial corporation, and are not included in DFFH's infrastructure program.

Money in, 2023–24 (\$4.9b)



■ Output appropriations \$4.8b
■ Special appropriations \$88m
■ Grants \$41m

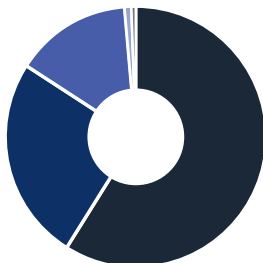
↓ **\$168m**

decrease compared to the 2022–23 revised Budget

↑ **\$84m**

increase compared to the 2022–23 Budget

Money out, 2023–24 (\$4.9b)



■ Other operating expenses \$2.9b
■ Grant expense \$1.2b
■ Employee benefits \$718m
■ Depreciation \$49m
■ Interest expense \$3m

↓ **\$191m**

decrease compared to the 2022–23 revised Budget

↑ **\$86m**

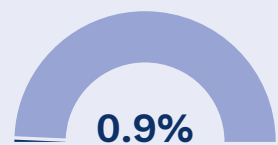
increase compared to the 2022–23 Budget

Total funding department received from Treasurer's Advances, 2021–22 (\$137.8m)



■ Not related to COVID-19

■ Related to COVID-19



of total Treasurer's Advances made across government in 2021–22

7.2 Financial analysis

In 2023–24, DFFH’s output appropriations are budgeted as \$4.8 billion, a decrease of \$146 million (3%) compared to the 2022–23 revised Budget.⁵ DFFH explained this decrease is due to higher funding for the *Big Housing Build* (BHB) in 2022–23 and the new funding arrangements for Victoria’s National Disability Insurance Scheme (NDIS) contributions effective 1 July 2022.⁶ As the Committee has previously noted, these new funding arrangements involved a reclassification for reporting purposes of NDIS payments from output appropriations to payments on behalf of the State appropriations.⁷ The department’s total administered income in 2023–24 is budgeted as \$2.9 billion, an increase of \$115 million (4%) compared to the 2022–23 revised Budget, which is primarily driven by Victoria’s increased financial contributions to the NDIS.⁸

7.3 Capital spend

The 2023–24 Budget includes four new projects with a combined total estimated investment (TEI) of \$264.3 million in the capital program of Homes Victoria, a division of DFFH and public non-financial corporation.⁹ The largest of these is *Cooling our public housing towers (metropolitan)*, which received a TEI of \$135.8 million to install air conditioners across 40 public housing high-rise tower dwellings.¹⁰ The Director of Housing capital program comprises a TEI of \$4.5 billion for existing projects, accounting for a total capital spend of \$4.7 billion in the 2023–24 Budget.¹¹ Section 7.4.1 discusses the BHB, the largest project in the Director of Housing capital program, in more detail.¹²

5 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 91 (Committee calculation).

6 Ibid., p. 89; Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, p. 29.

7 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, pp. 109–110; Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 90.

8 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, pp. 90, 95 (Committee calculation).

9 Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, p. 128; Homes Victoria, *About Homes Victoria*, 7 March 2023, <<https://www.homes.vic.gov.au/about-homes-victoria>> accessed 21 August 2023; Department of Families, Fairness and Housing, *Our structure*, 30 May 2023, <<https://www.dffh.vic.gov.au/our-structure>> accessed 21 August 2023; Homes Victoria, *Transition from Director of Housing to Homes Victoria*, 2023, <<https://www.homes.vic.gov.au/sites/default/files/documents/202302/Factsheet%20-%20Transition%20to%20Homes%20Victoria.pdf>> accessed 21 August 2023.

10 Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, p. 128; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 50.

11 Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, pp. 128–129.

12 Ibid.

7.4 Housing portfolio: key issues

The Minister for Housing is responsible for one output, Housing Assistance (funding in 2023–24: \$674.2 million).¹³

7.4.1 Big Housing Build

The 2023–24 Budget Paper No. 5 outlines the continued delivery of the BHB in 2023–24.¹⁴ Announced in November 2020, the \$5.3 billion BHB is the single largest investment in social and affordable housing in Victoria’s history and will deliver over 12,000 new homes.¹⁵ The Minister for Housing advised that since the announcement in 2020, more than 7,600 of these new homes had been completed or were underway, with 2,000 homes already occupied or tenanted.¹⁶

The Committee discussed with the Minister the announced and actual net gain in social and affordable housing through the BHB, and the performance measure related to the total number of social housing dwellings in the portfolio. Since 2019–20, the total number of social housing dwellings in Victoria has grown by approximately 2,925 according to the budget papers (Table 7.1), compared to the 7,600 BHB homes completed or underway since 2020.¹⁷ When asked about these results, the Minister advised that as part of the BHB a number of projects involved replacing, rebuilding and redeveloping old social housing stock, which resulted in the net stock not growing at the same pace as new dwellings completed.¹⁸

Table 7.1 Total number of social housing dwellings—2019–20 to 2022–23 expected

Year	2019–20	2020–21	2021–22	As at March 2023
Outcome	85,111	85,969	86,887	88,036
Change year-on-year	–	+858	+918	+1149

Source: Department of Treasury and Finance, *Department of Families, Fairness and Housing output performance measures 2022–23*, 2 June 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 18 August 2023; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 192; Hon Colin Brooks MP, Minister for Housing, 2022–23 Budget Estimates hearing, response to question on notice received 21 June 2023, pp. 1–2 (Committee calculation).

¹³ Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 132; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 174.

¹⁴ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, p. 18.

¹⁵ Hon Danny Pearson MP, *Landmark big housing build blitz hits big milestone*, media release, Melbourne, 27 July 2022; Hon Colin Brooks MP, Minister for Housing, 2023–24 Budget Estimates (Housing) hearing, Melbourne, 7 June 2023, *Transcript of evidence*, p. 2.

¹⁶ Hon Colin Brooks MP, Minister for Housing 2023–24 Budget Estimates hearing presentation: *Housing*, supplementary evidence received 7 June 2023, p. 5.

¹⁷ Department of Treasury and Finance, *Department of Families, Fairness and Housing output performance measures 2022–23*, 2 June 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 18 August 2023; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 192; Hon Colin Brooks MP, Minister for Housing, 2022–23 Budget Estimates hearing, response to question on notice received 21 June 2023, pp. 1–2; Hon Colin Brooks MP, Minister for Housing 2023–24 Budget Estimates hearing presentation: *Housing*, p. 5 (Committee calculation).

¹⁸ Hon Colin Brooks MP, Minister for Housing, *Transcript of evidence*, p. 7.

In its *Report on the 2022–23 Budget Estimates*, the Committee identified that while there is helpful information available regarding the BHB and useful performance measures associated with the program and social housing in general, it was difficult to identify the net gain of homes delivered under the BHB.¹⁹ When the Committee asked the Minister about this, he stated the BHB would deliver more than 12,000 social and affordable homes, and add 10% net social housing stock, equalling to a net increase of 8,200 homes.²⁰

FINDING 65: The Big Housing Build will deliver a net increase of 8,200 social and affordable homes over the life of the program, from 2020 to 2027.

The Committee also discussed with the Minister and the Premier the Government's plan for social and affordable housing once the BHB was completed in 2027, noting that in the 2023–24 Budget there is no further asset funding for new social and affordable housing.²¹ There is no information provided in the budget papers regarding to what extent the BHB will address short- and long-term demand for social housing stock.

The Premier advised that later in 2023, the Government will release a housing statement with the principle aim of increasing the supply of housing and focus on affordable housing, to address housing shortages in the short, medium, and long term.²²

7.4.2 Victorian Housing Register waitlist

During the hearings the Committee discussed with the Minister for Housing the waitlist for public and social housing, the number of people on the waitlist and the corresponding performance measures in the budget papers.²³

The Victorian Housing Register (VHR) takes registrations for social housing in Victoria, while data on the number of applicants is held by Homes Victoria.²⁴ Waitlist data is broken down into different cohorts and types of applications. This includes new applications—for people who are not current social housing renters—and transfer applications—for people who are applying to move to a different social housing

¹⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 114.

²⁰ Hon Colin Brooks MP, Minister for Housing, *Transcript of evidence*, p. 7; Hon Colin Brooks MP, Minister for Housing, *2023–24 Budget Estimates hearing presentation: Housing*, p. 5.

²¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 50; Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Premier) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, p. 30; Hon Colin Brooks MP, Minister for Housing, *Transcript of evidence*, p. 15.

²² Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Premier) hearing, *Transcript of evidence*, p. 30.

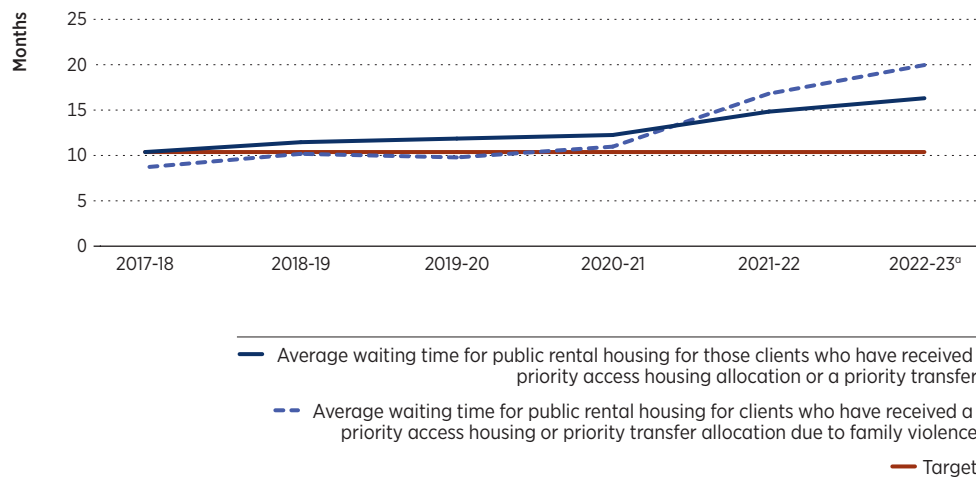
²³ Public Accounts and Estimated Committee, 2023–24 Budget Estimates (Housing) hearing, Melbourne, 7 June 2023, *Transcript of evidence*, pp. 8, 12.

²⁴ Department of Families, Fairness and Housing, *Public housing waiting and transfer list*, n.d., <<https://www.dffh.vic.gov.au/publications/public-housing-waiting-and-transfer-list>> accessed 18 August 2023.

property in Victoria.²⁵ Applications are also broken down by need—priority access, for people in most need of housing, and the register of interest—for those who do not have an urgent need but are seeking to live in social housing.²⁶

The two current performance measures related to the Housing portfolio and the social housing waitlist are ‘Average waiting time for public rental housing for clients who have received a priority access housing or priority transfer allocation due to family violence’ and ‘Average waiting time for public rental housing for those clients who have received priority access housing allocation or a priority transfer’, both measured in months.²⁷ As discussed with the Minister during the hearing, both the expected outcome for 2022–23 and the outcome for past years has been growing, as shown in Figure 7.1 below.

Figure 7.1 Timeliness performance measures—Housing Assistance



a. 2022–23 data denotes the expected outcome.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 192; Department of Treasury and Finance, *Department of Families, Fairness and Housing output performance measures 2022–23*, 2 June 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 18 August 2023.

The expected wait time result in 2022–23 for clients experiencing family violence is 20.2 months, while the expected wait time for all other clients is 16.5 months. Both measures have a target of 10.5 months.²⁸ The reason provided in the budget papers for DFFH not reaching its targets in relation to these measures is a ‘sustained demand for social housing following the COVID-19 pandemic and less renters moving out’.²⁹ The Minister advised that the broader economic conditions in Victoria had also influenced the expected result, suggesting general housing and cost of living pressures and interest rate increases were ‘pushing people onto the waiting list’.³⁰ The Minister

²⁵ Homes Victoria, *Applications on the Victorian Housing Register (VHR)*, 2 June 2023, <<https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr>> accessed 18 August 2023.

²⁶ Ibid.

²⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 192.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Hon Colin Brooks MP, Minister for Housing, *Transcript of evidence*, p. 12.

added that the priority waitlist for people experiencing family violence was moving in the wrong direction, and a 'large part' of the remedy to this was delivering more housing and social housing stock.³¹

FINDING 66: The Victorian economic context, including general housing and cost of living pressures and interest rate rises have resulted in an increase to the social housing waitlist with clients experiencing family violence waiting an average of 20.2 months and other priority clients waiting 16.5 months.

The Committee also discussed with the Minister the total number of applicants currently on the VHR waitlist.³² Between March 2022 and March 2023, total applications (including new and transfer applications) have grown by 5.6%, as shown in Table 7.2.³³ Data for June 2023 is not available yet.

**Table 7.2 Applications to the Victorian Housing Register—
all applications, March 2022 to March 2023**

	March 2022	June 2022	September 2022	December 2022	March 2023
Total	64,304	64,168	65,310	67,120	67,985
Change (%)	–	-0.2	1.8	2.8	1.3

Source: Homes Victoria, *Applications on the Victorian Housing Register (VHR)*, 2 June 2023, <<https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr>> accessed 18 August 2023 (Committee calculation).

DFFH advised that in 2021–22, 5,553 allocations to social housing were made. This represents 8.7% of the 64,168 applications on the waitlist as at June 2022.³⁴ In 2020–21 4,691 allocations were completed, while 5,414 were completed in 2019–20.³⁵ Homes Victoria does not publish long-term data on applications on the VHR waitlist, allocations to social housing, nor average wait times for applicants who have not received a priority access housing or transfer allocation. Doing so would increase the transparency of trends in social housing applications and wait times.

RECOMMENDATION 35: The Department of Families, Fairness and Housing publish long-term data on social housing applications, allocations and average wait times for all categories on its website.

³¹ Ibid.

³² Public Account and Estimates Committee, 2023–24 Budget Estimates (Housing) hearing, *Transcript of evidence*, p. 8.

³³ Homes Victoria, *Applications on the Victorian Housing Register (VHR)* (Committee calculation).

³⁴ Ibid.; Hon Colin Brooks MP, Minister for Housing, 2023–24 Budget Estimates hearing, response to questions on notice, p. 5 (Committee calculation).

³⁵ Homes Victoria, *Social housing allocations 2020/21*, 29 May 2023, <<https://www.homes.vic.gov.au/social-housing-allocations-202021>> accessed 18 August 2023; Victorian Government, *Social housing allocations*, 5 July 2023, <<https://www.vic.gov.au/social-housing-allocations-2019-2020>> accessed 18 August 2023.

7.5 Child Protection and Family Services portfolio: key issues

The Minister for Child Protection and Family Services is responsible for one output: Child Protection and Family Services (funding in 2023–24: \$2 billion).³⁶

7.5.1 Child protection workforce

The Minister for Child Protection and Family Services advised the Government has funded an additional 1,180 child protection practitioner (CPP) positions since 2014.³⁷ However, the number of ongoing full-time equivalent (FTE) CPPs employed by DFFH increased by only 556 between 2014 and 2023 (as at 30 May 2023).³⁸ DFFH funded a total of 2,486 FTE child protection roles in 2021–22 and 2022–23, 2,240 in 2020–21 and 2,001 in 2019–20 under the Child Protection Operating Model (CPOM).³⁹ The actual number of CPPs employed by DFFH (as at end June of each year) has not met CPOM-funded targets since 2020 (illustrated in Figure 7.2).⁴⁰

The Victorian Auditor-General's Office has also noted that DFFH does not employ enough CPPs to meet service demand, reporting the gap between the CPP workforce and number of CPOM-funded positions more than doubled between 2020–21 and 2021–22, from 5.6% to 13.9%.⁴¹ In 2022–23 (as of 30 May 2023) this gap increased to 22.9%.⁴²

³⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 174; Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 129.

³⁷ Hon Lizzie Blandthorn MLC, Minister for Child Protection and Family Services, 2023–24 Budget Estimates (Child Protection and Family Services) hearing, Melbourne, 15 June 2023, *Transcript of evidence*, p. 1.

³⁸ In June 2014 the number of ongoing full-time equivalent child protection staff was 1,466 compared to 2,022 as of 30 May 2023. Source: Department of Health and Human Services, *Annual Report 2013–14*, Melbourne, 2015, p. 79; Hon Lizzie Blandthorn MLC, Minister for Child Protection and Family Services, 2023–24 Budget Estimates hearing, response to questions on notice, received 7 July 2023, pp. 1–2 (Committee calculation).

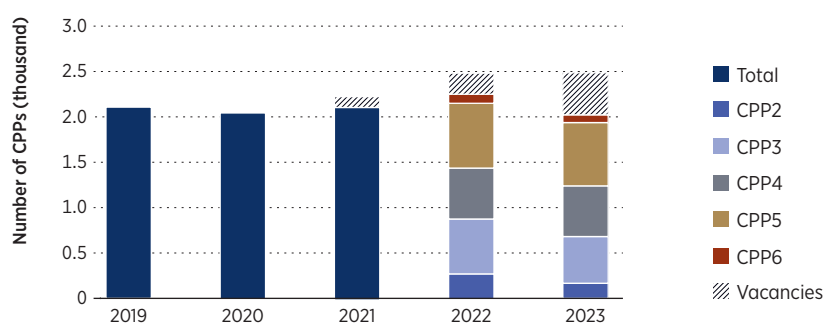
³⁹ Hon Lizzie Blandthorn MLC, *2023–24 Budget Estimates hearings presentation: Child Protection and Family Services*, supplementary evidence, received 15 June 2023, p. 3.

⁴⁰ Victorian Auditor-General's Office, *Follow-up of Maintaining the Mental Health of Child Protection Practitioners*, September 2022, p. 8.

⁴¹ Ibid.

⁴² Hon Lizzie Blandthorn MLC, Minister for Child Protection and Family Services, response to questions on notice, pp. 1–2 (Committee calculation).

Figure 7.2 Total number of child protection practitioners (CPP) employed by the Department of Families, Fairness and Housing^a as of end June, 2019 to 2023^b by classification^c



- a. Formerly the Department of Health and Human Services.
- b. All figures are as of end June for each year, except for 2023 which is as of 30 May 2023.
- c. Figures are total full-time equivalent roles by classification where available. DFFH did not report a breakdown of the child protection workforce by classification until its 2021–22 annual report.

Source: Hon Lizzie Blandthorn MLC, Minister for Child Protection and Family Services, 2023–24 Budget Estimates hearing, response to questions on notice, received 7 July 2023, pp. 1–2; Department of Families, Fairness and Housing, *Annual Report 2021–22*, Melbourne, 2022, p. 73; Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, p. 70; Department of Health and Human Services, *Annual Report 2019–20*, Melbourne, 2020, p. 123 (Committee calculation).

FINDING 67: The number of child protection practitioners employed by the Department of Families, Fairness and Housing did not reach the total number of funded positions between 2021 and 2023. As of 30 May 2023, 22.9% equating to a total of 463 full-time equivalent positions were vacant.

When asked about the strategies that DFFH is implementing to overcome difficulties in recruiting additional CPPs, the Minister advised the Government had invested \$5.4 million to continue its *Child Protection Employment Program* as well as \$760,000 to implement an international recruitment strategy.⁴³ These programs were funded under the *Responding to demand for child protection and family services* initiative, which received a total of \$57.6 million in the 2022–23 Budget and included funding for new advertising and wellbeing support for the workforce.⁴⁴ In its response to the Committee’s questionnaire, DFFH did not provide a specific date of when it would launch its new advertising campaign funded in the 2022–23 Budget.⁴⁵

The Committee inquired about the number of children awaiting allocation to a child protection caseworker.⁴⁶ The Minister advised an average of 86.5% (15,430 children) of cases were allocated and 13.5% (2,837 children) of cases were waiting to be assigned to a team and allocated to an individual practitioner (as of quarter 3, 2022–23).⁴⁷

⁴³ Hon Lizzie Blandthorn MLC, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 4.

⁴⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 38, 41 (Committee calculation).

⁴⁵ Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 125.

⁴⁶ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Child Protection and Family Services) hearing, Melbourne, 15 June 2023, *Transcript of evidence*, p. 2.

⁴⁷ Hon Lizzie Blandthorn MLC, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 3.

The Minister stated, ‘despite there being more children in need of protection, there are more child protection staff, there are lower caseloads, and there are higher allocation rates’ compared to December 2014.⁴⁸ The Minister also noted there ‘is active oversight of all children within the system at all times’, despite the number of cases awaiting allocation.⁴⁹

In September 2022 the average CPP caseload was 15 children, which fits within the benchmarks set by DFFH in its workforce planning.⁵⁰ However, modelling by DFFH predicts that case complexity will increase, placing greater strain on CPPs’ workloads when not matched with an increased workforce size.⁵¹ DFFH does not support caseload ceilings or average quotas for its CPP workforce because the particular circumstances of children and families has a greater influence on CPPs’ workloads than the number of cases they manage.⁵² However, the average CPP’s caseload provides some indication of changes in workloads, service demand and the success of DFFH’s workforce planning.⁵³ Given the focus of the *Child protection workforce strategy 2021–2024* on attracting and retaining a qualified and capable workforce, it is important to report on the strains and challenges facing the child protection workforce, especially relating to staff shortages and workloads.⁵⁴

RECOMMENDATION 36: The Department of Families, Fairness and Housing consider ways to improve reporting on child protection practitioners’ workloads and the success of its child protection workforce planning, including the number of child protection practitioner vacancies compared to total number of funded positions, or the average caseload and case complexity of child protection practitioners.

7.5.2 Child protection and family services funding

The 2023–24 Budget allocates over \$2 billion to the Child Protection and Family Services output, an increase of 10.9% compared to the 2022–23 Budget.⁵⁵

During the hearings, the Minister for Child Protection and Family Services advised that between 2014–15 and 2023–24, funding for the portfolio had ‘more than doubled’.⁵⁶ In 2014–15 the output was allocated \$847 million.⁵⁷ When accounting for inflation using the most recent Australian Bureau of Statistics data, the 2014–15 Budget for the portfolio would be valued at approximately \$1 billion in present value terms,

⁴⁸ Ibid.

⁴⁹ Ibid., p. 6.

⁵⁰ Victorian Auditor-General’s Office, *Follow-up of Maintaining the Mental Health of Child Protection Practitioners*, pp. 8, 11.

⁵¹ Ibid., p. 11.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Department of Families, Fairness and Housing, *Child protection workforce strategy 2021–2024*, Melbourne, 2021, pp. 18–19.

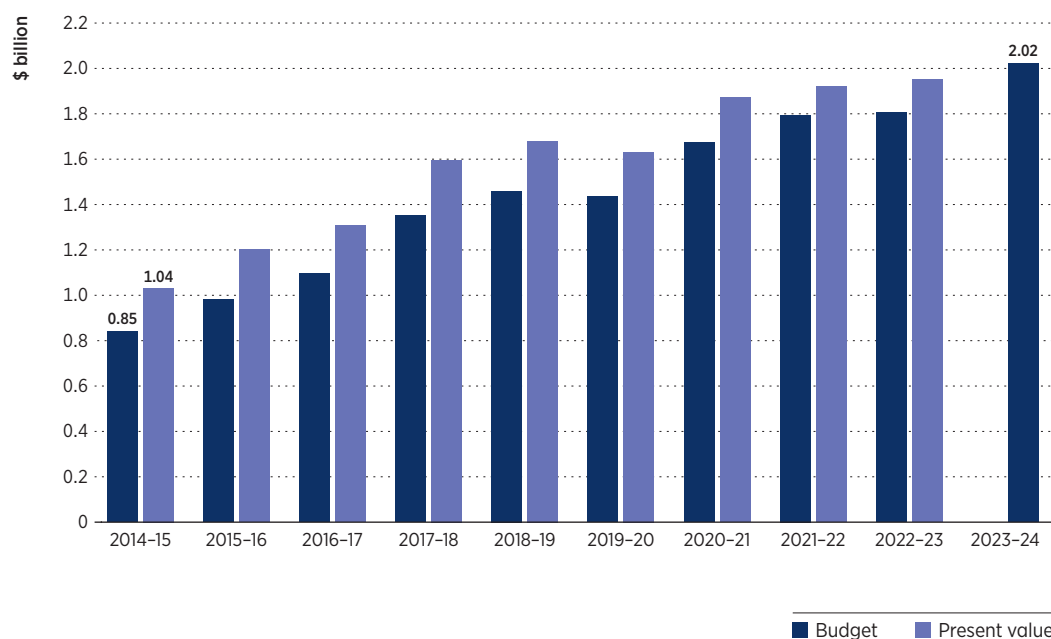
⁵⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 174 (Committee calculation)

⁵⁶ Hon Lizzie Blandthorn MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 1.

⁵⁷ Hon Lizzie Blandthorn MLC, *2023–24 Budget Estimates hearings presentation: Child Protection and Family Services*, p. 3.

demonstrating that the funding of \$2 billion for the portfolio in 2023–24 represents an actual doubling of funding for Child Protection and Family Services (illustrated in Figure 7.3).⁵⁸ Victoria’s population has grown by 14.8% between June 2014 and December 2022.⁵⁹ The hearings did not provide further context regarding why funding for Child Protection and Family Services had doubled, or why demand for such services is growing. According to the Minister, funding provided in the 2023–24 Budget is provided in part to ‘meet growing demand for family services’ and to ‘support an additional 1000 families each year’.⁶⁰

Figure 7.3 Total funding for the Child Protection and Family Services output from 2014–15 to 2023–24



Source: Hon Lizzie Blandthorn MP, Minister for Child Protection and Family Services, 2023–24 Budget Estimates hearing presentation, 15 June 2023, p. 2; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 174; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 197; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 201; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 214; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, p. 193; Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, Melbourne, 2018, p. 226; Department of Treasury and Finance, *Budget Paper No. 3: 2017–18 Service Delivery*, Melbourne, 2017, p. 228; Department of Treasury and Finance, *Budget Paper No. 3: 2016–17 Service Delivery*, Melbourne, 2016, p. 217; Department of Treasury and Finance, *Budget Paper No. 3: 2015–16 Service Delivery*, Melbourne, 2015, p. 222; Department of Treasury and Finance, *Budget Paper No. 3: 2014–15 Service Delivery*, Melbourne, 2014, p. 162; Reserve Bank of Australia, *Inflation calculator*, 2023, <<https://www.rba.gov.au/calculator/quarterDecimal.html>> accessed 23 August 2023 (Committee calculation).

58 Hon Lizzie Blandthorn MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 1; Department of Treasury and Finance, *Budget Paper No. 3: 2014–15 Service Delivery*, Melbourne, 2014, p. 162; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 176; Reserve Bank of Australia, *Inflation calculator*, 2023, <<https://www.rba.gov.au/calculator/quarterDecimal.html>> accessed 23 August 2023 (Committee calculation).

59 Australian Bureau of Statistics, *3218.0 – Regional Population Growth, Australia, 2013–14*, 31 March 2015, <<https://www.abs.gov.au/ausstats/abs@.nsf/Previousproducts/3218.0Main%20Features252013-14>> accessed 28 August 2023; Australian Bureau of Statistics, *National, state and territory population*, 15 June 2023, <<https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/dec-2022>> accessed 28 August 2023.

60 Hon Lizzie Blandthorn MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 14.

FINDING 68: Funding for the Child Protection and Family Services portfolio has doubled between 2014–15 and 2023–24, from \$1 billion (present value) to \$2 billion, while the State’s population has grown by approximately 15% over this time period.

Delivering improved outcomes for children in residential care

The 2023–24 Budget provides \$548.3 million over four years to the *Delivering improved outcomes for children in residential care* output initiative, which forms part of the *Roadmap for Reform: Strong Families, Safe Children* (the Roadmap).⁶¹ The Roadmap is the Government’s strategy to transform the child and family system by focusing on earlier intervention and prevention to reduce vulnerability and equip children and young people to reach their full potential.⁶²

The budget papers explain that this initiative will address demand for residential care placements, provide increased therapeutic supports in residential care homes, address child sexual exploitation and ensure children and young people live in suitable care arrangements to prevent entry into residential care.⁶³ At the hearings, the Minister referred to this initiative as the ‘biggest single investment in care services in a decade’.⁶⁴

The initiative includes:

- \$192.1 million to continue targeted care packages to support children to live in suitable care arrangements and prevent entry into residential care
- \$168.7 million for 2- and 3-bedroom residential care.⁶⁵

The Minister stated that the investment continues efforts to move toward a residential care system where all children have access to therapeutic supports.⁶⁶ According to the Australian Institute of Family Studies, ‘therapeutic residential care is intensive and time-limited care ... that responds to impacts of abuse, neglect and separation from the family. This is achieved through the creation of positive, safe, healing relationships and experiences informed by a sound understanding of trauma, damaged attachment, and developmental needs’.⁶⁷

The Minister explained that currently only 43% of residential care placements are funded to deliver therapeutic support for young people and the \$100.4 million included in the initiative will allow all four-bed residential care homes to access

⁶¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 40.

⁶² Department of Families, Fairness and Housing, *Roadmap for Reform: Strong Families, Safe Children*, n.d., <<https://www.dffh.vic.gov.au/publications/roadmap-reform-strong-families-safe-children>> accessed 22 August 2023.

⁶³ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 41.

⁶⁴ Hon Lizzie Blandthorn MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 2.

⁶⁵ Hon Lizzie Blandthorn MLC, *2023–24 Budget Estimates hearings presentation: Child Protection and Family Services*, p. 7.

⁶⁶ Hon Lizzie Blandthorn MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 7.

⁶⁷ Australian Institute of Family Studies, National Therapeutic Residential Care Working Group, *Therapeutic residential care in Australia: Taking stock and looking forward*, 2011, <https://aifs.gov.au/sites/default/files/publication-documents/issues35_0.pdf> accessed 23 August 2023, p. 2; Department of Families, Fairness and Housing, *Program requirements for the delivery of therapeutic residential care in Victoria*, Melbourne, October 2016, p. 10.

therapeutic support.⁶⁸ The initiative works towards increasing therapeutic care, with an aim of reaching a 75% increase in placements in 2024 before all children in residential care having access to therapeutic care by 2025–26.⁶⁹

FINDING 69: The 2023–24 Budget allocates \$548.3 million to the *Delivering improved outcomes for children in residential care* initiative, which forms part of the *Roadmap for Reform: Strong Families, Safe Children*. This includes \$100.4 million to increase the provision of therapeutic support in residential care, with an aim to ensure all children in residential care have access to this support by 2025–26, up from 43% of children in residential care placements.

7.6 Department-wide: key issues

7.6.1 Machinery of government changes

The machinery of government changes (MoG) effective on 1 January 2023 had no impact on DFFH and there were no costs to the department as a result.⁷⁰

7.6.2 Changes to output structure

In 2023–24, DFFH made no changes to its output structure.⁷¹ However, the 2022–23 departmental objective ‘Departmental services are high performing and responsive, and informed by Aboriginal voice, knowledge and cultural leadership’ has been replaced in 2023–24 by two new departmental objectives, ‘Our social services system is integrated, effective, person-centred and sustainable’ and ‘Aboriginal voice, knowledge and cultural leadership drive Aboriginal policy, legislation and system reform’ for enhanced clarity and greater emphasis.⁷²

7.7 Performance measures

7.7.1 Department-wide: analysis of new performance measures

DFFH added 11 new performance measures in the 2023–24 Budget, six of which replaced discontinued measures.⁷³ Table 7.3 summarises the issues the Committee identified with two of these performance measures by relevant output.

⁶⁸ Hon Lizzie Blandthorn MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 8; Hon Lizzie Blandthorn MLC, *2023–24 Budget Estimates hearings presentation: Child Protection and Family Services*, supplementary evidence, received 15 June 2023, p. 7.

⁶⁹ Hon Lizzie Blandthorn MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 8

⁷⁰ Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 127–128.

⁷¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 174.

⁷² *Ibid.*, pp. 173–174.

⁷³ *Ibid.*, pp. 387–388; Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 80–86.

Table 7.3 Issues identified with two new performance measures in 2023–24

Output	Performance measure	Issues identified by the Committee
Office for Disability (Quantity)	Victorian Disability Advisory Council meetings	<p>The new measure reports on the number of meetings held by the Victorian Disability Advisory Council (the Council), which oversees, monitors and drives the implementation of <i>Inclusive Victoria: state disability plan (2022–2026)</i> (the SDP). During these meetings, the Council is expected to review the progress of the implementation of the SDP and provide recommendations on improvement opportunities for the SDP.</p> <p>The budget papers state this measure will ensure the SDP is monitored appropriately throughout the year. However, holding meetings does not necessarily equate to appropriate monitoring nor does the quantity of meetings reflect or represent the outcomes of those meetings. This measure reports a minimum standard expected from the Council and instead, the Department of Families, Fairness and Housing (DFFH) should explore ways to report on the progress of the implementation of the SDP or the outcomes of the SDP itself.</p> <p>DFFH also reported this measure will replace the discontinued timeliness performance measure, ‘Departments report progress to Office for Disability on state disability plan responsibilities within agreed time frames’. The department noted a limitation of the new measure is its ‘proxy nature’ and that it ‘does not capture mid-way formal public reporting or informal departmental reporting against the state disability plan’. The Committee has stated in the past that ‘in addition to creating State disability plans, reporting against them is a fundamental part of the accountability process’. The Committee reiterates this point and recommends DFFH develop a performance measure that reports on formal public and informal departmental reporting against the SDP.</p>
Family Violence Service Delivery (Quantity)	Number of clients self-referring to The Orange Door	<p>The new measure replaces the 2022–23 performance measure ‘Support and Safety Hubs established’, which is proposed to be discontinued due to the completion of all 18 support and safety hubs.</p> <p>The Committee welcomes the new measure, which captures the number of clients contacting The Orange Door to access support for family violence or with the development and wellbeing needs of their children. However, the Committee recommends DFFH also report on the number of clients referred to The Orange Door via an L17 referral or by child protection. This will provide insight into the proportion of early intervention clients accessing The Orange Door services compared to the number of crisis referral clients.</p>

Source: Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 84–86; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 180, 184, 387–388; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 129.

RECOMMENDATION 37: The Department of Families, Fairness and Housing address the shortcomings identified by the Committee with the two new performance measures under the Office for Disability and Family Violence Service Delivery outputs with further, or altered, performance measures in the 2024–25 Budget.

7.7.2 Department-wide: analysis of modified performance measures

DDFH has modified 35 performance measures in the 2023–24 Budget.⁷⁴ Of these, 19 performance measure targets were modified within a 5% range of the 2022–23 target, nine were modified upwards by greater than 5%, and seven were modified downwards by less than -5%.⁷⁵ Table 7.4 below summarises several modifications to performance measures in 2023–24.

Table 7.4 Noteworthy modifications to performance measures in 2023–24

Output	Performance measure	2022–23 target	2023–24 target	Variation (%)	Explanation
Support to Veterans in Victoria (Quantity)	Number of veterans employed annually in the Victorian Public Sector	750	188	-74.9	The target has been reduced in 2023–24 to reflect an annual target rather than a four-year rolling average target, as set in 2022–23.
Housing Assistance (Quantity)	Number of public housing dwellings upgraded during year	2,665	2,000	-25.0	The target for the number of public housing dwellings upgraded has been reduced in 2023–24, reflecting the conclusion of the <i>Building Works Stimulus Program</i> , which was introduced to help businesses through the COVID-19 pandemic. However, the target for the number of Victorian Affordable Housing Program (VAHP) affordable housing dwellings has increased, reflecting increases in housing and rental stock resulting from the <i>Big Housing Build</i> and <i>Affordable Housing Rental Scheme</i> programs.
	Total number of Victorian Affordable Housing Program (VAHP) affordable housing dwellings	340	630	85.3	
Family Violence Service Delivery (Quantity)	Total assessments undertaken for children in the Support and Safety Hubs/The Orange Door	49,093	70,000	42.6	Increased targets for these two performance measures in 2023–24 reflect the expanded statewide operational assessment capacity of The Orange Door network, following the establishment of 18 support and safety hubs.
	Total assessments undertaken at the Support and Safety Hubs	75,370	100,000	32.7	

Source: Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 99–100, 102–103 (Committee calculation).

⁷⁴ Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 87–106.

⁷⁵ Ibid. (Committee calculation).

7.7.3 Department-wide: analysis of performance measures proposed to be discontinued

DFFH proposed ten performance measures be discontinued in the 2023–24 Budget. The Committee supports DFFH’s rationale for the discontinuation of these measures.⁷⁶ The Committee notes DFFH did not provide an explanation in the budget papers for the discontinuation of three measures.⁷⁷

RECOMMENDATION 38: The Department of Families, Fairness and Housing ensure future budget papers detail the department’s rationale for discontinuing proposed performance measures.

⁷⁶ Ibid., pp. 107–111.

⁷⁷ These performance measures are ‘Number of community leaders completing the LGBTIQ+ Leadership Program’, ‘Number of people who have attended government supported pride events and festivals’ and ‘Percentage of payments for events made within agreed timeframes’. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 387.

Chapter 8

Department of Jobs, Skills, Industry and Regions

8.1 Overview

The Department of Jobs, Skills, Industry and Regions (DJSIR) focuses on driving a strong and resilient economy that benefits all Victorians by:

- creating more opportunities for people through jobs and skills
- supporting businesses and industries to grow and prosper
- building vibrant communities and regions.¹

In 2023–24 DJSIR supports 13 portfolios: Community Sport, Creative Industries, Employment, Higher Education, Industry and Innovation, Manufacturing Sovereignty, Outdoor Recreation, Regional Development, Small Business, Suburban Development, Tourism, Sport and Major Events, Trade and Investment and Training and Skills.²

In 2023–24 DJSIR's objectives are to:

- create and maintain jobs
- foster a competitive business environment
- [generate] economic growth through trade and investment attraction
- build prosperous and liveable suburbs and regions, and manage and promote outdoor recreation
- grow vibrant, active and creative communities
- deliver high-quality training and skills to meet industry needs and jobs for a growing economy.³

Prior to the machinery of government (MoG) changes effective 1 January 2023 (Appendix B), the department was known as the Department of Jobs, Precincts and Regions (DJPR).⁴

This chapter examines the budget initiatives and key issues relevant to six portfolios: Employment, Training and Skills, Trade and Investment, Commonwealth Games Delivery and Commonwealth Games Legacy, and Creative Industries.

1 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 232.

2 Until 20 July 2023 the department also supported the portfolios of Commonwealth Games Delivery and Commonwealth Games Legacy. The Commissions for these ministries were withdrawn on 20 July 2023. Source: Ibid.; Victoria, *Victorian Government Gazette*, No. S 397, 20 July 2023, p. 1.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 233–235.

4 Victoria, *Victorian Government Gazette*, No. S 673, 5 December 2022, p. 1.

Department of Jobs, Skills, Industry and Regions

Formerly Department of Jobs, Precincts and Regions

Portfolios



- Community Sport
- Creative Industries
- Employment
- Regional Development
- Small Business
- Suburban Development
- Tourism, Sport and Major Events

- Commonwealth Games Delivery
- Commonwealth Games Legacy
- Higher Education
- Industry and Innovation
- Manufacturing Sovereignty
- Outdoor Recreation
- Trade and Investment
- Training and Skills

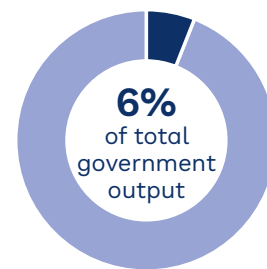
- Agriculture
- Business Precincts
- Industry Support and Recovery
- Innovation, Medical Research and the Digital Economy
- Local Government
- Racing
- Resources
- Trade

Total department output funding

2022–23 Budget **\$4.9b**

2022–23 revised Budget **\$6.0b**

2023–24 Budget **\$4.4b**



↓ **\$479.5m**

decrease compared to the 2022–23 Budget

\$980.5m

new output initiative spending, 2022–23 to 2026–27

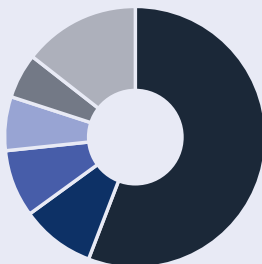
6th largest budget

of all Victorian Government departments

↓ **\$1.6b**

decrease compared to the 2022–23 revised Budget

Department funding by output, 2023–24



- Training, Higher Education and Workforce Development **\$2.5b**
- Creative Industries Portfolio Agencies **\$405.1m**
- Industry, Innovation and Small Business **\$369.0m**
- Sport and Recreation **\$297.3m**
- Tourism and Major Events **\$247.7m**
- Other* **\$624.9m**

* Includes 7 outputs with budgets <\$247.7m.

New output initiatives with largest funding allocation, 2022–23 to 2026–27



\$201.2m

Investment into community sport and active recreation infrastructure

\$90.5m

Free TAFE and skills demand

39 new output initiatives

\$186m

Backing TAFE for the skills Victoria needs

\$89.7m

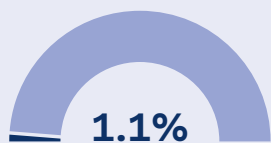
Supporting TAFEs to meet priority skills demand

Infrastructure program, 2023–24 (\$813.2m)

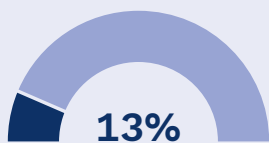


■ Total estimated investment in new projects

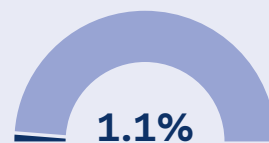
■ Department's existing infrastructure program



of total government infrastructure projects



of existing infrastructure projects had a revised completion date



of all new infrastructure projects in the general government infrastructure program

New infrastructure projects with highest total investment, 2022–23 to 2026–27



3 new infrastructure projects

\$170m

Building Better TAFE Fund

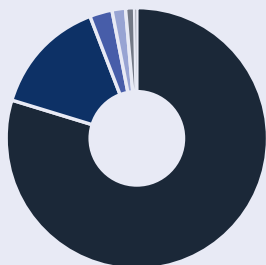
\$3.9m

Recreational boating infrastructure improvements

\$15m

Go Fishing Victoria

Money in, 2023–24 (\$4.1b)



- Output appropriations **\$3.2b**
- Sales of goods and services **\$582m**
- Grants **\$109m**
- Other revenue and income **\$74m**
- Interest income **\$37m**
- Fair value of assets and services received free of charge or for nominal consideration **\$2m**

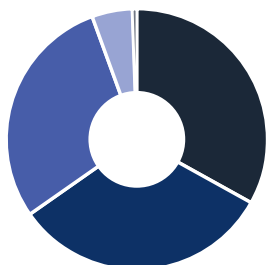
↓ **\$1.3b**

decrease compared to the 2022–23 revised Budget

↑ **\$931m**

increase compared to the 2022–23 Budget

Money out, 2023–24 (\$4.1b)



- Other operating expenses **\$1.4b**
- Employee benefits **\$1.3b**
- Grant expense **\$1.2b**
- Depreciation **\$200m**
- Interest expense **\$4m**

↓ **\$1.4b**

decrease compared to the 2022–23 revised Budget

↑ **\$982m**

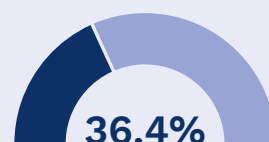
increase compared to the 2022–23 Budget

Total funding department received from Treasurer's Advances, 2021–22 (\$5.5b)



■ Not related to COVID-19

■ Related to COVID-19



of total Treasurer's Advances made across government in 2021–22

8.2 Financial analysis

In comparison to previous years, this year's budget funding for DJSIR is reduced due in part to MoG (departmental restructuring) changes.⁵ During the pandemic the former DJPR was at the forefront of the COVID-19 response, distributing over \$500 million in grant programs in 2021–22 to support several industries during the pandemic, including tourism, creative arts and hospitality.⁶

In the 2023–24 Budget DJSIR has an operating deficit forecast of \$57 million, compared to a revised operating deficit of \$130 million in 2022–23.⁷ DJSIR's output appropriations are budgeted at \$3.2 billion, a decrease of \$1.1 billion (25.1%) compared to the 2022–23 revised Budget. The variation is due to 'completion of initiatives or reduced funding profiles, including for COVID-19 related funding ... [and] Flood Relief and Recovery and funding held centrally to be released to DJSIR during 2023–24'.⁸ Further details of the nature of the 'funding held centrally to be released' are not provided in the budget papers or the response to the Committee's questionnaire.

FINDING 70: In the 2023–24 Budget, the Department of Jobs, Skills, Industry and Regions has an operating deficit forecast of \$57 million. Output appropriations are budgeted as \$3.2 billion, a 25.1% reduction on the 2022–23 revised Budget figure. The variation in output appropriations is due to the completion or reduced funding for COVID-19, flood relief and recovery initiatives and funding held centrally to be released.

Many of the output initiatives contained in this year's budget for DJSIR are funded for the 2023–24 and 2024–25 financial years only.⁹ The 2023–24 Regional Development output target of \$106.6 million is:

- a 39.5% reduction on the 2022–23 Budget figure (\$176.2 million)
- a 49.6% reduction of the 2022–23 revised Budget figure (\$211.5 million).¹⁰

The budget papers state the variation between the 2022–23 Budget and 2023–24 Budget for this output 'reflects the funding profile for a range of initiatives, primarily the Regional Jobs and Infrastructure Fund'.¹¹ The fund provides grants to support economic development in rural and regional Victoria and has been in operation since 2015.¹²

⁵ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 31 May 2023, pp. 17–18.

⁶ Department of Jobs, Precincts and Regions, *Annual Report 2021–22: Appendix 13*, Melbourne, 2022, pp. 300–301 (Committee calculation).

⁷ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 111.

⁸ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 16 (Committee calculation).

⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 70–71.

¹⁰ *Ibid.*, p. 237 (Committee calculation).

¹¹ *Ibid.*, p. 250.

¹² Parliament of Victoria, Public Accounts and Estimates Committee, *Report in the 2022–23 Budget Estimates*, August 2022, p. 141.

DJSIR has a total savings target of \$11.3 million for 2023–24. DJSIR aims to achieve this target ‘largely by realising synergies and efficiencies in the new DJSIR following machinery of government changes and through efficient corporate support’.¹³ The department also indicated that expenditure on contractors over 2023–24 is expected to decrease.¹⁴ As the Secretary of DJSIR told the Committee, ‘the department will be smaller next year than it has been this year’.¹⁵

8.3 Employment portfolio: key issues

The Minister for Employment is responsible for the Jobs output (funding in 2023–24: \$173 million), which is shared with the Minister of Industry and Innovation.¹⁶ Funding for the Jobs output in this year’s budget is a 55.6% reduction on the 2022–23 Budget figure.¹⁷

8.3.1 Jobs Victoria

The *Jobs Victoria* output initiative will receive \$35.1 million in the 2023–24 Budget, comprised of appropriations and reprioritised funding from the initiatives *Sick Pay Guarantee* (\$6 million) and *Social Services Jobs Guarantee* (\$4 million).¹⁸

The *Jobs Victoria* initiative aims to improve labour market outcomes for jobseekers who experience ‘entrenched disadvantage’.¹⁹ Programs delivered by Jobs Victoria include the *Jobs Victoria Mentors* program providing personalised support to the most difficult to place jobseekers, and the *Ready Set* program that provides clothing and coaching services for people seeking employment and preparing for job interviews.²⁰

The program expanded during the pandemic, and has supported more than 54,000 people into jobs since mid-2020.²¹ However, the budget papers indicate the program is now ‘reverting to a pre-pandemic operating model’, with a large fall in the 2023–24 target for the ‘Disadvantaged jobseekers who gain employment with the support of Jobs Victoria’ performance measure (2023–24 target: 1,500) compared to the 2022–23 (target: 6,630; expected outcome: 13,828) and 2021–22 (outcome: 13,416).²²

¹³ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 72.

¹⁴ *Ibid.*, p. 121.

¹⁵ Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, 2023–24 Budget Estimates (Employment) hearing, Melbourne, 6 June 2023, *Transcript of evidence*, p. 3.

¹⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 237; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 136.

¹⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 237.

¹⁸ *Ibid.*, p. 70; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 73–74 (Committee calculation).

¹⁹ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 26.

²⁰ *Ibid.*; Hon Ben Carroll MP, 2023–24 Budget Estimates hearings presentation: *Employment*, supplementary evidence received 6 June 2024, p. 7–8.

²¹ Hon Ben Carroll MP, Minister for Employment, 2023–24 Budget Estimates (Employment) hearing, Melbourne, 6 June 2023, *Transcript of evidence*, p. 2; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 241.

²² Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 240–241.

The 2023–24 target of 1,500 is effectively 11% of the number of people the department expects to access the program (13,828) in 2022–23.²³

At the hearings the Minister and departmental officials were asked if the 2023–24 target of 1,500 was realistic, given over 13,000 unemployed people accessed the program each year over the previous two years.²⁴ The Committee was informed that the new target reflects ‘projected levels of demand based on the level of resource that we are allocating’, as well as improved post-pandemic labour market conditions for jobseekers.²⁵ The Committee was also informed other support services are available for disadvantaged job seekers who seek assistance from Jobs Victoria but may not be able to access support due to funding constraints, such as the Technical and Further Education (TAFE) skills and job centres or Commonwealth Government employment support.²⁶ The Commonwealth Government is also currently undertaking a review, the *Employment White Paper*, which will focus on the objectives of full employment and productivity growth.²⁷

During the hearings it was noted that funding for the *Jobs Victoria* initiative currently only extends for the next two years, and that ‘future funding beyond the two years supported in this budget is a matter for the government as part of future budget deliberations’.²⁸

FINDING 71: The *Jobs Victoria* output initiative will receive \$35.1 million over 2023–24 and 2024–25. After expansion during the COVID-19 pandemic, the program has been scaled back with the expected target of disadvantaged jobseekers accessing the program over 2023–24 reduced to 11% of the 2022–23 expected target, and will now only provide services for the most disadvantaged jobseekers. The Commonwealth is responsible for supporting jobseekers and is currently undertaking a review into employment.

8.3.2 Sick Pay Guarantee

The *Sick Pay Guarantee* is a two year pilot that commenced in 2021–22 at the height of the COVID-19 pandemic, allowing casual and contract workers to access sick pay at the national minimum wage of \$21.38 an hour, ensuring they do not attend the workplace while they are ill.²⁹ The scheme has targeted casual and contract workers in sectors such as care, retail, security, supply chain, cleaning and food preparation roles aged 15 years and older.³⁰

²³ Ibid., p. 240 (Committee calculation).

²⁴ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Employment) hearing, Melbourne, 6 June 2023, *Transcript of evidence*, p. 12.

²⁵ Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, *Transcript of evidence*, p. 12.

²⁶ Ms Laura Trengove, Executive Director, Employment Policy and Strategy Division, Department of Jobs, Skills, Industry and Regions, 2023–24 Budget Estimates (Employment) hearing, Melbourne, 6 June 2023, *Transcript of evidence*, p. 12.

²⁷ Australian Government, Department of Treasury, *Employment White Paper*, n.d., <<https://treasury.gov.au/review/employment-whitepaper>> accessed 4 September 2023.

²⁸ Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, *Transcript of evidence*, p. 5.

²⁹ Hon Ben Carroll MP, Minister for Employment, *Transcript of evidence*, p. 4.

³⁰ Ibid.

In the 2022–23 Budget the scheme was allocated \$245.7 million over three years.³¹ At the hearings the Secretary confirmed that \$40 million had been paid to date in 2022–23 in claims, out of a budgeted \$138.2 million for the scheme that financial year.³² In its questionnaire response the department indicated \$80 million has been allocated for the program over 2023–24.³³ No reason was provided by the department regarding the large discrepancy between the original budget of \$138.2 million and the revision to \$80 million over 2023–24 in the questionnaire response.³⁴

The Committee heard that the Government intends to run this program as a pilot for two years before evaluating its efficacy.³⁵ The Minister also told the Committee that he intends to advocate ‘that the Commonwealth government should very much look at not only our *Jobs Victoria* tailored approach but also the work we are doing through the *Sick Pay Guarantee* scheme’.³⁶ The Minister advised that employment and related entitlements are ‘predominantly a Commonwealth responsibility’.³⁷

FINDING 72: *Sick Pay Guarantee* claims to date in 2022–23 (\$40 million) are below the original budget estimate (\$138.2 million). The Department of Jobs, Skills, Industry and Regions will continue with the pilot program in 2023–24.

RECOMMENDATION 39: The Department of Jobs, Skills, Industry and Regions publish the evaluation of the *Sick Pay Guarantee* scheme once the pilot program has been completed.

8.4 Training and Skills portfolio: key issues

The Minister for Training and Skills is responsible for the Training, Higher Education and Workforce Development output (funding in 2023–24: \$2.5 billion).³⁸ This output accounts for 55.9% of DJSIR’s total output funding for 2023–24.³⁹ Prior to this budget the portfolio was located in the former Department of Education and Training.⁴⁰

³¹ Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 73 (Committee calculation).

³² Ibid.; Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, *Transcript of evidence*, p. 6.

³³ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 74.

³⁴ Ibid.

³⁵ Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, *Transcript of evidence*, p. 6.

³⁶ Hon Ben Carroll MP, Minister for Employment, *Transcript of evidence*, p. 6.

³⁷ Ibid.

³⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24* p. 237; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 150.

³⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 237 (Committee calculation).

⁴⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 138–139.

8.4.1 Skills shortages and the role of the training sector

Throughout the hearings the Committee heard about Victoria's strong labour market position, with low unemployment and a declining underemployment rate.⁴¹ As the level of migration in Victoria starts to return to pre-COVID levels, job vacancies remain very high, and the labour market continues to experience ongoing skills shortages.⁴²

To assist the Government to plan and fund training and skills development to match the requirements of the labour market, the Victorian Skills Authority (VSA) released the *2022/23 Victorian Skills Plan* in August 2022.⁴³ The *Skills Plan* contains three year occupational and industry forecasts and 11 actions the VSA intends to undertake over the next three years to bolster skills and training development, better align the training system with industry skills needs and integrate the Vocational Education and Training (VET) sector with the schools and higher education systems.⁴⁴

The *Victorian Skills Plan* estimates that 373,000 extra workers will be needed in Victoria by 2025.⁴⁵ The health and community services industry will require the most new workers in the coming years (64,700), followed by professional services (47,400) and the education and training industry (41,000).⁴⁶ Professional services includes scientific research, architecture, engineering, law, accountancy, management consultancy, and computer systems design.

FINDING 73: The *Victorian Skills Plan* estimates Victoria will require an extra 373,000 workers by 2025, with most workers required in the health and community services industry, followed by professional services workers and the education and training industry.

In the *Report on the 2022–23 Budget Estimates*, the Committee recommended that performance measures be developed to track the outcomes of the priorities and actions of the *Victorian Skills Plan*.⁴⁷ This was not supported by the Government as 'the outcomes of the priorities and actions of the *Victorian Skills Plan* are best measured through the existing suite of [budget paper] performance measures that cover training activity, student and employer satisfaction levels, and completion rates'.⁴⁸

41 Hon Ben Carroll MP, *2023–24 Budget Estimates hearings presentation: Employment*, p. 2.

42 Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2023, pp. 2, 22, 29, 30, 36, 48; Hon Gayle Tierney MLC, *2023–24 Budget Estimates hearings presentation: Training and Skills and Higher Education*, supplementary evidence received 6 June 2023, p. 2.

43 Victorian Skills Authority, *Victorian Skills Plan 2022/23*, Melbourne, 2022, p. 2; Victorian Government, *A shared vision for skills-led solutions*, 5 July 2023, <<https://www.vic.gov.au/victorian-skills-plan-2022>> accessed 26 July 2023.

44 Victorian Skills Authority, *Victorian Skills Plan 2022/23*, pp. 23, 26–27, 30–50.

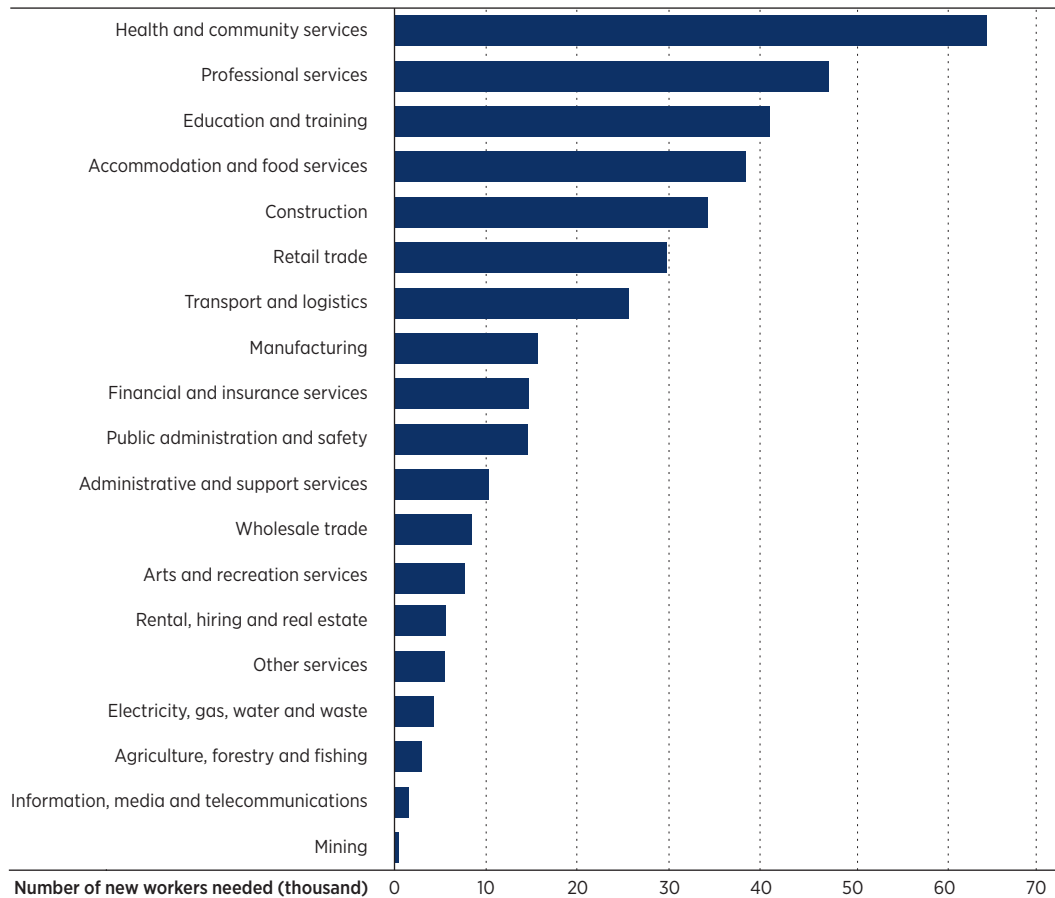
45 Hon Gayle Tierney MLC, *2023–24 Budget Estimates hearings presentation: Training and Skills and Higher Education*, p. 2.

46 Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, 2023–24 Budget Estimates hearing, response to questions on notice received 15 June 2023, pp. 1–2.

47 Recommendation 19. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report in the 2022–23 Budget Estimates*, August 2022, p. 60.

48 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, 9 March 2023, p. 8.

Figure 8.1 New workers needed by 2025 by Australia and New Zealand Standard Industrial Classification industry



Source: Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, 2023–24 Budget Estimates hearing, response to questions on notice received 15 June 2023, pp. 1–2.

The VSA is a relatively new organisation, and the *Victorian Skills Plan* is the first of what is planned to be an annually-updated publication, drawing on robust and detailed data based on national and international sources and extensive consultation with key industry stakeholders.⁴⁹ In addition to forecasting and analysing occupation and skills demand, the *Victorian Skills Plan* also articulates a three year workplan for the organisation in terms of skills delivery and reform.⁵⁰

Given the importance and value of the *Victorian Skills Plan* in filling skills shortages and meeting workforce requirements, the VSA should consider reporting on the outcomes of priorities and actions outlined in the *Skills Plan* every three years, to align with the timing of its 11 stated actions.⁵¹

⁴⁹ Victorian Skills Authority, *Victorian Skills Authority*, 14 July 2023, <<https://www.vic.gov.au/victorian-skills-authority>> accessed 27 July 2023; Victorian Skills Authority, *Victorian Skills Plan 2022/23*, pp. 3, 4, 8.

⁵⁰ Victorian Skills Authority, *Victorian Skills Plan 2022/23*, pp. 30–50.

⁵¹ Ibid.

RECOMMENDATION 40: The Victorian Skills Authority include a section that reports on the outcomes of their three-year priorities and actions in the 2025 *Victorian Skills Plan*.

8.4.2 Free TAFE

During the hearings the Minister discussed *Free TAFE* courses with the Committee, and how *Free TAFE* would work to deliver courses and skilled workers in priority areas.⁵²

The Minister advised the Committee of the changing nature of an individual's career pathway, as 'workers today may have as many as 18 jobs across six careers in a working life'.⁵³ In recognition of this development, the Government is removing the 'once-in-a-lifetime' limit on access to courses attracting the *Free TAFE* subsidy for individuals who already hold higher level qualifications, or who wish to access more than one *Free TAFE* course. This will be funded through the \$186 million *Backing TAFE for the Skills Victoria Needs* output initiative from 2022–23 to 2024–25.⁵⁴

The Minister expects this initiative will act as an incentive for people who have not accessed or considered the VET system in the past to retrain for a new occupation, including people who would typically only consider university courses for further study or retraining.⁵⁵ Introducing applied vocational training to meet skills shortages in tech industry occupations that have traditionally required university level qualifications is another aim set out by the VSA in the *Victorian Skills Plan*.⁵⁶

FINDING 74: The \$186 million *Backing TAFE for the Skills Victoria Needs* output initiative will expand access to training by allowing individuals to enrol in more than one course attracting the *Free TAFE* subsidy, as well as people who already hold higher level qualifications.

8.5 Trade and Investment portfolio: key issues

The Minister for Trade and Investment is responsible for the Trade and Investment output, and the sub-outputs Trade and Global Engagement and Investment Attraction (combined funding in 2023–24: \$159.5 million).⁵⁷

⁵² Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, 2023–24 Budget Estimates (Training and Skills and Higher Education) hearing, Melbourne, 6 June 2023, *Transcript of evidence*, p. 5.

⁵³ *Ibid.*, p. 3.

⁵⁴ *Ibid.*; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 70, 80 (Committee calculation).

⁵⁵ Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, *Transcript of evidence*, p. 6.

⁵⁶ Victorian Skills Authority, *Victorian Skills Plan 2022/23*, p. 23.

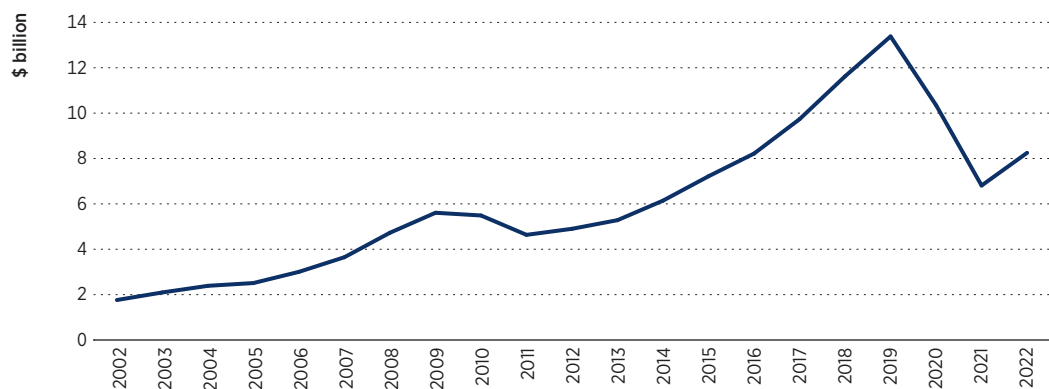
⁵⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 237; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 144.

8.5.1 International education

International education is one of Victoria's major exports and experienced a fall over the course of the pandemic. During the *Inquiry into the Victorian Government's Response to the COVID-19 Pandemic*, the Committee heard about the impact the pandemic had on Victoria's international student population.⁵⁸

International student enrolments are increasing from their pandemic levels.⁵⁹ The budget papers state that over 2023–24 Victorian 'services exports are ... expected to grow strongly, led by further demand from international students'.⁶⁰ In 2022, Victorian education-related travel exports rebounded by 21.2% over the previous year to reach \$8.4 billion.⁶¹

Figure 8.2 Value of education-related travel export services, Victoria, 2002 to 2022



Source: Australian Bureau of Statistics, Table 3.2, *International Trade: Supplementary Information, Calendar Year*, cat. no. 5368.0.55.004, 14 July 2023, <<https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-calendar-year/latest-release#data-downloads>> accessed 26 July 2023.

The Minister for Trade and Investment explained the importance of the sector, noting beyond contributing to approximately 41,000 jobs to the Victorian economy, international students form 'an important part of our state's rich multicultural society' and are also 'critical part-time workers'.⁶²

FINDING 75: Victoria's international education exports are returning from pandemic levels, growing by 21% over the previous year to reach \$8.4 billion in 2022.

⁵⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government's Response to the COVID 19 Pandemic*, February 2021, p. 246.

⁵⁹ Australian Government, Australian Trade and Investment Commission, *Education Data* (Monthly summary, Pivot tables), <<https://www.austrade.gov.au/australian/education/education-data/current-data/pivot-tables>> accessed 27 July 2023.

⁶⁰ Department of Treasury and Finance, *Budget Paper No 2: 2023–24*, p. 28.

⁶¹ Australian Bureau of Statistics, Table 3.2, *International Trade: Supplementary Information, Calendar Year*, cat. no. 5368.0.55.004, 14 July 2023, <<https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-calendar-year/latest-release#data-downloads>> accessed 26 July 2023.

⁶² Mr Tim Pallas MP, Minister for Trade and Investment, 2023–24 Budget Estimates (Trade and Investment) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, pp. 5–6.

In 2022 DJPR released *Victoria's International Education Recovery Plan 2025*, which outlines a series of goals and actions to restore the sector, incorporating innovations developed over the COVID-19 pandemic (such as off-shore delivery and access to micro-credentials) and maintaining Melbourne and Victoria's market share against national and international competitors.⁶³

The success of initiatives outlined in the *Recovery Plan* will be assessed by the following measures:

- maintaining a high annual proportion of international student satisfaction with Study Melbourne programs delivered in Victoria and internationally
- annual growth in proportion of Victorian international students who are satisfied with living in Australia
- annual growth in proportion of Victorian international students employed after graduation
- annual growth in the number of international student commencements from Victoria's established, growth and emerging markets
- annual growth in Victoria's proportion of international student enrolments with Australian providers
- annual growth in annual export outcomes facilitated by the Victorian Government's Global Education Network.⁶⁴

RECOMMENDATION 41: The Department of Jobs, Skills Industries and Regions publish timely data relating to the *International Education Recovery Plan 2025's* measures of success in half-yearly or yearly intervals on the Study Melbourne website.

Other measures the Government has introduced to support Victoria's international student population include:

- distributing welcome back packs to approximately 5,000 returning international students (noting that 41,255 study visas were issued to prior international student visa holders undertaking tertiary education in Victoria for 2022–23)⁶⁵
- establishing the Study Melbourne Hub, a study centre based in Flinders Lane that offers free advice and counselling services to international tertiary students
- expanding the International Student Travel Pass that gives holders public transport concessions covering three, six and 12 month timeframes, and state-wide travel at a 50% discount for eligible students.⁶⁶

⁶³ Ibid., p. 1; Department of Jobs, Precincts and Regions, *Victoria's International Education Recovery Plan 2025*, Melbourne, 2022, pp. 6, 21, 24.

⁶⁴ Department of Jobs, Precincts and Regions, *Victoria's International Education Recovery Plan 2025*, p. 30.

⁶⁵ Australian Government, *Student Visa Program*, 27 July 2023, <<https://data.gov.au/dataset/ds-dga-324aa4f7-46bb-4d56-bc2d-772333a2317e/details>> accessed 1 August 2023.

⁶⁶ Mr Tim Pallas MP, *2023–24 Budget Estimates hearings presentation: Trade and Investment*, supplementary evidence received 2 June 2023, p. 3.

While international student numbers are returning from pandemic levels, there is concern about the ongoing vulnerability of international students, and this was discussed at the hearings. The current shortage of rental accommodation was one area identified by the Committee where international students could be readily exploited.⁶⁷

When examples of exploitation were raised at the Trade and Investment portfolio hearing, the Treasurer stated he ‘would not see that the state would necessarily have great capacity to influence what is being said overseas’ by education agents and how they represented studying in Victoria.⁶⁸ At the hearing for the Training and Skills portfolio, the department informed the Committee that students who feel they are being exploited and are in need of support should access ‘the international student centre that is in Hardware Lane’ and students ‘really do need to raise these issues, either with their local member but also of course with the university or the TAFE that they are attending’.⁶⁹ There is lack of clarity regarding the Victorian Government’s role and responsibility in terms of international migration agents and the wellbeing of international students.

FINDING 76: While the Department of Jobs, Skills, Industry and Regions has introduced several measures to support Victoria and Melbourne’s international student population, such as the Study Melbourne Hub in Hardware Lane, international students are still susceptible to exploitation.

8.6 Commonwealth Games Delivery and Commonwealth Games Legacy portfolios: key issues

The Commonwealth Games Ministers were jointly responsible for the Sport and Recreation output (funding in 2023–24: \$297.3 million), shared with the Minister for Tourism, Sport and Major Events and the Minister for Community Sport.⁷⁰ The two Commonwealth Games Ministers resigned their portfolios on 20 July 2023 due to the cancellation of the Victorian Commonwealth Games on 18 July 2023.⁷¹

8.6.1 Cancellation of the Victorian 2026 Commonwealth Games

On 18 July 2023 the Premier announced regional Victoria would no longer be hosting the 2026 Commonwealth Games after the original \$2.6 billion budget for the event faced an upward revision to over \$6 billion, once ‘significant planning work and

⁶⁷ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Trade and Investment) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, p. 7.

⁶⁸ Mr Tim Pallas MP, Minister for Trade and Investment, *Transcript of evidence*, pp. 7–8.

⁶⁹ Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, *Transcript of evidence*, p. 17; Mr Tim Ada, Secretary, Department of Jobs, Skills, Industries and Regions, 2023–24 Budget Estimates (Training and Skills and Higher Education) hearing, Melbourne, 6 June 2023, *Transcript of evidence*, p. 17.

⁷⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 237; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 147, 152, 153.

⁷¹ Victoria, *Victorian Government Gazette*, No. S 397, 20 July 2023, p. 1.

extensive market soundings' had been completed.⁷² Commonwealth Games Australia has disputed the revised increase in costs associated with hosting the Games cited by the Premier.⁷³ In August 2023 the Government released the revised costings of the Games, which it based its decision on.⁷⁴

Considering the variation between the estimated cost originally announced in April 2022 and the revised cost announced when the Games were cancelled, it would be useful for the community to know how the original estimate of \$2.6 billion was forecast, including any cost-benefit analysis. This was also a recommendation of the Committee in its *Report on the 2022–23 Budget Estimates*, which was supported-in-principle by the Government.⁷⁵

In the interest of further transparency regarding the cancellation of the Games, DJSIR should also consider publishing information regarding how the revised forecast was estimated. Additionally, the Government should consider publishing information regarding any compensation paid from public funds for the cancellation of the Games and any other costs attributable to the cancellation of the Games.

The Committee notes the cancellation of the Commonwealth Games is subject to a Victorian Auditor-General's Office audit and a Victorian Parliamentary Select Committee inquiry on the 2026 Commonwealth Games Bid.⁷⁶

FINDING 77: The Government announced Victoria would no longer be hosting the 2026 Commonwealth Games after the original \$2.6 billion budget for the event faced an upward revision to over \$6 billion.

RECOMMENDATION 42: The Department of Jobs, Skills, Industries and Regions publicly release a detailed breakdown of the original \$2.6 billion forecast cost of hosting the 2026 Commonwealth Games, as well as any cost-benefit analysis undertaken, and a detailed breakdown of the revised approximate of \$6 billion forecast cost of hosting the 2026 Commonwealth Games.

72 Hon Daniel Andrews MP, *Commonwealth Games Costs Too High At Over \$6 Billion*, media release, Melbourne, 18 July 2023; Parliament of Victoria, Public Accounts and Estimates Committee, *Report in the 2022–23 Budget Estimates*, p. 147.

73 Commonwealth Games Australia, *CGA Statement from Craig Phillips AM – Victoria 2026*, media release, Melbourne, 18 July 2023.

74 Victorian Government, *Commonwealth Games 2026*, 1 September 2023, <<https://www.vic.gov.au/commonwealth-games-2026>> accessed 4 September 2023.

75 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–2023 Budget Estimates*, p. 31.

76 Victorian Auditor-General's Office, *Withdrawal from Commonwealth Games 2026, 2023*, <<https://www.audit.vic.gov.au/report/withdrawal-commonwealth-games-2026>> accessed 4 September 2023; Parliament of Victoria, *Select Committee on the 2026 Commonwealth Games Bid, 2023*, <<https://new.parliament.vic.gov.au/get-involved/committees/select-committee-on-the-2026-commonwealth-games-and-the-progress-of-the-regional-infrastructure-build>> accessed 4 September 2023.

RECOMMENDATION 43: The Government announce the details of any costs incurred to the State of Victoria as a result of the cancellation of the Commonwealth Games as soon as they are known.

8.6.2 Output and asset initiatives for regional Victoria

There was no specific new output or asset initiative in the 2023–24 Budget relating to the Commonwealth Games. The event received \$2.6 billion across the forward estimates in the *2026 Victorian Commonwealth Games* output initiative in the 2022–23 Budget.⁷⁷ In this year's budget papers, there were also no asset costs for capital projects associated with the Commonwealth Games in Budget Paper No. 4, although planning for infrastructure projects had commenced, as multiple announcements had occurred, tender documents released, and executive appointments made.⁷⁸

The Government has committed to spending \$2 billion on housing, sporting infrastructure and tourism attraction initiatives based in several regional Victorian cities, including those that were going to host Commonwealth Games events.⁷⁹

The revised infrastructure program for permanent facilities now includes:

- an indoor sporting complex in Waurn Ponds, an aquatic centre in Armstrong Creek and upgrades to hockey facilities in Torquay⁸⁰
- stadium upgrades at Bendigo Stadium and an additional exhibition shed at the Bendigo Showgrounds⁸¹
- upgrades including provision of 5,000 extra permanent seats for Eureka Stadium and an upgrade to Ballarat's train station⁸²
- BMX facilities in Shepparton⁸³
- upgrades to the Gippsland Sports and Entertainment Park and a new shooting range development at Morwell, indoor sports centre refurbishment for Traralgon and facility upgrades at Moe.⁸⁴

The Government also announced a \$150 million *Regional Tourism and Events Fund* for regional events, regional tourism infrastructure and regional tourism marketing and

⁷⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 73 (Committee calculation).

⁷⁸ Hon Jacinta Allan MP, *2023–24 Budget Estimates hearings presentation: Commonwealth Games Delivery*, supplementary evidence received 13 June 2023, pp. 6–7; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 76.

⁷⁹ Hon Daniel Andrews MP, *More Homes As Well As Sports Upgrades In Geelong*, media release, Melbourne, 18 July 2023.

⁸⁰ Ibid.

⁸¹ Hon Daniel Andrews MP, *More Homes As Well As Sports Upgrades In Bendigo*, media release, Melbourne, 18 July 2023.

⁸² Hon Daniel Andrews MP, *Upgrades For Ballarat Sporting Venues Confirmed*, media release, Melbourne, 18 July 2023.

⁸³ Hon Daniel Andrews MP, *Sports Upgrades For Shepparton Confirmed*, media release, Melbourne, 18 July 2023.

⁸⁴ Hon Daniel Andrews MP, *More Homes With Sports Upgrades In Gippsland*, media release, Melbourne, 18 July 2023.

a \$1 billion *Regional Housing Fund* that will create approximately 1,300 new homes in regional Victoria.⁸⁵

The Committee previously recommended the Victorian Government regularly report on the Commonwealth Games costs, divided into asset and output funding.⁸⁶ This was supported-in-principle by the Government, noting that in addition to the standard reporting mechanisms of output costs reporting in Budget Paper No. 3 and asset funding expenditures reporting in Budget Paper No. 4, expenditure relating to the Commonwealth Games will be reported in both DJSIR's and the Organising Committee's annual reports.⁸⁷ The Committee reiterates the need for accurate reporting of expected and actual output and asset costs for the new initiatives announced after the cancellation of the Commonwealth Games.

FINDING 78: The Government announced a \$2 billion funding package for regional Victoria after the Commonwealth Games was cancelled. This includes infrastructure development and upgrades to sporting facilities across regional Victoria including the Geelong region, Bendigo, Shepparton, Ballarat and Gippsland, a \$150 million *Regional Tourism and Events Fund* and a \$1 billion *Regional Housing Fund*.

RECOMMENDATION 44: The Department of Jobs, Skills, Industry and Regions report on the regional initiatives announced as part of the Commonwealth Games cancellation, the *Regional Tourism and Events Fund* and the *Regional Housing Fund* in the 2023–24 Budget Update and in Budget Paper No. 4 in coming years.

8.7 Creative Industries portfolio: key issues

The Minister for Creative Industries is responsible for three outputs: Creative Industries Access, Development and Innovation (funding in 2023–24: \$35.2 million), Creative Industries Portfolio Agencies (funding in 2023–24: \$405.1 million) and Cultural Infrastructure and Facilities (funding in 2023–24: \$54 million).⁸⁸

8.7.1 Victorian music and community broadcasting initiative

In the 2023–24 Budget \$35.6 million has been allocated over the forward estimates to the *Victorian Music and Community Broadcasting* output initiative.⁸⁹

⁸⁵ Hon Daniel Andrews MP, *Tourism Boost To Bring More Visitors To Regional Victoria*, media release, Melbourne, 21 July 2023; Hon Daniel Andrews MP, *Commonwealth Games Costs Too High At Over \$6 Billion*, media release.

⁸⁶ Parliament of Victoria, Public Accounts and Estimates Committee, *Report in the 2022–23 Budget Estimates*, p. 148.

⁸⁷ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, p. 29.

⁸⁸ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 138; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 237.

⁸⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24* p. 70; Creative Victoria, *Victorian Budget 2023/24*, 23 May 2023, <<https://creative.vic.gov.au/news/2023/Victorian-Budget-202324>> accessed 30 June 2023 (Committee calculation).

Prior to the COVID-19 pandemic, Melbourne and regional Victoria had a celebrated live music scene that not only made a valuable contribution to the economy but also formed a distinct part of the social and cultural fabric of the State.⁹⁰ The cancellation of live performances throughout the COVID-19 pandemic put the sector under extreme duress.⁹¹ DJSIR's *Creative State 2025* strategy recognises this impact on Victoria's creative industries including music, stating the COVID-19 pandemic revealed the structural vulnerabilities of the sector.⁹²

The *Victorian Music and Community Broadcasting* initiative aims to address several of these issues by allocating:

- \$20 million for the *Always Live* program
- \$7.5 million to the *Live Music Performers Fund*, to support live music gigs with a focus on local artists and venues, with 25% of all performances based in regional Victoria
- \$2.5 million to the *Live Music Major Events Fund*, whereby grants of up to \$50,000 are available for music festivals
- \$2 million for *Support Act*, a fund providing mental health and wellbeing support services to music industry workers
- \$2 million over two years for student mentoring opportunities with professional musicians and songwriters.⁹³

FINDING 79: Victoria's live music sector continues to face challenges post-COVID, including workers leaving the industry, less new and emerging young performers and increased costs. The \$35.6 million *Victorian Music and Community Broadcasting* initiative funded in the 2023–24 Budget aims to address some of these issues and support the industry.

DJSIR reports on grant programs by detailing the grant program, the name of the recipient and the amount of money they received in their annual report.⁹⁴ Similarly, Creative Victoria publishes on its website information about previous recipients of grant funding with varying levels of information regarding grants.⁹⁵

90 Australian Government, Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Bureau of Communications, Arts and Regional Research, *Australia's live music sector: an occupation-based analysis—Working paper*, Canberra, March 2023, p. 2; Creative Victoria, *Creative State 2025*, Melbourne, 2021, p. 8.

91 Australian Government, Department of Infrastructure, Transport, Regional Development, Communications and the Arts, Bureau of Communications, Arts and Regional research, *Australia's live music sector*, p. 19; Creative Victoria, *Creative State 2025*, p. 8.

92 Creative Victoria, *Creative State 2025*, p. 8.

93 Creative Victoria, *Victorian Budget 2023/24*; Hon Daniel Andrews MP, *Labor will back 10,000 gigs in the Creative State*, media release, Melbourne, 19 November 2022.

94 Department of Jobs, Precincts and Regions, *Annual Report 2021–22: Appendix 13*, Melbourne, 2022.

95 Creative Victoria, *Creative Enterprises Program (2022 – 2025): Previous recipients*, 2023, < <https://creative.vic.gov.au/funding-opportunities/find-a-funding-opportunity/creative-enterprises/previous-recipients>> accessed 27 July 2023; Creative Victoria, *Live Music Restart Program previous recipients*, 2023, < <https://creative.vic.gov.au/funding-opportunities/find-a-funding-opportunity/live-music-restart/previous-recipients>> accessed 27 July 2023.

It would be of benefit to the community to see the impact of initiatives that support local live music funded through the *Victorian Music and Community Broadcasting* initiative. The Committee recommends DJSIR publish enhanced information about grant recipients under this initiative on the Creative Victoria website, including but not limited to the recipient of the grant, the amount of funding provided, what event/s the grant supported or what it was used for, and the output of grant activities.

RECOMMENDATION 45: The Department of Jobs, Skills Industry and Regions disclose enhanced information regarding grants allocated through the *Victorian Music and Community Broadcasting* initiative, such as the grant recipient, the amount provided, a summary of what the grant was used for and the output of grant activities.

8.8 Department-wide: key issues

8.8.1 Machinery of government changes

MoG changes to DJSIR coming into effect on 1 January 2023 are outlined in Appendix B.

8.9 Performance measures

8.9.1 Department-wide: analysis of new performance measures

DJSIR added one new performance measure in the 2023–24 Budget, ‘Number of paid gigs supported under the Live Music Performers Fund’ that will reflect and measure the impact of the new *Victorian Music and Community Broadcasting* output initiative.⁹⁶

8.9.2 Department-wide: analysis of performance measures proposed to be discontinued

DJSIR identified 12 performance measures for discontinuation in the 2023–24 Budget.⁹⁷

The Committee supports DJSIR’s rationale for the discontinuation of nine measures. Table 8.1 summarises the issues that the Committee identified with the remaining performance measures proposed to be discontinued by relevant output.

⁹⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 251.

⁹⁷ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 100–107.

Table 8.1 Issues with performance measures proposed to be discontinued in 2023–24

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Jobs (Quantity)	Disadvantaged jobseekers who achieve sustainable employment (minimum number of 26 weeks) with the support of Jobs Victoria Services	<p>The Department of Jobs, Skills, Industry and Regions (DJSIR) proposes this measure be discontinued 'due to Jobs Victoria reverting to pre-pandemic operating model' and 'given an individual jobseeker is often placed into a job and then achieves a 26-week sustainable employment outcome over successive financial years, measurement of job placements (rather than 26-week sustainable outcomes) is considered a better measure of service activity'.</p> <p>The other performance measure relating to Jobs Victoria and disadvantaged jobseekers ('Disadvantaged jobseekers who gain employment with the support of Jobs Victoria') does not give an indication of how successful the job placement was (measured in this case in terms of length).</p> <p>As Jobs Victoria received output initiative funding for the next two financial years, the Committee believes it is appropriate this performance measure be retained. If 26 weeks (e.g. length) is not appropriate, another measure of sustainable employment should be developed.</p>
	Jobs Victoria Services (Advocates, Mentors, Careers Counsellors) delivered to Victorian jobseekers	<p>DJSIR proposed this measure be discontinued 'due to Jobs Victoria reverting to pre-pandemic operating model. Jobs Victoria mentors service delivery will continue to be measured through the performance measure 'Disadvantaged jobseekers who gain employment with the support of Jobs Victoria Services'.</p> <p>At the hearings the Committee heard the Jobs Victoria Mentor Service will continue over the next two years and it 'is at the heart of the Jobs Victoria program'. Therefore, the Committee believes it is appropriate this performance measure be retained or replaced by a similar measure specifically relating to the performance of the Jobs Victoria Mentor Service.</p>
	Proportion of Jobs Victoria Fund allocated to women	<p>DJSIR noted this 'measure assesses how the Jobs Victoria Fund is tracking towards the target of allocating 60% of the Jobs Victoria Fund to support jobs for women'. As the target of 60% has been achieved, the measure is proposed for discontinuation.</p> <p>While the Committee supports the discontinuation of the measure due to the reasoning provided, it would be worthwhile replacing it with measures demonstrating Jobs Victoria's assistance for other cohorts that experience above average unemployment such as young Victorians, recent migrants, people with disabilities and First Nations people.</p>

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Trade and Investment: Investment attraction (Quantity)	Jobs resulting from government facilitation services and assistance under the Victorian Jobs and Investment Fund New investment resulting from government facilitation services and assistance under the Victorian Jobs and Investment Fund	These performance measures previously formed part of the Department of Premier and Cabinet's (DPC) Economic Policy Advice and Land Coordination output. DPC has proposed they be discontinued because 'In previous years, a combination of DPC, DTF and DJSIR held funding linked to the Victorian Jobs and Investment Fund (VJIF), with DPC responsible for the performance measure outcomes. From the 2023-24 financial year onwards, and following machinery of government (MoG) changes, DJSIR will be the sole holder of funding linked to VJIF'. The Committee believes that if the VJIF fund has moved solely to DJPR as part of MoG changes, there is no need to discontinue the measures associated with the fund, but instead have DJSIR take responsibility for them.

Source: Department of Jobs, Skills, Industry and Regions, *Response to the 2023-24 Budget Estimates General Questionnaire*, received 31 May 2023, pp. 100-107; Department of Treasury and Finance, *Budget Paper No. 3: 2023-24 Service Delivery*, Melbourne, 2023, pp. 70, 240, 392-393, 395; Hon Ben Carroll MP, Minister for Employment, 2023-24 Budget Estimates (Employment) hearing, Melbourne, 6 June 2023, *Transcript of evidence*, p. 8.

RECOMMENDATION 46: The Department of Jobs, Skills, Industry and Regions review the issues with the five discontinued measures identified by the Committee relating to Jobs Victoria Services, the Jobs Victoria Fund and investment attraction.

Chapter 9

Department of Energy, Environment and Climate Action

9.1 Overview

The Department of Energy, Environment and Climate Action (DEECA) leads the delivery of Victoria's climate change, biodiversity protection, resource recovery, water, energy, land management, and forest and fire management functions.¹

In 2023–24 DEECA supports six portfolios: Climate Action, Energy and Resources, the State Electricity Commission, Environment, Water, and Agriculture.²

In 2023–24 DEECA's objectives are:

- a net zero emission, climate ready economy and community
- a healthy, resilient and biodiverse environment
- reliable, sustainable and affordable energy services
- productive and effective land management
- safe and sustainable water resources
- reduced impact of major bushfires and other emergencies on people, property and the environment
- productive and sustainably used natural resources.³

This chapter examines the budget initiatives and key issues relevant to four of DEECA's portfolios that were identified during the estimates hearings.

1 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 142.

2 Ibid.

3 Ibid., pp. 142–144.

Department of Energy, Environment and Climate Action

Formerly Department of Environment, Land, Water and Planning

Portfolios



✓

- Water

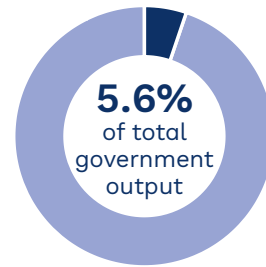
+

- Agriculture
- Climate Action
- Energy and Resources
- Environment
- State Electricity Commission

✗

- Energy, Environment and Climate Change
- Planning
- Solar Homes

Total department output funding



↓ **\$281.2m**

decrease compared to the 2022-23 Budget

\$1.3b

new output initiative spending, 2022-23 to 2026-27

6th smallest budget

of all Victorian Government departments

↓ **\$1.9b**

decrease compared to the 2022-23 revised Budget

Department funding by output, 2023-24



- Effective Water Management and Supply **\$503.1m**
- Agriculture **\$454.8m**
- Fire and Emergency Management **\$431.5m**
- Energy **\$289.5m**
- Management of Public Land and Forests **\$259.7m**
- Other* **\$781.6m**

* Includes 7 outputs with budgets <\$259.7m.

New output initiatives with largest funding allocation, 2022-23 to 2026-27



39 new
output initiatives

\$400m

\$250 Power Saving Bonus

\$188m

Timber worker and industry support

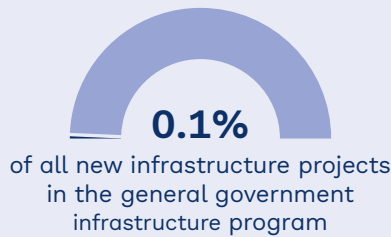
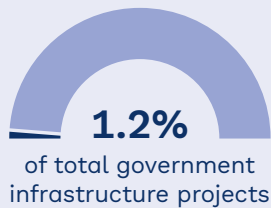
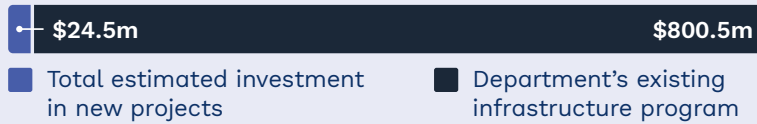
\$200m

Timber Harvesting Transition Support

\$46.9m

Sustaining the EPA's strengthened regulatory functions

Infrastructure program, 2023–24 (\$825m)



New infrastructure projects with highest total investment, 2022–23 to 2026–27



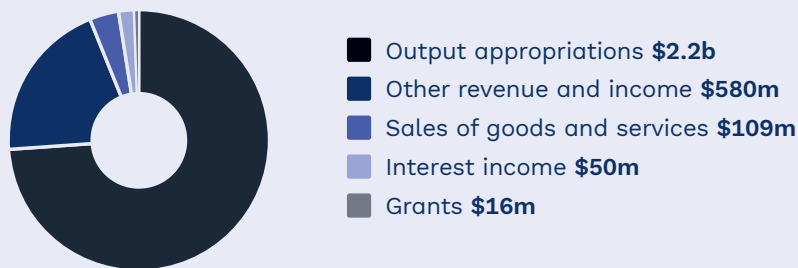
\$1b
Bringing back the SEC

\$10.9m
Investing in Serendip Sanctuary and the You Yangs (Wurdi Youang)

\$6.8m
VicCoasts: Building a safe, healthier and more resilient marine and coastal environment for the community

\$2.8m
Protecting our parks, pets and wildlife – animal welfare

Money in, 2023–24 (\$2.9b)



↓ **\$1.8b**
decrease compared to the 2022–23 revised Budget

↓ **\$303m**
decrease compared to the 2022–23 Budget

Money out, 2023–24 (\$2.7b)



↓ **\$2b**
decrease compared to the 2022–23 revised Budget

↓ **\$248m**
decrease compared to the 2022–23 Budget

Total funding department received from Treasurer's Advances, 2021–22 (\$101.6m)



9.2 Financial analysis

DEECA's output appropriations are budgeted as \$2.2 billion in 2023–24, a decrease of \$1.6 billion (42.4%) compared to the 2022–23 revised Budget.⁴ DEECA explained this variation was primarily due to increased funding in 2022–23 for a number of initiatives, including the *\$250 Power Saving Bonus* and *Timber worker and industry support* initiatives, as well as one-off funding to support the coordinating efforts of the storm and flood emergency works response.⁵

In 2023–24, funding for all DEECA's outputs decreased by between 9% and 79% compared to the 2022–23 revised Budget, except for the Parks Victoria and Effective Water Management and Supply outputs.⁶ Notably, the Energy output reduced by 79%, Waste and Recycling by 52.3%, Climate Action by 47.3%, and Fire and Emergency Management by 42.1%.⁷

Funding for the Environment and Biodiversity output has decreased by 26.9% in 2023–24 compared to the 2022–23 revised Budget.⁸ The budget papers advise the lower budget for 2023–24 is due to the changed funding profile of a number of initiatives, including the *Bushfire Response and Recovery: Supporting economic growth and biodiversity* and the *Core Environmental Programs* initiative.⁹ There is no further information provided in the budget regarding what programs or activities are no longer taking place as part of this reduction in funding. When asked about this, the Minister for Environment advised there was \$22 million in the budget to support biodiversity, and an additional \$60 million from previous budgets.¹⁰

FINDING 80: Funding for all Department of Energy, Environment and Climate Change's outputs decreased by between 9% and 79% in 2023–24 compared to the 2022–23 revised Budget, except for the Parks Victoria and Effective Water Management and Supply outputs. The Environment and Biodiversity output has decreased by 26.9%. It is unclear what programs or activities are no longer taking place due to this reduction in funding.

9.3 Capital spend

In addition to DEECA's capital program, the 2023–24 Budget lists 18 public non-financial water corporations with a total estimated investment (TEI) of

⁴ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 83 (Committee calculation).

⁵ This includes both the third and fourth round of the *\$250 Power Saving Bonus*. Source: Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 29 May 2023, p. 29.

⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 145 (Committee calculation).

⁷ Ibid. (Committee calculation).

⁸ Ibid. (Committee calculation).

⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 152.

¹⁰ Hon Ingrid Stitt MLC, Minister for Environment, 2023–24 Budget Estimates (Environment) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 11.

\$30.5 billion in new and existing capital projects.¹¹ This includes a TEI of \$8.1 billion in new capital projects announced in the 2023–24 Budget and a total capital spend of \$3 billion in 2023–24.¹²

9.4 Agriculture portfolio: key issues

The Minister for Agriculture is responsible for one output totalling \$454.8 million in 2023–24.¹³

9.4.1 Timber harvesting transition and worker and industry support

The 2023–24 Budget commits a total of \$388 million over five years to support workers, communities and industry to transition away from native timber harvesting before January 2024. This represents 31.1% of DEECA’s new output initiative expenditure in the 2023–24 Budget and comprises \$200 million for the *Timber Harvesting Transition Support* initiative and \$188 million for the *Timber worker and industry support* initiative.¹⁴

The *Timber Harvesting Transition Support* initiative includes a Sawmill Voluntary Transition Package, a Forest and Land Management Works Package and a Timber Supply Chain Resilience Package.¹⁵ Information available on the Forestry Transition Program website also states the *Timber worker and industry support* initiative contributes to worker support payments (up to \$120,000), relocation payments (up to \$45,000), employment support and career assistance, training support and funded training vouchers and mental health and wellbeing support.¹⁶

Regarding the *Timber worker and industry support* initiative, the Minister for Agriculture advised that ‘transition support programs already well underway ... are being fast-tracked, scaled up and enhanced’.¹⁷ Prior to the 2023–24 Budget, a total of \$281.1 million had been allocated to strengthen and implement the *Victorian*

11 Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 34–35 (Committee calculation).

12 Ibid. (Committee calculation).

13 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 145.

14 Ibid., pp. 28, 30–31 (Committee calculation).

15 Department of Jobs, Skills, Industry and Regions, *Business support*, 3 July 2023, <<https://djsir.vic.gov.au/forestry/support/business-support>> accessed 12 July 2023; Engage Victoria, *Timber Supply Chain Resilience Package*, 5 July 2023, <<https://business.vic.gov.au/grants-and-programs/timber-supply-chain-resilience-package>> accessed 12 July 2023; Hon Gayle Tierney MLC, Minister for Agriculture, 2023–24 Budget Estimates (Agriculture) hearing, Melbourne, 6 June 2023, *Transcript of evidence*, p. 3; Hon Gayle Tierney MLC, *2023–24 Budget Estimates hearings presentation: Agriculture*, supplementary evidence, received 6 June 2023, p. 6.

16 Department of Jobs, Skills, Industry and Regions, *Worker support*, 23 May 2023, <<https://djsir.vic.gov.au/forestry/support/worker-support>> accessed 12 July 2023; ForestWorks, *Victorian Forestry Workers Support Program*, 2023, <<https://forestworks.com.au/victorian-forestry-worker-support-program>> accessed 13 July 2023; Hon Daniel Andrews MP, *Delivering Certainty For Timber Workers*, 23 May 2023, Melbourne, media release.

17 Hon Gayle Tierney MLC, Minister for Agriculture, *Transcript of evidence*, p. 3.

Forestry Plan.¹⁸ Under the *Plan*, redundancy payments (up to \$23,000), relocation support payments (up to \$20,000), career transition assistance and training services and support were already planned for delivery from 2024 and mental health and wellbeing support has been delivered since 2020.¹⁹

The Committee notes the 2023–24 budget papers do not contain any detail regarding the specific programs, services or payments funded by these two initiatives or what proportion of funding is allocated to each program, service or payment.²⁰ Further, the Committee cannot determine how DEECA intends to assess the impacts and outcomes of these initiatives for the estimated 2,526 people employed in the native timber industry—including sawmills, harvest and haulage contractors, and native timber manufacturers—or their families and communities.²¹

FINDING 81: The 2023–24 Budget allocates \$388 million over five years to support workers, communities and industry to transition away from native timber harvesting. Funding allocations to the various components of the *Timber Harvesting Transition Support* and the *Timber worker and industry support* initiatives, at this stage, are unclear. It is also unclear whether these initiatives deliver new programs or change funding for existing supports outlined in the *Victorian Forestry Plan*.

RECOMMENDATION 47: The Department of Energy, Environment and Climate Action outline the specific programs, services and payments delivered through funding provided for the *Timber Harvesting Transition Support* and *Timber worker and industry support* initiatives, including the total funding allocated to each program, and report on the total support payments to workers and the outcomes of these programs and services on the Forestry Transition Program website.

Given the investment in the forestry transition to date—with the Government stating a total investment of over \$875 million since 2019²²—the Committee recommends the Government undertake a comprehensive review of the forestry transition once native timber harvesting has ended. This will ensure the support provided to native timber workers, industry and communities can be adequately assessed and reported on and the Government can articulate its plan for the future of VicForests and the 1.8 million hectares of public land formerly subject to native timber harvesting.²³

18 Department of Treasury and Finance, *2022 Victorian Economic and Fiscal Update*, Melbourne, 2022, pp. 95–96; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 26, 31, 72; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, pp. 70, 73; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, p. 179; Department of Treasury and Finance, *2019–20 Budget Update*, Melbourne, 2019, p. 113 (Committee calculation).

19 Victorian Government, *Victorian Forestry Plan*, November 2019, <<https://www.vic.gov.au/sites/default/files/2019-11/DJPR-Inclusion-Forestry-Plan-1.pdf>> accessed 13 July 2023.

20 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 30.

21 Ibid., pp. 28, 30, 148–172; Deloitte Access Economics, *The economic impact of VicForests on the Victorian community*, Melbourne, September 2017, p. 4.

22 Hon Gayle Tierney MLC, Minister for Agriculture, *Transcript of evidence*, p. 2.

23 Public Accounts and Estimates Committee, *2023–24 Budget Estimates (Agriculture) hearing*, Melbourne, 6 June 2023, *Transcript of evidence*, p. 14.

RECOMMENDATION 48: The Victorian Government undertake a comprehensive review into the forestry transition program that assesses and reports on the outcomes of the support provided to native timber workers, industry and communities and articulate its plan for VicForests and public land formerly subject to native timber harvesting as soon as practicable.

9.5 Energy and Resources: key issues

The Minister for Energy and Resources is responsible for three outputs, Energy (funding in 2023–24: \$289.5 million), Solar Victoria (funding in 2023–24: \$164.2 million), and Resources (funding in 2023–24: \$48.5 million).²⁴

9.5.1 Zero Emissions Vehicles and emission reduction targets

The 2023–24 budget papers stated the Zero Emissions Vehicle (ZEV) subsidy program would lapse in June 2023.²⁵ The program—which received \$46.1 million in the 2021–22 Budget to provide at least 4,000 and up to 20,000 subsidies to households and businesses to purchase lower-cost ZEVs—was originally scheduled to run for three years until the end of 2023–24.²⁶ DEECA’s response to the Committee’s questionnaire indicates a total of 7,723 subsidies had been approved as of April 2023, but the Committee understands this figure exceeded 10,000 by June 2023.²⁷

DEECA did not provide information about the program in its response to question 7 of the Committee’s questionnaire on lapsing programs.²⁸ Therefore, the Committee cannot determine why further funding was not sought, the impact of ending the program and how any impacts will be minimised. The Committee was also unable to determine the total amount spent under the program and whether any remaining funding was reprioritised or redirected.²⁹

FINDING 82: The Zero Emissions Vehicle (ZEV) subsidy program was originally funded until the end of 2023–24 to provide up to 20,000 subsidies for households and businesses to purchase lower-cost ZEVs. However, the 2023–24 Budget states the program will end in June 2023, one year early, after providing just over half the original total subsidies.

²⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 145.

²⁵ Ibid.

²⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, pp. 36, 38; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, pp. 117–118.

²⁷ Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 25; Department of Energy, Environment and Climate Action, *Zero Emissions Vehicle (ZEV) Subsidy*, 6 July 2023, <<https://www.solar.vic.gov.au/zero-emissions-vehicle-subsidy>> accessed 11 July 2023.

²⁸ Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 59–70.

²⁹ Ibid., p. 78.

RECOMMENDATION 49: The Department of Energy, Environment and Climate Action detail in its annual report the total payments provided under the Zero Emissions Vehicles subsidy program and the reasons for ending the program earlier than scheduled.

The 2023–24 Budget allocates \$20 million over four years to the *Delivering climate action* initiative to support climate change policy capability.³⁰ This includes legislating the Government’s new emission reduction targets of 45–50% by 2030, 75–80% by 2035 and net-zero by 2045.³¹ Given the transport sector accounts for 25% of Victoria’s total carbon emissions,³² increasing the uptake of ZEVs will be an important step to reaching the State’s new emission reduction targets. The *Zero Emissions Vehicle Roadmap* outlines the Government’s target for ZEVs to comprise 50% of all light vehicle sales in Victoria by 2030.³³ But according to the Minister for Climate Action, ZEVs comprise only 6.6% of all light vehicle sales in 2023.³⁴

During the hearings the Committee noted that some other states and territories have greater ZEV uptake than Victoria.³⁵ The Minister stated the Government was limited by the incentives it could implement as a subnational jurisdiction to increase ZEV purchases and that the Federal Government had the greatest opportunity to accelerate ZEV purchases through its ability to set fuel efficiency standards.³⁶ The Committee notes the decision to end the ZEV subsidy program one year early, while the Government has a target of ZEVs comprising 50% of vehicle sales by 2030.

The 2021–22 Budget allocated \$15 million to replace 400 of the 13,400 vehicles in the Victorian Government Fleet (VicFleet) with ZEVs.³⁷ However, the Government has not allocated any further funding towards ZEV purchases for VicFleet or set a target for when VicFleet will be fully electrified. The Committee also heard evidence on other emissions-reducing transport related initiatives, such as zero emission buses, and mode shifting freight and passenger traffic to rail and public transport.³⁸

FINDING 83: Zero Emissions Vehicles (ZEVs) comprise 6.6% of all light vehicle sales in Victoria in 2023. The Victorian Government has a target of ZEVs comprising 50% of all light vehicle sales by 2030.

³⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 28, 31 (Committee calculation).

³¹ *Ibid.*, p. 31.

³² Department of Environment, Land, Water and Planning, *Victorian Greenhouse Gas Emissions Report: 2020*, Melbourne, 2022, p. 8.

³³ Department of Environment, Land, Water and Planning, *Victoria’s Zero Emissions Vehicle Roadmap*, Melbourne, May 2021, p. 6.

³⁴ The 6.6% of all light-vehicle sales is a year-to-date figure, as of 8 June 2023. Source: Hon Lily D’Ambrosio MP, Minister for Climate Action, 2023–24 Budget Estimates (Climate Action) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, p. 3.

³⁵ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Climate Action) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, p. 8.

³⁶ Hon Lily D’Ambrosio MP, Minister for Climate Action, *Transcript of evidence*, pp. 4, 8–9.

³⁷ Hon Danny Pearson MP, Assistant Treasurer, 2023–24 Budget Estimates (Assistant Treasurer) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 21; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, pp. 122, 125 (Committee calculation).

³⁸ Hon Lily D’Ambrosio MP, Minister for Climate Action, *Transcript of evidence*, p. 8.

9.5.2 Power Saving Bonus

The 2023–24 Budget allocates \$400 million in 2022–23 to the *\$250 Power Saving Bonus* (PSB), representing 32% of DEECA’s total output initiative expenditure in the 2023–24 Budget.³⁹ Funding for this initiative in 2023–24 is listed as ‘tbc’ (to be confirmed) in the budget papers, because it is ‘dependent on the level of demand for the program between 1 July 2023 and 31 August 2023’.⁴⁰ This is the fourth iteration of the PSB—a payment for households who use the Victorian Energy Compare (VEC) website—bringing the total funding allocated to the program to \$1.1 billion since the 2018–19 Budget.⁴¹

Given the sizeable investment in the PSB to-date, the Committee reiterates the importance of meaningful budget paper reporting on the long-term outcomes of the program.⁴²

DEECA supported this recommendation in-principle, stating it would consider options for new budget paper performance measures.⁴³ However, the Committee notes the 2023–24 Budget does not contain any new performance measures associated with the PSB or the VEC website.⁴⁴

FINDING 84: The 2023–24 Budget allocates \$400 million in 2022–23 to the *\$250 Power Saving Bonus* (PSB), bringing the total funding allocated to the PSB program to \$1.1 billion since the 2018–19 Budget. The Committee reiterates the importance of assessing and transparently reporting on the long-term benefits of this program in the budget papers.

During the hearings the Committee inquired about the Government’s decision to deliver a fourth round of the PSB, rather than providing direct rebates for consumer’s energy bills.⁴⁵ The Minister for Energy and Resources advised Victorians benefited from visiting the VEC website, which enabled a better understanding of the energy market and provided the opportunity to achieve cost-savings by comparing and switching energy retailers.⁴⁶

³⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 28–29 (Committee calculation).

⁴⁰ *Ibid.*, p. 29.

⁴¹ This estimate consists of \$429.4 million between the 2018–19 Budget and 2022–23 Budget, \$249.9 million in the 2022 Victorian Economic and Fiscal Update, and \$400 million in the 2023–24 Budget. Given funding for the PSB in 2023–24 is yet to be confirmed and the number of approved payments may not have reached allocated funding during previous rounds of the program, actual spending on the PSB program could exceed or fall short of \$1.1 billion. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, Melbourne, August 2022, p. 157; Department of Treasury and Finance, *2022 Victorian Economic and Fiscal Update*, Melbourne, 2022, p. 83; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 28 (Committee calculation).

⁴² Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 157.

⁴³ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, 9 March 2023, p. 32.

⁴⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 156–157.

⁴⁵ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Energy and Resources) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, p. 12.

⁴⁶ Hon Lily D’Ambrosio MP, Minister for Energy and Resources, 2023–24 Budget Estimates (Energy and Resources) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, p. 12.

In 2021–22 the former Department of Environment, Land, Water and Planning (DELWP) reported the VEC website was expected to result in savings of well over \$200 million, with \$63 million in savings estimated to be achieved by consumers who switched energy providers in 2019–20.⁴⁷ However, the Committee cannot determine the annual savings of consumers who changed energy providers in any given financial year from DEECA’s current reporting.

FINDING 85: The Committee recognises there are financial incentives and benefits of visiting the Victorian Energy Compare (VEC) website, aside from the receipt of the *\$250 Power Saving Bonus*, but it cannot determine the annual savings realised by customers who switch energy providers after using the VEC website or whether customers visit and utilise the VEC website before claiming the rebate.

RECOMMENDATION 50: The Department of Energy, Environment and Climate Action consider the benefits of developing an objective indicator that reports on the average annual savings realised by consumers who switch energy retailers for a better deal after using the Victorian Energy Compare website.

9.5.3 Renewable energy generation

Transmission infrastructure and stakeholder engagement

The 2023–24 Budget allocates \$20.6 million over two years to VicGrid to ‘coordinate transmission planning and investment in Victoria via a fit-for-purpose framework [the Victorian Transmission Investment Framework (VTIF)] that incorporates community and stakeholder engagement’.⁴⁸ The Minister outlined this comprises \$15 million for VicGrid to implement the VTIF and \$5.6 million for planning reform to enhance the renewable energy approvals framework.⁴⁹

During the hearings, the Committee inquired about the total estimated cost of compensation to landowners affected by transmission line easements.⁵⁰ The Minister advised the VTIF commits to a new compensation payment structure, but total estimated costs could not be determined given they are subject to the finalised routes of each transmission project.⁵¹ VicGrid’s CEO informed the Committee that compensation payments were factored into considerations of the benefits of

⁴⁷ Department of Environment, Land, Water and Planning, *Response to the 2021–22 Budget Estimates General Questionnaire*, received 1 June 2021, p. 48.

⁴⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 28, 34 (Committee calculation).

⁴⁹ Hon Lily D’Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, p. 2.

⁵⁰ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Energy and Resources) hearing, *Transcript of evidence*, p. 4.

⁵¹ Hon Lily D’Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, pp. 5–6.

transmission projects and payments to affected landowners would be worth \$200,000 per kilometre—or \$8,000 per year per kilometre for 25 years, indexed to inflation.⁵²

FINDING 86: The 2023–24 Budget allocates \$20.6 million to VicGrid to implement the Victorian Transmission Infrastructure Framework (VTIF) and to progress planning reform to enhance the renewable energy approvals framework. The VTIF commits to a new payment system for compensation to landowners affected by transmission line easements.

RECOMMENDATION 51: The Department of Energy, Environment and Climate Action provide a breakdown by project of the total annual compensation payments to landowners affected by transmission line easements in its forthcoming annual reports.

9.5.4 Establishment of the State Electricity Commission

The 2023–24 Budget allocates \$44.5 million in output funding over 2022–23 and 2023–24 to establish a new State Electricity Commission (SEC).⁵³ Before privatisation in the 1990s, the former SEC was Victoria’s sole provider of electricity generation, transmission and distribution.⁵⁴ This funding will cover a range of different costs to establish a new entity under the *State Owned Enterprises Act 1992* (Vic), including staffing, securing accommodation, the retention of experts and other corporate costs to support the initial requirements of the SEC and the SEC Implementation Office.⁵⁵

According to the budget papers, the new SEC will ‘accelerate investment in renewable energy in partnership with industry, deliver benefits to households through lower energy bills, and assist in meeting Victoria’s renewable energy targets’.⁵⁶ However, the finalised design, functions and operating model of the SEC are yet to be determined.⁵⁷

FINDING 87: The 2023–24 Budget allocates \$44.5 million to establish the new State Electricity Commission (SEC), including staffing, accommodation, and other corporate costs. The design, mandate and operating model of the SEC are currently under development.

52 Mr Alistair Parker, Chief Executive Officer, VicGrid, 2023–24 Budget Estimates (Energy and Resources) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, p. 8; Department of Energy, Environment and Climate Action, *Transmission and grid upgrades*, 8 June 2023, <<https://www.energy.vic.gov.au/renewable-energy/transmission-and-grid-upgrades>> accessed 6 July 2023.

53 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 28, 33 (Committee calculation).

54 Peter Hannam and Benita Kolovos, ‘Daniel Andrews plans to revive the State Electricity Commission. What will it mean for Victoria’s power?’, *The Guardian*, 22 October 2022, <<https://www.theguardian.com/australia-news/2022/oct/22/daniel-andrews-plans-to-revive-the-state-electricity-commission-what-will-it-mean-for-victorias-power>> accessed 12 July 2023.

55 The SEC Implementation Office is providing advice to Government on the establishment, design, mandate and operating model of the SEC. Source: Hon Lily D’Ambrosio MP, Minister for the State Electricity Commission, *Transcript of evidence*, pp. 1, 6; Hon Lily D’Ambrosio MP, Minister for the State Electricity Commission, 2023–24 Budget Estimates hearing, response to questions on notice, received 26 June 2023, p. 1.

56 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 28, 33 (Committee calculation).

57 Hon Lily D’Ambrosio MP, Minister for the State Electricity Commission, *Transcript of evidence*, p. 6

The 2023–24 Budget allocates \$1 billion in asset funding as an initial equity investment for the SEC to deliver new renewable energy generation and storage projects.⁵⁸ In April 2023, the SEC launched its *Pioneer Investment Mandate* and began the process of inviting market participants to identify projects for SEC investment, with the intention of announcing the first investment(s) by the end of 2023.⁵⁹

When asked by the Committee about the proportion of Victoria’s energy generation the SEC was expected to own, the Minister for the SEC stated the Government’s commitment was to create 4.5 gigawatts (GW) of power through new energy production and storage projects by 2035.⁶⁰ DEECA’s modelling predicts 25GW of new energy production is required between 2023 and 2035 to reach Victoria’s renewable energy targets, meaning the SEC would account for and own approximately 18% of new energy generation and storage projects.⁶¹

FINDING 88: The 2023–24 Budget allocates \$1 billion in asset funding as an initial equity investment in the State Electricity Commission to begin delivering the entity’s target of 4.5 gigawatts (GW) of new renewable energy generation and storage projects. This will account for 18% of the estimated 25GW in new energy production required to reach Victoria’s renewable energy targets.

The former DELWP’s modelling forecasts \$55.5 billion in capital costs and \$13.7 billion in operating costs to reach Victoria’s renewable energy generation and storage targets.⁶²

RECOMMENDATION 52: The Department of Energy, Environment and Climate Action publish a forecast of the total funding required by the State Electricity Commission for all future equity investments to reach its target of 4.5 gigawatts of new renewable energy generation and storage.

RECOMMENDATION 53: The Department of Energy, Environment and Climate Action develop an objective indicator that reports on the relative share of Victoria’s energy sourced from State Electricity Commission projects.

RECOMMENDATION 54: The Department of Energy, Environment and Climate Action publish in forthcoming annual reports a breakdown by project of the scope, expected completion date, ownership share and total estimated investment of State Electricity Commission investments.

⁵⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 33, 39 (Committee calculation).

⁵⁹ Premier of Victoria, *Kickstarting The SEC With Search For Pioneer Investment*, media release, Melbourne, 27 April 2023.

⁶⁰ Hon Lily D’Ambrosio MP, Minister for the State Electricity Commission, *Transcript of evidence*, p. 8.

⁶¹ Hon Lily D’Ambrosio MP, *2023–24 Budget Estimates hearings presentation: State Electricity Commission*, supplementary evidence, received 8 June 2023, p. 2.

⁶² PricewaterhouseCoopers, *Victorian Electricity Sector Renewable Energy Transition: Economic Impacts Modelling*, Melbourne, October 2022, pp. 6–7 (Committee calculation).

9.5.5 Skills, training and job creation

During the hearings, the Minister for the SEC outlined how the Government was investing in training and skills to support the renewable energy transition.⁶³ The 2023–24 Budget allocates \$12 million between 2023–24 and 2025–26 to develop a business case for the SEC Centre of Training Excellence, new renewable energy vocational and educational training certificates and other qualifications, and the *Victorian Energy Jobs Plan*. The 2023–24 Budget also invests \$10 million over two years to establish a hydrogen worker training centre, and \$6 million over four years to establish a wind worker training centre.⁶⁴

The Minister stated by working with industry the SEC would ‘help to create and contribute to 59,000 jobs in renewable energy’.⁶⁵ The Committee sought clarification of whether the SEC would directly create this number of jobs or employ this number of people.⁶⁶ The Minister advised this estimate, including 6,000 apprenticeships and traineeships, reflected modelling by PricewaterhouseCoopers (PwC) of the impact of achieving the Government’s renewable energy generation targets and the SEC would deliver ‘a part’ of that total.⁶⁷

The Minister did not outline the specific number of jobs the SEC was expected to generate, how many apprenticeships or traineeships this would involve, or the forecast economic benefit and impact of the SEC on Victoria’s gross state product (GSP).

The Committee notes the direct impact⁶⁸ of Victoria’s renewable energy transition is forecast to generate a total of 29,510 two-year full-time equivalent (FTE) jobs, with 28,549 (96.7%) occurring in the construction phase and 961 (3.3%) in the operation phase.⁶⁹ The remaining 29,704 two-year FTE jobs are expected to be generated by indirect and induced impacts⁷⁰ of Victoria’s renewable energy transition.⁷¹ The total gross value added (GVA)⁷² of this transition is also expected to increase Victoria’s GSP by \$9.4 billion—with \$7.2 billion relating to construction and \$2.3 billion relating to operation.⁷³ However, it is unclear what the economic contribution of the SEC is

63 Hon Lily D’Ambrosio MP, Minister for the State Electricity Commission, *Transcript of evidence*, pp. 2, 10.

64 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 28, 33–34; Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 138–139 (Committee calculation).

65 Hon Lily D’Ambrosio MP, Minister for the State Electricity Commission, *Transcript of evidence*, p. 1.

66 Public Accounts and Estimates Committee, 2023–24 Budget Estimates (State Electricity Commission) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, p. 2.

67 Hon Lily D’Ambrosio MP, Minister for the State Electricity Commission, *Transcript of evidence*, pp. 2–3.

68 Direct impacts refer to the economic activity generated directly by Victoria’s energy sector transitioning to renewable energy. Source: PricewaterhouseCoopers, *Victorian Electricity Sector Renewable Energy Transition*, p. 9.

69 Ibid.

70 Indirect impacts refer to the additional economic activity stimulated in the supply chain supporting Victoria’s transition to renewable energy whereas induced impacts refer to the additional economic activity stimulated due to higher consumption generated from investment and employment impacts. Source: Ibid.

71 Ibid. (Committee calculation).

72 Gross Value Added (GVA) is the amount by which the value of goods and services exceeds the value of intermediate inputs to that sector. The input-output methodology used in this forecast only considers the direct and gross economic impact of new and additional renewable energy generation and storage and has not incorporated the potential cost of the investment. Source: Ibid., pp. ii, 4.

73 Ibid., p. 9.

expected to be. The Committee notes the 2023–24 Budget did not introduce any performance measures that report on the contribution of the SEC to employment or economic activity, nor does the SEC's or DEECA's website contain measures of these outcomes.

FINDING 89: The 2023–24 Budget invests \$28 million in training and skills to support Victoria's renewable energy transition, including developing the State Electricity Commission Centre of Training Excellence, new renewable energy vocational and educational training certificates, and the *Victorian Energy Jobs Plan* and establishing hydrogen and wind worker training centres.

FINDING 90: Forecasts suggest 59,214 two-year full-time equivalent jobs will be created by reaching Victoria's renewable energy generation and storage targets, of which only 961 operational jobs are expected to be direct impacts of the renewable energy transition. The SEC is expected to deliver some of these jobs, but it is unclear how many jobs the SEC is expected to generate or what economic impact the SEC is expected to have on Victoria's gross state product.

RECOMMENDATION 55: The Department of Energy, Environment and Climate Action publish the forecasted impact of the State Electricity Commission (SEC) on employment, such as the total number of jobs directly created by SEC projects, and economic activity, such as the SEC's impact on Victoria's gross state product.

9.6 State Electricity Commission: key issues

The State Electricity Commission (SEC) portfolio is a newly created portfolio in 2023–24. According to DEECA's response to the Committee's questionnaire, the Minister for the SEC is not responsible for any outputs, objectives, objective indicators, performance measures, or entities, agencies or bodies.⁷⁴ The 2023–24 Budget makes an investment in the SEC entity (discussed in Section 9.5.4 and 9.5.5), but these are not reported as the responsibility of the SEC portfolio.⁷⁵

FINDING 91: The State Electricity Commission portfolio is a newly created portfolio in 2023–24. It has no reported responsibilities in the budget papers.

RECOMMENDATION 56: The Department of Energy, Environment and Climate Action clearly outline the responsibilities, related initiatives, outputs, objectives, objective indicators and performance measures of the State Electricity Commission portfolio in the 2024–25 Budget.

⁷⁴ Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 126–127, 138.

⁷⁵ *Ibid.*, pp. 126–127.

9.7 Water: key issues

The Minister for Water is responsible for one output, Effective Water Management and Supply (funding in 2023–24: \$503.1 million).⁷⁶

9.7.1 Water bills and capital repatriations

During the hearings, the Committee asked for the capital repatriation payments forecast in 2023–24 and over the forward estimates by Melbourne’s water corporations.⁷⁷ Capital repatriations are the repayment or transfer of excess equity (capital) contributions to Government from a government business enterprise’s balance sheet and are paid in addition to dividends and environmental contribution and financial accommodation levies.⁷⁸ The *Water Act 1989* (Vic) states the ‘capital of a water corporation is repayable to the State at such times, and in such amounts, as the Treasurer directs in writing, after consultation with the Minister and the board of directors of the water corporation’.⁷⁹

FINDING 92: It is unclear how capital repatriation payments by water corporations are determined and where payments are represented and accounted for in the budget papers.

RECOMMENDATION 57: The Department of Treasury and Finance consider ways to improve its public reporting on the amount, impact, and determination of capital repatriation payments by Melbourne’s water corporations to Government.

In response to a question on notice, DEECA advised that capital repatriations for 2022–23 will total \$209.8 million.⁸⁰ The corporate plans of Greater Western Water, Melbourne Water and South East Water indicate the three corporations also expect to pay the same in capital repatriations in 2023–24 (totalling \$173.5 million) as the past two financial years. However, they do not forecast any additional payments in the forward estimates beyond 2023–24. The Committee notes that Yarra Valley Water did not provide forecasts for capital repatriation payments beyond 2021–22 in either its corporate or annual plan.⁸¹ Figure C.1 in Appendix C details the total capital repatriations paid by Melbourne’s water corporations from 2015–16 to 2023–24.

⁷⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 145.

⁷⁷ Melbourne’s water corporations include Greater Western Water, Melbourne Water, South East Water, and Yarra Valley Water. Source: Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Water) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, pp. 1–4.

⁷⁸ Hon Harriet Shing MLC, Minister for Water, 2023–24 Budget Estimates hearing, response to questions on notice, received 21 June 2023, p. 1; Melbourne Water, *Corporate Plan, 2022–23 to 2026–27*, Melbourne, 2022, p. 46; Department of Treasury and Finance, *FRD 119 Transfers through contributed capital*, Melbourne, 26 June 2023, pp. 1–5.

⁷⁹ *Water Act 1989* (Vic) s 122Z(1).

⁸⁰ Hon Harriet Shing MLC, Minister for Water, 2023–24 Budget Estimates hearing, response to questions on notice, p. 1.

⁸¹ Melbourne Water, *Corporate Plan, 2022–23 to 2026–27*, p. 46; South East Water, *Corporate Plan 2022–27*, Melbourne, 2022, p. 44; Greater Western Water, *Corporate Plan 2021–22*, Melbourne, 2022, p. 88; Yarra Valley, *Annual Report 2021–22*, Melbourne, 2022, p. 150 (Committee calculation).

The Committee notes the total capital repatriations paid in 2021–22 (\$209.9 million) represents an increase compared to 2018–19 (\$84.9 million)—the preceding year that capital repatriations were paid to Government—with Melbourne Water recording a \$12.5 million (44.8%) increase, Greater Western Water a \$25 million (229.2%) increase, South East Water recording a \$75 million (337.8%) increase and Yarra Valley Water recording a \$12.5 million (52.2%) increase.⁸²

In responses to past Committee questionnaires, Melbourne’s water corporations indicated that capital repatriations were deferred in 2019–20 by DTF at the corporations’ request.⁸³ Aside from this deferral, the Committee cannot account for why total capital repatriation payments in 2021–22 and 2022–23 and forecast for 2023–24 have increased compared to 2018–19.

FINDING 93: Melbourne’s water corporations will pay \$209.8 million in capital repatriations in 2022–23 and expect to pay at least \$173.5 million in 2023–24, noting that Yarra Valley Water has not published forecasts of its capital repatriations in 2023–24. The Committee cannot determine why capital repatriation payments in 2021–22 and 2022–23 and forecast for 2023–24 have increased when compared to 2018–19, the last year that capital repatriations were paid to Government.

In its response to a question on notice, DEECA stated

The payment of capital repatriations does not impact prices ... It is not an expense and does not impact on a corporation’s profit. Nor does a transfer of capital reduce service outcomes for customers or affect water corporations’ investment in capital projects.⁸⁴

However, South East Water’s corporate plan states its total borrowings will increase by approximately \$1.4 billion from 2021–22 to 2026–27 to service dividends, capital repatriations and capital expenditure outlays.⁸⁵ This will result in the corporation’s overall debt levels rising from \$2.3 billion in 30 June 2022 to \$3.7 billion in June 2027.⁸⁶

⁸² Greater Western Water, *2021–22 Annual Report*, Melbourne, 2022, p. 57; Melbourne Water, *Annual Report 2021–22*, Melbourne, 2022, p. 84; South East Water, *Annual Report 2021–22*, Melbourne, 2022, p. 90; Yarra Valley, *Annual Report 2021–22*, Melbourne, 2022, p. 150; City West Water, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, received 12 February 2020, p. 17; Melbourne Water, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, received 12 February 2020, p. 16; South East Water, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, received 12 February 2020, p. 14; Yarra Valley Water, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, received 12 February 2020, pp. 14–15 (Committee calculation).

⁸³ City West Water, *Response to the 2019–20 Financial and Performance Outcomes General Questionnaire*, received 4 February 2021, p. 20; Melbourne Water, *Response to the 2019–20 Financial and Performance Outcomes General Questionnaire*, received 4 February 2021, p. 29; South East Water, *Response to the 2019–20 Financial and Performance Outcomes General Questionnaire*, received 4 February 2021, p. 20.

⁸⁴ Hon Harriet Shing MLC, Minister for Water, 2023–24 Budget Estimates hearing, response to questions on notice, p. 1.

⁸⁵ South East Water, *Corporate Plan 2022–27*, p. 33.

⁸⁶ Ibid.

FINDING 94: The Department of Energy, Environment and Climate Action has stated the payment of capital repatriations do not impact consumer water bills or prices, reduce service outcomes, or impact water corporations' investment in capital projects. However, South East Water has reported its overall debt levels and total borrowings will increase over the forward estimates to service dividends, capital repatriations and capital expenditure outlays.

9.8 Department-wide: key issues

9.8.1 Machinery of Government changes

Machinery of government (MoG) changes effective 1 January 2023 had the following impact on DEECA:

- transfer of the Agriculture portfolio and output, except for game management, from the former Department of Jobs, Precincts and Regions (DJPR) to DEECA
- splitting of the former Energy, Environment and Climate Change portfolio into three new portfolios: Energy and Resources, Environment, and Climate Action, which also involved
 - transfer of the Resources portfolio and its associated output from the former DJPR to DEECA
 - dissolving of the Solar Homes portfolio and transfer of its associated Solar Victoria output to the Energy and Resources portfolio
- transfer of the Planning portfolio and associated Planning and Building and Heritage outputs to the Department of Transport and Planning.⁸⁷

DEECA explained the costs of MoG changes had been absorbed by reprioritising existing resources.⁸⁸

9.8.2 Changes to output structure

DEECA made one change to its outputs in 2023–24, renaming the Climate Change output as Climate Action to 'better reflect the deliverables of the portfolio'.⁸⁹

⁸⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 122–123, 144, 327; Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 119, 124–129, 130–133.

⁸⁸ Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 124.

⁸⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 144.

9.9 Performance measures

9.9.1 Department-wide: analysis of new performance measures

DEECA added 16 new performance measures in the 2023–24 Budget, nine of which replaced discontinued measures.⁹⁰ Table 9.1 summarises the issues the Committee identified with one of these performance measures by its relevant output.

Table 9.1 Issues with one of the new performance measures in 2023–24

Output	Performance measure	Issues identified by the Committee
Environment and Biodiversity (Quantity)	Priority conservation actions for threatened species	<p>The performance measure quantifies the delivery of ‘targeted management actions’ undertaken to improve the likelihood of threatened species’ persistence and recovery.</p> <p>The Department of Energy, Environment and Climate Action (DEECA) acknowledged in its response to the Committee’s questionnaire that this measure records the number of direct priority conservation actions but is unable to determine the quality or impact of those actions. Although this indicates conservation actions for threatened species are occurring, it does not necessarily measure biodiversity outcomes, or demonstrate biodiversity outcomes are improving.</p> <p>The Committee recommends DEECA consider ways to report on the quality or impact of these actions, aside from their quantity through performance measures.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, p. 150; Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 29 May 2023, p. 80.

RECOMMENDATION 58: The Department of Energy, Environment and Climate Action consider ways to report on the quality or impact of targeted conservation actions for threatened species, not just the number of actions taken.

9.9.2 Department-wide: analysis of performance measures proposed to be discontinued

DEECA identified 16 performance measures for discontinuation in the 2023–24 Budget. The Committee supports DEECA’s rationale for the discontinuation of all measures.⁹¹ The Committee notes DEECA did not provide an explanation in the budget papers for the discontinuation of three measures.⁹² While the Committee supports DEECA’s

⁹⁰ Ibid., pp. 148–172.

⁹¹ Ibid., pp. 385–386.

⁹² These performance measures are ‘Applications for Solar PV rebates for small businesses approved’, ‘Applications for Home Heating and Cooling Upgrade rebates for reverse cycle air conditioning units to replace inefficient heating systems approved’, and ‘Number of small scale local and craft producers attending workshops/mentoring programs’. Source: Ibid., p. 386.

rationale for the discontinuation of these measures—detailed in DEECA’s response to the Committee’s questionnaire—it recommends DEECA ensure future budget papers detail the department’s rationale for discontinuing proposed performance measures.

RECOMMENDATION 59: The Department of Energy, Environment and Climate Action ensure future budget papers detail the department’s rationale for discontinuing proposed performance measures.

Chapter 10

Court Services Victoria

10.1 Overview

As an independent statutory body established in 2014, Court Services Victoria (CSV) supports the operations of the courts and tribunals in Victoria.¹ CSV's function is to provide, or arrange for the provision of the administrative services and facilities required to support the judicial, quasi-judicial and administrative functions of the:

- Supreme Court of Victoria (SCV)
- County Court of Victoria (CCV)
- Magistrates' Court of Victoria (MCV)
- Children's Court of Victoria (ChCV)
- Coroners Court of Victoria
- Victorian Civil and Administrative Tribunal (VCAT)
- Judicial College of Victoria
- Judicial Commission of Victoria.²

In 2023–24, CSV supports Victoria's courts and tribunals in their aims to:

- provide equal access to justice
- ensure fairness, impartiality and independence in decision making
- follow processes that are transparent, timely and certain
- strive for leadership and best practice in court administration
- strengthen links with the community.³

1 Court Services Victoria, *Delivering Excellence in Court and Tribunal Administration: Annual Report 2021–22*, Melbourne, 2022, p. 6.

2 Ibid.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 368.

Court Services Victoria

Courts and Tribunals



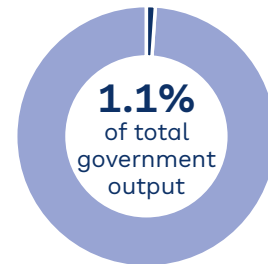
- Victorian Courts
- Victorian Civil and Administrative Tribunal (VCAT)
- Judicial College of Victoria
- Judicial Commission of Victoria

Total output funding

2022-23 Budget \$815.8m

2022-23 revised Budget \$802.1m

2023-24 Budget \$820.3m



5th smallest budget
compared to all Victorian
Government departments

↑ **\$4.5m**
increase compared to
the 2022-23 Budget

\$48.8m
new output initiative spending,
2022-23 to 2026-27

↑ **\$18.2m**
increase compared to
the 2022-23 revised Budget

Court Services Victoria's funding by output, 2023-24



\$820.3m
allocated to Court Services
Victoria's one output, Courts

New output initiatives with largest funding allocation, 2022-23 to 2026-27



5 new
output initiatives

\$18.3m
Continuing therapeutic
court programs

\$7.9m
Courts case
management system

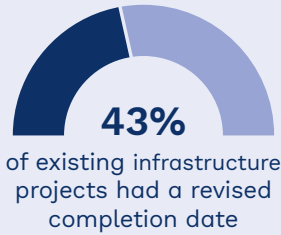
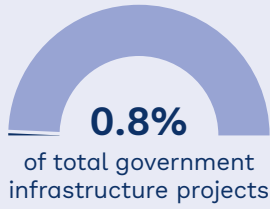
\$13.3m
Operationalising
Bendigo Law Courts

\$5.9m
Operationalising a new
financial assistance scheme
for victims of crime

Infrastructure program, 2023–24 (\$557.2m)



- Total estimated investment in new projects (\$0)
- Court Services Victoria's existing infrastructure program



New infrastructure projects with highest total investment, 2022–23 to 2026–27



3 new infrastructure projects

\$17.8m

Courts case management system

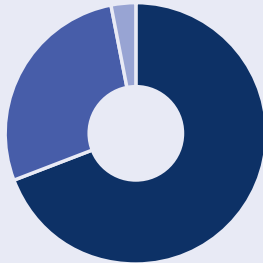
\$0.7m

Operationalising a new financial assistance scheme for victims of crime

\$1.9m

Continuing therapeutic court programs

Money in, 2023–24 (\$820m)



- Output appropriations \$569m
- Special appropriations \$229m
- Grants \$23m

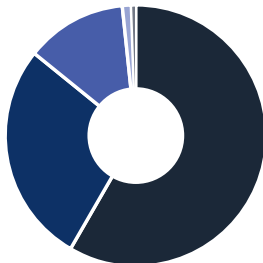
↑ \$18m

increase compared to the 2022–23 revised Budget

↑ \$4m

increase compared to the 2022–23 Budget

Money out, 2023–24 (\$820m)



- Employee benefits \$480m
- Other operating expenses \$224m
- Depreciation \$103m
- Interest expense \$8m
- Grant expense \$4m

↑ \$18m

increase compared to the 2022–23 revised Budget

↑ \$4m

increase compared to the 2022–23 Budget

Total funding received from Treasurer's Advances, 2021–22 (\$289.9m)



- Not related to COVID-19
- Related to COVID-19 (\$0)



of total Treasurer's Advances made across government in 2021–22

10.2 Financial analysis

In 2023–24, CSV forecasts a balanced net result from transactions and a balanced net cash position.⁴ An increase in operating income of \$18 million between the 2022–23 revised Budget and the 2023–24 Budget is expected due to growth in funding from previous budget initiatives and the year-on-year increase. Operating expenses are also forecast to increase by \$18 million in 2023–24.⁵

In 2023–24, CSV is allocated \$820.3 million to fund its outputs, compared to \$815.8 million allocated in the 2022–23 Budget.⁶ Although this represents an increase of 0.6%, high inflation remains a challenge to the Victorian economy with the consumer price index forecast at 4.25% in 2023–24.⁷ At the hearings, the Committee noted that in light of the inflation forecast, the 2023–24 Budget for CSV in fact represents a ‘real cut’.⁸ In response, CSV stated that it had anticipated this.⁹

CSV proposes to reduce its expenditure by \$5.6 million in 2023–24.¹⁰ This savings target is to be achieved from ‘proportionate allocation of courts and VCAT output budgets’.¹¹ CSV stated there would not be any expected impact on delivery of services and assets or infrastructure as a result of this savings target.¹² During the hearings, the Committee was advised that CSV’s savings regime ‘at this point is not addressing frontline services or reducing services or ... reducing staff’.¹³ As part of its efforts to meet its savings targets, CSV has a focus on reducing consultants and contractors, and ‘anything that we might be able to call out as discretionary funds’.¹⁴

FINDING 95: Court Services Victoria (CSV) forecasts a balanced net result from transactions and a balanced net cash position in 2023–24. CSV has a savings target of \$5.6 million in 2023–24 but does not anticipate this will impact frontline services or staffing.

10.2.1 Lapsing initiatives

CSV identified *Essential resources for Victorian courts* as a program set to lapse in 2022–23. The program had an expenditure of \$6.1 million in 2022–23 and was originally

4 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 155.

5 Ibid.

6 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 369.

7 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 369; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2023, p. 22.

8 Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Attorney-General) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 9.

9 Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, 2023–24 Budget Estimates (Attorney-General) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 9.

10 Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, p. 34.

11 Ibid.

12 Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, *Transcript of evidence*, p. 9.

13 Ibid.

14 Ibid., p. 10.

established to ensure that the court system was operating effectively and efficiently for the Victorian community.¹⁵

As part of the program, the pilot of active case management (ACM) at the CCV was expanded and was also introduced in the SCV.¹⁶ The ACM pilot allowed for court work, traditionally conducted through in-court events or appearances, to be conducted administratively or remotely.¹⁷ In addition, the program strengthened the courts' communication capabilities to provide the community with a greater understanding of the decisions and judgments made in court.¹⁸ Access to justice was also supported by a grant to the Court Network to assist those with language or other barriers to utilise Victorian court services.¹⁹

Although CSV did not provide details of the anticipated impacts of the program's expiry, the Committee notes that the aim of the ACM pilot was to resolve more cases earlier and reduce judicial workload pressures.²⁰ The CCV previously indicated that an evaluation of the ACM pilot reported strong potential to produce whole of criminal justice sector savings by reducing delays, improving trial readiness and facilitating early resolution.²¹ Expansion of ACM has been considered critical to addressing the caseload backlog resulting from the suspension of jury trials during the COVID-19 pandemic.²² Given this, the Government should consider the impacts of the cessation of the program.

The Committee was advised that a formal evaluation of the ACM pilot is due in November 2023. The formal evaluation may demonstrate the impact of ceasing the program.²³ Following the evaluation, further funding may be sought in 2024–25.²⁴

Given the reliance on the ACM model as a measure to reduce pending caseload backlogs in Victorian courts and tribunals and the anticipated benefits of ACM, the Committee recommends CSV publish the findings of this evaluation, to enhance understanding of the outcomes of the pilot and its impact on COVID-19 associated backlogs. Outcomes of the evaluation may assist in determining the future continued use of ACM in the SCV and CSV, and its deployment in the wider Victorian legal system.²⁵

15 Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 27.

16 Ibid.

17 County Court of Victoria, *Divisional and List Responses to COVID-19*, 20 March 2020, <<https://www.countycourt.vic.gov.au/files/documents/2020-03/divisional-and-list-responses-covid-19.pdf>> accessed 12 July 2023, p. 5.

18 Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 27.

19 Ibid.

20 County Court of Victoria, *Annual Report 2020–21*, Melbourne, 2021, p. 14.

21 Ibid.

22 Ibid.

23 Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 27.

24 Ibid.

25 An active case management model has also been deployed in VCAT to address the COVID-19 related pending backlog, but was not included in the *Essential resources for Victorian courts* initiative. Source: Ibid., pp. 12, 27.

FINDING 96: Court Services Victoria identified *Essential resources for Victorian courts* as a lapsing program in 2022–23. Subject to the findings of an evaluation of the program due in November 2023, further funding may be sought in 2024–25. A prior evaluation of the active case management pilot, which forms part of the lapsing program, found strong potential to produce whole of criminal justice sector savings by reducing delays, improving trial readiness, and facilitating early resolution.

RECOMMENDATION 60: Court Services Victoria publish the evaluation report on the outcomes of the active case management pilot in the County and Supreme Courts of Victoria in November 2023.

CSV also identified *Improving the VCAT planning and environment case management* as a lapsing program in 2022–23. This program formed part of the former Department of Environment, Land, Water and Planning (DELWP) Coronavirus Response Mission, Economic Recovery. CSV had a planned expenditure of \$3.1 million in 2022–23 for the initiative, derived from a grant from DELWP.²⁶ The initiative was established for several reasons: to expedite the release of \$4 billion in development projects to create construction activity and generate employment, to improve the VCAT Planning and Environment List case management and to reduce the backlog in the VCAT Planning and Environment Division (PED).²⁷

CSV advised the grant has been discontinued and that case management functions will revert back to VCAT Members.²⁸ This has created negative impacts, including less time available for VCAT Members to perform their core functions and delaying the processing and resolution of cases.²⁹ Alternative funding sources are being considered and an evaluation of the program is currently pending.³⁰ The completion date for the evaluation has not been provided by CSV.

The Committee notes that issues persist in the PED. The median time taken to finalise cases increased 14% from 29 weeks in 2020–21 to 33 weeks in 2021–22.³¹ VCAT attributed this increase to greater party participation due to improved accessibility through online hearings.³² The Committee was not provided with further information regarding how successful the initiative has been in achieving its objectives.

FINDING 97: Court Services Victoria identified *Improving the VCAT planning and environment case management* initiative as a lapsing program in 2022–23. The cessation of the program may have some impacts, such as diverting Members' time away from core functions and delaying the processing and resolution of cases.

²⁶ Ibid., p. 28.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

³¹ Victorian Civil and Administrative Tribunal, *Annual Report 2021–22*, Melbourne, 2022, pp. 60–61.

³² Ibid., p. 60.

10.3 Capital spend

In 2023–24, CSV’s capital program for existing projects is valued at \$557.2 million total estimated investment (TEI).³³

A number of CSV’s existing projects have had revised completion dates or additional funding allocated due to project scope revisions, including:

- Courts case management system (statewide)—TEI of \$79.5 million. The TEI has increased by \$17.8 million due to a revised project scope and the estimated completion date has been changed from quarter 4 of 2022–23³⁴ to quarter 4 of 2023–24 in line with a revised project schedule³⁵
- Regional drug court (regional various)—TEI has increased by \$1.9 million due to a revised project scope³⁶
- Specialist family violence integrated court (statewide)—the TEI has increased by \$38.9 million due to a revised project scope.³⁷

Details of the nature of the revisions to the project scopes for the above have not been provided in Budget Paper No. 4.³⁸ The Committee will continue to monitor the progress and completion of the projects comprising CSV’s capital program in future inquiries.

10.4 Court Services Victoria: key issues

CSV is responsible for one budget output: Courts (funding in 2023–24: \$820.3 million).³⁹

During the hearings, the Committee focused on the post-COVID-19 recovery of the Victorian court system, judicial officer and judge positions across Victoria’s courts, appointments to VCAT, and specialist court programs for family violence.⁴⁰

10.4.1 Measures to reduce the COVID-related pending caseload backlog

In response to the departmental questionnaire CSV stated that COVID-19 restrictions substantially disrupted the operations of the Victorian courts and tribunals, resulting in a backlog of cases in the SCV, CCV, MCV and VCAT.⁴¹

³³ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, p. 94.

³⁴ Ibid.

³⁵ As noted above, the increased TEI of \$17.8 million is funded through the 2023–24 Budget. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 113; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, p. 93.

³⁶ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, p. 93.

³⁷ Ibid.

³⁸ Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, p. 93.

³⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 369.

⁴⁰ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Attorney-General) hearing, Melbourne, 9 June 2023, *Transcript of Evidence*, pp. 3–5, 10, 11, 22–23.

⁴¹ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 12.

The Committee has discussed backlogs in the Victorian justice system and CSV's efforts to reduce pending matters in previous reports.⁴² Funding was allocated in previous years to reduce the pending caseload and minimise the delays caused by the impacts of COVID-19 on the Victorian courts and tribunals, including:

- \$80 million as part of the Justice Recovery Plan in the 2020–21 Budget and \$36.2 million in output and asset funding for COVID-19 initiatives⁴³
- \$210 directed to CSV and the Department of Justice and Community Safety to reduce delays in the justice system in the 2021–22 Budget⁴⁴
- \$41 million over four years for the *Helping Courts respond to the impacts of the pandemic* initiative in the 2022–23 Budget.⁴⁵

CSV identified reducing the caseload backlog resulting from COVID-19 as an important strategic issue for 2023–24. The pending caseload has been reduced by 5% (representing 9,189 cases), in the seven months between June 2022 to March 2023. This has reduced the pending caseload to 43% above the pre-COVID-19 levels, calculated at March 2020.⁴⁶

Victorian courts and tribunals have initiated and implemented a variety of measures designed to address the caseload backlog. These measures include:

- active case management models in the SCV, CCV and VCAT
- a more intensive trial listing model in the CCV
- staffing arrangements, including early appointment of replacement judges and judge-alone trials in the CCV
- greater use of expanded delegations for judicial registrars in the MCV
- increased use of technology, including online hearings and digital case management systems
- increased case completion via warrant or *ex parte* in the MCV⁴⁷
- bulk listing model, focusing on the Residential Tenancies List, in VCAT⁴⁸
- increased use of mediation.⁴⁹

42 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, pp. 231–236; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, pp. 146–151; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, pp. 173–184; Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government's response to the COVID-19 pandemic*, February 2021, pp. 279–280.

43 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, p. 233–235.

44 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, pp. 146–147.

45 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 172.

46 Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 12 (Committee calculation).

47 *Ex parte* hearings refer to matters that continue to be heard by the court despite a party's failure to appear at the hearing. Source: Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 12–13.

48 The bulk listing model refers to a process in which several cases are scheduled within a certain timeframe, rather than allocating specific timeslots to each case. This avoids time lost if cases are resolved early or parties fail to attend. Source: Victorian Civil and Administrative Tribunal, *Annual Report 2021–22*, p. 22.

49 Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 12, 68.

At the hearings the Attorney-General informed the Committee that the pending caseload backlog is trending down and that ‘in some jurisdictions we have less pending cases than we did pre-COVID...’⁵⁰

The Attorney-General advised there had been a:

- 6% reduction of the total pending caseload across Victorian courts and VCAT⁵¹
- 19% reduction of criminal jury trials in the SCV
- 4% reduction of criminal jury trials in the CCV
- 12% reduction of pending caseloads in the MCV
- 6% reduction of pending caseloads in the ChCV.⁵²

The reductions were presented by the Attorney-General on a ‘year-to-date’ basis,⁵³ but the Committee was not provided with the commencement date of the calculation, and whether the year-to-date refers to the fiscal or calendar year.

The following section discusses the trends in pending caseloads⁵⁴ across the MCV and VCAT for the period July 2021 to March 2023, as compared to pre-COVID levels in March 2020.⁵⁵ No data is available for the period April 2020 to June 2021.⁵⁶

Magistrates’ Court of Victoria

The MCV has experienced a reduction in its total pending caseload backlog since its highest peaks during the COVID-19 pandemic. In July 2021, total pending cases in the MCV’s civil and criminal jurisdictions, and family violence/personal safety intervention orders amounted to 128,962 cases, compared to 91,731 in March 2023.⁵⁷ This represents a 28.9% reduction.⁵⁸ Despite the reduction, the total pending caseload backlog remains higher than the pre-COVID level of 71,952 matters, calculated at March 2020.⁵⁹

50 Hon Jaclyn Symes MLC, Attorney-General, 2023–24 Budget Estimates (Attorney-General) hearing, Melbourne, 9 June 2023, *Transcript of evidence*, p. 14.

51 The Committee notes the difference between the Attorney-General’s update of a 6% reduction of the total pending caseload in Victorian courts and tribunals, in comparison to the 5% reduction noted by CSV in the questionnaire. Although the Committee was not provided with information to explain the difference, it is possible that it arises where CSV has calculated trends from June 2022 to March 2023, while the Attorney-General’s figures were calculated as at the time of the hearings in June 2023. Source: Hon Jaclyn Symes MLC, Attorney-General, 2023–24 Budget Estimates hearings presentation: *Attorney-General*, supplementary evidence received 9 June 2023, p. 8; Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 12.

52 Hon Jaclyn Symes MLC, Attorney-General, 2023–24 Budget Estimates hearings presentation: *Attorney-General*, p. 8.

53 Ibid.

54 Pending is the number of cases that have commenced in a court or VCAT and are yet to be completed at the end of the month, or in the case of the Magistrates’ and Children’s Court have a future listing date. Source: Court Services Victoria, *Courts and VCAT Caseload Data*, 3 May 2023 <<https://courts.vic.gov.au/caseload-data>> accessed 21 July 2023.

55 March 2020 is calculated as ‘pre-COVID’. Source: Ibid.

56 Court Services Victoria, *Courts and VCAT Caseload Data Tables to March 2023*, 1 May 2023, <https://courts.vic.gov.au/sites/default/files/courts_and_vcat_caseload_data_tables_to_march_2023.xlsx> accessed 10 July 2023.

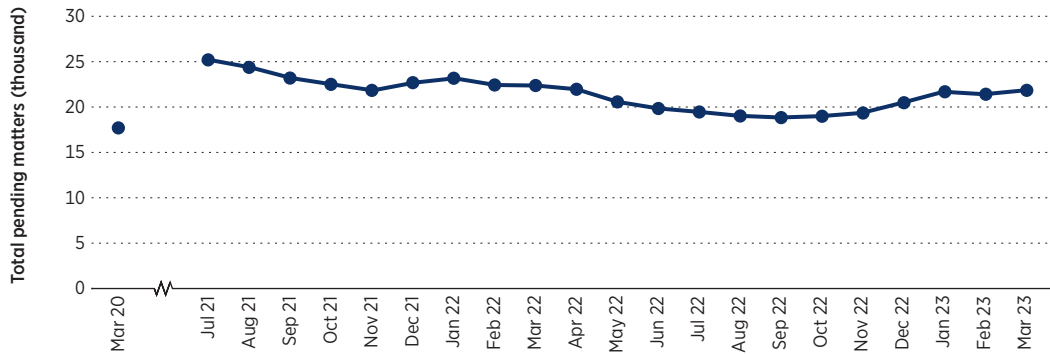
57 Court Services Victoria, *Courts and VCAT Caseload Data Tables to March 2023: Magistrates’ Court*, 1 May 2023, <https://courts.vic.gov.au/sites/default/files/courts_and_vcat_caseload_data_tables_to_march_2023.xlsx> accessed 10 July 2023.

58 Ibid. (Committee calculation).

59 Ibid.

The criminal division of the MCV has improved compared to its highest figures reported during the COVID-19 pandemic.⁶⁰ During the COVID-19 pandemic, the total pending caseload in the MCV’s criminal division amounted to 103,531 in July 2021 and increased to 105,187 in September 2021.⁶¹ In March 2023, the total pending caseload in the MCV’s criminal division reduced to 69,674.⁶² This is closer to the pre-COVID level of 54,077 of March 2020.⁶³

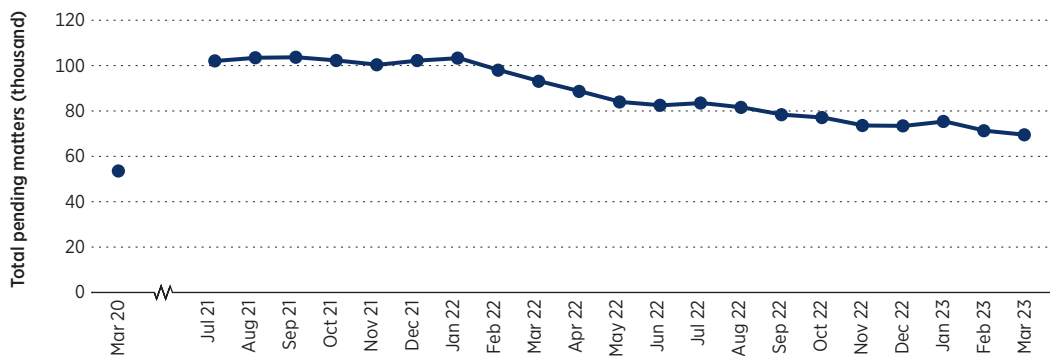
Figure 10.1 Total pending matters in the Magistrates’ Court (Civil Jurisdiction)^a—July 2021 to March 2023, compared to March 2020



a. The civil jurisdiction of the Magistrates’ Court includes the figures from the Civil division and Family Violence/Personal Safety Intervention Orders, as represented on Court Services Victoria’s website.

Source: Court Services Victoria, *Courts and VCAT Caseload Data Tables to March 2023: Magistrates’ Court*, 1 May 2023 <https://courts.vic.gov.au/sites/default/files/courts_and_vcat_caseload_data_tables_to_march_2023.xlsx> accessed 10 July 2023; Court Services Victoria, *Courts and VCAT Caseload Data*, 3 May 2023, <<https://courts.vic.gov.au/caseload-data>> accessed 25 July 2023.

Figure 10.2 Total pending matters in the Magistrates’ Court (Criminal Jurisdiction)—July 2021 to March 2023, compared to March 2020



Source: Court Services Victoria, *Courts and VCAT Caseload Data Tables to March 2023: Magistrates’ Court*, 1 May 2023 <https://courts.vic.gov.au/sites/default/files/courts_and_vcat_caseload_data_tables_to_march_2023.xlsx> accessed 10 July 2023.

60 Ibid.

61 Ibid.

62 Ibid.

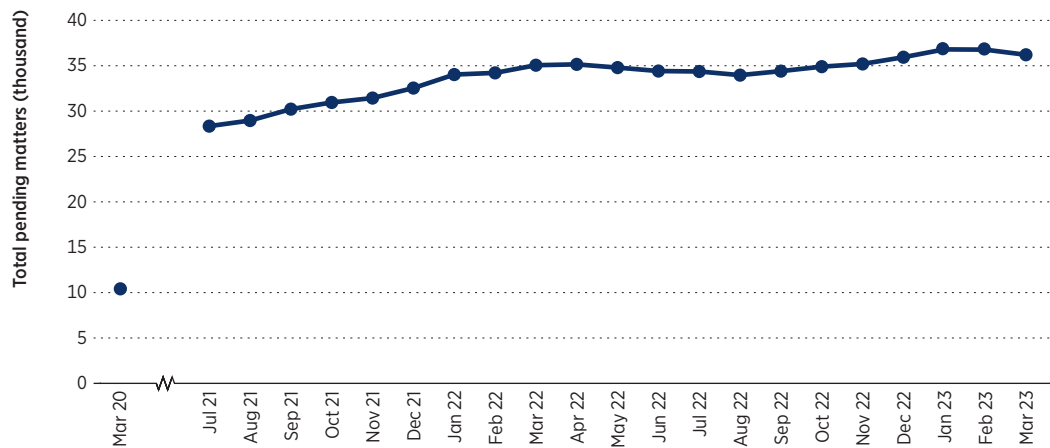
63 Ibid.

FINDING 98: The pending civil and criminal caseload backlog in the Magistrates’ Court of Victoria has reduced as at March 2023, compared to the highest peaks experienced during the COVID-19 pandemic in July 2021. Despite the reductions, the total pending caseload backlog remains higher than pre-COVID levels calculated at March 2020.

Victorian Civil and Administrative Tribunal

VCAT has seen growth in its pending caseload.⁶⁴ Pending cases amounted to 10,551 in March 2020 and rose to 36,749 by March 2023, representing a 248.3% increase.⁶⁵ The total pending cases reported in March 2023 increased 28.3% from the levels reported in July 2021 during the COVID-19 pandemic (28,644 cases).⁶⁶ As discussed by the Committee in previous reports, pending caseloads in the Residential Tenancies List are high.⁶⁷ Matters dealt with include disputes between tenants and landlords, residents and owners of caravan parks or rooming houses, renters and the Director of Housing, site tenants and site owners, in addition to matters concerning specialist disability accommodation.⁶⁸ Despite the implementation of the bulk listing model and the utilisation of mediation resources on the Residential Tenancies List, backlogs persist in this list as at March 2023 (23,892 cases) compared to March 2020 (3,423 cases).⁶⁹

Figure 10.3 Total pending matters in the Victorian Civil and Administrative Tribunal—July 2021 to March 2023, compared to March 2020



Source: Court Services Victoria, *Courts and VCAT Caseload Data Tables: VCAT*, 1 May 2023 <https://courts.vic.gov.au/sites/default/files/courts_and_vcat_caseload_data_tables_to_march_2023.xlsx> accessed 10 July 2023.

64 Court Services Victoria, *Courts and VCAT Caseload Data Tables to March 2023: VCAT*, 1 May 2023, <https://courts.vic.gov.au/sites/default/files/courts_and_vcat_caseload_data_tables_to_march_2023.xlsx> accessed 10 July 2023.

65 Ibid. (Committee calculation).

66 Ibid. (Committee calculation).

67 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 182.

68 Victorian Civil and Administrative Tribunal, *Annual Report 2021–22*, p. 65.

69 Court Service Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 13; Court Services Victoria, *Courts and VCAT Caseload Data Tables to March 2023: VCAT*.

FINDING 99: The Victorian Civil and Administrative Tribunal (VCAT) has continued to experience growth in its pending caseload backlog as of March 2023. Total pending caseloads in VCAT at March 2023 are 248.3% higher than the pre-COVID levels reported in March 2020, and 28.3% higher than the levels reported in July 2021 during the COVID-19 pandemic.

County Court of Victoria

The Committee previously found the CCV was not clearing cases as quickly as other Victorian courts.⁷⁰ In its *Report on the 2022–23 Budget Estimates* the Committee recommended:

The funding and resourcing for the County Court of Victoria be reviewed, noting that the targets related to case clearance rates and on time case processing have been modified down, in part due to the Court’s increase in pending matters and constraints on resourcing.⁷¹

The Government advised this recommendation is under review.⁷² CSV advised that it continues to work with stakeholders including the Department of Treasury and Finance to assess funding requirements to reduce pending matters.⁷³ CSV noted that pending matters in CCV’s criminal jurisdiction increased due to the suspension of jury trials during the COVID-19 pandemic.⁷⁴ Consequently, targets for case clearance and on-time case processing were revised down.⁷⁵ As a result of various initiatives aimed at reducing COVID-related backlogs, pending criminal jury trials are decreasing.⁷⁶

CSV reported a reduction in the COVID-related trial backlog in the CCV by 57% between January 2022 (the time of resumption of normal trial operations) and April 2023 with trends expected to continue for the remainder of 2023.⁷⁷ CSV stated that due to measures implemented it is estimated that the backlog will be cleared in a shorter period than the previous estimate of four years.⁷⁸

The Committee also notes the modifications to performance measure targets relating to case clearance rates in the CCV. Case clearance rates are used to indicate efficiency and productivity for the disposal of matters.⁷⁹ The target for case clearance rates for criminal matters disposed of in the CCV has been modified up from 90% to 95%,

⁷⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 180.

⁷¹ Ibid.

⁷² Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, 9 March 2023, p. 41.

⁷³ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 67.

⁷⁴ Ibid.

⁷⁵ Ibid., pp. 67–68.

⁷⁶ Ibid., p. 68.

⁷⁷ Ibid.

⁷⁸ Ibid.

⁷⁹ Ibid., p. 38.

reflecting changes in recent performance driven by a higher finalisation rate for matters of low to medium complexity in the CCV.⁸⁰

FINDING 100: The County Court of Victoria (CCV) experienced a 57% reduction in its COVID-related trial backlog between January 2022 and April 2023, and expects a continued downward backlog trend for the remainder of 2023. CCV has also revised its target for performance measures relating to case clearance rates for criminal matters disposed of in the CCV, to reflect changes in recent performance driven by a higher finalisation rate for matters of low to medium complexity.

Children’s Court and Coroners’ Court

The most improved jurisdictions in Victoria at March 2023 were the ChCV and the Coroners’ Court. In the ChCV, total pending cases decreased to 8,858 in March 2023 from 11,148 in March 2020, representing a 20.5% decrease.⁸¹ The Coroners Court total pending cases reduced by 5.7% in the same time period, from 5,069 cases in March 2020 to 4,779 in March 2023.⁸²

FINDING 101: As at March 2023, the Children’s Court and Coroners’ Courts pending caseloads have decreased to below the figures reported at March 2020, or pre-COVID levels.

Published data relating to Victoria’s courts and tribunals

The Committee welcomes CSV’s introduction of a new caseload dashboard for Victorian courts and VCAT, launched in September 2022.⁸³ The dashboard allows for the publication of data on a regular quarterly basis, rather than on an ad hoc or annual basis and includes information on the number of cases that have been commenced and completed, as well as the number of pending cases that are progressing through to completion.⁸⁴

The Committee considers that the introduction of the caseload dashboard improves transparency in respect to the number of matters commenced, finalised and pending in Victorian courts and VCAT, and ensures that court and tribunal performance, including the progress in addressing pending caseloads, is captured.

⁸⁰ Ibid.

⁸¹ Court Services Victoria, *Courts and VCAT Caseload Data Tables to March 2023: Children’s Court*, 1 May 2023, <https://courts.vic.gov.au/sites/default/files/courts_and_vcat_caseload_data_tables_to_march_2023.xlsx> accessed 10 July 2023 (Committee calculation).

⁸² Court Services Victoria, *Courts and VCAT Caseload Data Tables to March 2023: Coroners Court*, 1 May 2023, <https://courts.vic.gov.au/sites/default/files/courts_and_vcat_caseload_data_tables_to_march_2023.xlsx> accessed 10 July 2023 (Committee calculation).

⁸³ Court Services Victoria, *New Caseload Dashboard Launched*, 26 September 2022, <<https://courts.vic.gov.au/news/new-caseload-dashboard-launched>> accessed 13 July 2023.

⁸⁴ Ibid.

The Committee notes that although data from March 2020 (pre-COVID) is available, data for the remainder of 2020 and for the period January 2021 to June 2021 is not published.⁸⁵ The publication of this data would enable a full assessment of the performance of Victorian courts and tribunals over time. The publication of a full set of data would improve the transparency in reducing the pending backlog caused by the COVID-19 pandemic.

As noted by the Committee in previous reports, pending caseload backlogs can impact the court and tribunal system and individuals.⁸⁶ Given its important ramifications and the funding provided to reduce pending matters related to the COVID-19 pandemic, the Committee will continue to monitor the datasets prepared by CSV to assess whether measures taken to address pending matters have been successful.

FINDING 102: In 2022 Court Services Victoria commenced publishing data on initiations, finalisations and pending matters in Victorian courts and tribunals. Although data from March 2020 is published, data from April to December 2020 and from January to June 2021 is not available.

RECOMMENDATION 61: Court Services Victoria publish data on the initiations, finalisations and pending matters for the periods from April to December 2020 and from January to June 2021.

Reporting on funded initiatives

In its *Report on the 2022–23 Budget Estimates* the Committee recommended:

The 2023–24 Budget include performance measures that track the outcomes of programs introduced to reduce the number of pending matters across Victorian courts and tribunals.⁸⁷

The recommendation was supported-in-principle, with CSV stating it is reviewing its Budget Paper No. 3 performance measures and noted that approval of any new performance measures is a matter for the Courts Council, the Attorney-General and the Assistant Treasurer as part of future budget processes.⁸⁸ CSV also drew attention to case clearance rates performance measures, which are based on case finalisations and advised that improved outcomes are generally apparent from more cases being finalised and a reduction in pending matters.⁸⁹

⁸⁵ Court Services Victoria, *Courts and VCAT Caseload Data Tables to March 2023*, 1 May 2023, <https://courts.vic.gov.au/sites/default/files/courts_and_vcat_caseload_data_tables_to_march_2023.xlsx> accessed 17 July 2023.

⁸⁶ Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government's response to the COVID-19 pandemic interim report*, July 2020, p. 140; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 182.

⁸⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 184.

⁸⁸ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, 9 March 2023, p. 41.

⁸⁹ Ibid.

The Committee reiterates the importance of performance measure to track the outcomes of funded initiatives to address the number of pending matters in Victorian courts and tribunals. While case clearance rates provide an overview of the functioning of courts and tribunals generally, it is important that the outcomes specific to the funded initiatives implemented to address backlogs be assessed and reported.

FINDING 103: The 2023–24 Budget does not include performance measures that track the outcomes of initiatives introduced in previous budgets to reduce the number of pending matters across the Victorian courts and tribunal.

10.4.2 Continuation of therapeutic court programs

Therapeutic court programs aim to address the underlying issues that contribute to, or cause, criminal offending and re-offending by providing timely and targeted access to justice and evidence informed best practice in therapeutic jurisprudence.⁹⁰ The *Continuing therapeutic court programs* initiative contributes to CSV's Courts output and includes:

- the Court Integrated Service Program Indictable Stream Pilot, run in the MCV and the CCV, to support people on bail access services including housing, mental health support, drug and alcohol treatment, and Koori specific services⁹¹
- the continuation of the Drug Court programs in the Shepparton and Ballarat Magistrates' Court and the CCV to help participants address substance abuse issues.⁹²

The 2023–24 Budget outlines output and asset funding for this initiative, allocating \$18.3 million in output funding and \$1.9 million in asset funding in 2023–24.⁹³

Drug Courts pilot in the Shepparton and Ballarat Magistrates' Court

The Drug Courts regional expansion program delivered Therapeutic Recovery Hubs at the Shepparton and Ballarat Magistrates' Court, which opened in December 2021 and February 2022 respectively.⁹⁴ The objective of the Drug Courts is the promotion of convicted offenders' recovery through a judicially supervised, intensive and integrated supervision and treatment regime, as an alternative to other sentences.⁹⁵ Orders made by the Drug Courts can include regular drug testing, court attendances and counselling treatment.⁹⁶

⁹⁰ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 9.

⁹¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 112; Hon Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 23.

⁹² Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 112.

⁹³ *Ibid.*, pp. 112–113.

⁹⁴ Court Services Victoria, *Delivering Excellence in Court and Tribunal Administration: Annual Report 2021–22*, p. 18.

⁹⁵ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 22.

⁹⁶ *Sentencing Act 1991* (Vic), ss 18ZF – 18 ZG.

Funding for the Drug Courts pilot is valued at \$8.3 million in output funding and a \$1.9 million TEI in 2023–24.⁹⁷ The funding in 2023–24 will extend the pilot period to align with the two-year duration of a Drug and Alcohol Treatment Order.⁹⁸

CSV advised that as the program commenced operations in early 2022, there has not been sufficient time to conduct a comprehensive performance evaluation.⁹⁹ However, the Shepparton and Ballarat Drug Courts are being considered as part of the full evaluation of all Victorian Drug Courts programs currently underway.¹⁰⁰ CSV has not indicated when the full evaluation of the Victorian Drug Courts programs will be completed.

CSV reports initial positive benefits, with an internal review reporting effective collaboration between relevant stakeholders and staff satisfaction.¹⁰¹ An independent interim evaluation report in January 2023 found that the program is cost-effective compared to imprisonment, with a cost benefit ratio of 1:1.84, meaning for every dollar spent on the Drug Courts program, \$1.84 is avoided in prison costs.¹⁰² CSV considers that any cessation of the Shepparton and Ballarat Drug Courts will lead to, among other things, imprisonment in greater numbers and of longer duration, increased likelihood of recidivism and more serious offending, delays in finalising court proceedings and increases in costs of the criminal justice system.¹⁰³

Given the anticipated benefits of the Drug Courts program and its impacts on the Victorian community and the justice system, it is important that the full interim evaluation be published.

FINDING 104: The Drugs Courts regional expansion commenced operations at the Shepparton and Ballarat Magistrates' Court in December 2021 and February 2022 respectively. An interim evaluation reported positive benefits, with every dollar spent on the Drug Courts program resulting in \$1.84 avoided prison costs.

RECOMMENDATION 62: Court Services Victoria publish its *Evaluation of the Drug Courts of Victoria: Interim Evaluation Report*.

⁹⁷ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 23.

⁹⁸ *Ibid.*, p. 24.

⁹⁹ *Ibid.*, p. 23.

¹⁰⁰ *Ibid.*

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

¹⁰³ *Ibid.*, pp. 23–24.

Drug and Alcohol Treatment Court at the County Court of Victoria

Following the implementation of the long-standing Drug Court model at the MCV, the Drug and Alcohol Treatment Court (DATC) pilot commenced hearings in the CCV in May 2021.¹⁰⁴ The DATC is a therapeutic court that takes an active role in supporting participants in addressing drug and/or alcohol dependency to minimise future contact with the justice system.¹⁰⁵

\$7.3 million is provided in the 2023–24 Budget to continue the DATC pilot in the CCV.¹⁰⁶ It is anticipated that the target number of up to 70 participants in the program will be met and full funding will be utilised.¹⁰⁷ In the period 2021–22, the DATC had a total of 85 referrals, held 695 hearings and imposed a total of 34 drug and alcohol treatment orders, with a further 32 progressing through the eligibility process.¹⁰⁸ Anticipated benefits include increased community safety, a cost-effective alternative to incarceration, reduced recidivism, substance abuse and drug-related harms and fatalities, and the potential to break the cycle of intergenerational offending and trauma.¹⁰⁹

An independent evaluation report commissioned by the CCV found that many of the benefits of the DATC are being realised.¹¹⁰ The report found that, even at an early stage, DATC has produced large cost savings across the justice system.¹¹¹ It is estimated that costs saved by the DATC are within the range of \$171,392 to \$357,717 per person and between \$11 and \$25 million in total for 70 participants.¹¹² The expenses include the costs of court processes, imprisonment and parole officers.¹¹³ In addition, the report found positive outcomes for the DATC participants, including progression in treatment and improved housing, employment and family circumstances.¹¹⁴

FINDING 105: The Drug and Alcohol Treatment Court pilot in the County Court of Victoria (CCV) is allocated \$7.3 million in the 2023–24 Budget. An evaluation by the CCV found that the pilot has generated savings of \$11 million to \$25 million across the justice system for 70 participants.

¹⁰⁴ Ibid., p. 24.

¹⁰⁵ Victoria Legal Aid, *County Court Drug and Alcohol Treatment Court Pilot*, 18 May 2022, <<https://www.legalaid.vic.gov.au/county-court-drug-and-alcohol-treatment-court-pilot>> accessed 13 July 2023.

¹⁰⁶ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 24 (Committee calculation).

¹⁰⁷ Ibid., p. 26.

¹⁰⁸ County Court of Victoria, *Annual Report 2021–22*, Melbourne, 2022, p. 40.

¹⁰⁹ Ibid.

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 25.

¹¹³ Ibid.

¹¹⁴ County Court of Victoria, *Annual Report 2021–22*, p. 40.

10.5 Performance measures

CSV has three types of performance measures broken down by Court or tribunal and by type of matter. The performance measures are:

- Quantitative: average cost per case and case clearance rate
- Qualitative: court file integrity, focussing on availability, accuracy and completeness
- Timeliness: on time case processing.¹¹⁵

In 2023–24 CSV has not added any new measures or discontinued any measures.¹¹⁶

¹¹⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 372–375.

¹¹⁶ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 37, 42.

Chapter 11

Department of Government Services

11.1 Overview

The Department of Government Services' (DGS) purpose is to improve how Victorians and business engage with government, and to accelerate digital transformation and corporate services reform across the Victorian Public Service (VPS).¹

In 2023–24 DGS supports four portfolios: Government Services, Consumer Affairs, Local Government and Small Business.²

In 2023–24 DGS's objectives are:

- to make it easier for individuals and businesses to engage with government
- to accelerate digital transformation for Government
- [to provide] corporate services that enable better service delivery and drive productivity over time.³

This chapter examines the budget initiatives and key issues relevant to three portfolios that were identified during the estimates hearings. DGS was established on 1 January 2023.

1 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 194.

2 Ibid.

3 Ibid.

Department of Government Services

Established 1 January 2023

Portfolios



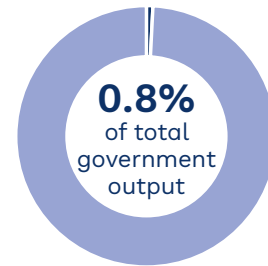
- Consumer Affairs
- Government Services
- Local Government
- Small Business

Total department output funding

2022-23 Budget \$505.4m

2022-23 revised Budget \$693.2m

2023-24 Budget \$584.7m



4th smallest budget

of all Victorian Government departments

↑ \$79.3m

increase compared to the 2022-23 Budget

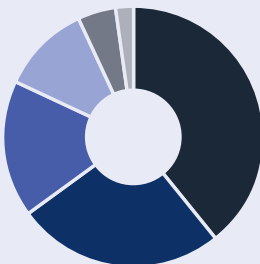
\$172.9m

new output initiative spending, 2022-23 to 2026-27

↓ \$108.5m

decrease compared to the 2022-23 revised Budget

Department funding by output, 2023-24



- Digital strategy and transformation \$230.5m
- Regulation of the Victorian consumer marketplace \$149.8m
- Services to Government \$99.5m
- Local Government \$64.7m
- Identity and worker screening services \$28.1m
- Management of Victoria's public records \$12.1m

New output initiatives with largest funding allocation, 2022-23 to 2026-27



11 new
output initiatives

\$90m

Service Victoria – delivering digital government services

\$15m

Ex-gratia relief for Porter Davis Homes customers

\$34.7m

Cyber security reform

\$12.1m

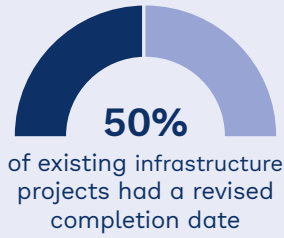
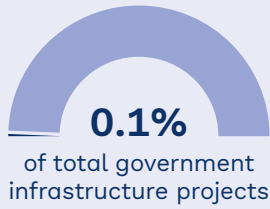
Doing what matters for local government workers

Infrastructure program, 2023–24 (\$65.3m)

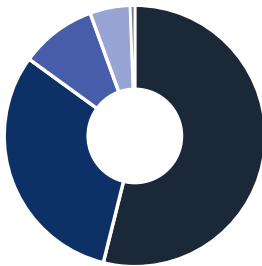
\$65.3m

Total estimated investment in new projects (\$0)

Department's existing infrastructure program



Money in, 2023–24 (\$866m)

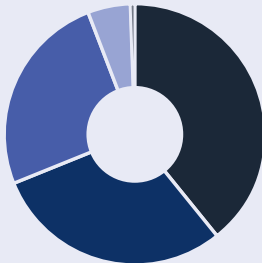


- Output appropriations \$468m
- Sales of goods and services \$271m
- Interest income \$80m
- Other revenue and income \$45m
- Grants \$1m

↑ \$419m

increase compared to the 2022–23 revised Budget

Money out, 2023–24 (\$843m)



- Employee benefits \$333m
- Other operating expenses \$251m
- Grant expense \$214m
- Depreciation \$43m
- Interest expense \$2m

↑ \$343m

increase compared to the 2022–23 revised Budget

11.2 Financial analysis

Funding for all of DGS's outputs in 2023–24 has decreased by between 5.9% and 52.7% (Local Government output) compared to the 2022–23 revised Budget, except for the Regulation of the Victorian Consumer Marketplace output, which grew by 2.4%.⁴ According to the budget papers the reduction in the 2023–24 Budget compared to the 2022–23 revised Budget is due to the transfer of the *Growing Suburbs Program* to the Department of Jobs, Skills, Industry and Regions (DJSIR).⁵

DGS forecasts an operating surplus of \$23 million in 2023–24 compared to an operating deficit of \$53 million in the 2022–23 revised Budget, attributed to 'increased returns on investment of the Victorian Property Fund (VPF) and timing differences in the disbursement of grants from the VPF'.⁶ The VPF is a trust fund administered by Consumer Affairs Victoria (CAV), through which compensation is provided to individuals and corporations when an estate agent, conveyancer or their respective representative misuses or misappropriates trust money in the course of their work.⁷ In 2023–24, DGS's net assets position is forecast to grow by \$22 million due to increases in the VPF trust cash balance.⁸

11.3 Government Services: key issues

The Minister for Government Services is responsible for four outputs: Identity of Worker Screening Services (funding in 2023–24: \$28.1 million), Digital Strategy and Transformation (funding in 2023–24: \$230.5 million), Management of Victoria's Public Records (funding in 2023–24: \$12.1 million) and Services to Government (2023–24: \$99.5 million).⁹

11.3.1 Service Victoria's digital driver's licence pilot

Service Victoria in an online platform that delivers digital Government services.¹⁰ The *Service Victoria – delivering digital government services* output initiative received \$90 million over 2023–24 and 2024–25 in this year's budget.¹¹

DGS and Service Victoria plan to further extend the availability of Government-issued licences and eligibility cards in a 'digital wallet'.¹² The benefits of issuing a digital

⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 195 (Committee calculation).

⁵ *Ibid.*, p. 201.

⁶ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, pp. 97, 99.

⁷ Consumer Affairs Victoria, *Victorian Property Fund*, 11 August 2021, <<https://www.consumer.vic.gov.au/about-us/who-we-are-and-what-we-do/funds-we-administer/victorian-property-fund>> accessed 28 July 2023.

⁸ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 97.

⁹ Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 58–61; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 195.

¹⁰ Service Victoria, *Find Services*, 2023, <<https://service.vic.gov.au/find-services>> accessed 14 August 2023.

¹¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 51 (Committee calculation).

¹² Hon Danny Pearson MP, Minister for Government Services, *2023–24 Budget Estimates hearings presentation: Government Services*, supplementary evidence received 5 June 2023, pp. 3–4; Hon Danny Pearson MP, Minister for Government Services, 2023–24 Budget Estimates (Government Services) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 2.

credential include enhanced security in comparison to plastic or paper-based cards and better responsiveness in the event of a data breach, as it allows for easier removal of compromised material and quicker en masse replacement.¹³

One of the 'digital wallet' priorities over 2023–24 is the digital drivers licence trial, with a pilot of the new service commencing in Ballarat in July 2023, followed by a state-wide rollout in 2024.¹⁴ In addition to providing a digital driver's licence available from both the Service Victoria and VicRoads apps, the Ballarat-based pilot is also trialling digital driver's licences as a proof of identity document.¹⁵

The trial will allow for specific fields of information to be displayed, such as checking a date of birth for entering a licensed venue while ensuring other information about an individual such as their residential address remains private.¹⁶ It will also test how the digital licence would function in a setting that can have intermittent internet connectivity.¹⁷ Feedback on the pilot will be sought from 'Ballarat customers, local retailers, licensed venues, Victoria Police and places that use a licence as proof of identity' before the state-wide rollout.¹⁸

The first stage of the pilot that took place in late June encountered issues, with trial participants receiving correspondence with incorrect surnames, leading to concerns about data breaches. VicRoads subsequently stated a technical error occurred and was responsible for the incorrect data.¹⁹ The trial is continuing.

FINDING 106: The first stage of the digital driver's licence pilot in Ballarat experienced difficulties, with incorrect information distributed to participants leading to concerns about data breaches.

11.3.2 Office accommodation and management services

The Government's office accommodation and management services are administered by the Shared Services Provider (SSP).²⁰ DGS reports on VPS office accommodation costs in the budget papers through performance measures on cost per square metre per year and workspace ratio, measured by square metre per full-time equivalent staff.²¹

¹³ Hon Danny Pearson MP, Minister for Government Services, *Transcript of evidence*, p. 2.

¹⁴ Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 5.

¹⁵ Hon Danny Pearson MP, Minister for Government Services, *Transcript of evidence*, p. 6.

¹⁶ *Ibid.*

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ ABC, *VicRoads apologises after thousands of Ballarat drivers sent emails with wrong surnames*, 29 June 2023, <<https://www.abc.net.au/news/2023-06-29/vicroads-digital-licence-email-blunder-ballarat/102540336>> accessed 28 July 2023.

²⁰ Shared Service Provider, *About us*, 22 May 2023, <<https://www.ssp.vic.gov.au/about-us>> accessed 14 August 2023.

²¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 206.

The SSP manages public service office accommodation costs through the Centralised Accommodation Management (CAM) program.²² The CAM program began in 2019, and is scheduled for completion in 2023–24.²³ Last year the Committee was advised that components of the SSP and CAM program contribute to cost savings and efficiencies though, for example, aggregated buying power and effective vendor procurement and contract management.²⁴

The budget papers indicate total government accommodation costs as measured by dollar per square metre for 2022–23 (\$446) are expected to exceed the performance measure target (\$397) due to annual rental increases over the course of 2022–23.²⁵ The Committee notes the target was not met in 2021–22, with the Department of Treasury and Finance (DTF) (responsible for public service office accommodation and the CAM program prior to the MoG changes) explaining this was due to ‘a large proportion of onboarded properties located in the Central Business District which have a higher square metre cost and a reduction in regional sites, which generally carry a lower square metre cost’.²⁶

DGS informed the Committee that total accommodation costs for the VPS over 2021–22 were \$477.2 million and the estimated totals costs for 2022–23 are \$467.6 million.²⁷ These figures on overall costs taken with the cost per square metre information provided to the Committee at the hearings and in the budget papers show increasing rental costs for decreasing office space between 2021–22 and 2022–23.

In last year’s report the Committee recommended the Government publish the total cost savings achieved through the CAM program.²⁸ This recommendation was supported by Government, and it was noted that ‘the Shared Service Provider (SSP) will publish the total Centralised Accommodation Management (CAM) program savings achieved in the 2022–23 annual report’.²⁹

FINDING 107: While the Centralised Accommodation Management program has been established to achieve costs savings and efficiencies, the Government is expected to experience increasing rental costs in 2021–22 and 2022–23, while leasing less space.

22 Shared Service Provider, *Centralised Accommodation Management Program (CAM)*, 4 August 2023, <<https://www.ssp.vic.gov.au/office-and-property-services#centralised-accommodation-management-cam-program>> accessed 14 August 2023.

23 Ibid.; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, p. 65.

24 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 212.

25 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 206.

26 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 212.

27 Ms Gayle Porthouse, Deputy Secretary, Whole of Victorian Government Services, Department of Government Services, 2023–24 Budget Estimates hearing, response to questions on notice received 15 June 2023, p. 1.

28 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 213.

29 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, 9 March 2023, p. 49.

RECOMMENDATION 63: The Department of Government Services evaluate the Centralised Accommodation Management program, including any cost savings it has generated and the reasons behind any increased office accommodation costs.

The closure of suburban government offices operating as part of the *Suburban workplace hubs* program was discussed at the estimates hearings. The program trialled the use of office spaces for public servants, located in Footscray, Dandenong, Essendon Fields, Mulgrave and Williams Landing.³⁰ The purpose of the program was to ‘support even greater participation by a broader range of Victorians in the public service including workers with disabilities, caring responsibilities and those living outside urban centres’, to maximise the benefits of remote work and support flexible working arrangements in response to the COVID-19 pandemic, and to increase economic activity in areas where the hubs were established.³¹

The Committee was informed that upon completion of the trial period at the end of 2022–23, leases on suburban hub offices would not be extended. One of the reasons provided to the Committee for their closure was because they were ‘underutilised’.³²

By June 2023, the trial cost approximately \$18.3 million.³³ The Department of Premier and Cabinet (DPC) noted that an evaluation of the program will be undertaken.³⁴

FINDING 108: By June 2023 the *Suburban workplace hubs* program trialling the office spaces for use by public servants in Footscray, Dandenong, Essendon Fields, Mulgrave and Williams Landing cost \$18.3 million. The program will not be renewed due to the underutilisation of the suburban offices.

RECOMMENDATION 64: The Department of Government Services publicly release the evaluation of the *Suburban workplace hubs* program once it is completed.

³⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, pp. 102, 105; Victoria Public Sector Commission, *Priority 1: Promoting workforce reform*, 7 February 2023, <<https://vpssc.vic.gov.au/about-vpssc/annual-reports/annual-report-2021-to-2022/priority-1-promoting-workforce-reform>> accessed 28 July 2023.

³¹ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 25 May 2023, p. 42; Victorian Public Sector Commission, *Priority 1: Promoting workforce reform*; Hon Danny Pearson MP, *Public service to boost return to office plans*, media release, Melbourne, 23 March 2021.

³² Ms Gayle Porthouse, Deputy Secretary, Whole of Victorian Government Services, Department of Government Services, 2023–24 Budget Estimates (Government Services) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 5.

³³ Ms Gayle Porthouse, Deputy Secretary, Whole of Victorian Government Services, Department of Government Services, response to questions on notice, p. 2.

³⁴ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 43.

11.4 Consumer Affairs: key issues

The Minister for Consumer Affairs is responsible for one output: Regulation of the Victorian Consumer Marketplace (funding in 2023–24: \$149.8 million).³⁵

11.4.1 Impact of new rental laws on Consumer Affairs Victoria and the Dispute Settlement Centre of Victoria

New rental laws took effect in Victoria on 29 March 2021.³⁶ As the State's consumer affairs regulator, CAV is responsible for administering residential tenancies acts and regulating Victorian rental laws, including implementing the new rental laws.³⁷ CAV also provides administrative support to the Residential Tenancy Bond Authority, which is responsible for holding all Victorian residential tenancy bonds in trust.³⁸

CAV and the Dispute Settlement Centre of Victoria (DSCV) transferred to DGS from the Department of Justice and Community Safety (DJCS) as part of the MoG changes enacted on 1 January 2023.³⁹ CAV provides information and guidance for people experiencing rental disputes, including helplines and advocacy organisation contact details.⁴⁰ DSCV can act as a service for parties seeking mediation and resolution of disputes without taking legal action.⁴¹ DSCV's mediation services include some tenancy-related disputes, but also extend to non-rental related issues such as neighbourhood disputes, inter-family disputes and interpersonal conflicts.⁴² Common tenancy-related disputes include issues regarding bond claims, leases, rental increases, repairs and maintenance to the property and notices to vacate.⁴³ If disputes arising from rental agreements are not able to be resolved outside of the court system, the matters can be heard by the Victorian Civil and Administrative Appeals Tribunal (VCAT).⁴⁴ However, CAV's website suggests that parties should only apply to VCAT 'as a last resort'.⁴⁵

35 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 195; Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 61.

36 Consumer Affairs Victoria, *Transition to new renting laws, 2023*, <<https://www.consumer.vic.gov.au/housing/renting/2021-victorian-rental-laws-changes/transition-to-new-renting-laws>> accessed 14 July 2023.

37 Consumer Affairs Victoria, *Legislation administered by Consumer Affairs Victoria*, 30 June 2021, <<https://www.consumer.vic.gov.au/resources-and-tools/legislation/legislation-we-administer#R>> accessed 15 August 2023; Consumer Affairs Victoria, *Annual Report 2021–22*, Melbourne, 2022, p. 25.

38 Consumer Affairs Victoria, *Residential Tenancies Bond Authority*, 21 December 2022, <<https://www.consumer.vic.gov.au/about-us/who-we-are-and-what-we-do/public-committees-and-boards/residential-tenancies-bond-authority>> accessed 3 August 2023; Consumer Affairs Victoria, *Public committees and boards*, 8 June 2018, <<https://www.consumer.vic.gov.au/about-us/who-we-are-and-what-we-do/public-committees-and-boards>> accessed 10 August 2023.

39 Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 56.

40 Consumer Affairs Victoria, *Resolving rental disputes*, 9 February 2023, <<https://www.consumer.vic.gov.au/housing/renting/legal-and-dispute-support/resolving-disputes>> accessed 15 August 2023.

41 Dispute Settlement Centre of Victoria, *About us*, 25 July 2022, <<https://www.disputes.vic.gov.au/about-us>> accessed 29 July 2023.

42 Dispute Settlement Centre of Victoria, *How and when we can help*, 24 April 2023, <<https://www.disputes.vic.gov.au/about-us/how-and-when-we-can-help>> accessed 14 July 2023.

43 Consumer Affairs Victoria, *Resolving rental disputes*.

44 Victorian Civil and Administrative Appeals Tribunal, *What VCAT does*, n.d., <<https://www.vcat.vic.gov.au/what-vcat-does>> accessed 29 July 2023.

45 Consumer Affairs Victoria, *Resolving rental disputes*.

The changes in residential tenancy laws enacted in 2021 have increased the demand for services provided by CAV and DSCV. This is reflected in the 2022–23 expected outcome results of several CAV and DSCV’s performance measures, whereby targets are not expected to be met due to an increase in work related to residential tenancies.⁴⁶

The expected 2022–23 outcomes for performance measures that relate to DSCV in this year’s budget papers demonstrate they have struggled to meet the increased demand for information (either through phone or online enquiries) or deliver services.⁴⁷ The performance measure ‘Dispute resolution services provided in the Dispute Settlement Centre of Victoria’ had a target of 25,000 in 2022–23, with an expected outcome of 12,000.⁴⁸ The budget papers explain the lower expected outcome is due to DSCV assisting VCAT.⁴⁹ For 2023–24, this performance measure will be split into two, with one measure reporting on dispute resolution measures only, and a new measure reporting on telephone and website services.⁵⁰

Although the new performance measure relating to telephone and website services provided by DSCV has been created,⁵¹ DSCV is currently not taking telephone enquiries. The DSCV website currently displays a notice saying it has ‘temporarily closed its phone line to provide a mediation service for residential tenancies disputes lodged with VCAT during increased demand for VCAT’s services’ and offers an online form for people to contact DSCV to obtain information on mediation and disputes. DSCV is also (as at 15 August 2023) not offering mediation and advice services for a number of non-rental related disputes in order ‘to focus on assisting renters and rental providers to resolve disputes listed for consideration by VCAT’.⁵²

DSCV has also not met the timeliness measure for ‘Intake and mediation services conducted within agreed timeframes’, with an expected result for 2022–23 of 65%, compared to the target of 95%.⁵³ The budget papers state this is due to ‘an increase in complexity of matters following the impacts of COVID-19 and service delivery model changes made to assist the Victorian Civil and Administrative Tribunal’.⁵⁴

FINDING 109: The Dispute Settlement Centre of Victoria is not expecting to meet two of its 2022–23 performance measure targets, and is currently not accepting phone enquiries, or offering mediation and advisory services for a number of non-rental related disputes, in order to assist the Victorian Civil and Administrative Tribunal with disputes relating to renters and rental providers.

⁴⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 197–199.

⁴⁷ *Ibid.*, p. 198.

⁴⁸ *Ibid.*

⁴⁹ *Ibid.*

⁵⁰ *Ibid.*

⁵¹ *Ibid.*

⁵² Dispute Settlement Centre of Victoria, *How and when we can help*.

⁵³ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 199.

⁵⁴ *Ibid.*

The budget papers also explain that the expected result for CAV's performance measure 'Number of court and administrative actions' for 2022–23 is 547. The target is 900. The budget papers state this is due to 'the prioritisation of flood responses and Consumer Affairs Victoria's response to rent reviews'.⁵⁵

When the Committee asked about the resources available for court and administrative actions, it was informed by DGS that CAV does not have a disaggregated budget for investigations and compliance activities. Instead, CAV monitors the Victorian consumer marketplace to decide how it should prioritise its resources and sets regulatory priorities according to 'the need and its intelligence'.⁵⁶ Over the last year this reflected providing rent assessments to Victorian renters, which DGS advised would not necessarily count towards the above performance measure.⁵⁷

FINDING 110: Consumer Affairs Victoria does not have a disaggregated budget for investigation and compliance activities and deploys resources according to need and the intelligence it receives on an ongoing basis. Over the last year, investigation resources were prioritised towards renters and rental assessments.

Another reason given by CAV for not expecting to meet 2022–23 performance targets was that it is increasingly providing a greater level of service to fewer customers, reflecting greater complexity of enquiries and disputes.⁵⁸ Departmental officials also pointed to methodological changes to the data presented in the performance measures and that 'There was some double counting of activity, so there is actually no drop in the actual support services being provided'. Officials did not think 'it is necessarily a fair conclusion to draw that the amount of support, information or advice that is provided is going down'.⁵⁹

RECOMMENDATION 65: The funding and resourcing for the Dispute Settlement Centre of Victoria and Consumer Affairs Victoria be reviewed, noting that targets related to dispute resolution performance measures and court and administrative actions are not expected to be met, as the two organisations focus on the increase in disputes relating to renters and rental providers.

⁵⁵ Ibid., p. 198.

⁵⁶ Mr John Batho, Deputy Secretary, Community Services and Regulation, Department of Government Services, 2023–24 Budget Estimates (Consumer Affairs) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 4.

⁵⁷ Ibid., pp. 3–4.

⁵⁸ Ibid., p. 4.

⁵⁹ Ibid.

11.5 Local Government: key issues

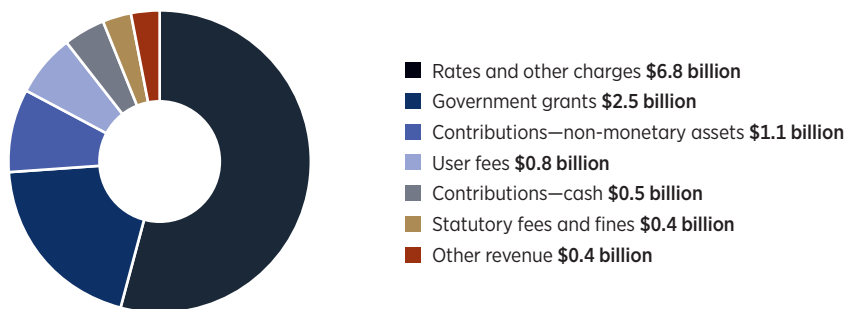
The Minister for Local Government is responsible for one output: Local Government (funding in 2023–24: \$64.7 million).⁶⁰

11.5.1 Council rates and grant revenue

During the hearings funding to local government, council rate capping, and the process and method of setting the annual rate by the Essential Services Commission (ESC) was discussed.⁶¹

Victoria's 79 local government councils receive funding through a combination of grant funding from state and federal governments, revenue raised through council rates, and other own-source revenue such as fines and fees.⁶² Data provided by the Victorian Auditor-General's Office (VAGO) shows council rates levied on properties comprised over half (54.2 %) of local government funding for 2021–22.⁶³ This was followed by government grants from state and federal governments, contributing 19.9% of funding.⁶⁴

Figure 11.1 Composition of Local Government funding, 2021–22



Source: Victorian Auditor General Office, *Results of 2021–22 Audits: Local Government*, Melbourne, 23 February 2023, <<https://www.audit.vic.gov.au/report/results-2021-22-audits-local-government>> accessed 25 July 2023.

The former Department of Jobs, Precincts and Regions committed to a review of the State's rating system in 2018.⁶⁵ Following this, the Government made amendments to the rating system through the *Local Government Amendment (Rating Reform and*

⁶⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 195; Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 62.

⁶¹ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Local Government) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, pp. 3, 7, 11–12.

⁶² Vic Councils, *What councils do*, n.d., <<https://www.viccouncils.asn.au/what-councils-do>> accessed 15 August 2023; Vic Councils, *Council Revenue*, n.d., <<https://www.viccouncils.asn.au/what-councils-do/council-funding/council-revenue>> accessed 30 July 2023.

⁶³ Victorian Auditor General Office, *Results of 2021–22 Audits: Local Government*, Melbourne, 23 February 2023, <<https://www.audit.vic.gov.au/report/results-2021-22-audits-local-government>> accessed 25 July 2023 (Committee calculation).

⁶⁴ Ibid. (Committee calculation).

⁶⁵ Department of Jobs, Precincts and Regions, *Local Government Rating System Review*, 2019, <[FactSheet_GovernmentResponseToLocalGovernmentRatingSystemReview.pdf](https://www.djpr.vic.gov.au/factsheet-government-response-to-local-government-rating-system-review)> accessed 30 July 2023.

Other Matters) Act 2022. These amendments included providing an explicit definition of hardship, to give greater support to people unable to pay rates, and a requirement that councils engage with ratepayers early and proactively as part of their core business.⁶⁶

Council rate cap

Councils base their rates on property values and can use various methods to calculate a rating based on this, along with applying different rate levels for property use (e.g. residential, commercial and farm land).⁶⁷ In 2016 the Government introduced a rate cap, whereby an annual limit is set on the amount a council can increase rates by.⁶⁸ The rate cap is not applied to a property owner's rate notice; it is applied to the overall figure of annual rate revenue within a council's annual budget.⁶⁹

The Minister for Local Government sets the rate cap, based on advice provided by the ESC.⁷⁰ At the hearing the Minister explained to the Committee that after taking into consideration consumer price index (CPI) movements and the general financial health of the sector, the ESC recommended a rate cap of no more than 4% for the next financial year.⁷¹ Upon receiving further advice from the sector, the Minister determined the rate cap for 2023–24 to be 3.5%.⁷²

The Minister further explained she is aware of 52 councils that intend to increase rate revenue to the 3.5% cap, while three councils are increasing their rates by less than the 3.5%, and one council that is not increasing its rates at all.⁷³ There is provision for a council to apply to the ESC to increase rate revenue over the rate cap, however at the time of the hearings none had chosen to do so.⁷⁴

The Committee noted at the hearings that the rate cap of 3.5% was half the then-current CPI inflation figure of 7% and asked the Minister whether services provided by councils would be reduced as a result.⁷⁵ The Committee also asked

66 Department of Jobs, Precincts and Regions, *Local Government Legislative Amendment (Rating and Other Matters) Act 2022*, 2022, <https://www.localgovernment.vic.gov.au/_data/assets/pdf_file/0033/188448/FactSheet_LocalGovernmentLegislative-AmendmentRatingAndOtherMattersAct2022.pdf> accessed 30 July 2023; Hon Daniel Andrews MP, *Giving Ratepayers A Fair Go*, media release, Melbourne, 8 June 2022.

67 Department of Environment, Land, Water and Planning, *Local Government Rating System Review: Discussion Paper*, Melbourne, 2019, pp. 6–7.

68 Vic Councils, *Rate Capping*, n.d., <<https://www.viccouncils.asn.au/what-councils-do/council-funding/rate-capping>> accessed 26 July 2023.

69 Ibid.

70 Ibid.; Essential Services Commission, *Local government*, 2023, <<https://www.esc.vic.gov.au/local-government>> accessed 16 August 2023.

71 Hon Melissa Horne MP, Minister for Local Government, 2023–24 Budget Estimates (Local Government) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 7.

72 Ibid.

73 The Committee was unable to access further information regarding rate increases across all councils for 2023–24. Source: Ibid.

74 Ibid.

75 Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Local Government) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 11.

about the utility of using the CPI, which is based on a ‘basket of consumer goods’⁷⁶ as the cost-setting measure, when councils have considerable infrastructure-related expenses, such as roads maintenance.⁷⁷

The Committee was informed that the ESC operates and provides advice independently of the Government, and that the ‘policy setting’ it has chosen to apply for rating and rate capping is the CPI. The ESC uses other measures to set prices for sectors that have high infrastructure-related costs, such as in the water sector.⁷⁸

FINDING 111: The Minister for Local Government set the rate cap for 2023–24 at 3.5% on advice from the Essential Services Commission and other stakeholders. The Essential Services Commission uses the Consumer Price Index to inform its advice, which at the time of the hearings was 7%.

Local governments deliver a wide range of services to the community, including waste disposal, libraries, swimming pools, street and footpath maintenance and immunisation.⁷⁹ The Committee raised possible underfunding and reduced service delivery across several State government-funded council-delivered programs with the Minister at the hearings, including the roadside weeds and pests control plan.⁸⁰

It was noted that the target for the ‘Councils with approved roadside weeds and pests control plan’ performance measure has been reduced from 56 to 45 for 2023–24.⁸¹ The Minister explained that while funding for the program has been maintained at \$2.8 million, the service is now concentrated on a smaller number of rural councils that are geographically large and have extensive road network coverage such as Buloke Shire.⁸²

The Minister stated that, as per the VAGO audit⁸³ on the local government sector, all councils across the state are in good financial condition and pointed to other forms of funding available to councils, such as federal and state government grants.⁸⁴

76 The Australian Bureau of Statistics bases the CPI calculation on price changes across a selection of household and personal items, such as groceries, electrical items, clothing and footwear, as well as consumer activities such as eating out, travel and entertainment expenses. This is known as the ‘basket of consumer goods’. Source: Australian Bureau of Statistics, *Consumer Price Index, Australia methodology*, 26 July 2023, <<https://www.abs.gov.au/methodologies/consumer-price-index-australia-methodology/jun-quarter-2023>> accessed 4 August 2023.

77 Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Local Government) hearing, *Transcript of evidence*, p. 8.

78 Mr Mike Gooley, Executive Director, Local Government Victoria, Department of Jobs, Skills, Industry and Regions, 2023–24 Budget Estimates (Local Government) hearing, Melbourne, 14 June 2023, *Transcript of evidence*, p. 8.

79 Vic Councils, *Council Responsibilities*, n.d., <<https://www.viccouncils.asn.au/what-councils-do/council-responsibilities>> accessed 26 July 2023.

80 Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Local Government) hearing, *Transcript of evidence*, pp. 4, 11–12.

81 Ibid., p. 4; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 200.

82 Hon Melissa Horne MP, Minister for Local Government, *Transcript of evidence*, p. 4.

83 Victorian Auditor-General’s Office, *Results of the 2021–22 Audits: Local Government*.

84 Hon Melissa Horne MP, Minister for Local Government, *Transcript of evidence*, p. 7.

11.6 Department-wide: key issues

11.6.1 Machinery of government changes

Machinery of government (MoG) changes had the following impact:

- The following offices and functions have transferred to DGS from DJCS:
 - Births, Deaths and Marriages
 - Business Licensing Authority
 - Consumer Affairs Victoria
 - Dispute Settlement Centre of Victoria
 - Domestic Building Dispute Resolution Victoria
 - Regulation Policy
 - Residential Tenancies Bond Authority
 - Workers Screening Unit.⁸⁵
- The functions of the Shared Whole of Victorian Government (WoVG) Service Provider and Strategic Sourcing, including the Victorian Government Purchasing Board, have been transferred to DGS from DTF⁸⁶
- The offices of Service Victoria, Digital Victoria and the parliamentary transport function were transferred to DGS from DPC⁸⁷
- DPC and DTF had combined responsibility for the Shared Corporate Services functions for central agencies including Finance and Governance, and this has now been transferred to DGS⁸⁸
- The offices of Local Government Victoria, the Social Procurement Framework, the WoVG Grant Program Centre and the Telecommunications functions have transferred to DGS from DJSIR.⁸⁹

⁸⁵ Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 55–56.

⁸⁶ *Ibid.*, p. 56.

⁸⁷ *Ibid.*, pp. 56, 64.

⁸⁸ *Ibid.*, p. 56.

⁸⁹ *Ibid.*, pp. 56–57.

11.6.2 Changes to output structure

As a result of the MoG changes, five outputs have been transferred from other departments into DGS. These are:

- Regulation of the Victorian Consumer Marketplace and Protection of Children, Personal Identity and Screening Services from DJCS. The Protection of Children, Personal Identity and Screening Services output has also been renamed in 2023–24 as Identity and Worker Screening Services
- Digital Strategy and Transformation and Management of Victoria’s Public Records from DPC
- Services to Government from DTF.⁹⁰

In addition, the previous Local Government and Suburban Development output has been split, with Local Government transferring from DJSIR to DGS.⁹¹

11.7 Performance measures

11.7.1 Department-wide: analysis of new performance measures

DGS added five new performance measures in the 2023–24 Budget, two of which replaced discontinued measures.⁹² New measures in relation to DSCV are discussed in Section 11.4.1.

11.7.2 Department-wide: analysis of proposed discontinued performance measures

DGS has proposed seven performance measures for discontinuation in the 2023–24 Budget.⁹³ The Committee supports DGS’s rationale for the discontinuation of six measures. Table 11.1 summarises the issues that Committee identified with the remaining performance measure.

⁹⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 122, 195.

⁹¹ *Ibid.*, pp. 123, 195.

⁹² Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 30–33, 38.

⁹³ *Ibid.*, pp. 37–40.

Table 11.1 Issues with one performance measure proposed to be discontinued in 2023–24

Output	Performance measure	Issues identified by the Committee
Services to Government (Quantity)	Number of Zero Emission Vehicles acquired via VicFleet	<p>This performance measure was introduced in 2021–22, with the Department of Government Services explaining that ‘The purpose was to measure the success in implementing a more efficient Victorian Government car fleet’.</p> <p>The measure is proposed for discontinuation ‘as funding was provided until 30 June 2023’. The budget papers also state the initiative’s target of 400 zero emissions vehicles (ZEVs) will ‘likely be mostly acquitted by the end of 2022–23’. Additionally, the Minister of Government Services advised there was no target to acquire ZEVs in 2023–24 due to ‘supply chain challenges’.</p> <p>Given the importance of the Victorian Government’s emission reduction targets, and the planned introduction of national fuel efficiency standards, the Committee suggests the government consider maintaining a target for ZEVs within VicFleet if the department intends to continue to add ZEVs to the fleet, even if the original program has lapsed.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 389; Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, p. 39; Hon Danny Pearson MP, Minister for Government Services, 2023–24 Budget Estimates (Government Services) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 8

RECOMMENDATION 66: The Department of Government Services review issues with the proposed discontinued performance measure relating to zero emission vehicles acquired via VicFleet.

Chapter 12

Department of Treasury and Finance

12.1 Overview

The Department of Treasury and Finance's (DTF) mission is to provide economic, commercial, financial and resource management advice to help the Victorian Government deliver its policies.¹

In 2023–24 the department supports three portfolios: Treasurer, Assistant Treasurer, and WorkSafe and the TAC (Transport Accident Commission).²

In 2023–24 DTF's objectives are to:

- optimise Victoria's fiscal resources
- strengthen Victoria's economic performance
- improve how Government manages its balance sheet, commercial activities and public sector infrastructure.³

This chapter examines the budget initiatives and key issues relevant to all DTF portfolios that were identified during the estimates hearings.

1 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 335.

2 Ibid.

3 Ibid., pp. 335–336.

Department of Treasury and Finance

Portfolios



- Treasurer
- Assistant Treasurer

- WorkSafe and the TAC

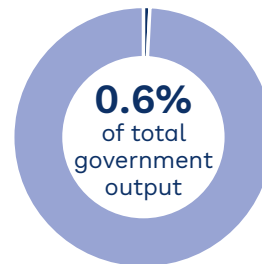
- Economic Development
- Regulatory Reform

Total department output funding

2022–23 Budget \$391.3m

2022–23 revised Budget \$754.0m

2023–24 Budget \$436.8m



↑ **\$45.5m**

increase compared to the 2022–23 Budget

\$278.4m

new output initiative spending, 2022–23 to 2026–27

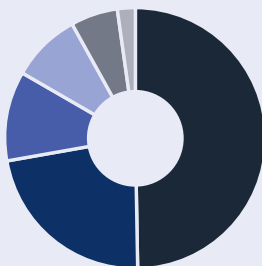
3rd smallest budget

of all Victorian Government departments

↓ **\$317.2m**

decrease compared to the 2022–23 revised Budget

Department funding by output, 2023–24



- Revenue Management and Administrative Services to Government **\$217.6m**
- Economic and Policy Advice **\$97.9m**
- Commercial and Infrastructure Advice **\$48.5m**
- Economic Regulatory Services **\$37.9m**
- Budget and Financial Advice **\$25.6m**
- Infrastructure Victoria **\$9.3m**

New output initiatives with largest funding allocation, 2022–23 to 2026–27



6 new
output initiatives

\$178.7m

State Revenue Office
Compliance Program

\$26.6m

Maximising outcomes
through social investments

\$45.2m

Making Victoria an Easy
Place to do Business
through Regulatory Reform

\$24.2m

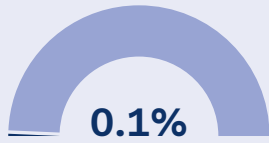
Standing up for
workplace safety

Infrastructure program, 2023–24 (\$35.6m)

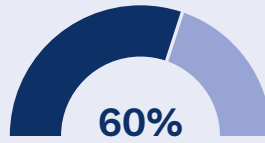


■ Total estimated investment in new projects (\$0)

■ Department's existing infrastructure program

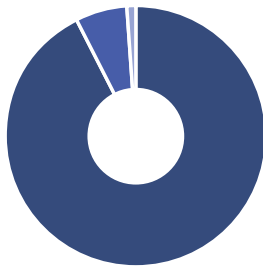


of total government infrastructure projects



of existing infrastructure projects had a revised completion date

Money in, 2023–24 (\$439m)



- Output appropriations \$409m
- Sale of goods and services \$28m
- Other revenue and income \$2m

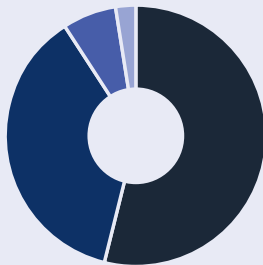
↓ **\$114m**

decrease compared to the 2022–23 revised Budget

↓ **\$187m**

decrease compared to the 2022–23 Budget

Money out, 2023–24 (\$437m)



- Employee benefits \$235m
- Other operating expenses \$162m
- Grant expense \$29m
- Depreciation \$10m

↓ **\$114m**

decrease compared to the 2022–23 revised Budget

↓ **\$189m**

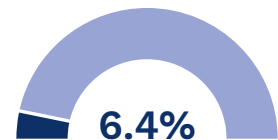
decrease compared to the 2022–23 Budget

Total funding department received from Treasurer's Advances, 2021–22 (\$976.2m)



■ Not related to COVID-19

■ Related to COVID-19



of total Treasurer's Advances made across government in 2021–22

12.2 Financial analysis

DTF's output appropriations are budgeted as \$409 million in 2023–24, a decrease of \$59 million (12.6%) compared to the 2022–23 revised Budget.⁴ DTF explained this variation primarily reflects the budgets transferred to other departments as part of the machinery of government (MoG) changes effective from 1 January 2023 and one-off funding in 2022–23 for the financial adviser fees and unsuccessful bidder cost associated with the VicRoads Modernisation Project, and new savings initiatives worth \$10.4 million in the 2023–24 Budget.⁵

DTF's expected revenue from the sales of goods and services in the 2023–24 Budget will be reduced by \$18 million (39.1%) compared to the 2022–23 revised Budget.⁶ DTF explained this reduction reflects the Shared Corporate Services Trust budgets being transferred to the Department of Government Services (DGS) as part of the MoG changes.⁷ DTF's income from grants also reduced by \$9 million (100%) in the 2023–24 Budget when compared to the 2022–23 revised Budget.⁸ DTF explained this reduction related to complementary funding in 2022–23 for the Office of Projects Victoria that will not continue in 2023–24.⁹

In 2023–23, DTF's other income is \$28 million (93.3%) less than the 2022–23 revised Budget, reflecting the transfer of budgets to the Department of Transport and Planning (DTP) as part of the MoG changes.¹⁰

DTF has a total savings target of \$10.4 million in 2023–24. DTF has advised this target will be met by measures that do not impact frontline services but instead reduce corporate and back-office functions.¹¹ During the hearings the Treasurer advised that 'these measures will include ... reductions in labour hire and consultancy expenditure and efficiencies across the public sector'.¹²

12.3 Treasurer's portfolio: key issues

The Treasurer is responsible for five outputs with a combined output funding in 2023–24 of \$398.9 million. Responsibility for the Budget and Financial Advice, Economic and Policy Advice and Commercial and Infrastructure Advice outputs is shared with the Assistant Treasurer.¹³

⁴ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 143 (Committee calculation).

⁵ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 18, 44.

⁶ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 143 (Committee calculation).

⁷ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 19.

⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 337 (Committee calculation).

⁹ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 19.

¹⁰ *Ibid.*; Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 143 (Committee calculation).

¹¹ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 44.

¹² Mr Tim Pallas MP, Treasurer, 2023–24 Budget Estimates (Treasurer) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, p. 3.

¹³ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 73–84.

12.3.1 Gender Responsive Budgeting

Gender responsive budgeting (GRB) helps ensure that government investment addresses and advances women’s needs and aspirations through greater investment, targeted policies and services to support gender equality.¹⁴ The Gender Responsive Budgeting Unit (GRBU), established within DTF, works across government to ensure outcomes for women are measured and considered as part of budget decision-making processes.¹⁵

GRB has been a focus of DTF’s new output initiatives over the last two financial years. In the 2022–23 Budget, \$1.1 million was allocated for embedding GRB in Victoria’s legislation.¹⁶ Building on this progress, the 2023–24 Budget allocates a further \$1 million over the next two years to sustain the GRBU within DTF.¹⁷

Through the departmental questionnaire DTF advised that the major achievements of the GRBU have included:

- completing an independent evaluation of GRB in the 2022–23 Budget
- conducting an interjurisdictional scan to study different approaches to legislating for GRB
- delivering two budgets employing GRB approaches
- improving the quality of gender impact assessments (GIAs) provided for the 2023–24 Budget
- providing training on development of GIAs for almost 400 staff across the Victorian Public Service (VPS)
- providing train-the-trainer sessions to departments, enabling them to build internal capabilities.¹⁸

FINDING 112: The 2023–24 Budget includes \$1 million over two years to continue the work of the Gender Responsive Budgeting Unit (GRBU) in the Department of Treasury and Finance. The GRBU has recorded several achievements, delivering two budgets employing gender responsive budgeting approaches and training almost 400 Victorian Public Service staff in developing gender impact assessments.

During the hearings, the Treasurer stressed the importance of GIAs as a tool to implement GRB. GIAs are used to evaluate and shape program design, aiming to promote equal access to opportunities and resources throughout the State.¹⁹

¹⁴ Victorian Budget 23/24, *Gender responsive budgeting, 2023*, <<https://www.budget.vic.gov.au/gender-responsive-budgeting>> accessed 15 July 2023.

¹⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 57.

¹⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 122–123.

¹⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 108 (Committee calculation).

¹⁸ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 140.

¹⁹ Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 35.

The Treasurer further explained that GIAs provide refined information about how government policies and services impact people differently, allowing government and decision makers to be better enabled to target investment and make more informed decisions.²⁰ This includes how gender impacts the experience of government policies and services.²¹

All departments are required by legislation to undertake a GIA when developing or reviewing any policy of, or program or service provided by the entity, that has a direct and significant impact on the public.²² The Committee's budget estimates questionnaire asks all departments, Court Services Victoria and the Parliamentary Departments about their implementation of GRB, including which initiatives from the 2023–24 Budget had a GIA undertaken, what the outcome of the GIA process was, what percentage of output and asset initiatives were subject to a GIA, and which departmental performance measures had a gender lens applied.²³

The Committee notes that responses regarding GRB exhibited significant variation, with each department taking a different approach in addressing GRB-related questions. Most departments provided a list of programs for which a GIA was undertaken.²⁴ However, DGS did not provide data on the percentage of output and asset initiatives that were subject to a GIA.²⁵ The Parliamentary Departments advised they had developed a Gender Equality Action Plan, and advised their closed-circuit television initiative had been evaluated from a gender perspective, but did not provide further information.²⁶ DTP advised they have employed full-time resources dedicated to develop capabilities in conducting GIAs.²⁷ DEECA advised they are working towards implementing a digital GIA tool by quarter 3 of 2022–2023 to simplify and automate the process. They are also delivering further training sessions to budget bid authors and building an internal site for further case studies with the aim of integrating capability more broadly across the department.²⁸

Table 12.1 outlines several notable examples of GIAs undertaken by departments and their outcomes.

²⁰ Ibid.

²¹ Ibid.

²² *Gender Equality Act 2020 (Vic)* s 9.

²³ All departments, Court Services Victoria and the Parliamentary Departments, *Response to the 2023–24 Budget Estimates General Questionnaire: Question 27*, n.d., <<https://new.parliament.vic.gov.au/get-involved/inquiries/BE2023-24/questionnaires>> accessed 25 July 2023; Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 85.

²⁴ All departments, Court Services Victoria and the Parliamentary Departments, *Response to the 2023–24 Budget Estimates General Questionnaire: Question 27*.

²⁵ Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 67–69.

²⁶ Parliamentary Departments, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, pp. 50–51.

²⁷ Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, p. 146.

²⁸ Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 29 May 2023, p. 148.

Table 12.1 Notable initiatives and gender impact assessment outcomes by department

Department	Initiative	Outcomes
Department of Transport and Planning	<i>Preparing the network for Next Generation Trams</i>	The gender impact assessment (GIA) recommended considering how place-making and the design of spaces on and around public transport can increase safety, specifically for women and girls during the design phase of tram stop/terminals. It also recommended that future customer surveys include identification of gender so that data can be properly analysed to identify common issues in different gender groups.
	<i>More trains, more often</i>	The GIA found that service uplifts outside of peak periods provide better services to support part time and hybrid workers, especially women who are in this cohort, due to disproportionate caring responsibilities. It was found that additional services would benefit women and increase interest in travelling by public transport.
Department of Education	<i>Best Start, Best Life and Three-Year-Old Kindergarten and Infrastructure</i>	The GIA found a positive impact of the initiative on industries with mostly female workers, including education, health, aged care, disability, retail and hospitality services. It also found that expansion of this program will have significant benefits for workforce participation of parents, particularly women.
	<i>Free period products for all government schools</i>	The GIA found that this initiative not only directly supports gender equality but also works towards removing negative community attitudes by providing awareness and influencing cultural change.

Source: Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 144–145; Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, pp. 145–149.

In its *Report on the 2022–23 Budget Estimates*, the Committee recommended that DTF introduce performance measures to track the progress made toward embedding GRB in Victoria’s legislation, as well as to track the outcomes achieved by GRB.²⁹

In the 2023–24 Budget DTF has introduced a new performance measure which gauges the percentage of GRB/GIA information session attendees who indicated the session helped improve their understanding of the GIA requirements.³⁰ DTF stated that this measure aims to monitor the impact of the GRBU in improving GRB capability across the VPS.³¹ The Committee notes that while the new performance measure helps to assess the effectiveness of the GRBU’s information sessions, it does not reflect many of the activities undertaken by the GRBU, or outcomes achieved by implementing GRB.

In DTF’s response to the departmental questionnaire, it stated that a new performance measure was to be added in the 2023–24 Budget—the percentage of funding requests through the budget process that meet minimum gender impact consideration

29 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 211.

30 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 340.

31 Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 46.

requirements.³² The Committee notes this performance measure was not included in the 2023–24 Budget.³³ The proposed performance measure is a sound one.

FINDING 113: The 2023–24 Budget includes one new performance measure related to Gender Response Budgeting—‘Percentage of Gender Responsive Budgeting/Gender Impact Assessment information session attendees who indicated the session helped improve their understanding of the GIA requirements’.

RECOMMENDATION 67: The Department of Treasury and Finance introduce the performance measure ‘Percentage of funding requests through the budget process that meet minimum gender impact consideration requirements’ in the 2024–25 Budget.

RECOMMENDATION 68: The Department of Treasury and Finance include further performance measures related to the outcomes achieved from gender responsive budgeting including the activities of the Gender Responsive Budgeting Unit in the 2024–25 Budget.

The Committee acknowledges that GRB and the GRBU are still evolving and that the work of the GRBU is currently focused on delivering training and ensuring departments are undertaking GIAs, which will have a positive impact on future budget decisions and reform.³⁴

12.4 Assistant Treasurer’s portfolio: key issues

The Assistant Treasurer is responsible for the Economic Regulatory Services output (funding in 2023–24: \$37.9 million). As discussed above, the Assistant Treasurer also shares responsibility with the Treasurer for the following outputs: Budget and Financial Advice (funding in 2023–24: \$25.6 million), Economic and Policy Advice (funding in 2023–24: \$97.9 million) and Commercial and Infrastructure Advice (funding in 2023–24: \$48.5 million).³⁵

12.4.1 Financial Sustainability of the Victorian Managed Insurance Authority

The Victorian Managed Insurance Authority (VMIA) serves as an insurer for state government departments, participating bodies and other entities as defined by the *Victorian Managed Insurance Authority Act 1996 (Vic)*.³⁶ The VMIA offers various

³² Ibid., p. 90.

³³ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 340–341.

³⁴ Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 35.

³⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 336; Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 73–84.

³⁶ Victorian Managed Insurance Authority, *Annual Report 2021–22*, Melbourne, 2022, p. 62.

insurance coverages, including property, public and products liability, professional indemnity, medical indemnity, contract works, and domestic building insurance (DBI) for Victorian residential builders.³⁷

Domestic Building Insurance

The VMIA offers DBI, which provides cover to homeowners for incomplete and defective building work. Builders in Victoria are required by law to take out domestic building insurance for work valued at more than \$16,000.³⁸

During the hearings, the Committee inquired about the liquidation of the construction company Porter Davis Homes, the impact this would have on DBI claims made through the VMIA and how this could affect the VMIA's overall financial position.³⁹

On 31 March 2023 Porter Davis Homes was placed into liquidation, with construction of more than 1,500 homes immediately halted in Victoria.⁴⁰ Several factors influenced the liquidation of the company, including rising costs and supply issues common across the construction sector, funding shortfalls and an inability to adjust contracts after cost increases.

It was subsequently reported that Porter Davis did not take out mandatory DBI on behalf of approximately 560 customers when accepting deposits for projects that had not started at the time the company entered liquidation.⁴¹ As a result, more than 500 people lost the deposits paid to Porter Davis to build their homes.⁴² In response to this, the Government announced financial support for customers that entered into a contract, paid a deposit and were left without DBI.⁴³ The 2023–24 Budget allocates \$15 million in 2022–23 through DGS to process and administer this financial support.⁴⁴

The Assistant Treasurer advised the Committee that Porter Davis' liquidation represented 'the single biggest claim event in the history of the VMIA's DBI operations'.⁴⁵ The VMIA's Chief Executive Officer (CEO) told the Committee that in a typical year the VMIA would receive between 1,700 and 2,000 DBI claims.⁴⁶ At the hearing, it was explained that as a result of the liquidation, over 1,700 additional claims

³⁷ Department of Treasury and Finance, *Annual Report 2021–22*, Melbourne, 2022, p. 106.

³⁸ Victorian Managed Insurance Authority, *Domestic building insurance*, 2023, <<https://www.vmia.vic.gov.au/insurance/domestic-building-insurance>> accessed 13 July 2023.

³⁹ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Assistant Treasurer) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, pp. 3–5.

⁴⁰ Victorian Government, *Funding Guidelines: Porter Davis Customer Support Payment Scheme*, May 2023, <<https://www.vic.gov.au/funding-guidelines-porter-davis-customer-support-payments>> accessed 13 July 2023.

⁴¹ Hon Daniel Andrews MP, *Compensation Payments to Help Porter Davis Customers*, media release, Melbourne, 20 April 2023.

⁴² Ibid.

⁴³ Victorian Government, *Porter Davis customer support payment scheme*, 3 July 2023, <<https://www.vic.gov.au/porterdavissupport>> accessed 6 July 2023.

⁴⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 51, 53.

⁴⁵ Hon Danny Pearson MP, Assistant Treasurer, 2023–24 Budget Estimates (Assistant Treasurer) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 2.

⁴⁶ Mr Andrew Davies, Chief Executive Officer, Victorian Managed Insurance Authority, 2023–24 Budget Estimates (Assistant Treasurer) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 3.

had already been received, with up to 2,500 total claims expected to be received from former Porter Davis customers.⁴⁷ The CEO added that during the 2022–23 financial year, the VMIA may receive ‘upwards of 4,000 claims’,⁴⁸ representing a doubling in average annual claims.

When asked for an estimate of the likely payout of claims for the 2022–23 financial year, the VMIA’s CEO declined to provide an estimate, but confirmed the figures would be declared in the VMIA’s 2022–23 annual report.⁴⁹ The Committee notes that total DBI claims payments in 2021–22 through the VMIA was \$77.1 million.⁵⁰

FINDING 114: As a result of the insolvency of Porter Davis Homes in 2023, the Victorian Managed Insurance Authority expects claims related to domestic building insurance (DBI) to grow by up to 2,500 in 2022–23, representing growth of over 50%. The total DBI claims payout in 2022–23 is yet to be confirmed, however total claims equalled \$77.1 million in 2021–22.

In response to a question on notice, DTF gave information on briefs provided to the Assistant Treasurer on the domestic building sector in the context of several pressures impacting the ‘financial and delivery performance’ of building companies in Victoria.⁵¹ The briefs covered insolvencies in the residential construction industry and ways risks for consumers could be mitigated, as well as options for other types of insurance cover to protect consumers if a builder breaks their contract before declaring insolvency.⁵²

DTF advised the Committee that in relation to insolvency, the department had examined options for strengthening consumer protections and preferred options had been ‘further explored and/or pursued as requested by the Assistant Treasurer’.⁵³ DTF advised that opportunities to improve insurance cover were currently under consideration by DTF’s Building System Review and Residential Construction Costs Working Group. DTF outlined the further work it was undertaking with other departments to identify reforms to improve Victoria’s domestic building protection framework.⁵⁴

FINDING 115: In the context of improving Victoria’s domestic building insurance consumer protection framework, the Department of Treasury and Finance is exploring avenues of reform, both to strengthen consumer protections and improve building insurance.

⁴⁷ Ibid.

⁴⁸ Ibid., p. 4.

⁴⁹ Ibid.

⁵⁰ Victorian Managed Insurance Authority, *Annual Report 2021–22*, p. 12.

⁵¹ Hon Danny Pearson MP, Assistant Treasurer, 2023–24 Budget Estimates (Assistant Treasurer) hearing, response to questions on notice received 16 June 2023, p. 4.

⁵² Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Assistant Treasurer) hearing, *Transcript of evidence*, pp. 13–15; Mr David Martine, Secretary, Department of Treasury and Finance, 2023–24 Budget Estimates (Assistant Treasurer) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, pp. 14–15.

⁵³ Hon Danny Pearson MP, Assistant Treasurer, response to questions on notice, pp. 4–5.

⁵⁴ Ibid., p. 5.

Financial sustainability

During the hearings the CEO of the VMIA advised that increased DBI claims related to Porter Davis Homes and the 2022 October–November flood event would have a ‘material impact’ on the VMIA’s operating result in 2022–23.⁵⁵ In 2021–22 the VMIA faced an operating deficit of \$249.2 million, which was higher than the budgeted loss of \$82.5 million. The shortfall was attributed to lower investment returns and higher than expected claims incurred across a range of portfolios.⁵⁶

FINDING 116: The increase in claims attributed to the Porter Davis Homes insolvency and the 2022 October–November flood event will have an impact on the Victorian Managed Insurance Authority’s (VMIA) 2022–23 operating result. In 2021–22 the VMIA recorded an operating deficit of \$249.2 million.

During the hearings the Committee discussed both the performance from insurance operations (PFIO) and the insurance funding ratio (IFR) of the VMIA with the Assistant Treasurer.⁵⁷ The PFIO is a financial measure of performance for the State’s insurance system that broadly reflects the VMIA’s underwriting performance and is heavily influenced by claims volatility after excluding the effects of external factors.⁵⁸ Since 2019, the PFIO has been running at a deficit.⁵⁹ In 2021–22 the PFIO recorded a loss, with a deficit of \$111.1 million against a budgeted surplus of \$62.6 million.⁶⁰

The IFR is a financial measure used by the VMIA to determine the assets available to meet net outstanding claims liabilities.⁶¹ The VMIA targets an IFR between 100% to 145%.⁶² According to its *Annual Report 2021–22*, the VMIA’s IFR remains within the target at 109.7%.⁶³ Since 2019, the IFR has performed within the target range.⁶⁴ While the Committee recognises that the IFR is within the target range, it has reduced in 2021–22 by 16.1% compared to 2020–21.⁶⁵

During the hearings, the Committee discussed the possibility of the VMIA increasing DBI premiums.⁶⁶

FINDING 117: Domestic Building Insurance premiums are set to increase from 1 September 2023.

⁵⁵ Mr Andrew Davies, Chief Executive Officer, Victorian Managed Insurance Authority, *Transcript of evidence*, p. 5.

⁵⁶ Victorian Managed Insurance Authority, *Annual Report 2021–22*, p. 35.

⁵⁷ Hon Danny Pearson MP, Assistant Treasurer, *Transcript of evidence*, p. 2.

⁵⁸ Victorian Managed Insurance Authority, *Annual Report 2021–22*, p. 35.

⁵⁹ *Ibid.*, p. 36.

⁶⁰ *Ibid.*

⁶¹ *Ibid.*, p. 75.

⁶² *Ibid.*

⁶³ *Ibid.*, p. 36.

⁶⁴ *Ibid.*

⁶⁵ *Ibid.* (Committee calculation).

⁶⁶ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Assistant Treasurer) hearing, *Transcript of evidence*, p. 5.

12.5 WorkSafe and the TAC: key issues

According to DTF's response to the 2023–24 Budget Estimates General Questionnaire, there are no identified responsibilities, associated outputs, objectives, objective indicators, or performance measures for the WorkSafe and the TAC portfolio in 2023–24.⁶⁷ No new output or asset initiatives for DTF fall under this portfolio.⁶⁸

12.5.1 Changes to the WorkCover scheme

During the hearings the financial sustainability, the requisite support for workers when needed, and changes to the WorkCover scheme were inquired about.⁶⁹ The Minister provided insights into why these changes are required, stating the scheme faced 'financial challenges', and that changes are required to make the WorkCover scheme financially sustainable.⁷⁰

On 19 May 2023 the Government announced a number of changes and adjustments to the WorkCover scheme, which include:

- an increase to WorkCover premiums
- changes to eligibility for mental injury and claims lasting longer than two-and-a-half years
- the establishment of Return to Work Victoria.⁷¹

These changes were primarily introduced to improve the financial viability of the scheme which has been impacted by a premium deficit, growing numbers of mental injury claims and more workers staying on the scheme for longer than two-and-a-half years.⁷² Since 2010, WorkCover's claims liability has tripled due to a premium deficit—with premiums failing to fund expected liabilities.⁷³ WorkSafe was provided operating grants of \$550 million in 2020–21 and \$450 million in 2021–22.⁷⁴ In 2020–21, WorkSafe recorded a net deficit result of \$539.7 million despite the injection of the operating grant, and in 2021–22 recorded a net surplus result of \$43 million, including the operating grant.⁷⁵ The Minister for WorkSafe and the TAC told the Committee, 'if we do not act, the gap between the cost of new claims and premium revenue will continue to

⁶⁷ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 73.

⁶⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 108–109.

⁶⁹ Hon Danny Pearson MP, Minister for WorkSafe and the TAC, 2023–24 Budget Estimates (WorkSafe and the TAC) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 6.

⁷⁰ *Ibid.*, pp. 2, 7.

⁷¹ Victorian Government, *WorkCover Modernisation*, 19 May 2023, <<https://www.vic.gov.au/workcover-modernisation>> accessed 6 July 2023; Hon Daniel Andrews, *Getting Victorians Healthy and Back to Work*, media release, Melbourne, 19 May 2023.

⁷² Victorian Government, *Factsheet – WorkCover Scheme modernisation – Eligibility*, 2023, <<https://www.vic.gov.au/sites/default/files/2023-05/Factsheet-WorkCover-Scheme-modernisation-Eligibility.pdf>> accessed 23 July 2023, p. 1.

⁷³ *Ibid.*

⁷⁴ WorkSafe, *Annual Report 2021–22*, Melbourne, 2022, p. 64.

⁷⁵ *Ibid.*

widen, and that is why we are addressing these financial challenges up front and as a priority.⁷⁶ The announced changes to the WorkCover scheme are further explained in detail below.

FINDING 118: The Victorian Government provided WorkSafe with an operating grant of \$550 million and \$450 million in 2020–21 and 2021–22 respectively. WorkSafe’s WorkCover scheme is experiencing financial challenges associated with a premium deficit, growing numbers of mental injury claims and more workers staying on the scheme for longer than two-and-a-half years.

Premiums increase

The Minister advised that average WorkCover premiums have been unchanged at 1.272% since 2014–15, while the average premium rate for 2023–24 has been set at 1.8%—an increase of 41.2%.⁷⁷ The Minister advised the Committee that premiums will now be in line with other states and territories—except for Queensland which has a lower rate, but a maximum period of five years that a person can be on its equivalent scheme.⁷⁸ The increase in the WorkCover premium has resulted in Victoria having the second highest average premium rate in the country, with South Australia at 1.85%, New South Wales at 1.6% and Queensland at 1.23%.⁷⁹ This assumption does not account for Western Australia, Tasmania, the Australian Capital Territory and the Northern Territory, where workers’ compensation schemes are not managed by a single agency.⁸⁰

While the increase is calculated based on the average premiums, there are other factors that determine premiums such as employee remuneration, industry rates and claims history.⁸¹

It is expected that premium increases will also contribute to stabilising the financial sustainability of the WorkCover scheme.⁸² As of 2021–22, the premium revenue recorded was \$2.9 billion.⁸³

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- 76 Hon Danny Pearson MP, Minister for WorkSafe and the TAC, 2023–24 Budget Estimates (WorkSafe and the TAC) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 7.
- 77 Ibid., p. 6; WorkSafe, *Annual Report 2021–22*, p. 65; WorkSafe, *2023–24 WorkCover premium changes*, 26 June 2023, <<https://www.worksafe.vic.gov.au/2023-24-workcover-premium-changes>> accessed 19 July 2023 (Committee calculation).
- 78 Hon Danny Pearson MP, Minister for WorkSafe and the TAC, *Transcript of evidence*, p. 6.
- 79 Victorian Chamber of Commerce and Industry, *Business sluggish with 42 per cent increase to WorkCover premiums*, media release, 19 May 2023; Parliamentary Budget Office, *Workers’ compensation premium rates, 2023*, <https://static.pbo.vic.gov.au/files/PBO_Workers-compensation-premium-rates_FINAL.pdf> accessed 1 August 2023.
- 80 Parliamentary Budget Office, *Workers’ compensation premium rates*.
- 81 WorkSafe, *Previous claims and your premiums*, 15 June 2023, <<https://www.worksafe.vic.gov.au/previous-claims-your-premium>> accessed 19 July 2023.
- 82 Hon Danny Pearson MP, Minister for WorkSafe and the TAC, *Transcript of evidence*, p. 3.
- 83 WorkSafe, *Annual Report 2021–22*, p. 82.

FINDING 119: In 2023–24 the WorkCover average premium will increase from 1.272% to 1.8%, representing an increase of 41.2%. Victoria will have the second highest WorkCover premium in the country when comparing to jurisdictions where workers' compensation schemes are managed by a single agency. Revenue received by WorkSafe from WorkCover premiums is expected to grow, contributing to the financial stabilisation of the WorkCover scheme.

Eligibility changes and Return to Work Victoria

During the hearings the Minister told the Committee of further reforms to WorkCover aimed at addressing the financial sustainability of the scheme.⁸⁴ A growing challenge for WorkSafe has been an increase in WorkCover mental injury claims and an increase in workers staying on the scheme for more than 30 months. According to WorkSafe, as of 30 June 2022, those with mental injury claims return to work at a lower rate than those with physical injuries.⁸⁵ This is demonstrated in Table 12.2.

Table 12.2 Proportion (%) of injured workers who, after lodging an accepted claim, have returned to work and achieved a sustainable return to work, year ended 30 June 2022

	Mental injuries (%)	Physical injuries (%)
Returned to work within 6 months	39.9	72.6
Returned to work within 12 months	50.9	78.3
Returned to work within 24 months	58.8	80.1

Note: The data in the table is based on information related to 'Scheme' as per the WorkSafe *Annual Report 2021–22: Appendix 2*. 'Scheme' is defined as the WorkCover scheme, as opposed to self-insurance. Self-insurance provides eligible employers with the option of managing and bearing the costs and risks of their own workers' compensation claims.

Source: WorkSafe, *Annual Report 2021–22: Appendix 2*, Melbourne, 2022, p. 144; WorkSafe, Data and statistics, *Claims statistical report by financial year: Definitions*, 25 May 2023, <<https://view.officeapps.live.com/op/view.aspx>> accessed 28 July 2023; WorkSafe, *What is self-insurance?*, 2022, <<https://www.worksafe.vic.gov.au/what-self-insurance>> accessed 28 July 2023.

To address these issues, the Government has announced changes to mental health injury claims related to stress and burnout. Claims in this cohort will no longer be able to access weekly benefits from WorkCover, but instead will be able to access provisional payments for a maximum of 13 weeks.⁸⁶ During the 13 weeks, claimants will be able to access medical treatment, alongside enhanced psychosocial supports to help them return to the workplace or explore training pathways.⁸⁷ WorkSafe will also aim to work with unions and employer groups to identify initiatives to support prevention and early intervention.⁸⁸

⁸⁴ Hon Danny Pearson MP, Minister for WorkSafe and the TAC, *Transcript of evidence*, pp. 3, 7–8, 10–11.

⁸⁵ WorkSafe, *Annual Report 2021–22*, pp. 9, 53, 144.

⁸⁶ Victorian Government, *Factsheet – WorkCover Scheme modernisation – Eligibility*, p. 1.

⁸⁷ *Ibid.*

⁸⁸ *Ibid.*, p. 3.

WorkSafe has established Return to Work Victoria to support employers with the tools they need to prevent work injuries from happening in the first place and if they do occur, to provide early intervention support to rehabilitate and get employees back into work.⁸⁹ Return to Work Victoria aims to improve return to work outcomes for workers that are no longer eligible for weekly benefits, including those under the new mental injury claims criteria.⁹⁰ Return to Work Victoria will work in partnership with worker and employer groups, together with mental health and occupational health experts, to pilot prevention, early intervention and return to work programs.⁹¹

During the hearings the Committee asked the Minister about the viability of the eligibility changes and if 13 weeks was enough time for a claimant to return to work,⁹² with the Minister responding that, 'In relation to those stress and burnout issues, we want to divert people away from the scheme to provide that upstream level of intervention at the outset so they do not get into that scheme'.⁹³ He also noted that according to experts, those who remain in the scheme have four times worse mental health outcomes than those who return to work.⁹⁴

The Committee also asked about cultural issues within the VPS in the context of mental injury claims related to stress and burnout.⁹⁵ The Minister noted that the Government can do better to remediate these problems by incorporating targeted, early and timely interventions to these issues.⁹⁶

The Committee notes that the changes to the WorkCover scheme aim to implement early intervention support to provide appropriate rehabilitation, while addressing the financial instability of the scheme. However, it is unclear to what extent changes to eligibility will improve WorkSafe's finances, whether 13 weeks is sufficient to effectively manage workplace mental health injuries from stress and burnout, what specific activities Return to Work Victoria will be undertaking and how effective they expect to be.

The Government has committed to conduct a statutory review no earlier than three years after the changes come into effect to review the operation and assess the financial impact of the scheme.⁹⁷

⁸⁹ Victorian Government, *Factsheet – WorkCover Scheme modernisation – Return to Work Victoria*, 2023, <<https://www.vic.gov.au/sites/default/files/2023-05/Factsheet-WorkCover-Scheme-modernisation-Return-to-Work-Victoria.pdf>> accessed 19 July 2023, p. 1.

⁹⁰ Hon Danny Pearson MP, Minister for WorkSafe and the TAC, *Transcript of evidence*, p. 7.

⁹¹ Victorian Government, *Factsheet – WorkCover Scheme modernisation – Return to Work Victoria*, p. 1.

⁹² Public Accounts and Estimates Committee, 2023–24 Budget Estimates (WorkSafe and the TAC) hearing, Melbourne, 5 June 2023, *Transcript of evidence*, p. 3.

⁹³ Hon Danny Pearson MP, Minister for WorkSafe and the TAC, *Transcript of evidence*, p. 10.

⁹⁴ *Ibid.*, p. 3.

⁹⁵ Public Accounts and Estimates Committee, 2023–24 Budget Estimates (WorkSafe and the TAC) hearing, *Transcript of evidence*, p. 11.

⁹⁶ Hon Danny Pearson MP, Minister for WorkSafe and the TAC, *Transcript of evidence*, p. 11.

⁹⁷ *Ibid.*, p. 7.

FINDING 120: Reforms to the WorkCover scheme have been announced by the Victorian Government, to address the financial viability and improve outcomes of clients of the scheme. Reforms include limiting claims of stress and burnout to provisional payments for 13 weeks, and establishing Return to Work Victoria to provide early and targeted intervention for WorkCover claims.

RECOMMENDATION 69: WorkSafe Victoria publish the modelling showing how the WorkCover scheme reform will improve its financial position on their website.

RECOMMENDATION 70: WorkSafe Victoria report on the outcomes and performance of changes to mental health injury claim eligibility and the establishment of Return to Work Victoria in upcoming annual reports.

12.6 Department-wide: key issues

12.6.1 Machinery of government changes

MoG changes effective 1 January 2023 had the following impact on DTF:

- transfer of the Services to Government output to DGS⁹⁸
- transfer of the Shared Services Provider, Strategic Sourcing, and some parts of internal corporate services to DGS⁹⁹
- transfer of the Invest Victoria output to the Department of Jobs, Skills, Industry and Regions¹⁰⁰
- transfer of the land sales function to DTP¹⁰¹
- funding for several asset projects transferred to DTP and DGS.

DTF advised the department incurred no additional costs in relation to MoG changes announced in 2023–24.¹⁰²

⁹⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 122.

⁹⁹ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 71.

¹⁰⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 122.

¹⁰¹ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 72.

¹⁰² *Ibid.*, p. 71.

12.6.2 Implementation of previous recommendations

Report on the 2022–23 Budget Estimates

The Committee's *Report on the 2022–23 Budget Estimates* made seven recommendations to DTF, of which two were supported and five were supported-in-principle.¹⁰³

In response to a Committee recommendation, DTF introduced the performance measure 'Dwellings facilitated by the Financing Social and Affordable Housing (FSAH) Program' in 2023–24.¹⁰⁴ The new measure relates to DTF's responsibilities to deliver the program and will identify the number of new social and affordable housing dwellings that are supported by loans and guarantees in credit applications endorsed by the FSAH Program Steering Committee.¹⁰⁵

The Committee supports the introduction of this performance measure and notes that in response to the departmental questionnaire, DTF advised it is committed to continuing to modify and refine the performance measure over time to ensure its timeliness and accuracy of information.¹⁰⁶

12.7 Performance measures

12.7.1 Department-wide: analysis of new performance measures

DTF added four new performance measures in the 2023–24 Budget regarding 'Number of cost redesign reviews undertaken'.¹⁰⁷ The issue the Committee identified with the new performance measure on GRB is discussed in section 12.3.1.

12.7.2 Department-wide: analysis of performance measures proposed to be discontinued

DTF identified one performance measure for discontinuation in the 2023–24 Budget regarding number of cost redesign reviews undertaken.¹⁰⁸ The Committee supports the rationale for discontinuation of this performance measure.

¹⁰³ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, pp. 3, 25, 49–52.

¹⁰⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 344; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 218.

¹⁰⁵ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 48–49.

¹⁰⁶ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, p. 51.

¹⁰⁷ Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 46–49.

¹⁰⁸ *Ibid.*, p. 53.

Chapter 13

Department of Premier and Cabinet

13.1 Overview

The Department of Premier and Cabinet's (DPC) mission is to support the people of Victoria by helping government achieve its strategic objectives, providing leadership to the public sector to improve its effectiveness, and promoting collaboration across government to drive performance and improve outcomes.¹

In 2023–24 DPC supports five ministerial portfolios: Premier, Deputy Premier, Treaty and First Peoples, Government Services, and Industrial Relations.² Precincts and Land Coordination is also managed by DPC.³

In 2023–24 DPC's objectives are:

- stronger policy outcomes for Victoria
- First Peoples in Victoria are strong and self-determining
- improved public administration and support for the Victorian public service.⁴

This chapter examines the budget initiatives and key issues relevant to four portfolios that were identified during the estimates hearings.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 293.

² Ibid.

³ Hon Jacinta Allan MP, Deputy Premier, 2023–24 Budget Estimates (Precincts and Land Coordination) hearing, Melbourne, 13 June 2023, *Transcript of evidence*, p. 2.

⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 293.

Department of Premier and Cabinet

Portfolios



- Premier
- Government Services
- Industrial Relations

- Deputy Premier
- Treaty and First Peoples

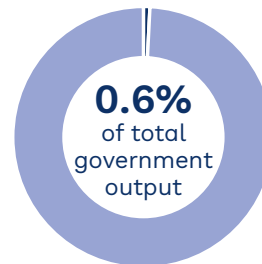
- Aboriginal Affairs

Total department output funding

2022–23 Budget \$478.8m

2022–23 revised Budget \$600.6m

2023–24 Budget \$406.2m



↓ \$72.6m

decrease compared to
the 2022–23 Budget

\$218.7m

new output initiative
spending, 2022–23 to 2025–26

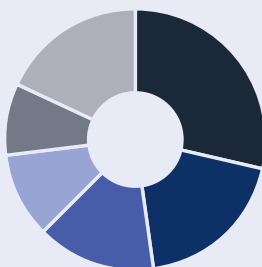
2nd smallest budget

of all Victorian Government
departments

↓ \$194.4m

decrease compared to
the 2022–23 revised Budget

Department funding by output, 2023–24



- Self-determination policy and reform advice and programs **\$116.6m**
- Executive government advice and services **\$78.2m**
- Traditional owner engagement and cultural heritage management programs **\$59.9m**
- State electoral roll and electoral events **\$42.6m**
- Industrial relations **\$36.2m**
- Other* **\$72.7m**

* Includes 4 outputs with budgets <\$36.2m.

New output initiatives with largest funding allocation, 2022–23 to 2026–27



16 new
output initiatives

\$138.2m

Meeting the State's legal
requirements to enter
Treaty negotiations

\$10.2m

Continuing the Aboriginal
Community Infrastructure
Fund

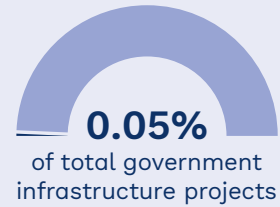
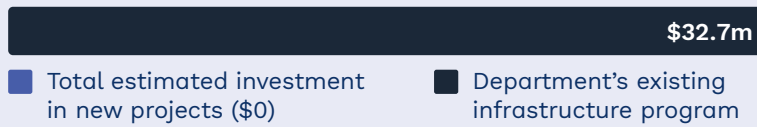
\$14.7m

A new approach to
land and precincts

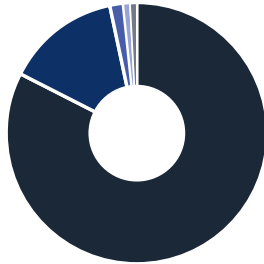
\$10m

Industrial relations
attraction and
retention policies

Infrastructure program, 2023-24 (\$32.7m)



Money in, 2023-24 (\$415m)

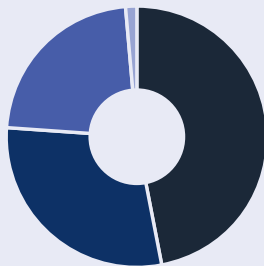


- Output appropriations \$347m
- Special appropriations \$59m
- Grants \$8m
- Sale of goods and services \$1m
- Other revenue and income \$1m

↓ **\$389m**
decrease compared to the 2022-23 revised Budget

↓ **\$417m**
decrease compared to the 2022-23 Budget

Money out, 2023-24 (\$420m)

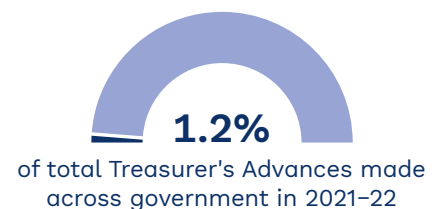


- Employee benefits \$198m
- Grant expense \$122m
- Other operating expenses \$95m
- Depreciation \$5m

↓ **\$383m**
decrease compared to the 2022-23 revised Budget

↓ **\$412m**
decrease compared to the 2022-23 Budget

Total funding department received from Treasurer's Advances, 2021-22 (\$182.7m)



13.2 Financial analysis

In 2023–24 DPC’s revenue is forecast to decrease across all categories when compared to the 2022–23 revised Budget. DPC’s operating income decreased by \$389 million (48%) in relation to the 2022–23 revised Budget.⁵ DPC’s output appropriations are budgeted as \$346.9 million for 2023–24, a decrease of \$211.1 million (38%) compared to the 2022–2023 revised Budget.⁶ This variation is due to the transfer of functional areas away from DPC to the newly formed Department of Government Services (DGS), including Service Victoria, Digital Victoria, and the Public Records Office Victoria.⁷

Special appropriations revenue in the 2023–2024 Budget in comparison to the 2022–23 revised Budget has also decreased due to appropriations being allocated to DPC for state election purposes.⁸ All other forms of revenue such as grants, sales of goods and services, and other income also decreased due to revenue-making programs being transferred to DGS.⁹

Similarly, all of DPC’s expenses have decreased in the 2023–24 Budget compared to the 2022–23 revised figures, including employee benefits, depreciation and amortisation, grants and other transfers, and other operating expenses—also due to machinery of government (MoG) changes.¹⁰

DPC has a total savings target of \$6.9 million for 2023–24, which makes up 5% of the whole of government efficiencies listed in the 2023–24 Budget.¹¹ DPC had not stated how they will achieve these savings targets but advised that there will not be any impacts on service delivery or infrastructure projects.¹²

FINDING 121: The Department of Premier and Cabinet forecasts a reduction in both revenue and expenditure in the 2023–24 Budget compared to the 2022–23 revised Budget, due to machinery of government changes which saw multiple outputs transferred to the newly created Department of Government Services.

13.2.1 Lapsing initiatives

DPC advised there were three lapsing programs with funding equal to or greater than \$5 million in 2022–23, totalling \$18.5 million.¹³ One of the lapsing programs is

⁵ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 128 (Committee calculation).

⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 295 (Committee calculation).

⁷ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire (revised, question 3)*, received 20 June 2023, p. 3.

⁸ Ibid.

⁹ Ibid., pp. 3–4.

¹⁰ Ibid.

¹¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 118; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 25 May 2023, p. 51 (Committee calculation).

¹² Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 51.

¹³ Ibid., pp. 41–44 (Committee calculation).

the Victorian Public Service (VPS) workplace hubs (discussed further in Chapter 11). The other two related to supporting Traditional Owner groups in nation-building, and supporting public sector diversity, capability and integrity.¹⁴

DPC advised the *Traditional Owner Nation-building Package*, which supported Victorian Traditional Owners groups to engage in nation-building and prepare for Treaty negotiations, was to lapse as this support would be provided through the newly established Self-Determination Fund.¹⁵ DPC advised the new Fund will be administered by the First Peoples' Assembly of Victoria, independently from the government but with a \$65 million contribution by the State to the Fund over three years.¹⁶

DPC acknowledged the possible confusion this could create for Traditional Owner groups, especially in instances where funding had supported staffing positions in Traditional Owner organisations, and stated that they would 'continue to work with the First Peoples' Assembly of Victoria to ensure Traditional Owners are aware of the Self-Determination Fund.'¹⁷ Further details of this work were not set out in the department's questionnaire response.

DPC also advised the *Supporting public sector diversity, capability, and integrity* initiative would lapse in 2023–24 due to the prioritisation of funding for other initiatives.¹⁸ According to DPC the initiative, which received \$11.3 million in funding in 2022–23, was established as the Victorian Public Service Commission (VPSC) had limited capacity and capability to provide strong leadership across the public service.¹⁹ On the impact of the program ceasing, DPC advised the VPSC would continue to deliver its legislative functions and will focus on the Jobs and Skills Exchange (JSE) (Section 13.3.1), but did not note whether the VPSC would continue to be constrained in its capacity and capability without this funding.²⁰ DPC reported the VPSC will detail in its upcoming annual and strategic plans how it will continue to deliver their legislative functions by prioritising existing resources.²¹

13.3 Government Services: key issues

The Minister for Government Services is responsible for three outputs: Public Sector Administration Advice and Support (funding in 2023–24: \$19.5 million), Chief Parliamentary Counsel Services (funding in 2023–24: \$8.4 million), and State Electoral Roll and Electoral Events (funding in 2023–24: \$42.6 million).²²

¹⁴ Ibid.

¹⁵ Ibid., pp. 41–42.

¹⁶ Hon Daniel Andrews MP, *Historic Framework Paves Way for Treaty Negotiations*, media release, Melbourne, 20 October 2022.

¹⁷ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 42.

¹⁸ Ibid., p. 44.

¹⁹ Ibid., pp. 43–44.

²⁰ Ibid., p. 44.

²¹ Ibid.

²² Ibid., pp. 90–93; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 294.

13.3.1 Jobs and Skills Exchange

The JSE, established in 2019 and operated by the VPSC, aims to ‘enhance the mobility and development opportunities for the public service’ and to ‘reduce labour hire usage and consultancy expenditure’.²³ It is an internal hiring board only accessible to VPS employees.²⁴ The 2023–24 Budget provides \$8.6 million over two years to continue the JSE’s operation.²⁵

The Committee’s questionnaire asked all departments a series of questions about the JSE. Responses demonstrate that 6,514 (35.9%) out of a total 18,123 jobs advertised on the JSE platform were successfully filled through the JSE in 2022–23.²⁶ This is a decrease from the previous year’s questionnaire, which showed that in 2021–22, 47.4% of jobs advertised on the JSE platform were successfully filled through the JSE.²⁷ Jobs not successfully filled through the JSE in 2022–23 were filled through other job platforms, awarded to contractors or consultants, or not pursued.

FINDING 122: The 2023–24 Budget provides \$8.6 million to continue the Jobs and Skills Exchange (JSE) over two years, to increase mobility and professional development opportunities for the Victorian Public Service, and to reduce labour hire usage and consultancy expenditure. Only 35.9% of jobs advertised through the JSE were filled through that platform in 2022–23.

While most departments did not provide information about the costs and savings associated with using the JSE, Court Services Victoria (CSV), the Department of Jobs, Skills, Industry and Regions (DJSIR), the Department of Treasury and Finance (DTF), and DTP did respond to the Committee’s request for information.²⁸ CSV reported no savings, whereas DTF and DTP reported \$23,000 and \$30,100 of total savings

²³ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 39.

²⁴ Victorian Government, *Jobs and Skills Exchange*, September 2020, <<https://www.vic.gov.au/jobs-and-skills-exchange>> Accessed 16 August 2023.

²⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 93.

²⁶ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, pp. 50–51; Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, pp. 122–123; Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, pp. 120–121; Department of Families, Fairness and Housing, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 29 May 2023, pp. 122–123; Department of Government Services, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 50–51; Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 1 June 2023, pp. 118–120; Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 126–129; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 31 May 2023, pp. 127–129; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 76–77; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 116–118; Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 26 May 2023, pp. 63–64 (Committee calculation).

²⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, Melbourne, 2022, p. 198.

²⁸ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 50; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 116; Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 65.

respectively between 2022–23 and 2023–24.²⁹ DJSIR reported \$71,000 in savings in 2022–23, but advised there were ‘too many variables with Machinery of Government changes to reliably estimate at this point’.³⁰ Victoria Police noted that, although they did not provide data regarding costs and savings, utilising JSE ‘may’ result in savings linked to onboarding and training, but that the administrative costs for managing the JSE ‘can outweigh the benefits’.³¹

Two departments and one agency provided data about jobs that were unfilled through the JSE and subsequently awarded to contractors, consultants and labour hire. The Department of Health subsequently awarded 14 jobs to contractors, consultants and labour hire, and the Major Transport Infrastructure Authority awarded 10 jobs.³² The Department of Education awarded 286 jobs to labour hire, consultants and labour hire, but noted their method of data collection was not wholly reliable.³³ The remainder of the departments and agencies advised that data was unavailable.

As demonstrated by responses to the Committee’s questionnaire, some Government departments and agencies do not have the ability to collect data regarding the cost savings of, and positions subsequently awarded to consultants, contractors and labour hire through, the JSE. As such, the utility of the JSE to reach the objective of ‘reduc[ing] labour hire usage and consultancy’ is difficult to measure.

FINDING 123: An objective of the Jobs and Skills Exchange (JSE) is to reduce labour hire usage and consultancy expenditure. However most Victorian Government departments and agencies are unable to quantify the cost savings of utilising the JSE, or how many roles are subsequently awarded to consultants, contractors or labour hire after advertisement on the JSE.

RECOMMENDATION 71: The Department of Premier and Cabinet develop stronger reporting mechanisms that allow departments and agencies to easily collect data linked to the number of jobs awarded to contractors and consultants or under labour hire arrangements.

RECOMMENDATION 72: The Department of Premier and Cabinet publish information in its upcoming annual report about whether the Jobs and Skills Exchange is fulfilling its objectives, including reducing labour hire usage and consultancy expenditure.

²⁹ Court Services Victoria, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 50; Department of Treasury and Finance, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 65; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 116.

³⁰ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 128.

³¹ Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 126–127.

³² Department of Health, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 121; Department of Transport and Planning, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 118.

³³ Department of Education, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 123.

13.4 Industrial Relations: key issues

The Minister for Industrial Relations is responsible for a single output: Industrial Relations (funding in 2023–24: \$36.2 million).³⁴

13.4.1 Gig Worker Support Service

The Gig Worker Support Service (GWSS) was established on 1 May 2023, as part of a larger initiative to provide better supports for gig workers in Victoria.³⁵ It was created as part of the Victorian Government’s response to the *Inquiry into the Victorian On-Demand Workforce*, specifically to the recommendation that ‘there be a clear primary source of advice and support to workers to help them understand and use dispute resolution or other informal options to resolve their work status.’³⁶ The *On-demand worker support initiative* received a total of \$9 million in the 2023–24 Budget.³⁷

As part of the initiative and linked to the GWSS, is DPC’s development and finalisation of the Fair Conduct and Accountability Standards (the Standards), and the future introduction of a legislative assurance model for the Standards.³⁸ The Standards provide guidance for digital platforms engaging gig workers, to ‘increase the fairness and ... transparency of arrangements between platforms and non-employee [gig] workers’.³⁹ They were released in October 2022, and companies currently can adopt and implement the Standards voluntarily; however, DPC intends to introduce a legislative model that will support compliance more concretely.⁴⁰

The Minister for Industrial Relations advised the Committee that gig workers were increasingly vulnerable as workers, stuck in a ‘hiatus area’ that is ‘not adequately regulated, either at state or federal levels’.⁴¹ As companies hire gig workers on an as-needed basis and they are typically employed as independent contractors, they do not have substantial employment entitlements, such as leave or sick pay, and are often the first to be let go in times of economic downturn.⁴² The Minister told the

34 Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 86; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 297.

35 As per the *Inquiry into the Victorian On-Demand Workforce*, ‘gig workers’ (also known as ‘on-demand workers’) are workers who are employed on an as-needed basis by a business, and are not required to be employed on a long-term, stable basis. This kind of work is not new, but the emergence of digital platforms to source on-demand workers (e.g. Uber, Door Dash) have shifted the speed in which on-demand workers can enter into employment. Source: Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 11–13.

36 Victorian Government, *Report of the Inquiry into the Victorian On-Demand Workforce 2020*, Melbourne, 2020, p. 196.

37 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 93.

38 Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 11–12.

39 Mr Tim Pallas MP, Minister of Industrial Relations, 2023–24 Budget Estimates hearing, Melbourne, 2 June 2023, *Transcript of evidence*, p. 6.

40 Ibid.

41 Ibid., p. 5.

42 Victorian Government, *Report of the Inquiry into the Victorian On-Demand Workforce 2020*, p. 1.

Committee that gaps in regulation make it difficult for gig workers to understand their employment status, and subsequently, their rights.⁴³

The GWSS assists gig workers through a phone and online enquiry service to obtain information and advice regarding their rights and entitlements.⁴⁴ Through this service, gig workers can also be referred to state and government agencies which can assist them in resolving disputes. Additionally, the GWSS will assist platforms by publishing and promoting the Standards.⁴⁵

FINDING 124: The Department of Premier and Cabinet recently launched the Gig Worker Support Service, which provides a telephone and online service to gig workers who require information and advice on their work rights and entitlements.

DPC has introduced one new performance measure for the GWSS, ‘On-demand matters resolved or referred to a more suitable body within 180 days’ with a target of 50% for 2023–24.⁴⁶ During the hearings, the Committee was informed the service ‘is intended to and does provide urgently needed support and information for gig workers’.⁴⁷ While the Committee supports the inclusion of performance measures for the GWSS, it has concerns around whether resolving or referring an issue within six months is a suitable timeframe. The Committee also notes setting a target of 50% means that half of all enquiries will take longer than six months to refer or resolve.

RECOMMENDATION 73: The Department of Premier and Cabinet review the performance measure ‘On demand matters resolved or referred to a more suitable body within 180 days’ to ensure the measure is sufficiently challenging.

RECOMMENDATION 74: The Department of Premier and Cabinet develop further performance measures related to the Gig Worker Support Service for inclusion in the 2023–24 Budget.

⁴³ Mr Tim Pallas MP, Minister of Industrial Relations, *Transcript of evidence*, p. 5.

⁴⁴ Hon Daniel Andrews MP, Premier, *More Support for Victorian Gig Workers*, media release, Melbourne, 1 May 2023.

⁴⁵ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 12–13.

⁴⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 298.

⁴⁷ Mr Matt O’Connor, Deputy Secretary, Industrial Relations Victoria, 2023–24 Budget Estimates (Industrial Relations) hearing, Melbourne, 2 June 2023, *Transcript of evidence*, p. 4.

13.5 Treaty and First Peoples: key issues

The Minister for Treaty and First Peoples is responsible for two outputs: Self-Determination Policy and Reform Advice and Programs (funding in 2023–24: \$116.6 million), and Traditional Owner Engagement and Cultural Heritage Management Programs (funding in 2023–24: \$59.9 million).⁴⁸

13.5.1 Victoria's Treaty Negotiations with First Peoples

The Victorian Government is currently undertaking Treaty negotiations with First Peoples in Victoria and is the first Australian jurisdiction to do so.⁴⁹ DPC has taken a number of steps as per budget commitments from 2022–23 and the *Advancing the Treaty Process with Aboriginal Victorians Act 2018*, including the establishment of the Treaty Authority, the Treaty Negotiation Framework, and the Self-Determination Fund in 2022.⁵⁰ These steps have readied the State to undertake Treaty negotiations, and the 2023–24 Budget provides \$138.2 million over the next four years for the initiative *Meeting the State's legal requirements to enter Treaty negotiations*.⁵¹

The Minister for Treaty and First Peoples stated that as part of the initiative, \$82 million would be provided to the First Peoples' Assembly and \$53.3 million would be for the State to enable both parties 'to uphold...obligations to join those negotiations'.⁵² The remaining \$3 million is provided to continue the Yoorook Justice Commission.⁵³

No further information was provided through the budget papers or the hearings regarding a breakdown of costs, and what the funding would specifically facilitate within 'supporting the state and First Peoples' Assembly of Victoria ... to meet Minimum Standards and prepare for Treaty negotiations'.⁵⁴ The 'Minimum Standards' are codified in the Treaty Negotiation Framework, and include standards such as 'demonstrate its [the State's] preparedness to negotiate a Treaty in relation to land and waters that constitute what is now known as the State of Victoria', as well as 'identify that it [the State] represents the people of the State of Victoria'.⁵⁵

FINDING 125: The 2023–24 Budget includes \$138.2 million over the next four years to progress key obligations as part of Victoria's ongoing Treaty Process with First Peoples.

48 Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 87–88; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 294.

49 Hon Gabrielle Williams MP, Minister for Treaty and First Peoples, 2023–24 Budget Estimates hearing, Melbourne, 7 June 2023, *Transcript of evidence*, p. 1.

50 Victorian Government, *Pathway to Treaty*, 10 May 2023, <<https://www.firstpeoplesrelations.vic.gov.au/treaty-process>> accessed 17 August 2023.

51 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 3.

52 Hon Gabrielle Williams MP, Minister for Treaty and First Peoples, *Transcript of evidence*, p. 6.

53 Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 15.

54 Ibid.

55 Victorian Government, *Treaty Negotiation Framework*, Melbourne, October 2022, p. 33.

RECOMMENDATION 75: The Department of Premier and Cabinet publish on its website further information regarding the \$138.2 million provided for the *Meeting the State's legal requirements to enter Treaty negotiations* initiative, including details about what the funding is expected to deliver.

DPC introduced two new performance measures to reflect the funding for the *Meeting the State's legal requirements to enter Treaty negotiations* initiative. The two new performance measures are 'Meetings with departments to support Minimum Standards and Additional Preparations, and engaging in Treaty negotiations' and 'Minimum Standards and Additional Preparations the State can notify compliance with to the Treaty Authority'.⁵⁶

The Committee notes the following issues with the first performance measure: firstly, no further information is provided to clarify what qualifies as a 'meeting' with departments. Secondly, the measure does not show how DPC will demonstrate whether a meeting has supported the goal of meeting the Minimum Standards and Additional Preparations or has demonstrated genuine engagement by the State in Treaty negotiations. Thirdly, the target for this performance measure is set at 40 meetings over 2023–24, but DPC did not report whether these meetings will be shared equally amongst departments or how it determined the target.⁵⁷

The performance measure regarding the State notifying compliance of Minimum Standards and Additional Preparations to the Treaty Authority has a target of four, but DPC did not state how it reached this target, or whether the target refers to instances of complying with individual Minimum Standards and Additional Preparations, or instances of the State having achieved compliance as a whole for an individual Treaty negotiation.⁵⁸

RECOMMENDATION 76: The Department of Premier and Cabinet address the shortcomings identified by the Committee regarding the performance measures 'Meetings with departments to support Minimum Standards and Additional Preparations, and engaging in Treaty negotiations' and 'Minimum Standards and Additional Preparations the State can notify compliance with to the Treaty Authority'.

⁵⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 299.

⁵⁷ Ibid.; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 55.

⁵⁸ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 55–56.

13.6 Department-wide: key issues

13.6.1 Machinery of government changes

MoG changes effective on 1 January 2023 had the following impact on DPC:

Table 13.1 Machinery of government changes impacting the Department of Premier and Cabinet in 2023–24

Portfolio	Output	Explanation
Deputy Premier	Economic policy advice and land coordination	Newly created portfolio. The relevant output is shared with the Premier.
Treaty and First Peoples	N/A	Renamed portfolio. Previously Aboriginal Affairs.
	Justice Policy, Services and Law Reform	Split between the Department of Justice and Community Safety and the Department of Premier and Cabinet (DPC).
Government Services	Public sector administration advice and support	Split between the Department of Government Services (DGS) and DPC.
	Chief Parliamentary Counsel services	DPC is responsible for the public administration portfolio responsibilities.
	State electoral role and electoral events	
	Digital Strategy and Transformation	Transferred to DGS.
	Management of Victoria's public records	
	Office of the Government Architect	Transferred to the Department of Transport and Planning.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 122–123, 294; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 25 May 2023, pp. 83, 87–88; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2023, pp. 311–313.

The budget papers show DPC and the Department of Justice and Community Safety (DJCS) now share responsibility for the Justice Policy, Services and Law Reform output.⁵⁹ There is no further information available to show which Ministers share responsibility for this output, or how they share it. Neither department provided further information about how the output is shared in their response to the Committee's questionnaire.⁶⁰ Similarly, DPC stated in its response to the Committee's questionnaire that Land Justice Unit functions were transferred from DJCS, which is not outlined by DJCS in its response to the questionnaire or in the budget papers.⁶¹

⁵⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 123.

⁶⁰ Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 137–153; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 83–93.

⁶¹ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 89; Department of Justice and Community Safety, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 137–153.

The Committee considers MoG changes, especially those that result in shared outputs, performance measures and/or responsibilities across departments, to be important. When these changes are not reported publicly or in full, it is difficult to understand which Ministers are responsible for areas of government service delivery or for different government agencies or entities. For this reason, the Committee recommends DPC and DJCS fully account for MoG changes and shared outputs.

Further, all departments should publicly report on MoG changes through an appropriate public mechanism, which should include outlining changes to responsibility for outputs, agencies and entities.

FINDING 126: The Department of Premier and Cabinet has assumed shared responsibility of the Justice Policy, Services and Law Reform output, and the Land Justice Unit from the Department of Justice and Community Safety, through machinery of government changes effective 1 January 2023. It is unclear how these responsibilities are divided.

RECOMMENDATION 77: The Department of Premier and Cabinet and the Department of Justice and Community Safety outline the shared output and changed responsibilities resulting from machinery of government changes in their next annual reports.

RECOMMENDATION 78: When multiple departments share responsibility for an output, the budget papers outline how this responsibility is divided between Ministers, including how initiatives and performance measures are allocated to ensure clarity.

13.6.2 Precincts and land coordination

The 2023–24 Budget provides \$14.7 million for the new output initiative, *A new approach to land and precincts*.⁶² The initiative has the primary objective of designing, delivering, and coordinating the State’s precinct planning and infrastructure investments, and will also involve the development of a new whole of government land register database.⁶³

As part of the MoG changes, DPC is responsible for the delivery function of lands and precincts. The Deputy Premier advised that this function was placed within DPC ‘to ensure that we get better coordination and delivery across our precincts’, and ‘to support that whole-of-government focus’.⁶⁴ At the Committee’s hearings the Deputy Premier stated she was ‘responsible ... for the oversight of the coordination of

⁶² Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 93.

⁶³ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, p. 24.

⁶⁴ Hon Jacinta Allan MP, Deputy Premier, 2023–24 Budget Estimates (Precincts and Land Coordination) hearing, Melbourne, 13 June 2023, *Transcript of evidence*, p. 2.

[lands and precincts]'.⁶⁵ A newly created division (the Precincts and Land division⁶⁶) is led by the Land Coordinator General, whose role is 'to coordinate across government departments and agencies to improve the use of government land ... to better support our capital project delivery across a range of portfolios.'⁶⁷

FINDING 127: The Department of Premier and Cabinet has responsibility for the Land Coordinator General and the Precincts Policy and Coordination function, and the Deputy Premier has been given responsibility for coordinating precincts delivery across the whole of government.

RECOMMENDATION 79: The Department of Premier and Cabinet clarify the responsibilities and achievements of the Land Coordinator General and the Precincts and Land division in its next annual report.

There are two performance measures associated with the precinct and land coordination function within DPC; 'Advice provided on government infrastructure projects with land requirements', and 'Key stakeholder satisfaction with advice and support relating to economic policy and land coordination'.⁶⁸ The first performance measure is new in 2023–24 and was created to measure outcomes of the Land Coordinator General role.⁶⁹ While the inclusion of a new performance measure for this purpose is beneficial, it does not indicate what outcome is achieved by providing such advice, or the quality or timeliness of this activity.

It is not clear how the second performance measure, 'Key stakeholder satisfaction with advice and support relating to economic policy and land coordination' measures satisfaction, or who the key stakeholders are.⁷⁰ As such, further performance measures demonstrating the impact and outcomes of the precinct and land coordination function within DPC would be beneficial.

RECOMMENDATION 80: The Department of Premier and Cabinet develop new budget paper performance measures for inclusion in the 2024–25 Budget to measure the performance and outcomes of the Land Coordinator General role and the precincts and land coordinator function within the department.

⁶⁵ Ibid., p. 3.

⁶⁶ Victorian Government Directory, *Precincts and Land*, n.d., <https://m.vic.gov.au/contactsandservices/directory/?ea0_lfz149_120.&organizationalUnit&abfa801d-4f5f-4cbe-8543-f9d5f8121bb1> accessed 16 August 2023; Victorian Government Directory, *Economic Policy and State Productivity*, n.d., <https://m.vic.gov.au/contactsandservices/directory/?ea0_lfz149_120.&organizationalUnit&85d9bcd2-ef91-422c-a79a-cb84c03b8baa#> accessed 16 August 2023; Hon Jacinta Allan MP, Deputy Premier, *Transcript of evidence*, p. 2.

⁶⁷ Hon Jacinta Allan MP, Deputy Premier, *Transcript of evidence*, p. 2; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 26–27.

⁶⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 296.

⁶⁹ Ibid., p. 294.

⁷⁰ Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 83–84.

13.6.3 Changes to output structure

In addition to MoG changes, the Economic Policy Advice and Support output has been renamed the Economic and Policy Advice and Land Coordination to 'reflect the broader Land Coordinator General functions established in the department on 1 January 2023'.⁷¹

13.7 Performance measures

13.7.1 Department-wide: analysis of new performance measures

DPC added six new performance measures in the 2023–24 Budget, one of which replaces a discontinued measure.⁷² The Committee commends DPC for introducing new measures to reflect funding for initiatives in the 2023–24 Budget.⁷³ Table 13.2 summarises the issues that the Committee identified with new performance measures by relevant output.

Table 13.2 Issues with new performance measures in 2023–24

Output	Performance measures	Issues identified by the Committee
Industrial Relations (Timeliness)	Wage Inspectorate Victoria: Wage Theft reports closed within 90 days of lodgement	The Committee supports the creation of the new measure to reflect the Department of Premier and Cabinet's (DPC) work through the Wage Inspectorate Victoria. The Wage Inspectorate has several roles, including promoting and enforcing child employment laws, owner driver, forestry contractor, hirer and freight broker obligations. The Wage Inspectorate also provides advice and information to employers and employees, conducts information campaigns and carries out enforcement functions. These responsibilities and the intended outcomes of them should be captured in further performance measures.
Self-determination Policy and Reform Advice and Programs (Quantity)	Meetings held to coordinate shared decision making with Aboriginal communities and WoVG implementation of the National Agreement on Closing the Gap priorities to improve outcomes for First Peoples	The Committee has identified a number of shortcomings with this new measure. The measure replaces a discontinued measure, 'Completion of an Aboriginal-led evaluation and review of government performance under the Victorian Aboriginal Affairs Framework (VAAF) 2018–2023' to 'better reflect decision making under the Closing the Gap National Agreement'. Replacement of the previous measure now means there are no longer performance measures related to the VAAF. No explanation has been provided on how the new measure is an improvement on the discontinued measure. (Continued)

⁷¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 294.

⁷² Ibid., pp. 296–306; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 62–64.

⁷³ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 296–299.

Output	Performance measures	Issues identified by the Committee
Self-determination Policy and Reform Advice and Programs (Quantity) (Continued)	Meetings held to coordinate shared decision making with Aboriginal communities and WoVG implementation of the National Agreement on Closing the Gap priorities to improve outcomes for First Peoples	DPC advised the new measure will assess the impact of the service based on number of meetings held, and 'as a result, the decisions made in these meetings'. This is not self-evident—the new measure will not necessarily aid the assessment of decisions made. This is DPC's only performance measure that speaks to its role of 'coordinating implementation of the National Agreement on Closing the Gap'. The Committee believes this responsibility could be better assessed through measures that quantify more than the number of meetings held per financial year. The Committee suggests DPC address the concerns above with new measures that are outcomes-based.

Sources: Victorian Auditor-General's Office, *Measuring and Reporting on Service Delivery*, Melbourne, 2021, p. 2; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 94, 296–298; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 25 May 2023, pp. 53–56; Victorian Government, *About the Wage Inspectorate*, 29 June 2023, <<https://www.vic.gov.au/about-wage-inspectorate>> accessed 18 August 2023.

RECOMMENDATION 81: The Department of Premier and Cabinet address the shortcomings identified by the Committee with the two new performance measures introduced in 2023–24 regarding the Industrial Relations and Self-Determination Policy and Reform Advice and Programs outputs with further, or altered, performance measures in the 2024–25 Budget.

13.7.2 Department-wide: analysis of performance measures proposed to be discontinued

DPC identified four performance measures for discontinuation in the 2023–24 Budget.⁷⁴ The Committee supports DPC's rationale for the discontinuation of three measures, noting that two measures were discontinued as DPC no longer holds funding linked to the Victorian Jobs and Investment Fund.⁷⁵

Table 13.3 summarises the issues that the Committee identified with the remaining performance measure proposed to be discontinued by relevant output.

⁷⁴ Ibid., p. 395; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 62–64.

⁷⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 395.

Table 13.3 Issues with one performance measure proposed to be discontinued in 2023–24

Output	Performance measure proposed to be discontinued	Issues identified by the Committee
Public sector administration advice and support (Quality)	VPSC: Percentage of agencies that indicated that VPSC advice assisted in improving their integrity capability	<p>The rationale provided by the Department of Premier and Cabinet (DPC) does not clarify why this performance measure is being discontinued.</p> <p>The rationale provided suggests the measure is associated with a program, which is set to conclude on 30 June 2023. However, DPC also states integrity guidance and advice 'continues as part of the VPSC's [(Victorian Public Sector Commission)] core functions'.</p> <p>For this reason, it is unclear whether the VPSC will continue providing advice to agencies that will improve their integrity capabilities. If this continues to form part of the VPSC's function and data continues to be collected, DPC should retain the performance measure.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 395; Department of Premier and Cabinet, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 25 May 2023, pp. 43–44.

RECOMMENDATION 82: The Department of Premier and Cabinet retain the performance measure regarding the percentage of agencies that indicate the Victorian Public Sector Commission advice assists in improving their integrity capability.

Chapter 14

Parliament

14.1 Overview

The Parliament of Victoria is an independent body that, through its elected representatives, is accountable to the Victorian community for the provision and conduct of representative government in the interests of Victorians.¹

The Parliament of Victoria comprises three departments—the Department of Parliamentary Services (DPS), the Legislative Council (LC) and the Legislative Assembly (LA).

The Departments of the Parliament of Victoria aim to:

- support Members to fulfil their roles
- protect the independence and integrity of Parliament
- inform and engage with the community
- engage with Victoria’s First People
- ensure the organisational resilience and efficiency of Parliament.²

Victoria’s independent officers of Parliament and its integrity agencies are also grouped under Parliament’s outputs in the budget papers. This includes the Victorian Auditor-General’s Office (VAGO), the Parliamentary Budget Office (PBO), the Independent Broad-based Anti-corruption Commission (IBAC), the Victorian Inspectorate (VI), and the Victorian Ombudsman (VO).³

The key issues section of this chapter focuses on matters relevant to the Parliamentary Departments that were identified during the estimates hearings.

1 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 350.

2 *Ibid.*, p. 351.

3 *Ibid.*, pp. 350–354.

Parliament



Parliamentary Departments

- Department of Parliamentary Services
- Department of the Legislative Assembly
- Department of the Legislative Council

Independent Officers of Parliament and Integrity Agencies

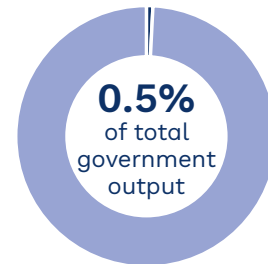
- Parliamentary Budget Office
- Victorian Inspectorate
- Victorian Auditor-General's Office
- Independent Broad-based Anti-corruption Commission
- Victorian Ombudsman

Total output funding

2022-23 Budget \$349.1m

2022-23 revised Budget \$351.8m

2022-23 Budget \$360.9m



↑ **\$11.8m**

increase compared to the 2022-23 Budget

\$9.2m

new output initiative spending, 2022-23 to 2026-27

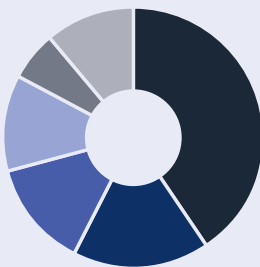
Smallest budget

compared to all Victorian Government departments

↑ **\$9.1m**

increase compared to the 2022-23 revised Budget

Funding by output, 2023-24



- Parliamentary Services **\$143.7m**
- Independent Broad-based Anti-corruption Commission **\$62.2m**
- Victorian Auditor-General's Office **\$49.1m**
- Legislative Assembly **\$43.2m**
- Legislative Council **\$22.7m**
- Other* **\$40m**

* Includes 4 outputs with budgets <\$22.7m.

New output initiatives with largest funding allocation, 2022-23 to 2026-27



4 new
output initiatives

\$4.2m

Legislative Council
Standing Committees

\$1.8m

Funding for the
60th Parliament and
2026 general election costs

\$2.5m

Administration of
VIRTIPS Act

\$0.7m

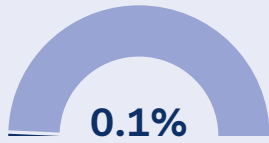
Supporting the
operations of the
Victorian Ombudsman

Infrastructure program, 2023–24 (\$38.7m)

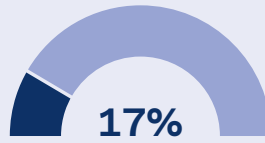


■ Total estimated investment in new projects (\$0)

■ Department's existing infrastructure program

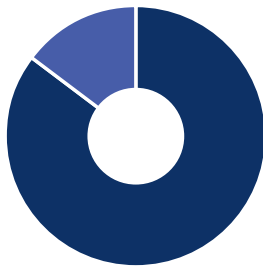


of total government infrastructure projects



of existing infrastructure projects had a revised completion date

Money in, 2023–24 (\$364m)



■ Output appropriations \$311m

■ Special appropriations \$53m

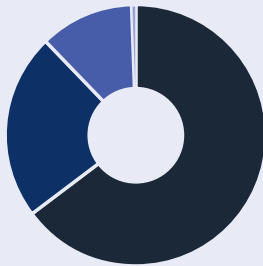
↑ \$11m

increase compared to the 2022–23 revised Budget

↑ \$20m

increase compared to the 2022–23 Budget

Money out, 2023–24 (\$366m)



■ Employee benefits \$237m

■ Other operating expenses \$85m

■ Depreciation \$42m

■ Interest expense \$2m

↑ \$12m

increase compared to the 2022–23 revised Budget

↑ \$20m

increase compared to the 2022–23 Budget

Total funding received from Treasurer's Advances, 2021–22 (\$4.7m)



■ Not related to COVID-19

■ Related to COVID-19



of total Treasurer's Advances made across government in 2021–22

14.2 Financial analysis

The Parliamentary Departments, VAGO, the PBO and the integrity agencies forecast an operating deficit of \$2 million in 2023–24. In 2022–23 an operating deficit of \$2 million was also forecast. The forecast deficit for 2023–24 is primarily attributed to Parliament’s use of prior year’s surplus for the Protective security upgrades and service enhancements initiative approved in the 2022–23 Budget.⁴

The budget and finances of Parliament, VAGO, the PBO and integrity agencies are illustrated further in the figures above.

14.3 Parliament: key issues

Parliament is responsible for the following four outputs:

- Legislative Council (funding in 2023–24: \$22.7 million)
- Legislative Assembly (funding in 2023–24: \$43.2 million)
- Parliamentary Investigatory Committees (funding in 2023–24: \$7 million)
- Parliamentary Services (funding in 2023–24: \$143.7 million).⁵

14.3.1 Public access to parliament

One of Parliament’s aims is to inform and engage with the community.⁶ During the hearings the Committee heard from the Presiding Officers about engagement activities undertaken by Parliament, as well as efforts to increase both the physical accessibility of Parliament House, and to enhance access to information for certain groups.

During the hearings the Presiding Officers told the Committee about several engagement programs run by the Parliamentary Departments. For example, in 2022–23 Parliament facilitated 9,300 public tour visitors, 2,360 group tour visitors, 6,909 school student visitors and 4,101 parliamentary role-play participants via its education and engagement programs.⁷ Other Parliamentary engagement programs were outlined, such as the Youth Parliament, school hub visits to engage with rural and regional students, and the Aboriginal changemakers program.⁸

Regarding promoting access to Parliament House, the President of the Legislative Council told the Committee that the Parliamentary Departments have ‘a goal to bring people or community groups into Parliament that might not necessarily have

⁴ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, pp. 149–150.

⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 354, 358.

⁶ *Ibid.*, p. 351.

⁷ Hon Maree Edwards MP, Speaker of the Legislative Assembly, 2023–24 Budget Estimates (Parliamentary Departments) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, p. 2.

⁸ *Ibid.*, pp. 5, 13.

been here before'.⁹ The Committee was provided with several examples of this work, including the launch of the Salvation Army cookbook in Parliament House, and the International Women's Day Event, which celebrated 100 years of Victorian women running as candidates in Victorian elections.¹⁰ Some planned events identified by the President and the Speaker for the 2023–24 year include the launch of The Big Issue's calendar and the 2023–24 Youth Parliament, allowing both disadvantaged and young Victorians access to, and involvement in, Parliament and Parliament House.¹¹

At the public hearings the Committee asked the Presiding Officers about access to the public galleries and the gradual reopening of Parliament to the public in a post-COVID-19 environment.¹² Parliament House was closed to the public for an extended period due to heightened security risks that needed to be resolved prior to reopening.¹³ The Speaker informed the Committee that the public galleries would reopen to the public in the sitting week starting 20 June 2023.¹⁴

FINDING 128: Parliament House's public galleries have not been open to the public since prior to the COVID-19 pandemic, due to heightened security risks. The public galleries reopened in the sitting week starting 20 June 2023.

14.3.2 Completion of historic renovation works

During the hearings the Committee discussed with the Presiding Officers the ongoing restoration works at Parliament House. The works include Parliament House Stone Façade Restoration and Parliament House East Wing Refurbishment projects.¹⁵ Works on Parliament House's stoneworks restoration began in 2006 and received further funding in the 2020–21 Budget under the Parliament House historic restoration works initiative, which progressed Stage 13 of the works.¹⁶

The President informed the Committee that the stonework restorations commenced following safety issues caused by stone falling off the Parliament House building.¹⁷ The Stoneworks Restoration project has progressed through 12 stages and is currently in Stage 13, which is the final stage.¹⁸ Stage 13 has a total expected cost of

⁹ Hon Shaun Leane MLC, President of the Legislative Council, 2023–24 Budget Estimates (Parliamentary Departments) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, p. 5.

¹⁰ Ibid.; Hon Maree Edwards MP, Speaker of the Legislative Assembly, *Transcript of evidence*, pp. 2, 5.

¹¹ Hon Shaun Leane MLC, President of the Legislative Council, *Transcript of evidence*, p. 5.

¹² Public Accounts and Estimates Committee, 2023–24 Budget Estimates (Parliamentary Departments) hearing, Melbourne, 8 June 2023, *Transcript of evidence*, pp. 6–7.

¹³ Hon Shaun Leane MLC, President of the Legislative Council, *Transcript of evidence*, p. 6.

¹⁴ Ibid.

¹⁵ Parliamentary Departments, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 24 May 2023, p. 7.

¹⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 144; Hon Shaun Leane MLC, President of the Legislative Council, 2023–24 Budget Estimates (Parliamentary Departments) hearing, response to questions on notice received 19 June 2023, p. 2.

¹⁷ Hon Shaun Leane MLC, President of the Legislative Council, *Transcript of evidence*, p. 11.

¹⁸ Ibid.

\$19.2 million.¹⁹ Stages 1–12 cost \$69.7 million, making the total estimated cost of the project \$88.9 million.²⁰

The project is currently expected to finish in quarter 4 of 2023–24.²¹ In the 2021–22 Budget, the estimated completion date was quarter 4 2022–23.²² The 2022–23 budget papers list COVID-19 impacts as the reason for the delay.²³

FINDING 129: The Parliament House Stoneworks Restoration project is due to be completed this year, marking the conclusion of a restoration project that was started in 2006 and has been completed in 13 stages. The total estimated cost is \$88.9 million.

14.4 Performance measures

14.4.1 Analysis of new performance measures

VAGO, the PBO, and the VO did not add new performance measures to the 2023–24 Budget.²⁴

The Parliamentary Departments added two new performance measures in the 2023–24 Budget. These performance measures examine Member satisfaction with both Legislative Council and Legislative Assembly Standing Committees regarding advice about procedure, research and administration being clear, objective and prompt.²⁵ The introduction of these performance measures is in response to a Committee recommendation from the 2022–23 Budget Estimates inquiry.²⁶ The Committee commends the introduction of these qualitative measures regarding Standing Committees by the Parliamentary Departments.

Adopted by the Public Accounts and Estimates Committee
55 St Andrews Place, East Melbourne
11 September 2023

¹⁹ Hon Shaun Leane, President of the Legislative Council, 2023–24 Budget Estimates hearing, response to questions on notice, p. 2.

²⁰ Ibid.

²¹ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, p. 92.

²² Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 State Capital Program*, Melbourne, 2021, p. 111.

²³ Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, p. 92.

²⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 360–361, 362, 366–367.

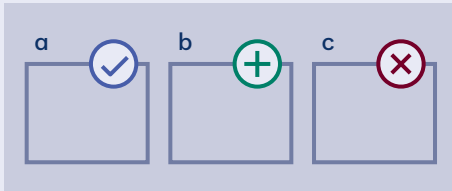
²⁵ Parliamentary Departments, *Response to the 2023–24 Budget Estimates General Questionnaire*, pp. 29–30.

²⁶ Clerk of the Legislative Assembly and Clerk of the Legislative Council, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, 17 February 2023, p. 1.

Appendix A

Budget snapshots explanatory material

Portfolios

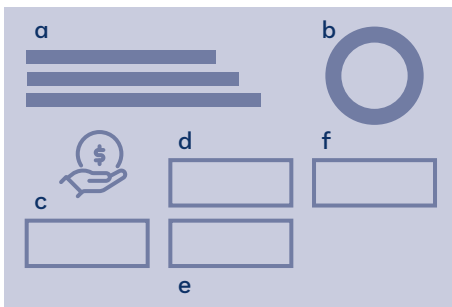


- Portfolios that are unaltered in 2023–24 compared to the 2022–23 Budget.
- Portfolios that are new in 2023–24, including portfolios that have been renamed or transferred to the department* as part of machinery of government changes.
- Portfolios that are no longer the department's responsibility in 2023–24, including portfolios that were transferred in machinery of government changes or have been renamed.

* All references to 'department/s' throughout the explanatory material also refer to Court Services Victoria and Parliament.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022.

Total department output funding



- Total output funding for the department in the 2022–23 Budget, the 2022–23 revised Budget and 2023–24 Budget.*
- Department funding as a percentage of all funding for all Victorian Government departments in the 2023–24 Budget.
- Size of department output funding in 2023–24 Budget relative to all other Victorian Government departments.
- Variation between department's total output funding in the 2023–24 Budget compared to the 2022–23 Budget.
- Variation between department total output funding in the 2023–24 Budget compared to the 2022–23 revised Budget.
- Total spending on new output initiatives by the department announced in the 2023–24 Budget. May include funding for whole of government initiatives.

* Represents departmental budgets as per Budget Paper No. 3 and does not include general government output contingencies.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023.

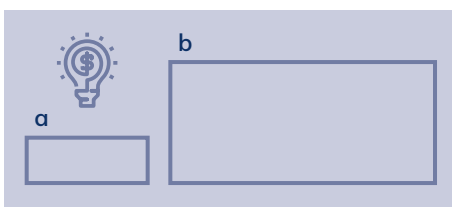
Department funding by output, 2023–24



- Department funding in 2023–24 by output. Lists the names of five largest outputs. Asterisk indicates the number of remaining outputs and combined funding allocation.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023.

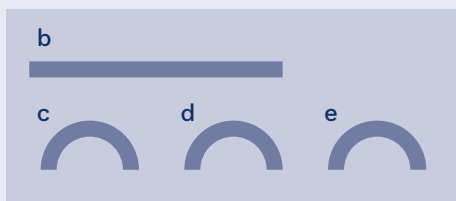
New output initiatives with largest funding allocation, 2022–23 to 2026–27



- Number of new output initiatives announced in the 2023–24 Budget.
- Output initiative title and associated total investment for the department's (up to) four largest initiatives by funding allocation in the 2023–24 Budget over the forward estimates. Some output initiatives include funding beyond the forward estimates, which is indicated by an asterisk.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023.

Infrastructure program, 2023–24 (\$X^a)

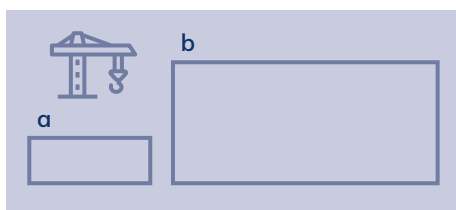


- Department's total capital spend on both existing and new projects.*
- Department's total estimated investment in new capital projects and total estimated investment in existing capital projects. Funding for some new asset initiative funding may not be represented in this graph for certain departments if the funding is towards projects in the capital programs of associated public non-financial corporations.
- Department's total capital spend as a proportion of the general Government sector capital program.
- Department's spending on new capital projects as a proportion of the general Government sector's spending on new capital projects.
- Proportion of projects in the department's existing capital program that have a different estimated completion date reported in the 2023–24 Budget compared to the 2022–23 Budget.

* Represents total capital spend for departments as per Budget Paper No. 4 and does not include general government asset contingencies.

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022.

New infrastructure projects with highest total investment, 2022–23 to 2026–27



- Number of new asset initiatives announced in the 2023–24 Budget.
- Asset initiative title and associated total estimated investment for the department's (up to) four largest asset initiatives by funding allocation in the 2023–24 Budget across the forward estimates. Some asset initiatives include funding beyond the forward estimates, which is indicated by an asterisk.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023.

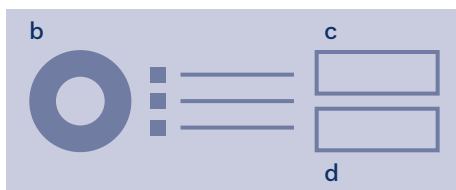
Money in, 2023–24 (\$X^a)



- Department's total income from transactions.
- Breakdown of the department's income from transactions in 2023–24 by line item as reported in the comprehensive operating statement.
- Variation between department's total income from transactions in the 2023–24 Budget compared to the 2022–23 revised Budget.
- Variation between department's total income from transactions in the 2023–24 Budget compared to the 2022–23 Budget.

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023.

Money out, 2023–24 (\$X^a)



- Department's total expenses from transactions.
- Breakdown of the department's expenses from transactions in 2023–24 by line item as reported in the comprehensive operating statement.
- Variation between department's total expenses from transactions in the 2023–24 Budget compared to the 2022–23 revised Budget.
- Variation between department's total expenses from transactions in the 2023–24 Budget compared to the 2022–23 Budget.

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023.

Total funding department received from Treasurer's Advances, 2021-22 (\$X^a)



- a. Total payments from Treasurer's Advances to the department.
- b. Total of payments from Treasurer Advances to the department reported in the State Financial Report as attributable to COVID-19 and not attributable to COVID-19.
- c. Total payments from Treasurer's Advances to the department as a proportion of all payments from Treasurer's Advances made in 2021-22.

Source: Department of Treasury and Finance, 2021-22 *Financial Report*, Melbourne, 2022.

Appendix B

Machinery of government changes: Department of Jobs, Skills, Industry and Regions

Machinery of government (MoG) changes effective on 1 January had the following impact on the Department of Jobs, Skills, Industry and Regions (DJSIR):

- The portfolios of Higher Education and Training and Skills have been transferred to DJSIR from the Department of Education.
- The portfolio of Manufacturing Sovereignty was created.
- The Agriculture portfolio has been transferred from the Department of Jobs, Precincts and Regions/DJSIR to Department of Energy, Environment and Climate Action (DEECA), Local Government has been transferred to Department of Government Services (DGS) and Racing has been transferred to Department of Justice and Community Safety (DJCS).
- The portfolio of Fishing and Boating that was part of the former Department of Transport and Planning (DTP) has been renamed Outdoor Recreation and moved into DJSIR.
- The Industry Support and Recovery portfolio has been renamed Industry and Innovation and remains in DJSIR.
- The Resources portion of the former Energy and Resources portfolio that was part of DJSIR has been moved to DEECA.
- The Business Precincts portfolio that was part of DJPR has moved to DTP.¹

B.1 Changes to output structure

DJSIR has made several changes to its output structure in 2023–24 due to the MoG changes that took effect on 1 January 2023.

- The Training, Higher Education and Workforce Development output has been transferred from DE to DJSIR.
- The Medical Research portion of the Industry, Innovation, Medical Research and Small Business output has moved to the Department of Health.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 122, 236; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Budget Estimates General Questionnaire*, received 31 May 2023, pp. 133–135; Hon Daniel Andrews MP, *New Cabinet To Keep Doing What Matters*, media release, Melbourne, 2 December 2022.

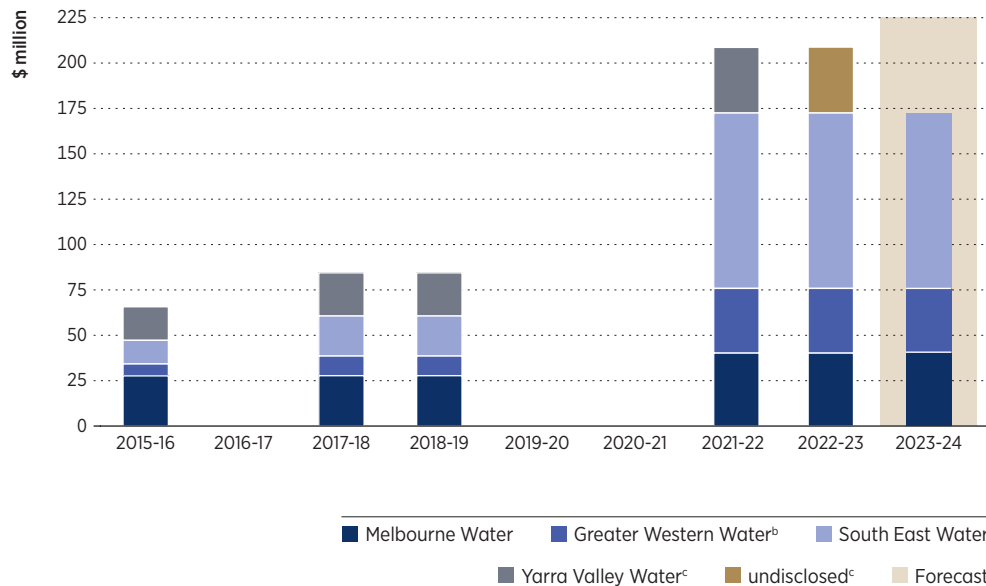
- The Trade and Global Engagement output has been transferred from the Department of Treasury and Finance. The output is now called Trade and Investment, with 'Trade and Global Engagement' and 'Investment Attraction' sitting as two 'sub-outputs' beneath this.
- The Local Government portion of the Local Government and Suburban Development output has been transferred to DGS.
- The Racing portion of the Sport Recreation and Racing output has been transferred to DJCS, and the output is now known as Sport and Recreation.
- The Sustainably Managed Fish and Boating Resources output has been moved out of the former Department of Transport to DJSIR and renamed Fishing, Boating and Game Management.
- The Agriculture output has been transferred to DEECA, with the exception of game management, which forms part of the new Fishing, Boating and Game Management output.²

² Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 122, 236.

Appendix C

Capital repatriations paid to Government by Melbourne's water corporations: Department of Energy, Environment and Climate Change

Figure C.1 Capital repatriations paid to Government by Melbourne's water corporations from 2015-16 to 2023-24^a



a. 2023-24 figures are forecasts from the Melbourne Water, South East Water and Greater Western Water corporate plans.

b. City West Water figures listed prior to merger with Greater Western Water in 2021

c. Yarra Valley Water did not publicly list its forecast capital repatriations for 2022-23 or 2023-24. However, the \$36.3 million which cannot be accounted for in 2022-23 is the same amount paid by Yarra Valley Water in 2021-22.

Source: Hon Harriet Shing MLC, Minister for Water, 2023-24 Budget Estimates hearing, response to questions on notice, received 21 June 2023, p. 1; Greater Western Water, *Corporate Plan 2021-22*, Melbourne, 2022, p. 88; Melbourne Water, *Corporate Plan, 2022-23 to 2026-27*, Melbourne, 2022, p. 46; South East Water, *Corporate Plan 2022-27*, Melbourne, 2022, p. 44; Greater Western Water, *2021-22 Annual Report*, Melbourne, 2022, p. 57; Melbourne Water, *Annual Report 2021-22*, Melbourne, 2022, p. 84; South East Water, *Annual Report 2021-22*, Melbourne, 2022, p. 90; Yarra Valley, *Annual Report 2021-22*, Melbourne, 2022, p. 150; City West Water, *Response to the 2019-20 Financial and Performance Outcomes General Questionnaire*, received 4 February 2021, p. 20; Melbourne Water, *Response to the 2019-20 Financial and Performance Outcomes General Questionnaire*, received 4 February 2021, p. 29; South East Water, *Response to the 2019-20 Financial and Performance Outcomes General Questionnaire*, received 4 February 2021, p. 20; Yarra Valley Water, *Response to the 2019-20 Financial and Performance Outcomes General Questionnaire*, received 4 February 2021, p. 20; City West Water, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 12 February 2020, p. 17; Melbourne Water, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 12 February 2020, p. 16; South East Water, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 12 February 2020, p. 14; Yarra Valley Water, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 12 February 2020, pp. 14-15; City West Water, *Annual Report 2016-17*, Melbourne, 2017, p. 40; Melbourne Water, *Annual Report 2016-17*, Melbourne, 2017, p. 85; South East Water, *Annual Report 2016-17*, Melbourne, 2017, p. 61; Yarra Valley Water, *Annual Report 2016-17*, Melbourne, 2017, p. 41 (Committee calculation).

