

# PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



## Report on the 2022-23 Budget Estimates

Parliament of Victoria  
Public Accounts and Estimates Committee

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# Committee membership



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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 ten 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 Parliamentary Budget Office.

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This report is available on the Committee's website.

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# Chair's foreword

It is with pleasure that I present the Committee's fourth report on the budget estimates for the 59th Parliament.

This Inquiry considers the budget estimates of government revenue and expenditure and the financial and performance measures in the 2022–23 Budget. A key process for government accountability and transparency, this Inquiry provides Committee members the opportunity to ask Ministers and senior public servants questions about the spending, performance and effectiveness of their respective departments or agencies. On behalf of all Committee members, I thank Ministers, the Presiding Officers, executives and staff across the Victorian Government for their preparation for hearings and for their responses to the Committee's questionnaire.

While the 2022–23 Budget outlines positive economic growth and a strong labour market in Victoria, this report is tabling at an important time, noting Australia is experiencing rising interest rates, fuel and energy prices, and higher than expected inflation. The Committee's report considers these fiscal risks and how the benefits of several budget initiatives aimed at easing cost-of living pressures and placing priority cohorts in sustainable employment will be assessed. For example, through the *Power Saving Bonus* program and further investment in Jobs Victoria.

Following the disruptions of the COVID-19 pandemic, the 2022–23 Budget makes a significant investment of \$12 billion in Victoria's healthcare system. This includes the *Pandemic repair plan* aimed at easing pressures on Victoria's hospitals, improving emergency response and supporting healthcare workers. It also directs funding toward rebuilding the capacity of Ambulance Victoria. The Committee's report makes a series of recommendations to enhance reporting of the outcomes achieved by this investment.

There are several themes reflected in the Committee's recommendations about performance measures, including their disaggregation to provide greater insight into performance. It recommends that performance measures for apprentice and trainees be disaggregated by gender, Indigeneity and disability to provide greater insights into completion rates among different cohorts. It also recommends that the proportion of Victoria's vulnerable children, children with disability or the culturally and linguistically diverse population that participated in kindergarten be tracked.

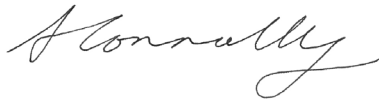
The Committee's report makes recommendations to ensure transparency around the reporting of the Victorian Future Fund's achievements in stabilising debt, as well as the social, cultural and sports tourism impacts of the 2026 Commonwealth Games.

I thank my Committee colleagues for their work on this inquiry and also express my appreciation to the previous Chairs of this Committee, Hon Lizzie Blandthorn MP and

**Chair's foreword**

Mr Tim Richardson MP, and thank them for their contribution. I also extend thanks to the secretariat team for their support during this Inquiry.

I commend the report to the Parliament.

A handwritten signature in black ink, appearing to read 'S Connolly', written in a cursive style.

**Ms Sarah Connolly MP**  
**Chair**

# Executive summary

## Chapter 2—Whole of Government

The 2022–23 Budget predicts a faster than expected economic recovery from the impacts of COVID-19. The Budget outlines positive economic growth and a strong labour market and estimates rises in inflation, population and wage growth over the next four years.

Real gross state product (GSP) is forecast to grow at 5.5% in 2021–22 and at 3.25% in 2022–23. While the 2022–23 Budget anticipates consumer spending to be the largest driver of economic growth in Victoria in 2022–23, potential risks to the consumer spending forecast include rising inflation, higher interest rates and increased global uncertainty, which could affect consumer confidence.

In the 2022–23 Budget the consumer price index (CPI) is forecast to average 2.5% in 2022–23 down from an average 3.0% in 2021–22. Global oil prices and global supply chain disruptions are the two key factors driving inflation in Victoria. However, noting that annual CPI inflation increased to 6.1% in the June 2022 quarter, which is higher than forecast in the 2022–23 Budget, there is a potential risk to the assumptions underpinning the estimates in this Budget.

While Australian Bureau of Statistics population estimates indicate that Victoria's estimated population decreased by 49,188 residents between March 2020 and December 2021, the 2022–23 Budget estimates Victoria's population growth to be 1.2% in 2022–23, 1.1% higher than the expected forecast of 0.1% in 2021–22.

The 2022–23 Budget forecasts a return to an operating cash surplus of \$1.3 billion in 2022–23 and a return to an operating surplus of \$652 million in 2025–26. As part of stabilising net debt as a percentage of GSP, the Government introduced the *Victorian Future Fund* (VFF) in the 2022–23 Budget. The Committee has made recommendations to improve transparency around the reporting of progress against the Government's four step fiscal strategy and the achievements of the VFF in stabilising debt.

The 2022–23 Budget estimates revenue to grow at an average of 3.7% over the forward estimates. However, goods and services tax (GST) revenue, which is the largest contributor to Victoria's grant revenue, has been revised down in 2022–23 to \$18.7 billion, compared to \$19.2 billion in the 2021–22 Budget. Land transfer duty which is the largest contributor to state taxation is also estimated to decline in 2022–23 to \$8.2 billion, compared to the 2021–22 revised estimate of \$10.2 billion.

Employee expenses are the largest driver of general government sector expenditure, accounting for around 37% of total expenses in 2022–23 at \$33.1 billion. The 2022–23 Budget estimates employee expenses to grow by an average of 2.2% over the forward estimates.

The 2022–23 Budget allocates \$22.2 billion over five years in new output initiatives and \$6.7 billion in total estimated investment (TEI) in new asset initiatives. The health sector will receive the highest allocation of new output funding at \$9.3 billion, and new asset initiative funding at \$2.9 billion TEI.

Court Services Victoria and all other government departments, excluding the Parliamentary Departments, did not provide information to the Committee in response to its questionnaire in the same manner as they have in previous years on the programs and initiatives that received Treasurer’s Advances/off budget funding in 2021–22. This information is not outlined in departmental annual reports or the State Financial Report.

General government net debt is estimated to be \$118.5 billion in 2022–23, rising to \$167.5 billion in 2025–26. Net debt to gross state product (GSP) is estimated to be 21.7% in 2022–23 and 26.5% in 2025–26. Non-financial public sector (NFPS) net debt is estimated to be \$139.8 billion in 2022–23 and \$196.8 billion in 2025–26. NFPS net debt to GSP is estimated to be 25.7% in 2022–23 and 31.1% in 2025–26.

The risks to the Victorian economic outlook are higher when compared to pre-COVID-19 pandemic risks, owing in part to the risks of COVID-19 and the elevated uncertainties prevailing across the world relating to the Russian invasion of Ukraine. Higher than expected inflation and rising interest rates also elevate the fiscal risks to the State’s financial position and budget outcomes.

## Chapter 3—Department of Health

In 2022–23 the Department of Health (DH) has the largest budget of all Victorian Government departments (\$25 billion), representing 35% of total government output. DH’s budget in 2022–23 represents an increase of 7% compared to the 2021–22 Budget. However, compared to the 2021–22 revised budget, DH’s 2022–23 Budget represents a decrease of 7.5%. This difference is explained by one-off spending related to COVID-19 in 2021–22. In 2022–23 DH’s capital program comprises \$2.9 billion in new projects and \$10 billion in existing projects, representing 20% of the general government capital program in 2022–23. DH’s new capital projects represent half of all new projects in the 2022–23 Budget. New capital projects for DH include the *New Melton Hospital*, *Barwon Women’s and Children’s Hospital* and the *Regional Health and Infrastructure Fund*.

The 2022–23 Budget makes a significant investment into Victoria’s healthcare system, providing \$12 billion to strengthen and reform the system following the disruptions of the COVID-19 pandemic. The *Pandemic repair plan* aims to ease the pressure on Victoria’s hospitals, improve emergency response and support healthcare workers.

\$1.4 billion in funding is provided for the *COVID catch-up plan*, which aims to address the increase in elective surgery wait times and reduce the number of people awaiting surgery, while reforming and improving the way elective surgery is undertaken in Victorian hospitals. This will include the establishment of Rapid Access Hubs for elective surgery that will exclusively deliver high-volume surgeries, and the upskilling and recruitment of 3,400 healthcare workers. As part of the plan, it is expected an additional 25% more procedures will be completed compared to pre-pandemic levels.



The challenges of the COVID-19 pandemic and the 2022 influenza season have led to a fatigued and stretched workforce that is experiencing shortages. Building the capacity of the healthcare workforce is a key priority in the 2022–23 Budget, with over \$70.8 million provided to recruit for and train different healthcare positions. The Budget provides funding for 7,000 additional healthcare workers, of which 5,000 are nurses. It will be important for DH to update its data and report on the growth in the healthcare workforce achieved, in part, by the investment in the 2022–23 Budget.

The 2022–23 Budget provides \$4.8 million for the Safer Care Victoria Healthcare Worker Wellbeing Centre to provide mental health and wellbeing support to healthcare workers and to expand psychological support for nurses and midwives. In the context of the COVID-19 pandemic, and its effects on Victoria's healthcare system and its workforce, it is likely the mental health and wellbeing needs of the healthcare workforce will change over time. DH's health and wellbeing supports should be responsive to this dynamic situation.

Funding is provided in the 2022–23 Budget to drug and alcohol treatment and rehabilitation, including funding to construct a 30-bed alcohol and other drugs residential rehabilitation facility in Mildura. While there is a funding difference between the 2022–23 Budget for the Drug Treatment and Rehabilitation output and the 2021–22 revised budget, funding for mental health reform and the *Better at Home* program broadens how alcohol and drug treatment services are delivered in Victoria. Victoria has the second lowest rate of residential rehabilitation beds in Australia and the COVID-19 pandemic has increased wait times for treatment services. The inclusion of further budget paper performance measures, including wait times for rehabilitation beds, would improve reporting on residential and withdrawal rehabilitation.

The 2022–23 Budget includes \$122.3 million for the initiative *Supporting our frontline ambulance services*, which will allow for the recruitment of 90 additional paramedics and establish a second Mobile Stroke Unit, among other initiatives. As COVID-19 restrictions reduced in Victoria, demand for ambulances surged, resulting in Ambulance Victoria's (AV) busiest quarter in its history at the start of 2022. During this period AV also experienced similar workforce shortages to that of the general healthcare workforce. The performance of AV in relation to timeliness of services has dropped considerably since 2019–20. Funding provided in the budget aims to rebuild the capacity of AV so it can reach target levels of performance and service delivery.

The 2022–23 Budget continues to respond to the recommendations of the Royal Commission into Victoria's Mental Health System, with \$372 million provided to grow the mental health and wellbeing workforce, delivering 1,500 positions. In 2021 DH released *Victoria's mental health and wellbeing workforce strategy* to cover the years 2021–2024. The strategy modelled a need for approximately 2,500 additional workers in the public mental health system, which the 2021–22 and 2022–23 Budgets deliver. The Committee has recommended DH report on the outcomes of its workforce strategy every two years, and report on the net increase of mental health workers.

In the 2022–23 Budget DH added 20 new performance measures and discontinued five measures. Issues were identified with one discontinued performance measure.

## Chapter 4—Department of Education and Training

In 2022–23 the Department of Education and Training (DET) has the second largest budget of all Victorian departments (\$16.5 billion), representing 23.4% of total government output. DET's budget in 2022–23 represents an increase of 3.7% compared to the 2021–22 Budget. DET's capital program comprises \$1.6 billion in new projects and \$4.7 billion in existing projects, representing 9.9% of the general government capital program in the 2022–23 Budget. DET's new capital projects also represent 28.5% of all new projects in the general government capital program in 2022–23.

The 2022–23 Budget invests approximately \$277 million to support the implementation of the new Victorian Certificate of Education (VCE) Vocational Major and Victorian Pathways Certificate, embedding vocational and applied learning in VCE to enable students to develop both academic and practical skills. The reforms include a promotional campaign to address entrenched perceptions of vocational pathways as unequal to VCE. No specific performance measures have been developed to assess the utility of the new certificate. The Committee has recommended DET establish performance measures to track the benefits of the reforms.

The 2022–23 Budget allocates \$865.1 million in total funding to recruit 1,900 new primary and secondary school teachers at government schools, attract quality teachers and upskill the teaching workforce. These investments aim to provide more time for teachers to prepare lessons, plan and mark assessments, while growing the aggregate numbers of teachers and distributing them where they are most needed.

The 2022–23 Budget provides \$371.5 million between 2021–22 and 2025–26 to the *Strengthening and supporting the mental health and wellbeing* initiative in line with *Victoria's mental health and wellbeing workforce strategy 2021–2024*. The Committee identified that the strategy does not set priorities and actions specific to Victorian schools. However, a performance framework is being developed to track the strategy's progress and measure the outcomes achieved.

The 2022–23 Budget invests \$16.5 million in a more coordinated and efficient Technical and Further Education (TAFE) system to support critical training and employment growth in Victoria. The 2022–23 Budget also invests \$66.6 million for TAFEs to sustainably transition to the new activity-based funding model for 2022 and 2023. Following implementation, it will be important for DET to report on how the new model will enhance outcomes achieved by the TAFE system, and how these outcomes will be measured. Noting that the Victorian Skills Plan is expected to be released in 2022, the Committee has recommended that performance be developed to track the outcomes achieved under the plan.

Apprentice and trainee outcomes were supported in the 2022–23 Budget through a \$12 million allocation to extend the *Apprenticeship Support Officers* program. The funding provides for the development of 28 Apprentice Support Officer positions across Victoria, with one officer dedicated to the *Big Build* apprenticeship program.

The Committee has recommended the disaggregation of apprentice and trainee performance measures by gender, Indigeneity and disability to provide greater insights into completion rates among different cohorts.

The 2022–23 Budget supports access to four-year-old kindergarten through investments for continued delivery of 15 hours of kindergarten, continued provision of kindergarten supplements and fee subsidies and programs to grow the participation rates of various cohorts of children. Noting DET’s capacity to measure the proportion of eligible Victorian children participating in three- and four-year-old kindergarten is limited due to the unreliability of existing data, the Committee identified that in 2021, approximately 5,800 Victorian children did not attend kindergarten. Reporting on the kindergarten participation rate in the two years before school and the methodology used to calculate the target rate would provide more insight into DET’s performance in this area, as would data on the proportion of Victoria’s vulnerable children, children with disability or the culturally and linguistically diverse population that participated in kindergarten.

The *Early Childhood Workforce Strategy* is backed by a \$209.9 million workforce package that aims to create 6,000 new jobs by 2029, including 4,000 teaching and 2,000 qualified educator positions across the State. The Committee has recommended that the 2022–23 Budget Update provide clarity around initiatives funded by the package and that the 2023–24 Budget include performance measures that identify the outcomes achieved by the strategy.

In the 2022–23 Budget DET added nine new performance measures and discontinued two measures. The Committee supported the rationale for the discontinuation of measures in all cases.

## Chapter 5—Department of Justice and Community Safety

In 2022–23 the Department of Justice and Community Safety (DJCS) has the third largest budget of all Victorian Government departments (\$9.1 billion), representing 12.9% of total government output. Three of DJCS’ outputs make up 78.3% of the department’s 2022–23 Budget: Policing and Community Safety, Emergency Management Capability and Prisoner Supervision and Support. In 2022–23 DJCS’ capital program comprises \$111.7 million in new projects and \$3.5 billion in existing projects, representing 5.5% of the general government capital program in 2022–23.

DJCS’ 2022–23 Budget includes funding for two redress schemes. The *Stolen Generations Reparations Package* (\$115.2 million) recognises the lasting suffering caused by the forced removal of Aboriginal children from their families, community, culture, identity and language and allows members of the stolen generation to choose from one or more financial and restorative reparations. It will be important for the Government to track performance of this package over time. The *Responding to*

*historical forced adoptions* initiative (\$4.9 million) begins the design and implementation of a redress scheme for Victorian women who were affected by historical forced adoptions.

DJCS has a number of Corrections capital projects that are progressing in 2022–23, with a combined value of \$2.1 billion. The 2022–23 Budget also includes funding for securing and maintaining the Western Plains Correctional Facility in preparation for its operation post-construction. While prison populations and prison utilisation rates have declined over the past two years due to several changes in the justice system related to COVID-19, prison expansion projects continue into 2023–24. Neither DJCS nor the Crime Statistics Agency is able to project with certainty how prison populations will change over the short term.

A \$333.4 million funding package has been provided to the Emergency Services Telecommunications Authority (ESTA) to build its capability in response to significant increases in demand for its services during the COVID-19 pandemic. The investment includes an additional 400 staff. After the completion of the *ESTA Capability and Service Review* and to acquit several of the review's recommendations, ESTA will be rebranded as Triple Zero Victoria and moved into DJCS. After several failures by ESTA, it will be vital for Triple Zero Victoria to rebuild public trust, which could be accomplished in part through clear and transparent performance reporting.

The 2022–23 Budget provides \$39.5 million to establish a new financial assistance scheme for victims of crime and progress a number of recommendations made by the Victorian Law Reform Commission in its 2018 report, *Review of the Victims of Crime Assistance Act 1996*. The Victims of Crime Assistance Tribunal will be replaced with a new scheme that will be administrative, rather than using judicial decision makers to determine applications, simplifying the process.

The Victorian *Sick Pay Guarantee* received \$245.7 million in funding in the 2022–23 Budget. The pilot will allow for eligible casual and contract workers to apply for and claim up to 38 hours of sick or carer's leave. Several departments share responsibility for the delivery of the program, including DJCS and the Department of Jobs, Precincts and Regions (DJPR), while the Minister for Workplace Safety is the responsible minister. This structure does not allow for a clear understanding of who is ultimately responsible for the delivery and performance of the program. The Committee has made a recommendation regarding how departments can clarify responsibility for shared programs and initiatives.

In the 2022–23 Budget DJCS added 13 new performance measures, disaggregated 19 further measures and discontinued 13 measures. The Committee identified issues with five of the new performance measures and supported the rationale for the discontinuation of measures in all cases.

## Chapter 6—Department of Transport

In 2022–23 the Department of Transport (DoT) has the fourth largest budget of all Victorian Government departments (\$6.9 billion), representing 9.8% of total government output. DoT's budget in 2022–23 represents a minimal increase of 0.6% compared to the 2021–22 Budget. In 2022–23 DoT's capital projects comprise \$863.6 million in new projects and \$36 billion in existing projects, representing 57.2% of the general government capital program. The 2022–23 Budget includes 12 new capital projects for DoT and DoT will spend an estimated \$8.4 billion in 2022–23 on its capital projects.

The *West Gate Tunnel, 85 by 2025 (Level Crossing Removal) (metropolitan various)* and the *Level Crossing Removal program (metropolitan various)* are DoT's three largest existing capital projects. The 2022–23 Budget revised the TEI for two of these projects. The *85 by 2025 (Level Crossing Removal) (metropolitan various)* capital program received a net increase of approximately \$2.5 billion to provide for the removal of an additional 10 level crossings. The 2022–23 Budget does not explain why the additional level crossing removals represent a higher cost per removal than the previously level crossing identified for removal. The *West Gate Tunnel* capital program received an upward revision of \$3.9 billion reflecting the settled agreement between DoT, Transurban and the Design and Construct contractor. The revised TEI for the *Metro Tunnel (metropolitan various)* is \$12.4 billion. The Committee has made several recommendations to enhance reporting on these significant projects.

The 2022–23 Budget includes \$81.1 million in funding for the *Delivering the Tram Plan* asset initiative to deliver critical tram infrastructure works, including supporting the State to comply with the Commonwealth Disability Standards for Accessible Public Transport (DSAPT). Notwithstanding this contribution towards greater DSAPT compliance, DoT has reduced its related performance measure target, from four stops in 2021–22 to two in 2022–23. Noting that as of May 2022, 450 out of approximately 2,000 are accessible, Victoria remains at risk of not meeting its obligations arising from the DSAPT by the compliance date of 31 December 2032.

The 2022–23 Budget includes a new asset initiative, *More VLocity Trains*, to create more rolling train stock. While the budget papers contain performance measures relating to rolling stock availability for a given year, rolling stock projects and their attributable investments are not easily identifiable. Transparency around the Government's rolling stock program could be enhanced through further information in Budget Paper No. 4: State Capital Program and performance measures on the net gain of rolling stock units per year.

The continued delivery of Victoria's *Road Safety Action Plan 2021–2023 (RSAP)* and the *Victorian Road Safety Strategy 2021–2030* is supported in the 2022–23 Budget with \$245.6 million in capital funding and \$17.6 million in output funding for the *Delivering the Road Safety Action Plan* initiative. The 2022–23 Budget also invests \$91.4 million in capital funding and \$9.6 million in output funding for the *Regional road upgrades* initiative. However, the budget paper performance measures do not report on the

quality of safety data or the effectiveness of the delivery of the RSAP and the *Victorian Road Safety Strategy 2021–2030*. Reporting on the RSAP and the strategy would be enhanced with the inclusion of budget paper performance measures.

The 2022–23 Budget allocates \$3.5 million to maintain the Mode Shift Incentive Scheme (MSIS) for the 2022–23 year only. Despite the key role of the MSIS in Victoria’s approach to rail freight, no funding is allocated to the MSIS over the forward estimates. The Committee has recommended DoT consider whether year-on-year funding for the MSIS is conducive to obtaining optimal returns on the Government’s investment in rail freight.

In the 2022–23 Budget, DoT added 15 new performance measures, modified 52 existing measures and discontinued 12 measures. The Committee identified issues with one of DoT’s new performance measures and supported the rationale for discontinuation of measures in all cases.

## Chapter 7—Department of Families, Fairness and Housing

In 2022–23 the Department of Families, Fairness and Housing (DFFH) has the fifth largest budget of all Victorian Government departments (\$4.7 billion), representing 6.6% of total government output. DFFH’s budget in 2022–23 represents a decrease of 28.1% compared to 2021–22 Budget, largely due to new funding arrangements for National Disability Insurance Scheme (NDIS) contributions effective from 1 July 2022. In 2022–23 DFFH’s capital program comprises \$81.7 million in new projects and \$129.4 million in existing projects, representing 0.3% of the general government capital program. DFFH’s largest new capital project in the 2022–23 Budget is *Refuge and crisis accommodation*.

DFFH’s \$5.3 billion *Big Housing Build* launched in 2021 and will see 12,500 new homes commenced or completed by 2024. The *Affordable Housing Rental Scheme* launched in April 2022 and aims to provide 2,400 affordable rental homes to address affordability and supply pressures. Notwithstanding these investments, in 2020–21 Victoria spent \$40.67 less than the national average per person in the population on social housing. The Committee identified that to measure actual outcomes achieved under its various housing programs, it will be important for DFFH to publish the net gain of public, social and affordable housing dwellings delivered each financial year. The Committee has also recommended that the budget papers include an analysis of the potential fiscal risks to the *Big Housing Build* and other projects caused by supply chain trends.

The 2022–23 Budget provides \$75.3 million in funding to the new initiative, *Investing to make homelessness rare, brief and non-recurring* as part of the *Early Intervention Investment Framework*. The initiative aims to reform elements of the homelessness service system and instil a tailored delivery model that is focused on prevention, early intervention and sustainable housing. As part of the initiative, it will be particularly



important for the Government to publish the amount and source of the funding allocated to *Homelessness to a Home* and introduce performance measures to report on the outcomes achieved by the Homelessness After Hours Service.

Victoria's new *Inclusive Victoria: State Disability Plan* was released in March 2022. The 2022–23 Budget allocates \$15.1 million over two years to roll out the plan. Under the plan, departments will report on how they are implementing the actions under each area of priority and reform. Acknowledging that responsibility for most disability service provision has now transitioned to the NDIS, DFFH's continued investment will provide support for Victoria's interface with the NDIS, as well as for those who are not eligible for the NDIS. DFFH will review and report on the progress of the new plan in making Victoria's community inclusive and accessible after March 2024.

Between 2021 and 2022, six supported residential services (SRS) facilities receiving viability funding closed due to leases not being renewed by property owners. Although DFFH rehomed all affected residents to suitable accommodation, it is unclear if relocating residents to other accommodation will be viable in the long term, especially given the rate of closures of SRS facilities. The Committee has recommended DFFH review the service delivery and funding models for SRS facilities and introduce performance measures relating to demand, availability and quality of SRS places.

DFFH will establish a new carer support help desk as part of the *Responding to demand for child protection and family services* initiative, with \$5.8 million allocated in the 2022–23 Budget. The help desk responds to the goals of the *Strong Carers, Stronger Children* strategy and aims to streamline supports for children in care and their kinship and foster carers and remove barriers for foster carers to access critical documentation for children in their care. The Committee considered carer support and allowances as well as foster and kinship carer recruitment and retention. Noting reports of carers being unlikely to continue caring and regularly using their own funds to pay for expenses, the Committee has recommended DFFH review the 2016 care allowance framework and carer support systems to ensure they provide adequate support.

The 2022–23 Budget allocated \$7.2 million over two years to advance Aboriginal self-determination and the national *Closing the Gap* agreement. The *Wungurilwil Gagapduir: Aboriginal Children and Families Agreement* also supports the aim to increase Aboriginal self-determination and support Aboriginal children and young people. While the number of Aboriginal children in care is reported through other frameworks, the inclusion of a performance measure that reports on the proportion of Aboriginal children in out-of-home care managed by Aboriginal Community Controlled Organisations would allow for performance to be tracked against budget outputs and spending.

The 2022–23 Budget allocates \$42.2 million over the forward estimates to the *Refuge and crisis accommodation* initiative, with an additional \$26.8 million TEI towards capital projects over the same period. It aims to expand core and cluster refuges and crisis accommodation options for victim-survivors as well as the capacity of existing properties. The inclusion of a performance measure regarding the proportion of people

seeking refuge or crisis accommodation who are granted this support would assist in ensuring DFFH's response for victim-survivors seeking support is sufficient.

In the 2022–23 Budget DFFH added seven new performance measures and discontinued seven measures. The Committee identified an issue with one of the new performance measures and supported the rationale for the discontinuation of measures in all cases.

## Chapter 8—Department of Jobs, Precincts and Regions

In 2022–23 the Department of Jobs, Precincts and Regions (DJPR) has the sixth largest budget of all Victorian departments (\$3.1 billion), representing 4.4% of total government output. DJPR's budget in 2022–23 represents an increase of 13.3% compared to the 2021–22 Budget. DJPR's capital program comprises \$14.3 million in new projects and \$2.2 billion in existing projects, representing 3.3% of the general government capital program in 2022–23. DJPR's largest new capital project in the 2022–23 Budget is the *Horsham alternative proteins glasshouse complex and incubation hub*.

DJPR's *Creative State 2025* strategy aims to address the challenges facing the creative industries and grow their contribution to Victoria's society, economy and culture. The Committee identified that while there is a framework for reporting on the strategy, it will be important for DJPR to report on the impact of government investment in relation to the strategy. Addressing an action item of the strategy, the 2022–23 Budget allocates \$6 million to respond to the demand for affordable and accessible creative industry spaces.

In 2021 DJPR launched *VicScreen*, Victoria's first screen industry strategy in 10 years. A partnership with NBCUniversal will contribute to the strategy and received \$38.9 million in the 2022–23 Budget. The partnership is expected to generate economic activity, create jobs, benefit businesses and establish virtual production infrastructure, which is anticipated to attract high value productions to Victoria. Performance measures regarding the *VicScreen* strategy and its outcomes will be vital to track the successes of investment over time.

The challenge of emerging labour shortages in several industries is a focus for Jobs Victoria and is being targeted through partnerships and wage subsidies to match individuals with businesses who are experiencing shortages. Jobs Victoria provides specialist services to disadvantaged job seekers and priority cohorts, however, reporting about the impact of investment and the success of placing priority cohorts in sustainable employment could be enhanced.

The 2022–23 Budget includes \$30 million to continue the Regional Jobs and Infrastructure Fund (RJIF), which provides grants to support economic growth and development in rural and regional Victoria. Since its inception in 2015, \$700 million has been invested into the RJIF's three streams—the Regional Infrastructure Fund, Regional Jobs Fund and the Investment Fast-Track Fund. Reporting on the projects receiving



grant funding under the RJIF could be improved by publishing summary details, expected outcomes of grants and post-implementation evaluations of high-value projects. These improvements can similarly be applied to DJPR's new *Supporting Victorian Manufacturing–Victorian Industry Investment Fund* (VIIF) that received \$40 million in funding in the 2022–23 Budget. The VIIF will provide grants to fast growing and expanding businesses in key sectors.

A business stimulus package associated with the COVID-19 pandemic, *Supporting small and medium businesses through the pandemic*, received \$196.2 million in the 2022–23 Budget. This included three rebate and voucher schemes available to Victorians to redeem on dining, entertainment and travel. While the Midweek Melbourne Money program was evaluated and generated positive economic activity for the City of Melbourne, similar evaluations have not been undertaken on the other two schemes. Reporting on these schemes would allow for assessment of their successes in reaching their objectives and document lessons learnt to be applied to the delivery of future similar schemes.

The 2022–23 Budget includes \$2.6 billion over the forward estimates for the 2026 Commonwealth Games. The breakdown of funding between operational and infrastructure expenses is not yet available and is likely to be determined once the sports program is finalised at the end of 2022. It is anticipated that the Games will make a significant positive impact on the State, including in economic activity, tourism and jobs, especially for the regions selected as hubs. To provide a better understanding of these benefits, the Committee has recommended DJPR publish the methodology used to select hubs and for determining the benefits and costs associated with hosting the Games.

In the 2022–23 Budget DJPR added nine new performance measures and discontinued four measures. Issues were identified with one new performance measures and the Committee supported the rationale for the discontinuation of measures in all cases.

## Chapter 9—Department of Environment, Land, Water and Planning

In 2022–23 the Department of Environment, Land, Water and Planning (DELWP) has the seventh largest budget of all Victorian Government departments (\$3 billion), representing 4.2% of total government output. DELWP's budget in 2022–23 represents a decrease of 14.6% compared to the 2021–22 revised budget. DELWP's capital program in the 2022–23 Budget includes an investment of \$136.9 million in new projects and \$717.9 million in existing projects, representing 1.3% of the general government capital program in 2022–23. The 2022–23 Budget also lists 18 public non-financial water corporations with a TEI of \$22.4 billion across new and existing capital projects.

The 2022–23 Budget continues the *Power Saving Bonus* (PSB) program and allocates \$250 million in 2022–23 to provide one-off payments to households who use the Victoria Energy Compare website. The PSB program intends to ease cost-of-living

pressures and promote household cost-savings on energy bills. However, rising wholesale electricity prices mean that Victorian power bills are expected to be higher in 2022–23. The inclusion of performance measures for the PSB will allow for the long-term assessment of the benefits of the program.

The 2022–23 Budget invests \$22.8 million in renewable energy sources, including offshore wind and hydrogen, and programs such as the second Victorian Renewable Energy Target auction to help reach Victoria’s target of 50% renewable energy by 2030.

In 2022–23 the Solar Homes portfolio received 36.5% less funding than it did in the 2021–22 Budget. This decrease was attributed to the difficulties of undertaking works due to COVID-19. As of May 2022, the Solar Homes program is delivering \$1,073 in savings for customers with Solar Photovoltaic systems on average per year. The 2022–23 Budget invests a further \$26.3 million in the *Solar Homes Boost* output initiative in 2022–23 to provide further rebates to eligible households. It is unclear what proportion of the Solar Homes program funding has been allocated to owner-occupier and rental households, and how many interest-free loans have been approved under this program.

The *Implementation of the Central and Gippsland Region Sustainable Water Strategy* output initiative received \$56.6 million over two years in the 2022–23 Budget. This funding will boost recycled water and stormwater projects, improve the health of waterways and catchments, and strengthen water resources. The Committee acknowledges DELWP’s continued efforts and investment to overcome barriers to increase recycled water and stormwater use through community engagement and capital funding. Reporting on the volume of recycled water and treated stormwater used in Victoria will enhance transparency in this space.

On 1 April 2022, it was announced the Government would place an order of 15 gigalitres (GL) of water from the Victorian Desalination Plant, representing a significant reduction from the 125 GL orders placed in the three years prior. Despite this reduced order, household water bills are expected to rise in 2022–23 primarily due to inflation.

The 2022–23 Budget allocates \$6 million to the *Unlocking new communities and affordable housing* output initiative to maintain the pipeline of land supply in high-priority areas. Population growth is one of the most significant strategic issues that influenced the development of DELWP’s estimates in 2022–23. DELWP will update key demographic products in 2022–23 and received \$1.6 million in funding for the *Delivering sustainable growth for a resilient Victoria* output initiative to update regional growth plans and develop a framework for planning consistency in metropolitan Melbourne.

In the 2022–23 Budget DELWP added 13 new performance measures and discontinued 16 measures. Issues were identified with three of the new performance measures and five of the discontinued measures.

## Chapter 10—Court Services Victoria

In 2022–23 Court Services Victoria (CSV) has the eighth largest budget of all Victorian departments (\$815.8 million), representing 1.2% of total government output. CSV's budget in 2022–23 represents an increase of 8% compared to the 2021–22 Budget. CSV's capital program comprises \$13.8 million in new projects and \$637.4 million in existing projects. CSV's largest capital project in the 2022–23 Budget is *Keeping courts open*, which provides \$10 million in asset maintenance, repairs and renewal works to court buildings.

Since the beginning of the COVID-19 pandemic, the Victorian Government has invested significantly in initiatives to reduce delays across Victoria's courts and tribunals. While noting the inherent challenge in comparing court delays across Australian jurisdictions due to differences in population size and public health directions in response to the COVID-19 pandemic, like other jurisdictions, Victorian courts did not meet national backlog benchmarks in 2021.

Although it was acknowledged that court delays existed in Victoria prior to the COVID-19 pandemic and continue to be a challenge, evidence of the improvements achieved because of specific investments to reduce backlogs was provided to the Committee. CSV expects the case clearance rates of the Supreme Court, the Magistrates' Court, the Children's Court and the Coroners' Court to reach 100% by the end of 2021–22. The case clearance rate of the County Court is expected to reach 92% in the civil division and 87% in the criminal division in 2021–22 and the case clearance rate of the Victorian Civil and Administrative Tribunal (VCAT) is expected to reach 83% in 2021–22.

The 2022–23 Budget includes \$41 million over four years to help Victorian Courts to continue to respond to the impacts of the COVID-19 pandemic. This investment supports the development of the *Magistrates' Court Service Centre* pilot, continuation of the *Supreme Court's eCourt* program, provision of additional resources for the *County Court's Active Case Management* program and funding for additional VCAT members to assist in the resolution and reduction of backlogs across priority lists. The Committee identified that it will be important to review the funding and resourcing allocated to Victorian courts and tribunals and track the outcomes of programs to increase clearance rates and reduce the number of pending matters.

The operationalisation of the Bendigo Law Courts is supported through an investment of \$19.7 million over four years in the 2022–23 Budget. The new facility aims to increase efficient case resolution and access to justice by bringing together a range of specialist court programs for the Koori community, drug and mental health matters, family violence matters and matters concerning Victorian children. The funding includes provision for an additional Magistrate and Judicial registrar, and the project benefits from an additional investment of \$14.5 million in the 2022–23 Budget to expand the specialist Assessment and Referral Court. It will be beneficial for CSV to publicly report on the facility's development, construction, operationalisation and impact on demand and court services to inform future law court projects.

In the 2022–23 Budget CSV did not add or discontinue any performance measures. CSV is continuing to review its performance measures as a key strategic priority and is considering the inclusion of additional indicators for future budget papers.

## Chapter 11—Department of Premier and Cabinet

In 2022–23 the Department of Premier and Cabinet (DPC) has the third smallest budget of all Victorian Government departments (\$608.1 million), representing 0.9% of government output. DPC's budget in 2022–23 represents an increase of 18.5% compared to the 2021–22 Budget.

Responding to COVID-19 remains one of DPC's most significant strategic issues in 2022–23. The 2022–23 Budget invests \$3.9 million in DPC's *Effective public sector management of COVID-19 communications* in 2022–23, however, no funding has been allocated across the forward estimates for COVID-19 related advertising or communications.

The 2022–23 Budget allocates \$151.4 million to DPC's output initiative *Progressing Victoria's historic treaty process with First Peoples*, bringing total investment in the process to \$256.3 million since 2017–18. Treaty framework negotiations are expected to be finalised in 2022, with treaty negotiations to commence in late 2022 or early 2023. Once the final design of the self-determination fund and the Treaty Authority are finalised, the amount and source of funds allocated to both treaty elements should be published to ensure transparent accounting. It would also be beneficial for DPC to create performance measures related to this investment and its outcomes.

The 2022–23 Budget further invests in the Service Victoria entity, with \$99.8 million, including \$13.3 million in capital funding over two years. DPC has included new performance measures in the 2022–23 Budget for Service Victoria that measure the total volume, average cost and number of new services it delivers. Modifications to these performance measures will allow for more meaningful insights into the cost savings, productivity improvements and value-for-money delivered by the Service Victoria entity. While Service Victoria delivers a proportion of VicRoads' license and registration services, this does not currently include digital driving licenses.

At least 19,929 jobs were advertised on the Jobs and Skills Exchange (JSE) platform across the Victorian Public Service in 2020–21. During this period, at least 9,438 jobs were advertised on and successfully filled through the JSE. The Committee did not receive accurate estimates of the savings achieved as a result of the JSE, the number of jobs awarded to contractors and consultants or under labour hire arrangements after being unsuccessfully advertised on the JSE, nor the savings realised by the JSE through reduced contractor, consultant and labour hire usage. The Committee notes the importance of ensuring high quality data is collected and accurately published with respect to whole-of-government savings initiatives.

The 2022–23 Budget allocates \$6 million in output initiative funding in 2022–23 to continue the Wage Inspectorate's wage theft compliance, enforcement and education

activities. No further funding has been allocated over the forward estimates and no performance measures related to the Wage Inspectorate's wage theft operations have been developed.

General government sector employee expenses (including superannuation) are the State's largest expense in the 2022–23 Budget. Nominal wage growth in the Victorian Public Service (VPS) is primarily driven by enterprise bargaining agreements, which are moderated by the current *Wages Policy 2022*. In 2022–23, nominal wage growth in the VPS will not exceed inflation, resulting in a reduction in real wages.

In the 2022–23 Budget DPC added 16 new performance measures and discontinued 12 measures. The Committee identified issues with six of the new performance measures and supported the rationale for discontinuation in all cases.

## Chapter 12—Department of Treasury and Finance

In 2022–23 the Department of Treasury and Finance (DTF) has the second smallest budget of all Victorian Government departments (\$574.5 million), representing 0.8% of total government output. DTF's budget in 2022–23 represents a decrease of 5.6% compared to the 2021–22 Budget. In 2022–23 DTF's capital program comprises \$4.1 million for one new project, and \$238.4 million in existing projects. The new capital project, *Supporting better customer protections in essential services (statewide)*, provides funding to the Essential Services Commission (ESC) to improve protections for participants in the Victorian Energy Upgrade and support ESC's regulatory oversight of the Port of Melbourne.

In response to the Committee's March 2022 recommendation that DTF provide a high-level commitment to Gender Responsive Budgeting (GRB) through legislative change, the 2022–23 Budget allocates \$1.1 million to the *Embedding gender responsive budgeting in Victoria's legislation* initiative. The Committee commends DTF for its quick response in implementing this recommendation and considers it important that the Government introduce performance measures in the 2023–24 Budget relating to DTF's significant work in the GRB space.

Under the Centralised Accommodation Management (CAM) program, the Shared Service Provider delivers shared services to 28 government departments and agencies. A key focus of DTF's CAM program is generating cost savings to government. DTF has useful performance measures to assess the impact of the CAM program on reducing the cost and size of government workspaces per square metre, however it would be beneficial to publish the total cost savings to government achieved through the CAM.

The 2020–21 Budget allocated funding of \$4 million over four years to strengthen support for and compliance with Victoria's Social Procurement Framework. DTF's Social Procurement Assurance Team's responsibilities have been expanded with new responsibility for the *Building Equality Policy*, as well as all publicly funded building projects valued at \$20 million or more.

The TEI for the *Greener Government Buildings (GGB) (Melbourne)* asset initiative in the 2022–23 Budget shows estimated expenditure of \$20.9 million in 2022–23, with \$39 million remaining. GGB aims to increase the energy efficiency of existing government buildings. GGB has had several positive outcomes, however the Committee has recommended that performance measures be developed to demonstrate the cost savings and environmental outcomes achieved by the GGB.

The 2022–23 Budget introduces three new output initiatives for Invest Victoria, aimed at continuing to encourage investment in the Victorian economy. This includes the *Supporting Victorian Manufacturing – International investment attraction* initiative that is aligned with the Government’s *International Investment Strategy* to enhance the future prosperity of the Victorian economy, including through domestic supply chain capability.

The 2022–23 Budget includes \$2.3 million over the forward estimates for the *Unlocking the potential of loans and guarantees to support more housing* initiative. However, the Committee was unable to determine where the up to a further \$1 billion in loans and guarantees to community housing agencies is accounted for in the budget papers.

The Business Acceleration Fund (BAF), a rebranding of the former Regulatory Reform Incentive Fund (RRIF), received \$10 million in funding in the 2022–23 Budget. DTF estimated that the RRIF has achieved economic benefits of \$200 million from a \$50 million investment per year. The 2022–23 Budget introduced a new performance measure to provide insights into the benefits of the BAF.

In the 2022–23 Budget DTF added eight new performance measures and discontinued three measures. Issues were identified with four new performance measures and one discontinued measure.

## Chapter 13—Parliamentary Departments

In 2022–23 the three Parliamentary Departments, the Victorian Auditor General’s Office (VAGO), the Parliamentary Budget Office (PBO) and the three integrity agencies are allocated \$346.8 million to fund their outputs, representing 0.5% of total governmental output. This budget for 2022–23 represents a 2.6% increase compared to the 2021–22 Budget.

The Parliament requests and receives funding in a similar way to Victorian government departments, through the ‘purchaser-provider model’. When Parliament requires further funding, it must submit a request to the Expenditure Review Committee. Evidence provided to the Committee demonstrated challenges in the current funding model, including funding uncertainty and a concern with the lack of financial independence for Parliament from the Executive.

One of Parliament’s aims as published in the budget papers is to inform and engage with the community. The Parliament has several community engagement initiatives and projects which include developing educational units, building accessibility to Parliament

for deaf and hearing-impaired Victorians and the school excursion and incursion program. The school incursion program was developed during the COVID-19 pandemic and has been enhanced through the development of a dedicated studio and green screen to professionalise incursions.

As part of its community engagement program, the Parliament participates in a twinning program where it supports younger democracies in the South Pacific. The Parliament of Victoria is paired with the Parliaments of Fiji, Tuvalu and Nauru. An overview of the types of projects undertaken through the twinning program was provided to the Committee and has included training on Bill inquiries, standing order training for Members and training and resources for parliamentary staff managing the COVID-19 pandemic. This support was provided virtually during 2020–21.

In the 2022–23 Budget the Victorian Inspectorate added three new performance measures while the Parliamentary Departments, VAGO, PBO and the remaining integrity agencies did not add new performance measures. No performance measures were discontinued.

Noting that the budget papers do not include performance measures that assess the inquiries and reports of the Legislative Council or the Legislative Assembly Standing Committees, the Committee has recommended that consideration be given to including performance measures in the 2023–24 Budget to capture the inquiries and reports of these Committees.





# Findings and recommendations

## 2 Whole of government review

**FINDING 1:** Real gross state product is forecast to grow at 5.5% in 2021–22 and at 3.25% in 2022–23. While the 2022–23 Budget anticipates consumer spending to be the largest driver of economic growth in Victoria in 2022–23, it also outlines potential risks to the consumer spending forecast. These risks include rising inflation, higher interest rates and increased global uncertainty which could affect consumer confidence.

10

**FINDING 2:** Employment in Victoria is expected to grow at 1.75% in 2022–23 and then slow over the forward estimates as a result of constraints caused by the size of the working age population. The unemployment rate is expected to lower to 4.0% in 2022–23 and then average to 4.5% over the forward estimates.

11

**FINDING 3:** The Department of Treasury and Finance (DTF) forecasts wage growth to increase to 2.75% in 2022–23, higher than the 2.5% expected growth in 2021–22. DTF expects wage growth to be 3.0% per year over the forward estimates.

12

**FINDING 4:** In the 2022–23 Budget consumer price index (CPI) is forecast to average 2.5% in 2022–23 down from an average 3.0% in 2021–22. Global oil prices and global supply chain disruptions are the two key factors driving inflation in Victoria. Noting that annual CPI inflation increased to 6.1% in the June 2022 quarter, which is higher than forecast in the 2022–23 Budget, there is a potential risk to the assumptions underpinning the estimates in this Budget.

13

**FINDING 5:** Victoria's population growth is estimated to be 1.2% in 2022–23, 1.1% higher than the expected forecast of 0.1% in 2021–22. This quicker than expected population growth presents an opportunity for economic growth in Victoria.

13

**FINDING 6:** The Government achieved its interim jobs target which was outlined in the 2020–21 Budget, ahead of schedule in February 2021. Victoria also recorded 3.5 million employed people in April 2022, which is 9% higher than in September 2020.

16

**FINDING 7:** The 2022–23 Budget forecasts a return to an operating cash surplus of \$1.3 billion in 2022–23 and a return to an operating surplus of \$652 million in 2025–26. As part of stabilising net debt as a percentage of gross state product, the Government introduced the *Victorian Future Fund* in the 2022–23 Budget.

16

**RECOMMENDATION 1:** The 2023–24 budget papers include further detail about how the Government will maintain an operating cash flow surplus beyond 2022–23 (step two of the fiscal strategy) and how an operating surplus will be achieved in 2025–26 (step three of the fiscal strategy). 16

**FINDING 8:** The 2022–23 Budget estimates revenue from transactions in the general government sector to be \$82 billion in 2022–23. Revenue is expected to grow at an average of 3.7% over the forward estimates. 20

**FINDING 9:** Goods and services tax (GST) revenue is the largest contributor to Victoria’s grant revenue. Since the 2021–22 Budget, GST revenue in 2022–23 has been revised down to \$18.7 billion compared to \$19.2 billion. 20

**FINDING 10:** Land transfer duty is the largest contributor to state taxation and it is estimated to decline in 2022–23 to \$8.2 billion, compared to the 2021–22 revised estimate of \$10.2 billion. The 2022–23 Budget forecasts dwelling prices in Victoria to decline by 4.0% in 2023 and lower property transaction volumes from the March quarter 2022 until 2024. The Victorian residential property market is then expected to resume growth over 2024, with dwelling prices forecast to grow by 4.5%. 20

**FINDING 11:** Total expenditure for general government sector is estimated at \$89.8 billion in 2022–23, 9.7% lower than the revised estimate of \$99.5 billion in 2021–22. The Government estimates expenditure growth to moderate over the forward estimates. 21

**FINDING 12:** Employee expenses are the largest driver of general government sector expenditure, accounting for around 37% of total expenses in 2022–23 at \$33.1 billion. The 2022–23 Budget estimates employee expenses to grow by an average of 2.2% over the forward estimates. 21

**FINDING 13:** The 2022–23 Budget allocates \$22.2 billion over five years in new output initiatives and \$6.7 billion in total estimated investment (TEI) in new asset initiatives. The health sector will receive the highest allocation of new output funding at \$9.3 billion, and new asset initiatives at \$2.9 billion TEI. 22

**FINDING 14:** Court Services Victoria and all other government departments, excluding the Parliamentary Departments, did not provide information to the Committee in response to its questionnaire in the same manner as they have in previous years, on the programs and initiatives that received Treasurer’s Advances/off budget funding in 2021–22. 23

**RECOMMENDATION 2:** All government departments and Court Services Victoria provide information relating to the programs and initiatives that received Treasurer’s Advances/off budget funding during a financial year to the Committee, in the same manner as they have in previous years, in response to the Committee’s questionnaire. **23**

**FINDING 15:** Victoria’s average share of overall infrastructure funding from the Commonwealth has been below the average population share since 2014–15. **23**

**FINDING 16:** General government net debt is estimated to be \$118.5 billion in 2022–23, rising to \$167.5 billion in 2025–26. Net debt to gross state product (GSP) is estimated to be 21.7% in 2022–23 and 26.5% in 2025–26. Non-financial public sector (NFPS) net debt is estimated to be \$139.8 billion in 2022–23 and \$196.8 billion in 2025–26. NFPS net debt to GSP is estimated to be 25.7% in 2022–23 and 31.1% in 2025–26. **25**

**FINDING 17:** The 2022–23 Budget introduces the *Victorian Future Fund* (VFF) as a measure to stabilise the growth in net debt. The proceeds from the *VicRoads Modernisation Joint Venture* will be used to grow the VFF’s balance over time to offset borrowings. The Fund will be managed by the Victorian Funds Management Corporation and is estimated to reach a balance of \$10 billion in five to six years time. **26**

**FINDING 18:** The 2022–23 Budget did not outline where and how the Government will report on the performance of the *Victorian Future Fund*. The opening and closing balance of other funds at the end of the financial year, such as the *Victorian Transport Fund*, are published in the Department of Treasury and Finance’s annual report. **26**

**RECOMMENDATION 3:** The Department of Treasury and Finance’s annual report detail the performance of the *Victorian Future Fund* including the opening and closing balance at the end of each financial year and how its performance assists in stabilising net debt. **26**

**RECOMMENDATION 4:** The Victorian Funds Management Corporation consider publishing the investment strategies used to grow the *Victorian Future Fund* and provide real time information about the achievements of the Fund. **26**

**FINDING 19:** The risks to the Victorian economic outlook are higher when compared to pre-pandemic risks. This is especially owing to the risks relating to the COVID-19 pandemic itself and elevated uncertainties prevailing across the world relating to the Russian invasion of Ukraine. **27**

### 3 Department of Health

**FINDING 20:** The 2022–23 Budget for the Department of Health (DH) represents a 7.5% reduction from its 2021–22 revised budget due to the lapsing of one-off funding and programs related to the COVID-19 pandemic. However, the total funding provided to DH for its outputs in 2022–23 was 7% higher than the 2021–22 Budget. **30**

**FINDING 21:** The 2022–23 Budget includes a \$12.9 billion capital program for the Department of Health (DH), of which \$2.9 billion is for new projects. DH’s new capital projects represent 50% of all new projects outlined in the 2022–23 Budget. **31**

**FINDING 22:** \$3.6 billion was allocated to the Department of Health for 2021–22 in the 2022–23 Budget. The Commonwealth Government provided \$1.5 billion of this funding. The source of the remaining \$2.1 billion is unclear. **32**

**RECOMMENDATION 5:** The Victorian Agency for Health Information publish and retain on its website past elective surgery data sets, beyond the last five quarters, to ensure trends over time can be tracked. **34**

**FINDING 23:** As part of the *COVID catch-up plan*, the Department of Health expects 240,000 people will be able to receive elective surgery each year by June 2024, growing pre-pandemic levels of surgery by 40,000, or 25% each year. **35**

**RECOMMENDATION 6:** To better understand the achievements of the *COVID catch-up plan*, the Department of Health develop a new objective indicator that demonstrates the total number of people on the elective surgery waiting list each year to complement the existing reporting by the Victorian Agency for Health Information. **35**

**FINDING 24:** The *COVID catch-up plan* institutes reform across elective surgeries in the private and public health systems. Part of the reform will establish eight Rapid Access Hubs, which will be quarantined from the impact of acute and emergency demands, allowing for greater efficiencies and capacity when delivering elective surgeries. **36**

**RECOMMENDATION 7:** The Department of Health (DH) develop new performance measures and objective indicators to show targets and growth of healthcare workers by occupation, for inclusion in the 2023–24 Budget and DH’s next annual report. **38**

**RECOMMENDATION 8:** The Department of Health update its Knowledge Bank Public Health Workforce data a minimum of twice per year. **38**

**FINDING 25:** The 2022–23 Budget includes \$4.8 million for healthcare worker wellbeing initiatives. **39**

**RECOMMENDATION 9:** In the context of the unprecedented pressures on the healthcare system as a result of the COVID-19 pandemic, the Department of Health regularly monitor and review its mental health and wellbeing supports for the Victorian public healthcare workforce to ensure they are responsive to the dynamic challenges faced by the sector. **39**

**FINDING 26:** The Government has instituted several initiatives to retain healthcare staff, including the \$353 million *Healthcare worker retention and surge payment*, which offers \$3,000 to all staff in public hospitals and ambulance services and incentives to fill night shifts. **40**

**RECOMMENDATION 10:** The Department of Health account for the *Healthcare worker retention and surge payment* in the 2022–23 Budget Update. **40**

**FINDING 27:** The investment in mental health reform and the *Better at Home* initiative in the 2022–23 Budget contributes to the delivery of drug and alcohol treatment, addiction and rehabilitation services. **41**

**RECOMMENDATION 11:** The Department of Health institute a performance measure to assess the wait times for residential and withdrawal rehabilitation beds in the public system for inclusion in the 2023–24 Budget. **42**

**RECOMMENDATION 12:** The Department of Health review the existing performance measures under the Drug Treatment and Rehabilitation output to add further relevant quantity and quality measures, and to ensure targets for existing measures are sufficiently challenging. **42**

**FINDING 28:** The 2022–23 Budget contains funding to recruit 90 new paramedics to Ambulance Victoria. This funding responds to the increased demand for ambulance services post-COVID-19 restrictions and predicted future demand. **43**

**FINDING 29:** For the third quarter of 2021–22, Ambulance Victoria’s response rate to emergency (Code 1) incidents within 15 minutes was 66.8%, compared to 75.1% in quarter 3 2021–22 and 81.8% in quarter 3 2019–20. 45

**FINDING 30:** The 2022–23 Budget makes a significant \$372 million investment to grow the mental health workforce. It is unclear when the funded positions will be filled and how the actual positions filled will be reported. 47

**RECOMMENDATION 13:** The Department of Health report on the actual outcomes of *Victoria’s mental health and wellbeing workforce strategy 2021–2024* every two years, to align with the update and review process of the strategy. 48

**RECOMMENDATION 14:** The Department of Health report on the net increase of mental health workers achieved by profession in the Mental Health and Wellbeing Outcomes and Performance Framework. 48

**FINDING 31:** The 2022–23 Budget includes 12 new performance measures to the Mental Health Clinical Care output that reflect recommendations of the Royal Commission into Victoria’s Mental Health System to better measure government investment in this space. However, no new performance measures have been added to the related Mental Health Community Support Services output in 2022–23. 48

**RECOMMENDATION 15:** The Department of Health include performance measures in the 2023–24 Budget to assess the outcomes achieved under the Mental Health Community Support Services output that reflect recommendations of the Royal Commission into Victoria’s Mental Health System and government investment in this space. 48

**RECOMMENDATION 16:** The Department of Health review the performance measure under the Health Protection output—Number of persons participating in newborn bloodspot or maternal serum screening—that is proposed to be discontinued in 2022–23. 49

## 4 Department of Education and Training

**FINDING 32:** The 2022–23 Budget supports the implementation of the new Victorian Certificate of Education Vocational Major and Victorian Pathways Certificate, replacing the Victorian Certificate of Applied Learning. The integrated senior secondary certificate embeds vocational and applied learning in the Victorian Certificate of Education (VCE), supporting students to develop academic and practical skills and offering students more choices.

54

**RECOMMENDATION 17:** The Department of Education and Training establish performance measures to track the benefits of implementing the new Victorian Certificate of Education Vocational Major and Victorian Pathways Certificate, regarding the quality of vocational education and training teaching and training in secondary schools, practical skill development and education outcomes, such as job attainment in chosen area of study or in priority and growth industries.

55

**RECOMMENDATION 18:** 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.

56

**FINDING 33:** Rural and regional Victorian government schools have access to a range of supports to address teacher shortages. If available options are exhausted, short periods of home learning are required.

56

**FINDING 34:** *Victoria's mental health and wellbeing workforce strategy 2021–2024* does not set priorities and actions specific to mental health and wellbeing professionals in Victorian schools.

57

**FINDING 35:** The 2022–23 Budget does not include performance measures related to mental health and wellbeing programs in Victorian primary and secondary schools. The Committee has previously recommended that such measures be developed.

57

**RECOMMENDATION 19:** The 2023–24 Budget include performance measures to track the outcomes of the priorities and actions of the *Victorian Skills Plan*.

60

**FINDING 36:** A new activity-based funding model for Victorian Technical and Further Education providers will be implemented in 2022. The model allocates funding based on the achievement of outcomes.

60

**RECOMMENDATION 20:** The 2023–24 Budget disaggregate completion rates for apprentice and non-apprentice commencements for Victorian women, Indigenous peoples and people with disability. 62

**FINDING 37:** The 2022–23 Budget includes performance measures that report on the kindergarten participation rate in the year before school, but not for the two years before school. The 2022–23 Budget does not include new performance measures relating to the roll out of three-year-old kindergarten. 63

**RECOMMENDATION 21:** The 2023–24 Budget include a performance measure that reports on the kindergarten participation rate in the two years before school and a description of the methodology used to calculate the target rate. 63

**FINDING 38:** In 2021, approximately 5,800 Victorian children did not attend kindergarten. The Department of Education and Training’s capacity to measure the proportion of eligible Victorian children participating in three and four-year-old kindergarten is limited due to the unreliability of Australian Bureau of Statistics population data. 64

**FINDING 39:** As part of the new Commonwealth Preschool Reform Agenda, new bilateral preschool attendance targets will be established for all states and territories. Kindergarten enrolment and participation data will be gathered through a new data collection system from 2024. 64

**FINDING 40:** The 2022–23 Budget does not include performance measures to assess the outcomes of initiatives to increase kindergarten participation rates of vulnerable children, children with disability or culturally and linguistically diverse children in Victoria. 66

**FINDING 41:** The 2022–23 Budget does not include performance measures to report on the proportion of Victoria’s eligible population that participated in kindergarten nor the proportion of Victoria’s vulnerable children, children with disability or culturally and linguistically diverse population that participated in kindergarten. 66

**RECOMMENDATION 22:** The 2023–24 Budget include performance measures that report on the proportion of Victoria’s eligible population that participated in kindergarten and the proportion of Victoria’s vulnerable children, children with disability or culturally and linguistically diverse population that participated in kindergarten. 66



**FINDING 42:** The 2022–23 Budget does not contain a line item to account for the early childhood workforce package or the implementation of related initiatives and it does not include performance measures relating to the *Early Childhood Workforce Strategy*. 67

**RECOMMENDATION 23:** The 2022–23 Budget Update provide a collated breakdown of the initiatives funded relating to the early childhood education workforce package and the 2023–24 Budget include performance measures that provide insights into the outcomes achieved by the *Early Childhood Workforce Strategy*. 67

**RECOMMENDATION 24:** The Department of Education and Training address the shortcomings identified by the Committee with two new performance measures under the Early Childhood Education output with further, or altered, performance measures in the 2023–24 Budget. 68

## 5 Department of Justice and Community Safety

**FINDING 43:** The Department of Justice and Community Safety’s new asset initiative, *Increasing police capacity to meet current and future demand*, is listed in 2022–23 Budget Paper No. 3: Service Delivery, but not accounted for in 2022–23 Budget Paper No. 4: State Capital Program. 73

**RECOMMENDATION 25:** Where a new asset initiative is not accounted for in Budget Paper No. 4: State Capital Program, the relevant department provide an explanation for the omission in Budget Paper No. 3: Service Delivery. 73

**FINDING 44:** In the 2022–23 Budget the Department of Justice and Community Safety has disaggregated the Justice Policy, Services and Law Reform output, adding an output titled Forensic Justice Services. The disaggregation enhances transparency regarding the activities under both outputs. 73

**FINDING 45:** Funding allocated to the *Stolen Generations Reparations Package* in the 2022–23 Budget will provide reparations to 1,200 people. If eligible applicants were to exceed 1,200 people, the package may require additional funding. 75

**RECOMMENDATION 26:** The Department of Justice and Community Safety publish information about the performance of the *Stolen Generations Reparations Package* on its dedicated website, including measures related to the timeliness of assessing general applications and applications made by those who are medically or terminally ill. 76

**FINDING 46:** The 2022–23 Budget includes \$4.9 million over two years to scope and design the historical forced adoptions redress scheme. 76

**RECOMMENDATION 27:** The Department of Justice and Community Safety establish performance measures for the Prisoner Supervision and Support and Community Based Offender Supervision outputs that provides a target for cost per person in corrections facilities and cost per person in community corrections or other performance measures that demonstrate how funding of these outputs relates to prisoner and offender populations over time. 77

**FINDING 47:** In 2022–23 and 2023–24 the Department of Justice and Community Safety (DJCS) will deliver over 2,000 new prison beds across the corrections system. New prison beds in the system do not always result in a net gain. Between February 2020 and April 2022, the corrections population has declined by 17%. Neither DJCS nor the Crime Statistics Agency is able to project with certainty how prison populations will change over the short term. 80

**RECOMMENDATION 28:** The Department of Justice and Community Safety provide in their next annual report information regarding what the Minister for COVID-19 was responsible for, what funding from the Emergency Management Capability output this Minister was responsible for and what performance measures, if any, allocated to this output were related to this Ministry. 81

**FINDING 48:** The 2022–23 Budget provides \$333.4 million for the Emergency Services Telecommunications Authority to grow its capability in the face of unprecedented demand. This includes funding for 400 full time equivalent staff consisting of 141.8 call takers and dispatchers, 100 team leaders and trainers and just under 160 corporate positions. Of the call takers and dispatchers to be recruited, 67 are for ambulance, 60.5 are for police and 14.3 are for fire. 83

**FINDING 49:** Noting the investment in the 2022–23 Budget and the significant changes taking place to the structure and staffing of the Emergency Services Telecommunications Authority, measuring the outcomes of reform will be important for tracking improvements in the Triple Zero service and helping to rebuild public trust in the service. 84

**RECOMMENDATION 29:** The Department of Justice and Community Safety include outcomes-based performance measures for Triple Zero Victoria in the 2023–24 Budget. This should include performance measures that can track the enhanced capability of Triple Zero Victoria and demonstrate the outcomes of new staff investment. 84

**RECOMMENDATION 30:** After establishment, Triple Zero Victoria provide dedicated information on their website regarding the progress towards implementing the recommendations of the *ESTA Capability and Service Review*, including data to demonstrate performance that is updated regularly. 84

**FINDING 50:** The 2022–23 Budget provides \$39.5 million over four years to commence operations of the new victims of crime financial assistance scheme. 85

**RECOMMENDATION 31:** The Department of Justice and Community Safety include performance information for the new victims of crime financial assistance scheme on the scheme’s dedicated website. 85

**FINDING 51:** The 2022–23 Budget includes \$245.7 million for the Victorian *Sick Pay Guarantee* pilot program. The responsible Minister for the program is the Minister for Workplace Safety, while the funding for the program and its performance measures fall under the Department of Jobs, Precincts and Regions and the program will be accessed through Service Victoria, an entity run by the Department of Premier and Cabinet. 87

**RECOMMENDATION 32:** When multiple departments share the administration and/or responsibility for a program or initiative, the budget papers should clearly outline how this responsibility is divided and which elements of performance each department is responsible for. 87

**RECOMMENDATION 33:** The Department of Justice and Community Safety address the shortcomings identified by the Committee in the five new performance measures introduced in 2022–23 with further, or altered, performance measures in the 2023–24 Budget. 89

## 6 Department of Transport

**FINDING 52:** In the 2022–23 Budget the Department of Transport’s *COVID-19 impacts on the transport network* and *Switching on the Big Build* output initiatives received retrospective allocations for 2022–23 totalling \$820.1 million. 92

**FINDING 53:** The 2022–23 Budget does not explain why the 10 additional level crossing removals which make up part of the *85 by 2025 (Level Crossing Removal)* capital program represent a higher cost per level crossing removal than the 75 level crossings previously identified for removal. 94

**RECOMMENDATION 34:** The Department of Transport should include further information in the 2022–23 Budget Update to explain the higher cost per level crossing removal for the 10 additional level crossings which make up the *85 by 2025 (Level Crossing Removal)* capital program. 95

**FINDING 54:** The 2022–23 Budget does not include information to explain why the estimated completion date for the *West Gate Tunnel* capital program has been revised by approximately three years. 95

**RECOMMENDATION 35:** The Department of Transport should include information in the 2022–23 Budget Update to explain the change in the completion date for the *West Gate Tunnel* capital program. 95

**RECOMMENDATION 36:** The 2023–24 Budget should include detailed information for all major transport infrastructure projects with a total estimated investment (TEI) of \$2 billion or more at announcement, to explain revisions to the TEI of 10% or more since announcement and revisions to delivery dates of one year or more since announcement. 96

**FINDING 55:** Rail Projects Victoria has used or allocated 98% of its \$740 million risk contingency fund for the Melbourne Metro Tunnel project. While contingency funds used to cover costs due to COVID-19 could not have been anticipated during the design and planning phase of the project, costs due to the risk of electromagnetic frequency interfering with critical medical and research equipment could have been. The proportion of the risk contingency funds allocated to cover each of these costs is unclear. 97

**RECOMMENDATION 37:** The Department of Transport undertake a review of the planning and design phase of the Melbourne Metro Tunnel project to identify how the costs of an anticipated risk of electromagnetic frequency interfering with critical medical and research equipment was underestimated and apply any learnings to planning approaches for future transport infrastructure projects. 97

**FINDING 56:** Early works will begin in 2022 on the Melbourne Airport Rail Project. Rail Projects Victoria is delivering the project through a series of packages and it intends to use alliance contracting. 98

**RECOMMENDATION 38:** Rail Projects Victoria publish on its website the expected completion dates for each of the works packages that are procured to deliver the Melbourne Airport Rail Project. 98

**FINDING 57:** Given that as of May 2022, 450 out of approximately 2,000 tram stops are accessible and the target for upgrading stops in 2022–23 is two, it appears Victoria remains at risk of not meeting its obligations arising from the Commonwealth Disability Standards for Accessible Public Transport in relation to trams by 31 December 2032. **100**

**RECOMMENDATION 39:** The Department of Transport publish expected timelines on their website for the delivery of universally accessible tram stops in compliance with the Commonwealth Disability Standards for Accessible Public Transport, including its target time frames for reaching 25%, 50%, 75% and 100% compliance. **101**

**RECOMMENDATION 40:** For the purposes of the 2023–24 Budget, the Department of Transport review the target set for the performance measure—‘Public transport accessibility: level access tram stops upgraded’—to ensure it is sufficiently challenging. **101**

**RECOMMENDATION 41:** The Department of Transport include a ‘Rolling stock’ subheading in Budget Paper No. 4: State Capital Program to identify those projects that create more rolling stock. **102**

**RECOMMENDATION 42:** The Department of Transport consider introducing performance measures that identify the numbers of additional units of rolling stock that are completed and introduced into service per year. **102**

**FINDING 58:** Road safety management and project development have increasingly become data-driven and evidence-based. Good quality data in road safety management is helpful when prioritising investment and evaluating the best methods for improving road safety. The Department of Transport’s performance measures under the Road Operations–Road Safety output do not report on the quality of safety data or measure the effectiveness of the delivery of the *Road Safety Action Plan 2021–2023* and *Victorian Road Safety Strategy 2021–2030*. **105**

**RECOMMENDATION 43:** The Department of Transport develop performance measures to monitor the outcomes achieved by the investment in the delivery of road safety initiatives and projects in support of the *Road Safety Action Plan 2021–2023* and the *Victorian Road Safety Strategy 2021–2030*. This could take the form of reporting on the quality of safety data used in the department’s road safety management. **105**

**FINDING 59:** The 2022–23 Budget includes \$3.5 million in funding to maintain the Mode Shift Incentive Scheme (MSIS) in 2022–23. While the MSIS has a key role in Victoria’s approach to rail freight, no funding is allocated to the Scheme for future years. **107**

**RECOMMENDATION 44:** The Department of Transport consider whether the current model of year-on-year funding for the Mode Shift Incentive Scheme is conducive to obtaining optimal returns on the Victorian Government’s investment in rail freight. 107

**FINDING 60:** The Department of Transport added 15 new performance measures in the 2022–23 Budget. The majority of these measures enhance disclosure of information by disaggregating performance measures across public transport services and replacing previous performance measures with new measures that aim for greater accountability. 107

**RECOMMENDATION 45:** The Department of Transport address the shortcomings identified by the Committee in the performance measure under the Sustainably Manages Fish and Boating Resources output—Percentage of investigations into serious or organised fisheries offending that result in a prosecution, disruption or intelligence referral outcome—in the 2023–24 Budget. 108

## 7 Department of Families, Fairness and Housing

**FINDING 61:** The Victorian Government’s \$5.3 billion investment in housing programs will see 12,500 new homes commenced or completed by 2024. In 2020–21 Victoria spent \$40.67 less on social housing per person in the population than the national average. In March 2022, the number of households on Victoria’s social housing waitlist was 64,304, of which 36,237 were priority access. 113

**RECOMMENDATION 46:** The Department of Families, Fairness and Housing publish on the Big Housing Build website the net gain of public, social and affordable housing dwellings delivered each financial year under the program, including how the Government is tracking to meet the 25% commitment in regional Victoria. 114

**FINDING 62:** Builders that the Victorian Government works with to deliver the *Big Housing Build* and other projects have indicated challenges in terms of supply chains and the availability of materials. While the Department of Families, Fairness and Housing continues to monitor the conditions, supply chain trends and any flow on cost impacts are difficult to predict. 115

**RECOMMENDATION 47:** The 2022–23 Budget Update and future budget papers include analysis of the potential fiscal risks to the *Big Housing Build* and other projects caused by supply chain trends. 115

**FINDING 63:** As part of the \$5.3 million *Big Housing Build*, the *Affordable Housing Rental Scheme* aims to provide 2,400 affordable rental homes throughout metropolitan Melbourne and regional areas to address housing affordability and supply. The majority of the homes will be available in 2025. 116

**RECOMMENDATION 48:** The 2022–23 Budget Update should clearly identify the amount of funding allocated to the *Affordable Housing Rental Scheme*. 116

**FINDING 64:** While the *Homelessness to a Home* (H2H) program was not renewed in the 2022–23 Budget, the Government has since extended the program. The amount and source of the funding allocated to the H2H program in 2022–23 is unclear. 118

**RECOMMENDATION 49:** The Government publish the amount and source of the funding allocated to *Homelessness to a Home* in the 2022–23 Budget Update. 118

**FINDING 65:** The *Homelessness After Hours Service* is funded through 2023–24 and is the only state-wide crisis service that provides an entry point to short-term or emergency accommodation for vulnerable people. The Service is especially important to contributing to positive social and economic outcomes for individuals under the age of 24. 119

**RECOMMENDATION 50:** The Department of Families, Fairness and Housing consider providing ongoing funding to the *Homelessness After Hours Service* and introduce performance measures to report on the outcomes achieved by the Service. 119

**FINDING 66:** Consultations on Victoria’s new State Disability Plan began in 2019 with the expectation that the new plan would start in 2021. However, consultations continued through 2021 and the new *Inclusive Victoria: State Disability Plan 2022–2026* was released in March 2022. The Department of Families, Fairness and Housing will review and report on the progress of the new plan in making Victoria’s community inclusive and accessible after March 2024. 122

**FINDING 67:** Responsibility for most disability service provision has now transitioned to the National Disability Insurance Scheme (NDIS). Approximately 90% of people with a disability in Victoria are not eligible for a NDIS package. 122

**FINDING 68:** Between 2021 and May 2022 there has been a reduction of supported residential services (SRS) facilities because their leases were not renewed. The Department of Families, Fairness and Housing rehomed all affected residents to alternative, suitable accommodation. However, it is unclear if relocating residents to other accommodation will be viable in the long term, especially given the rate of closures of SRS facilities. 123

**RECOMMENDATION 51:** The Department of Families, Fairness and Housing review the service delivery and funding models for supported residential services facilities to, where possible, prevent the loss of further facilities. 123

**RECOMMENDATION 52:** The Department of Families, Fairness and Housing develop budget paper performance measures to report on demand for, and availability of, supported residential services (SRS) pension-level supported places, the quality of SRS provided and whether they meet client needs. 123

**FINDING 69:** While the target numbers for fostering places and carers increased in the 2022–23 Budget to reflect capacity, the Committee is unable to determine how this compares to current and projected demand. 125

**FINDING 70:** The Department of Families, Fairness and Housing’s 2020 ‘home-based carer census’ reports that 40% of kinship carers and 20% of foster carers are unlikely or very unlikely to continue caring and that 66% of kinship carers and 59% of foster carers are regularly using their own funds to pay for expenses. 125

**RECOMMENDATION 53:** The Department of Families, Fairness and Housing develop budget paper performance measures to report on demand for kinship and foster carers and retention periods of these types of carers. 125

**RECOMMENDATION 54:** The Department of Families, Fairness and Housing review both the 2016 care allowance framework and carer support systems to ensure they provide adequate funding and support for the sector. 125

**RECOMMENDATION 55:** The 2023–24 Budget include a performance measure that reports on the proportion of Aboriginal children in out-of-home care managed by Aboriginal Community Controlled Organisations. 127



**RECOMMENDATION 56:** The Department of Families, Fairness and Housing create a performance measure under the Family Violence Service Delivery output that reports on the proportion of people seeking a refuge or crisis accommodation who are granted this support.

128

**RECOMMENDATION 57:** The Department of Families, Fairness and Housing address the shortcomings identified by the Committee in the performance measure under the Office for Disability output—Departments report on progress to Office for Disability on state disability plan responsibilities within agreed timeframes—in the 2023–24 Budget.

129

## 8 Department of Jobs, Precincts and Regions

**FINDING 71:** The Department of Jobs Precincts and Regions (DJPR) does not know how much government funding was utilised by *Always Live* to stage the Foo Fighters concert in Geelong in March 2022. DJPR is not a party to the contractual agreements *Always Live* enters into with promoters.

133

**RECOMMENDATION 58:** The Department of Jobs, Precincts and Regions (DJPR) describe the activities of *Always Live* that used Government funding in its next annual report, including a cost/benefit analysis of those activities and the economic activity they generated. DJPR consider publishing the specific costs and outcomes where Government funding is used by *Always Live* for large events.

133

**FINDING 72:** The 2022–23 Budget outlines four new asset initiatives under the Department of Jobs, Precincts and Regions (DJPR). Two are listed under DJPR’s capital projects while two are to be delivered by Public Non-Financial Corporations (PNFCs). The budget papers do not explain why two projects will be delivered by PNFCs and which agency will be responsible for their delivery.

135

**RECOMMENDATION 59:** The Department of Jobs, Precincts and Regions and the Department of Treasury and Finance outline in future budget papers the reasoning for listing a new asset initiative relevant to a department under Public Non-Financial Corporations in Budget Paper No. 4: State Capital Program and which agency is responsible for delivering the project.

135

**RECOMMENDATION 60:** Creative Victoria update, a minimum of once per year where possible, the data presented on its website as part of its Creative Impact Framework that is used to measure the overall impact of the creative sector.

136

**RECOMMENDATION 61:** The Department of Jobs, Precincts and Regions and Creative Victoria report on the impact of government investment in relation to the *Creative State 2025* strategy, aligning investment and outcomes achieved to the objectives and actions outlined in the strategy. **136**

**FINDING 73:** As part of the Government’s partnership with NBCUniversal, a large-scale TV project will be produced in Victoria. It is expected the production will generate \$126 million in economic activity, create 5,580 jobs and benefit approximately 600 businesses. **138**

**RECOMMENDATION 62:** The Department of Jobs, Precincts and Regions publish performance indicators associated with the *VicScreen* strategy in its annual report. **138**

**RECOMMENDATION 63:** The Department of Jobs, Precincts and Regions develop new performance measures that assess the outcomes of the investment in the screen industry, including around the *VicScreen* strategy’s four priorities and actual economic activity generated by government investment. **138**

**RECOMMENDATION 64:** The Department of Jobs Precincts and Regions develop further performance measures related to Jobs Victoria, including measures demonstrating the outcomes of investments in industries experiencing workforce shortages and in providing support to specific priority cohorts, for example women, young and older Victorians. **141**

**RECOMMENDATION 65:** Regional Development Victoria publish on their website summary details and expected outcomes of all projects that are receiving grant funding through the Regional Jobs and Infrastructure Fund. **143**

**RECOMMENDATION 66:** Regional Development Victoria conduct evaluations of the actual outcomes of high-value projects that receive grant funding of above \$1 million. These evaluations should be publicly available and outline how the outcomes of projects align with the objectives of the Regional Jobs and Infrastructure Fund and the relevant funding stream. **143**

**RECOMMENDATION 67:** Once allocated, the Department of Jobs, Precincts and Regions publish information about grants provided under the Victorian Industry Investment Fund (VIIF). This should include the size of the grant, a summary of the project proposed for funding, the expected outcomes of the project and an evaluation of the outcomes of the grant and how they align with the VIIF’s strategic objectives. **144**

**FINDING 74:** The City of Melbourne undertook analysis from various sources to evaluate and publicly report on the success of the Midweek Melbourne Money program. The Department of Jobs, Precincts and Regions estimates that the program brought \$60 million in economic activity to the City of Melbourne. This type of evaluation and reporting has not yet been applied to the Victorian Dining and Entertainment Program and Travel Voucher Scheme.

147

**RECOMMENDATION 68:** The Department of Jobs, Precincts and Regions publish a report evaluating the success of the Victorian Government's rebate and voucher schemes implemented in response to COVID-19 which include total program expenditure and outcomes achieved and document the lessons learnt from administering the stimulus package.

147

**RECOMMENDATION 69:** The Victorian Government regularly report on a dedicated website the actual costs related to the 2026 Commonwealth Games divided into output and asset funding.

148

**RECOMMENDATION 70:** The Victorian Government regularly report on a dedicated website the status of infrastructure projects related to the 2026 Commonwealth Games, including estimated costs and delivery dates and, if required, explanations for any changes.

148

**RECOMMENDATION 71:** The Department of Jobs, Precincts and Regions publish detailed information regarding how the four regional hubs and any additional locations for the 2026 Commonwealth Games were determined.

148

**RECOMMENDATION 72:** The Department of Jobs, Precincts and Regions publish its methodology for determining the benefits and costs associated with hosting the 2026 Commonwealth Games in Victoria, including the cost/benefit ratio and the social, cultural and sports tourism impacts.

149

**RECOMMENDATION 73:** The Department of Jobs, Precincts and Regions address the shortcomings identified by the Committee in the performance measure under the Industry, Innovation, Medical Research and Small Business output—Strategic priority businesses engaged on investment and growth—in the 2023–24 Budget.

150

## 9 Department of Environment, Land, Water and Planning

**FINDING 75:** While the Victorian Default Offer has significantly reduced the energy retail margins in Victoria, rising wholesale electricity prices mean that Victorian power bills are expected to be higher in 2022–23. Most households can realise cost-savings by using the Victorian Energy Compare website to compare energy offers and switch energy retailers.

156

**FINDING 76:** The Power Saving Bonus (PSB) aims to ease cost-of-living pressures and encourage consumers to realise cost-savings by comparing energy offers via the Victorian Energy Compare (VEC) website. The total investment in the PSB program from 2018–19 to 2022–23 is \$429.4 million. The introduction of budget paper performance measures that assess the success of the PSB and the VEC website to improve fairness in the energy market and to assist consumers to realise cost-savings would assist in tracking the outcomes achieved.

157

**RECOMMENDATION 74:** The Department of Environment, Land, Water and Planning develop budget paper performance measures that holistically assess the long-term benefits of the *Power Saving Bonus* program, for example, reporting on the total volume of traffic to the Victorian Energy Compare (VEC) website, the proportion of recurring VEC users, or the proportion of VEC users who report cost-savings after using the website.

157

**FINDING 77:** The Department of Environment, Land, Water and Planning exceeded its targets for the number of ‘Vulnerable Victorian energy consumers reached through consumer support programs’ in 2020–21 and 2021–22. The target for this performance measure has been raised in 2022–23 to reflect further investments to support vulnerable energy consumers.

158

**FINDING 78:** The 2022–23 Budget invests \$22.8 million in renewable energy sources and programs, including offshore wind, hydrogen and the second Victorian Renewable Energy Target auction, to help reach the State’s target of 50% renewable energy by 2030.

159

**FINDING 79:** Since the 2017–18 Budget, \$828.9 million in funding has been allocated to new Environment and Biodiversity output initiatives. The Minister for Energy, Environment and Climate Change advised that more than \$400 million has been invested in biodiversity initiatives between 2017–18 and 2022–23.

160

**RECOMMENDATION 75:** The Department of Environment, Land, Water and Planning identify the new output initiatives in the 2023–24 Budget that contribute to biodiversity conservation. 160

**FINDING 80:** As of 20 May 2022, 220,404 rebate applications have been approved over the life of Solar Victoria’s programs. Given recent increases to energy bills, the Government’s continued investment in the 2022–23 Budget in the Solar Homes program provides owner-occupier and rental households the ability to apply for rebates for solar panels which provide an opportunity for cost-savings as an energy source. 162

**RECOMMENDATION 76:** In the 2023–24 Budget the Department of Environment, Land, Water and Planning outline the amount of funding allocated for owner-occupier and rental households relevant to any new output initiatives that form part of the Solar Homes program. 162

**RECOMMENDATION 77:** The Department of Environment, Land, Water and Planning report on the number of interest-free loans approved under the Solar Homes program each year by household type (owner-occupier and rental) and the proportion of those loans that are paid within the required four years. 163

**FINDING 81:** The 2022–23 Budget makes significant investments in strengthening water resources, improving waterway health, and boosting recycled water and stormwater projects. However, the volume of wastewater recycled in Victoria in recent years has not increased at the same rate as population growth and the volume of wastewater produced. It is important that the Department of Environment, Land, Water and Planning continue its efforts to overcome barriers to increase recycled water and stormwater use through community engagement and further capital funding. 165

**RECOMMENDATION 78:** The Department of Environment, Land, Water and Planning publish in its annual report collated data on the volume of recycled water and treated stormwater used in Victoria against its objective of ensuring the State has ‘safe and sustainable water resources’. 165

**FINDING 82:** The Victorian Government placed an order for 15 gigalitres (GL) of desalinated water for 2022–23. While substantially lower than the 125 GL ordered in 2021–22, household water bills are expected to rise in 2022–23, primarily due to inflation. 166

**FINDING 83:** The 2022–23 Budget reflects an incorrect forecast for payments made on behalf of the State to the Victorian Desalination Project in 2022–23. This estimate reflected a predicted desalinated water order of 150 gigalitres which the Department of Environment, Land, Water and Planning expected when they were required to submit budget paper data to the Department of Treasury and Finance. **166**

**RECOMMENDATION 79:** The 2022–23 Budget Update reflect the correct payments made on behalf of the State to the Victorian Desalination Project in 2022–23. **166**

**FINDING 84:** The Department of Environment, Land, Water and Planning will update its demographic products in 2022–23 to reflect recent changes, including population growth in metropolitan, peri-urban and regional Victoria during and after COVID-19. This will inform future funding decisions for services, infrastructure and planning across the State. **168**

**RECOMMENDATION 80:** The Department of Environment, Land, Water and Planning ensure that funding for new initiatives in the Planning portfolio is commensurate with up-to-date demographic changes and population trends, such as increased growth rates in regional and peri-urban Victoria. **168**

**RECOMMENDATION 81:** The Department of Environment, Land, Water and Planning address the shortcomings in the three new performance measures introduced in 2022–23 and identified by the Committee through further, or altered, performance measures in the 2023–24 Budget. **169**

**RECOMMENDATION 82:** The Department of Environment, Land, Water and Planning review the five discontinued performance measures outlined by the Committee. **170**

## 10 Court Services Victoria

**FINDING 85:** The timeframes for the delivery of three Court Services Victoria and the Department of Justice and Community Safety’s capital projects implemented to reduce backlogs across Victoria’s court system were extended in the 2022–23 Budget. **173**

**FINDING 86:** Court Services Victoria expects the clearance rates of the Supreme Court, the Magistrates’ Court, the Children’s Court and the Coroners’ Court to reach 100% by the end of 2021–22. The case clearance rate of the County Court is expected to reach 92% in the civil division and 87% in the criminal division in 2021–22, and the case clearance rate of the Victorian Civil and Administrative Tribunal is expected to reach 83% in 2021–22. **179**

**FINDING 87:** The targets for two of the County Court of Victoria's (CCV) performance measures have been modified down in the 2022–23 Budget due to a significant increase in pending matters and court resourcing. CCV's case clearance rates suggest that the Court is not performing as well as other jurisdictions. 180

**RECOMMENDATION 83:** 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. 180

**FINDING 88:** Addressing delays in the Victorian Civil and Administrative Tribunal (VCAT) Residential Tenancies List is a priority for the Government. It is unclear how much of the \$41 million investment in the 2022–23 Budget to help Victoria's courts and VCAT respond to the impacts of the pandemic is allocated for additional VCAT members to assist in the resolution and reduction of backlogs across priority lists, including the Residential Tenancies List. 182

**FINDING 89:** The 2022–23 Budget continues to invest in measures to reduce court and tribunal backlogs in response to the impacts of the COVID-19 pandemic. 182

**FINDING 90:** In addition to the funding provided for Court Services Victoria's output initiatives, the 2022–23 Budget provides further funding for whole-of-justice-system initiatives to reduce backlogs in the Victorian courts and tribunal. 183

**RECOMMENDATION 84:** 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. 184

**FINDING 91:** The Bendigo Law Courts will house five specialist courts for the Koori community, drug and mental health matters, family violence matters, and matters concerning Victorian children, to assist vulnerable court users and increase access to justice. The Bendigo Law Courts are expected to open in 2023. 186

**RECOMMENDATION 85:** Court Services Victoria perform a review of the Bendigo Law Courts project and publicly report on learnings to inform future law court projects. The report should include assessment of the project's development, construction and operationalisation stages and how the project has relieved demand pressures and improved the court services it delivers. 186

**FINDING 92:** Court Services Victoria's (CSV) quantitative, qualitative and timeliness performance measures in the 2022–23 Budget are unchanged from the previous year. CSV is reviewing its performance measures as a key strategic priority and considering the inclusion of additional indicators for future budget papers.

187

## 11 Department of Premier and Cabinet

**FINDING 93:** The Department of Premier and Cabinet (DPC) considers responding to COVID-19 to be one of its most significant strategic issues in 2022–23. DPC was allocated \$28.8 million for COVID-19 related advertising in 2021–22 and the 2022–23 Budget invests a further \$3.9 million to continue DPC's management of COVID-19 communications in 2022–23. No funding has been allocated to DPC across the forward estimates for COVID-19 related advertising or communications.

190

**FINDING 94:** Changes made to the Department of Premier and Cabinet's output structure for 2022–23 enhance transparency and accountability for the Premier's portfolio and more accurately reflect the objectives and functions of the Aboriginal Affairs portfolio.

191

**FINDING 95:** The 2022–23 Budget allocates \$151.4 million to *Progressing Victoria's historic treaty process with First Peoples*, bringing total investment in the treaty process to \$256.3 million since 2017–18. This contingent funding will support the outcomes of the treaty framework negotiations, which are expected to be finalised later in 2022. It is anticipated that treaty negotiations will commence in late 2022 or early 2023.

193

**FINDING 96:** The 2022–23 Budget includes one performance measure relating to the treaty process, which quantifies the number of Assembly and/or State-Assembly meetings held.

193

**RECOMMENDATION 86:** The 2023–24 Budget include performance measures that assess the progress and effectiveness of treaty negotiations between the State and Aboriginal negotiating parties, and the compliance of the First Peoples' Assembly of Victoria and the Victorian Government with key statutory obligations.

193

**FINDING 97:** Once the final design of the self-determination fund and the Treaty Authority are finalised, the amount and source of funds allocated to both treaty elements should be published to ensure transparent accounting.

194



**RECOMMENDATION 87:** The Department of Premier and Cabinet's annual report detail the proportion and source of funding allocated to support the operations and capital expenditure of the self-determination fund and the Treaty Authority, including the opening and closing balance of both treaty elements at the end of each financial year. **194**

**FINDING 98:** The Department of Premier and Cabinet has included new performance measures in the 2022–23 Budget for Service Victoria, including the total volume and average cost of activities it delivers. Performance measures that differentiated between the types of activities delivered by Service Victoria or disclosed what type of activities were included in the measures would be more meaningful in providing insights into cost savings and/or productivity improvements. **196**

**RECOMMENDATION 88:** The Department of Premier and Cabinet should consider including footnote disclosures or additional commentary in the budget papers to detail the types of activities delivered by Service Victoria that are included in its performance measures. **196**

**FINDING 99:** The 2022–23 Budget sets a target of 20 new services delivered by Service Victoria in 2022–23. These services may include both end-to-end transactions and hyperlinks to agency and department websites and platforms. The optimisation and centralisation of high-value end-to-end transactions through the Service Victoria platform has the potential to produce cost savings for the Government. **197**

**RECOMMENDATION 89:** The Department of Premier and Cabinet should distinguish between end-to-end services and hyperlinks to other agency and department websites and platforms when reporting on the number of new services delivered by Service Victoria annually. **197**

**FINDING 100:** Service Victoria delivers a proportion of VicRoads' license and registration services, but this does not currently include digital driving licenses. In 2015, the Department of Premier and Cabinet forecast \$17.6 million in annual benefits from the provision of VicRoads' license and registration services by Service Victoria. **198**

**RECOMMENDATION 90:** The Department of Premier and Cabinet publish an update on Service Victoria's website about when digital driving licenses will be available in Victoria. **198**

**FINDING 101:** At least 9,438 jobs across the Victorian Public Service were advertised on, and successfully filled through the Jobs and Skills Exchange (JSE) in 2020–21. During this period, at least 19,929 jobs were advertised on the JSE platform. The Committee did not receive an accurate estimate of the savings achieved by all departments and agencies as a result of the JSE. 200

**FINDING 102:** In response to its questionnaire, the Committee did not receive an accurate estimate of the number of jobs awarded to contractors and consultants or under labour hire arrangements after being unsuccessfully advertised on the Jobs and Skills Exchange (JSE), nor an estimate of the savings realised by the JSE through reduced contractor, consultant and labour hire usage. 200

**FINDING 103:** The Committee notes the importance of ensuring high quality data is collected from departments and agencies with respect to whole-of-government savings initiatives to ensure an accurate assessment can be made of the initiatives’ outcomes. 200

**RECOMMENDATION 91:** All government departments and agencies publish in their annual reports the number of jobs successfully filled through the Jobs and Skills Exchange (JSE), the number of jobs awarded to contractors, consultants or under labour hire arrangements after being unsuccessfully advertised on the JSE, and the total estimated savings realised as a result of the JSE. 201

**FINDING 104:** For the Victorian Public Service, cyber security and data protection when working from home is as safe as working onsite due to consistent security controls and virtual private network access to secure networks. 201

**FINDING 105:** Ongoing funding for the Wage Inspectorate Victoria is required to continue essential operations targeting systematic underpayment and non-payment of employee entitlements. Although funding has been extended through an additional \$6 million in 2022–23, no new output initiative funding is allocated over the forward estimates in the 2022–23 Budget. Budget paper performance measures related to the Wage Inspectorate’s wage theft operations have not yet been developed. 202

**RECOMMENDATION 92:** The Department of Premier and Cabinet develop and introduce new performance measures to report on the Wage Inspectorate’s wage theft operations in the 2023–24 Budget. 202

**FINDING 106:** Nominal wage growth in the Victorian Public Service is primarily driven by enterprise bargaining agreements, which are moderated by the Government's wages policy. The *Wages Policy 2022* currently caps public sector wage growth to 1.5% annually, allowing for the negotiation of an additional 0.5% increase during bargaining. The 2022–23 Budget forecasts employee expenses to increase by 2.2% annually over the forward estimates, from \$37.5 billion in 2022–23 to \$40.1 billion in 2025–26. 203

**FINDING 107:** Based on the Government's *Wages Policy 2022* and the forecast inflation rate, nominal wage growth in the Victorian public sector will not exceed inflation in 2022–23, resulting in a reduction in real wages. The *Wages Policy 2022* will be reviewed during the next term of government. 204

**RECOMMENDATION 93:** The Department of Premier and Cabinet address the shortcomings in the six new performance measures introduced in 2022–23 and identified by the Committee through further, or altered, performance measures in the 2023–24 Budget. 205

## 12 Department of Treasury and Finance

**FINDING 108:** The Department of Treasury and Finance (DTF) has responded to the Committee's March 2022 recommendation that it provide a high-level commitment to Gender Responsive Budgeting through legislative change. It has done so through the introduction of the *Embedding gender responsive budgeting in Victoria's legislation* output initiative. The Committee commends DTF for its quick response in implementing this recommendation. 211

**FINDING 109:** No performance measures relating to embedding Gender Responsive Budgeting through legislative change and the outcomes this will achieve are included in the 2022–23 budget papers. 211

**RECOMMENDATION 94:** The Government introduce performance measures in the 2023–24 Budget to track the progress made toward embedding Gender Responsive Budgeting (GRB) in Victoria's legislation as well as the outcomes achieved by GRB. 211

**FINDING 110:** A key focus of the Department of Treasury and Finance's (DTF) Centralised Accommodation Management (CAM) program is generating cost savings to government. While the 2022–23 budget papers include useful performance measures to assess the impact of the CAM program on reducing the cost and size of government workspaces per square metre, DTF does not publish the total cost savings realised through the program. 213

**RECOMMENDATION 95:** The Department of Treasury and Finance publish the total cost savings to Government achieved through the Centralised Asset Management program. 213

**FINDING 111:** The Department of Treasury and Finance’s Social Procurement Assurance Team’s responsibilities have been expanded with new responsibility for the *Building Equality Policy* which applies to all entities defined as either a public body or a department under Section 3 of the *Financial Management Act 1994* (Vic), as well as all publicly funded building projects valued at \$20 million or more. 214

**FINDING 112:** The 2022–23 budget papers do not include performance measures to demonstrate the cost savings and environmental outcomes achieved by the Greener Government Buildings program. 215

**RECOMMENDATION 96:** The Department of Treasury and Finance include performance measures under the Commercial and Infrastructure Advice output in the 2023–24 Budget that measure both the estimated cost savings and greenhouse gas emission abatements realised through the Greener Government Buildings program. 215

**FINDING 113:** The 2022–23 Budget introduces three new output initiatives for Invest Victoria aimed at continuing to encourage investment in the Victorian economy. This includes \$40 million across 2022–23 and 2023–24 for the *Supporting Victorian Manufacturing–International investment attraction* initiative that is aligned with the Government’s *International Investment Strategy* to enhance the future prosperity of the Victorian economy including through domestic supply chain capability. 217

**FINDING 114:** With reference to the *Unlocking the potential of loans and guarantees to support more housing* initiative, the 2022–23 Budget states that ‘[u]p to a further \$1 billion will be made available in low interest loans and government guarantees to community housing agencies’. However, the Committee is unable to determine where the up to a further \$1 billion in loans and guarantees is accounted for in the budget papers. 217

**RECOMMENDATION 97:** In its 2022–23 Budget Update the Department of Treasury and Finance clearly account for the up to \$1 billion that will be made available for low interest loans and government guarantees to community housing agencies. 218

**FINDING 115:** In response to a previous recommendation by the Committee, the 2022–23 Budget introduces performance measures that will provide insight into the *Big Housing Build*'s impact on economic recovery and achievement of housing outcomes. However, the budget papers do not include performance measures to assess the number of social and affordable dwellings facilitated as a result of the *Unlocking the potential of loans and guarantees to support more housing* initiative. 218

**RECOMMENDATION 98:** The 2022–23 Budget include performance measures that provide insight into the number of new social and affordable housing dwellings facilitated as part of the low interest loans and government guarantees to community housing agencies. 218

**FINDING 116:** The Department of Treasury and Finance estimates the Regulatory Reform Incentive Fund (RRIF) has achieved economic benefits of \$200 million from a \$50 million investment per year. In 2022–23 the RRIF will be rebranded as the Business Acceleration Fund (BAF). The 2022–23 Budget introduced a new performance measure this year to provide insights into the benefits of the BAF. 220

**RECOMMENDATION 99:** The Department of Treasury and Finance address the shortcomings in the four new performance measures introduced in 2022–23 and identified by the Committee with further, or altered, performance measures in the 2023–24 Budget. 221

**RECOMMENDATION 100:** The Department of Treasury and Finance review the performance measure under the Economic Regulatory Services output—'Decisions overturned on review'—that is proposed to be discontinued in 2022–23. 222

## 13 Parliamentary Departments

**FINDING 117:** The Committee heard of challenges in the way the Parliament of Victoria is currently funded, including funding uncertainty and a concern with the lack of financial independence for Parliament from the Executive. 225

**FINDING 118:** Throughout 2021–22 and continuing in 2022–23 the Parliamentary Departments are delivering several programs to engage with the Victorian community. These include the Aboriginal Change Makers program, making activities and information more accessible for people who use Auslan and the continued delivery of the school incursion tour program. 226

**FINDING 119:** The Victorian Parliament is twinned with the Parliaments of Fiji, Tuvalu and Nauru to assist in building the smaller nations' capacities and democratic processes. As part of the twinning program the Victorian Parliament has provided various types of support, such as procedural and budgetary support and training, and resources to manage the COVID-19 pandemic in the parliamentary context. **227**

**FINDING 120:** The budget papers do not include performance measures that assess the inquiries and reports of the Legislative Council or the Legislative Assembly Standing Committees. **228**

**RECOMMENDATION 101:** The Departments of the Legislative Council and the Legislative Assembly consider including performance measures in the 2023–24 Budget to capture the inquiries and reports produced by their Standing Committees. **228**

# Acronyms

ABS	Australian Bureau of Statistics
ACCO	Aboriginal Community Controlled Organisation
AMEP	Accommodation Management Efficiency Program
AQF	Australian Qualifications Framework
AV	Ambulance Victoria
BAF	Business Acceleration Fund
BEP	Building Equality Policy
BHB	Big Housing Build
BLC	Bendigo Law Courts
CALD	Culturally and Linguistically Diverse
CAM	Centralised Accommodation Management
CBD	Central Business District
CCV	County Court of Victoria
CCYD	Children's Court Youth Diversions
CED	Conducted Energy Devices
CEO	Chief Executive Officer
CPI	Consumer Price Index
CQV	COVID-19 Quarantine Victoria
CSA	Crime Statistics Agency
CSV	Court Services Victoria
DELWP	Department of Environment, Land, Water and Planning
DET	Department of Education and Training
DFFH	Department of Families, Fairness and Housing
DH	Department of Health
DJCS	Department of Justice and Community Services
DJPR	Department of Jobs, Precincts and Regions
DLO	Disability Liaison Officers
DoT	Department of Transport
DPC	Department of Premier and Cabinet
DSAPT	Disability Standards for Accessible Public Transport
DPS	Department of Parliamentary Services
DTF	Department of Treasury and Finance
EPA	Environment Protection Authority
EPC	Energy Performance Contract

## Acronyms

ERC	Expenditure Review Committee
ESC	Essential Services Commission
ESG	Environmental, Social and Governance
ESK	Early Start Kindergarten
ESTA	Emergency Services Telecommunications Authority
EV	Electric Vehicle
FSV	Family Safety Victoria
FTE	Full Time Equivalent
GAIC	Growth Areas Infrastructure Contribution
GIA	Gender Impact Assessment
GII	Government Infrastructure Investment
GGB	Greener Government Buildings
GGS	General Government Sector
GL	Gigalitre
GRB	Gender Responsive Budgeting
GSP	Gross State Product
GST	Goods and Services Tax
GW	Gigawatt
H2H	Homelessness to a Home
HDC	Homelessness Data Collection
IBAC	Independent Broad-based Anti-Corruption Commission
ICT	Information and Communications Technology
IRV	Industrial Relations Victoria
IT	Information Technology
IVS	International Valuation Standards
IWM	Integrated Water Management
JSE	Jobs and Skills Exchange
KFS	Kindergarten Fee Subsidy
LA	Legislative Assembly
LC	Legislative Council
LGBTIQ+	Lesbian, Gay, Bisexual, Trans and gender diverse, Intersex, Queer and Questioning
MSAC	Melbourne Sports and Aquatic Centre
MCV	Magistrates' Court of Victoria
MSIS	Mode Shift Incentive Scheme
MTIA	Major Transport Infrastructure Authority
NBCU	NBCUniversal
NDIS	National Disability Insurance Scheme



NFPS	Non-Financial Public Sector
NSW	New South Wales
OECD	Organisation for Economic Co-operation and Development
OPP	Office of Public Prosecutions
OPV	Office of Projects Victoria
OTCD	Office of TAFE Coordination and Delivery
PBO	Parliamentary Budget Office
PBOS	Payments on Behalf of the State
PNFC	Public Non-Financial Corporations
PSB	Power Saving Bonus
PSO	Protective Security Officer
PV	Photovoltaic
RAH	Rapid Access Hub
RBA	Reserve Bank of Australia
RCVMHS	Royal Commission into Victoria's Mental Health System
RDV	Regional Development Victoria
RJIF	Regional Jobs and Infrastructure Fund
RPV	Rail Projects Victoria
RRIF	Regulation Reform Initiative Fund
RSAP	Road Safety Action Plan
SAVVI	Supporting Accommodation for Vulnerable Victorians Initiative
SCV	Supreme Court of Victoria
SHGF	Social Housing Growth Fund
SPF	Social Procurement Framework
SRL	Suburban Rail Loop
SRLA	Suburban Rail Loop Authority
SRS	Supported residential services
SSP	Shared Service Provider
STVS	Seniors Travel Voucher Scheme
SWS	Sustainable Water Strategy
TAFE	Technical and Further Education
TEI	Total Estimated Investment
UNCAH	Unlocking new communities and affordable housing
VAGO	Victorian Auditor-General's Office
VAHI	Victorian Agency for Health Information
VCAL	Victorian Certificate of Applied Learning
VCAT	Victorian Civil and Administrative Tribunal

## Acronyms

VCE	Victorian Certificate of Education
VCEVM	Victorian Certificate of Education Vocational Major
VDO	Victorian Default Offer
VDSS	Vocational Education and Training Delivered to Secondary Students
VEC	Victorian Energy Compare
VET	Vocational Education and Training
VFA	Victorian Fisheries Authority
VFF	Victorian Future Fund
VFMC	Victorian Funds Management Corporation
VI	Victorian Inspectorate
VIFM	Victorian Institute of Forensic Medicine
VIIF	Victorian Industry Investment Fund
VO	Victorian Ombudsman
VOCAT	Victims of Crime Assistance Tribunal
VPA	Victorian Planning Authority
VPC	Victorian Pathways Certificate
VPN	Virtual Private Network
VPS	Victorian Public Service
VTVS	Victorian Travel Voucher Scheme
VSA	Victorian Skills Authority

## 1.1 Background

The *Parliamentary Committees Act 2003* (Vic) requires the Public Accounts and Estimates Committee (the Committee) to inquire into and consider the annual budget estimates and report its findings to the Parliament.<sup>1</sup>

This Inquiry considers the budget estimates of government revenue and expenditure and the financial and performance measures in Victoria's 2022–23 State Budget.

## 1.2 Objectives

The aim of the Committee's Inquiry into the budget estimates is to:

- promote the accountability, transparency and integrity of the executive and the public sector
- encourage effective and efficient delivery of public services and assets
- enhance the understanding of the budget estimates and the wider economic environment
- provide Members of Parliament and the Victorian community with an improved understanding of the budget papers and the Appropriation Bills.<sup>2</sup>

## 1.3 Inquiry process

Each year around May, the Government tables the budget papers and the Appropriation Bills in the Parliament.<sup>3</sup> The budget papers include estimated expenditure and projections of government revenue for the next financial year and over the forward estimates (three years). They also outline the State's economic outlook, the Government's proposed major initiatives and provide information about the finances and performance of each department.

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

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

2 Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2022–23 Budget Estimates*, <<https://www.parliament.vic.gov.au/paec/inquiry/1031>> accessed 2 August 2022; Appropriation (2022–2023) Bill 2022 (Vic) and Appropriation (Parliament 2022–2023) Bill 2022 (Vic) were given Royal Assent on 21 June 2022. Source: Victorian Legislation, *Appropriation (Parliament 2022–2023) Bill 2022*, <<https://www.legislation.vic.gov.au/bills/appropriation-parliament-2022-2023-bill-2022>> accessed 2 August 2022.

3 The 2022–23 Budget was delivered on 3 May 2022. Source: Victorian Legislation, *Appropriation (Parliament 2022–2023) Bill 2022*.

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

To assist the Committee with their Inquiry, a questionnaire was sent to all departments and their agencies. New topics in the 2022–23 budget estimates questionnaire included:

- savings realised by the Jobs and Skills Exchange platform
- Victoria’s Climate Change Strategy and the reduction of greenhouse gas emissions
- Gender Responsive Budgeting (GRB) and the performance of the GRB Unit in the Department of Treasury and Finance
- progress and effectiveness of the Government’s medium-term fiscal strategy.

The Committee held nine days of public hearings for this Inquiry throughout late May and early June 2022 with the Premier, Deputy Premier, Treasurer, Ministers, Parliamentary Presiding Officers and senior departmental officials.

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](http://www.parliament.vic.gov.au/paec).

In writing this report, the Committee primarily used the 2022–23 budget papers, evidence presented at the public hearings, information provided by departments in the questionnaires and responses provided to questions taken on notice.

Considerable departmental resources are allocated to preparing for the 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.

## 1.4 Report structure

This report presents the findings and recommendations of the Committee as a result of its Inquiry into the 2022–23 Budget Estimates. It comprises 13 chapters, including this introductory chapter.

Chapter 2 considers the economic and fiscal outlook for Victoria at the time the 2022–23 Budget was released, including revenue and expenditure forecasts. It considers the Government’s medium term fiscal strategy that was set out in the 2020–21 Budget as well as the Government’s infrastructure spend, net debt and fiscal risks to the estimates.

Chapters 3 to 13 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 financial and capital spend analysis (where relevant). Key issues identified during the Committee's Inquiry are then examined by portfolio, followed by consideration of performance measures that are new and proposed to be discontinued.

## 1.5 Review of implementation of the Committee's previous recommendations

### 1.5.1 2021–22 Budget Estimates

The Committee's *Report on the 2021–22 Budget Estimates* made 45 recommendations to Government, one recommendation to the Victorian Auditor-General's Office and one recommendation to the Victorian Ombudsman.<sup>4</sup> Of the 45 recommendations to Government: 41 were supported or supported-in-principle; one was supported in part, and three were not supported.<sup>5</sup>

Below the Committee analyses the Government's response and implementation of the recommendations regarding new schools planning data, advertising expenditure and savings initiatives.

#### New schools planning data

In its *Report on the 2021–22 Budget Estimates* the Committee recommended:

Recommendation 5: The Victorian School Building Authority publish available planning data regarding the need for new schools and school upgrades on its website and update this data regularly.<sup>6</sup>

The Government supported this recommendation in-principle and stated:

[The] Department of Education and Training will consider options for publishing data regarding the need for new schools and school upgrades.<sup>7</sup>

4 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, Melbourne, October 2021.

5 The 27 recommendations supported in principle comprises 26 recommendations supported in principle and 1 overall supported in principle. Source: Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2021–22 Budget Estimates*, 8 March 2022.

6 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, p. 45.

7 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2021–22 Budget Estimates*, p. 3.

However, to date, the evidence that informs the decision for a new school build does not appear to have been published.<sup>8</sup>

The Committee notes that in its *Report on the 2021–22 Budget Estimates*<sup>9</sup> it observed that the Government's response to the *2017 Victorian Infrastructure Plan* stated:

Government supports publishing demand and condition information annually to provide transparency about how investment priorities are made for new and existing schools.<sup>10</sup>

However, to date, demand and condition information that informs investment priorities for new and existing schools does not appear to have been published.<sup>11</sup>

The Committee will continue to assess the Government's implementation of the above recommendation.

### Advertising expenditure

In its *Report on the 2021–22 Budget Estimates* the Committee recommended:

Recommendation 2: The Victorian Government publish the 2019–20 and 2020–21 Victorian Government Advertising Report and release the advertising plan for 2021–22.<sup>12</sup>

The Government supported this recommendation and stated:

The Victorian Government published the 2019–20 Victorian Government Advertising Report in October 2021. The government is awaiting the finalisation of campaign advertising data by external providers for 2020–21 before being in a position to collate and publish the 2020–21 Victorian Government Advertising Report. The process has taken additional time and resources this year, due to the complexity of collecting and collating data from two suppliers. The government transitioned to a new supplier in June 2021 following a tender process for the Master Agency Media Services contract. The government has commenced work on the 2021–22 Victorian Advertising Plan, and it will be published as soon as it is finalised.<sup>13</sup>

The *2020–21 Advertising Report* was published in May 2022.<sup>14</sup> However, to date, it does not appear that the *Advertising Plan* for 2021–22 or 2022–23 has been published.

<sup>8</sup> The Victorian School Building Authority publishes information such as when and where new schools will open and funding information about the projects. The Committee was unable to access further public data regarding the need for new schools and school upgrades. Source: Victorian School Building Authority, *100 new schools*, 4 May 2022, <<https://www.schoolbuildings.vic.gov.au/100-new-schools>> accessed 3 August 2022; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, p. 45.

<sup>9</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, p. 45.

<sup>10</sup> Department of Premier and Cabinet, *Victorian Infrastructure Plan*, Melbourne, 2017, p. 152.

<sup>11</sup> The Committee was unable to locate this information on the Victorian School Building Authority's website. Source: Victorian School Building Authority, *About us*, 15 December 2021, <<https://www.schoolbuildings.vic.gov.au/about-us>> accessed 3 August 2022; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, p. 45.

<sup>12</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, p. 19.

<sup>13</sup> Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2021–22 Budget Estimates*, p. 2.

<sup>14</sup> Victorian Government, *Advertising plans and spend*, 29 June 2022, <<https://www.vic.gov.au/advertising-plans-and-spend>> accessed 2 August 2022.

The aim of publishing the Government's annual *Advertising Plan* is to promote 'transparency on government advertising expenditure'.<sup>15</sup> Timely release of both the *Advertising Report* and *Advertising Plan* is required to ensure these documents are valuable. The *Advertising Plan* should be released before the financial year commences and the *Advertising Report* should be released as soon as practicable after the end of the financial year.

The Committee will continue to monitor the release of the Government's annual *Advertising Report* and *Advertising Plan*.

### Savings initiatives

In its *Report on the 2021-22 Budget Estimates* the Committee recommended:

Recommendation 3: Victorian Government departments publish the actual savings achieved in their annual reports.<sup>16</sup>

The Government supported this recommendation in-principle and stated:

The 2020-21 Model report for Victorian Government Departments details the minimum reporting requirements and obligation for annual report disclosures as prescribed by relevant legislation and Australian accounting standards, in line with an open, accountable and effective government. The Model Report is managed by DTF and endorsed by the Assistant Treasurer as the benchmark for Victorian Public Sector Financial Reporting.

While the Model Report does not include reference to savings, the Government updates the status of ongoing savings in Budget Paper No.2 Chapter 1 and Chapter 4, with new savings disclosed in Budget Paper no.3, Chapter 1. Progress against savings initiatives, including any possible variations are also outlined in departmental general questionnaire responses to PAEC. Victorian Government departments will follow the Model Report guidance and acquit any requirements to publish annual savings as detailed in the Model Report.<sup>17</sup>

The Committee notes that in its *Report on the 2021-22 Budget Estimates* it observed that apart from departmental responses to the Committee's questionnaire, the Government does not report on the actual savings achieved by departments in official documents, such as departmental annual reports.<sup>18</sup>

While the Committee acknowledges that the Government updates the status of ongoing savings in Budget Paper No. 2, it is difficult to determine the actual savings achieved by each department.

<sup>15</sup> Victorian Government, *Victorian Government Advertising Plan 2019-20*, Melbourne, July 2020, p. 4.

<sup>16</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021-22 Budget Estimates*, p. 21.

<sup>17</sup> Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2021-22 Budget Estimates*, p. 3.

<sup>18</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021-22 Budget Estimates*, p. 20.

The Committee notes that the 2021–22 Budget introduced significant savings initiatives totalling \$3.6 billion, of which \$1.9 billion were whole of government savings and \$1.7 billion were savings divided across seven departments.<sup>19</sup>

To promote accountability and enhance transparency in financial reporting, it is important that the Government consider publishing the actual savings realised by each Government department in their annual reports.

The Committee will continue to monitor this issue in relation to tracking the achievement of future savings initiatives.

## 1.5.2 2020–21 Budget Estimates

The Committee's *Report on the 2020–21 Budget Estimates* made 50 recommendations to Government and one recommendation to the Victorian Inspectorate. Of the 50 recommendations to Government: 42 were supported or supported-in-principle, one was under review and seven were not supported.<sup>20</sup>

Below the Committee analyses the Government's response and implementation of the recommendation regarding the publication of details relevant to macroeconomic indicators.

### Macroeconomic indicators

The 2020–21 Budget introduced the *Jobs Plan* which included a Jobs Target to create 400,000 jobs by 2025, with half of these by 2022.<sup>21</sup> In relation to the Jobs Target, in its *Report on the 2020–21 Budget Estimates*, the Committee recommended:

Recommendation 30: In line with the international best practice, the Department of Treasury and Finance ensure future budgets contain the base level of macroeconomic indicators such as unemployment and employment rate and explain the assumptions used to forecast these indicators in the forward estimates.<sup>22</sup>

The Government supported this recommendation and stated:

The 2021–22 Budget contained recent actual outcomes and forecasts for key economic data: real gross state product, employment, the unemployment rate, inflation (the consumer price index), wage growth (the wage price index) and population. These variables convey aggregate developments in the real economy, the nominal economy and the labour market, thereby framing the economic context in which the budget is presented. Alongside these forecasts, economic commentary to explain recent and forecast developments was provided in Budget Paper 2, Chapter 2, Economic Context.

<sup>19</sup> Ibid.

<sup>20</sup> Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2020–21 Budget Estimates*, 28 October 2021.

<sup>21</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, p. 1; Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 61.

<sup>22</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, p. 167.



Further details on assumptions and methods used to forecast these variables has been published on the Department of Treasury and Finance (DTF) website at: <https://www.dtf.vic.gov.au/state-financial-data-sets/macroeconomic-indicators>. DTF will continue to publish updated forecasts for these key economic indicators along with supporting commentary, as part of the annual Budget and Budget Update, and maintain and update the supplementary information on methods used that is provided on its website.<sup>23</sup>

The Committee notes that the 2022–23 Budget outlines the base level employment considered in forming the Jobs Target was the employment level as at September 2020.<sup>24</sup> The Committee commends DTF for outlining the base level employment used in forming the Jobs Target.

In line with international best practice, the Committee encourages DTF to include, where relevant in future budget papers, the base level of macroeconomic indicators and explain the assumptions used to forecast indicators.

## 1.6 Performance measures proposed to be discontinued

To strengthen accountability and transparency of performance management, the Committee ‘reviews output performance measures that departments propose to discontinue or substantially change through the annual budget process’.<sup>25</sup>

Victoria’s *Resource Management Framework* (RMF) explains that performance measures may change substantially due to ‘machinery of government changes, a shift in focus of the service, development of improved measures or the establishment of new data sets, which can collect different information’.<sup>26</sup> The RMF also outlines the circumstances in which a performance measure may be discontinued, including:

- they are no longer relevant due to a change in Government policy or priorities and/or departmental objectives
- projects or programs have been completed, substantially changed, or discontinued
- milestones have been met
- funding is not provided in the current budget for the continuation of the initiative
- improved measures have been identified for replacement.<sup>27</sup>

Detailed analysis regarding the proposed discontinuation of performance measures outlined in Budget Paper No. 3—Appendix A is included in each of the relevant departmental chapters of this report. However, in reviewing the 74 proposed

<sup>23</sup> Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2020–21 Budget Estimates*, p. 11.

<sup>24</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 1.

<sup>25</sup> Government of Victoria, Department of Treasury and Finance, *The Resource Management Framework Part 1 of 2 – Main document: For Victorian Government departments and certain agencies*, Melbourne, 2022, p. 18.

<sup>26</sup> *Ibid.*, p. 45.

<sup>27</sup> *Ibid.*, p. 46.

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discontinued performance measures in the 2022–23 Budget,<sup>28</sup> the Committee notes that transparency could be improved by including, where relevant, details of any changes made to the performance measure proposed to be discontinued in the prior year’s budget. This can be important in considering whether the explanation included in the budget papers for the proposed discontinuation of a performance measure is sufficient.

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28 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 393–407.

## 2.1 Introduction

The 2022–23 Budget was delivered on 3 May 2022. The Budget forecasts government revenue and expenditure and outlines the services that the Government will deliver in the 2022–23 financial year and across the forward estimates.

Overall the 2022–23 Budget evidences a faster than expected economic recovery from the impacts of COVID-19, resulting in stronger economic and budget outcomes for the State.

This chapter examines the economic and fiscal outlook for Victoria, including revenue and expenditure forecasts. It also considers the Government's infrastructure spend, net debt and fiscal risks to the estimates.

## 2.2 Economic outlook

The 2022–23 Budget outlines positive economic growth and a strong labour market, and estimates rises in inflation, population and wage growth over the next four years.<sup>1</sup> The key economic indicators and forecasts in the 2022–23 Budget are discussed below.

### 2.2.1 Gross state product

The 2022–23 Budget estimates real gross state product<sup>2</sup> (GSP) to grow at 5.5% in 2021–22 as the economy recovers from the effects of the COVID-19 pandemic.<sup>3</sup> Real GSP is then estimated to grow by 3.25% in 2022–23 and at an average of 2.6% over the forward estimates.<sup>4</sup>

Figure 2.1 shows real GSP and the percentage change in real GSP since 2018–19 and the forecasts outlined in the 2022–23 Budget.

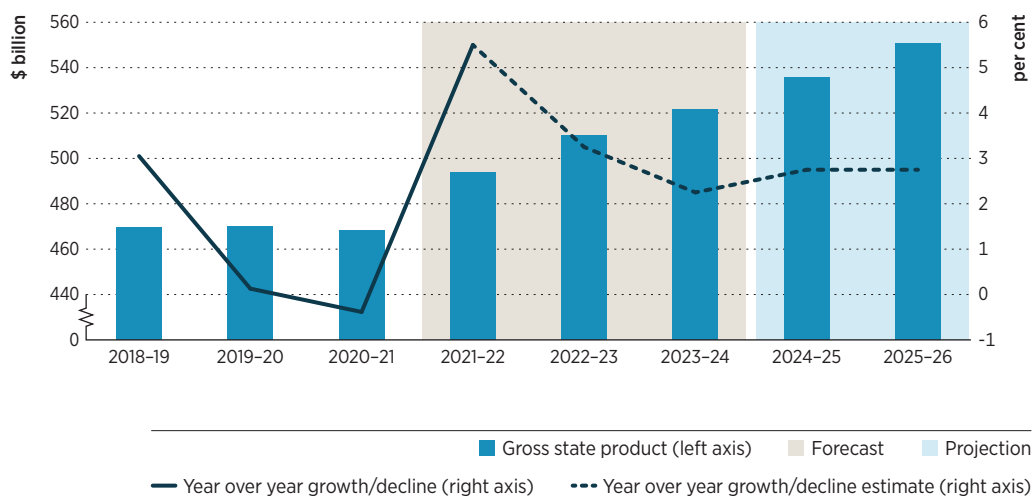
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1 Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, p. 24.

2 Gross state product (GSP) is a broad measurement 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. Source: Parliament of Victoria, *Victorian Economic Snapshot*, 1 February 2018, <[https://www.parliament.vic.gov.au/publications/research-papers/download/36-%20research-papers/13853-victorian-economic-snapshot#\\_ftn22](https://www.parliament.vic.gov.au/publications/research-papers/download/36-%20research-papers/13853-victorian-economic-snapshot#_ftn22)> accessed 25 May 2022.

3 Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 1.

4 Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 24 (Committee calculation).

**Figure 2.1** Real gross state product (GSP) and percentage change in GSP, 2018–19 to 2025–26

Source: Department of Treasury and Finance, *Macroeconomic indicators, Macroeconomic data 2022–23 Budget*, 3 May 2022, <<https://www.dtf.vic.gov.au/state-financial-data-sets/macroeconomic-indicators>> accessed 18 May 2022 (Committee calculation).

The Department of Treasury and Finance (DTF) expects consumer spending to be the largest driver of economic growth in 2022–23, with a significant contribution from private business investment.<sup>5</sup> Household consumption is forecast to make a strong contribution to GSP growth in 2022–23, based on current patterns continuing as consumer spending recovers from an ‘extended period of COVID-19 related disruptions’.<sup>6</sup> It is expected that the strong labour market will support household income, leading to higher household consumption.<sup>7</sup>

Outlining the risks to the spending forecast, the 2022–23 Budget states that ‘the outlook for spending remains more uncertain than usual’.<sup>8</sup> Factors that could impact spending include rising inflation, higher interest rates and increased global uncertainty which could affect consumer confidence. These factors may see consumers become more risk averse, leading to higher savings as opposed to consumer spending.<sup>9</sup>

**FINDING 1:** Real gross state product is forecast to grow at 5.5% in 2021–22 and at 3.25% in 2022–23. While the 2022–23 Budget anticipates consumer spending to be the largest driver of economic growth in Victoria in 2022–23, it also outlines potential risks to the consumer spending forecast. These risks include rising inflation, higher interest rates and increased global uncertainty which could affect consumer confidence.

<sup>5</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 26.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid., p. 27.

<sup>9</sup> Ibid.

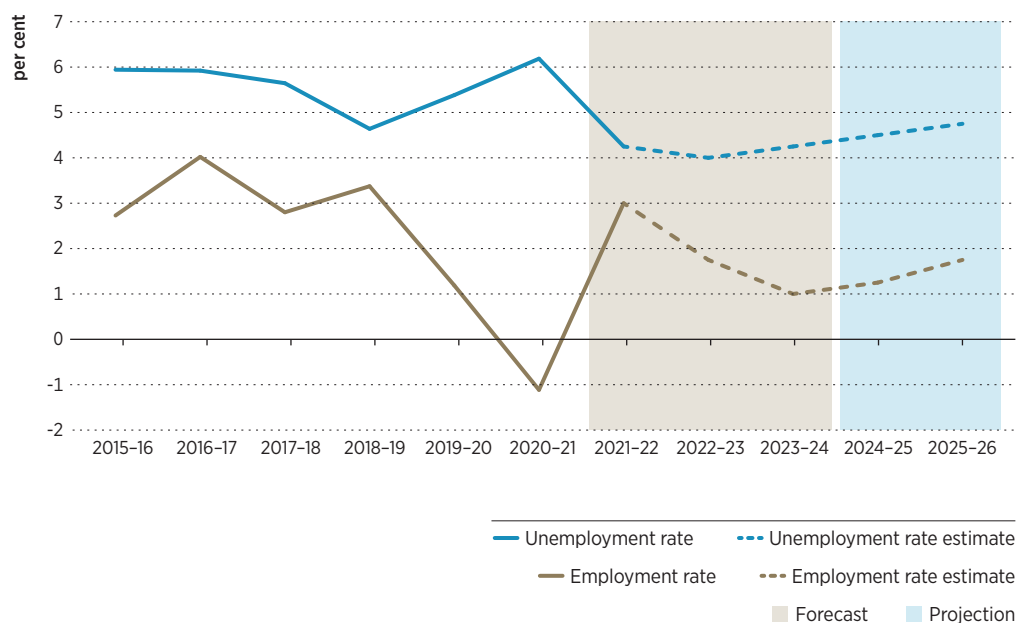
## 2.2.2 Labour market

The 2022–23 Budget outlines a strong outlook for the labour market. Growth in employment<sup>10</sup> is expected to be 3.0% in 2021–22 and forecast to grow at 1.75% in 2022–23.<sup>11</sup> The unemployment rate is expected to be 4.25% in 2021–22 and forecast to lower to 4.0% in 2022–23.<sup>12</sup>

Employment growth is expected to slow across the forward estimates as DTF accounts for growth constraints caused by the size of the working age population.<sup>13</sup> The unemployment rate is forecast to average at 4.5% over the forward estimates.<sup>14</sup>

Figure 2.2 shows the unemployment and employment rate from 2015–16 to 2020–21 and the estimates from 2021–22 to 2025–26.

**Figure 2.2** Unemployment and employment rate, 2015–16 to 2025–26



Source: Department of Treasury and Finance, *Macroeconomic indicators, Macroeconomic data 2022–23 Budget*, 3 May 2022, <<https://www.dtf.vic.gov.au/state-financial-data-sets/macro-economic-indicators>> accessed 18 May 2022.

**FINDING 2:** Employment in Victoria is expected to grow at 1.75% in 2022–23 and then slow over the forward estimates as a result of constraints caused by the size of the working age population. The unemployment rate is expected to lower to 4.0% in 2022–23 and then average to 4.5% over the forward estimates.

<sup>10</sup> Employed persons are those who undertook paid work for one or more hours in the reference week, typically the week before they were surveyed by the Australian Bureau of Statistics. Growth or decline in employment is calculated as the percentage change in employed persons over a year. Source: Department of Treasury and Finance, *Macroeconomic indicators, Methods for forecasting macroeconomic indicators*, 3 May 2022, <<https://www.dtf.vic.gov.au/state-financial-data-sets/macro-economic-indicators>> accessed 25 May 2022.

<sup>11</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, pp. 1, 24.

<sup>12</sup> *Ibid.*, p. 24.

<sup>13</sup> *Ibid.*, p. 29.

<sup>14</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 24 (Committee calculation).

## 2.2.3 Other indicators

### Wage growth

DTF forecasts wage growth to increase to 2.75% in 2022–23, higher than the 2.5% growth expected in 2021–22.<sup>15</sup> DTF expects wage growth to be 3.0% per year over the forward estimates.<sup>16</sup> These forecasts are a result of a strong labour market and the partial unwinding of wage freezes introduced by businesses during the pandemic.<sup>17</sup>

The budget papers note there could be instances where businesses use various non-wage strategies to attract and retain workers.<sup>18</sup> While this could lead to slow growth in wages in the near term, it is expected that with a lower unemployment rate, over time businesses are likely to offer higher wages to attract staff.<sup>19</sup>

**FINDING 3:** The Department of Treasury and Finance (DTF) forecasts wage growth to increase to 2.75% in 2022–23, higher than the 2.5% expected growth in 2021–22. DTF expects wage growth to be 3.0% per year over the forward estimates.

### Consumer price index

Consumer price index (CPI)<sup>20</sup> is forecast to average 2.5% in 2022–23, down from an average 3.0% in 2021–22.<sup>21</sup> The budget papers explain that the two major factors driving inflation in Victoria are global oil prices and global supply chain disruptions.<sup>22</sup>

Global oil prices saw retail prices of automotive fuel in Melbourne grow by about 30% over 2021, contributing significantly to Victorian inflation over the year.<sup>23</sup> The construction industry also experienced cost increases, particularly in the construction of new dwellings because of global supply chain disruptions. These higher prices have been passed onto consumers and the cessation of *HomeBuilder* grants in April 2021 also temporarily added to new dwelling inflation.<sup>24</sup> The budget papers state that the price growth in automotive fuel and new dwelling purchases contributed 1.3 percentage points to Melbourne consumer prices in the year to December 2021.<sup>25</sup>

<sup>15</sup> Ibid., pp. 24, 32 (Committee calculation).

<sup>16</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 32.

<sup>17</sup> Ibid.

<sup>18</sup> For example, flexible working policies or more training and hiring of staff with less experience. Source: Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 32.

<sup>19</sup> Ibid.

<sup>20</sup> Consumer price index (CPI) measures household inflation. Source: Australian Bureau of Statistics, *Consumer Price Index, Australia*, 27 April 2022, <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>> accessed 19 May 2022.

<sup>21</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 24.

<sup>22</sup> Ibid., pp. 32–33.

<sup>23</sup> Ibid., p. 32.

<sup>24</sup> Ibid., p. 33.

<sup>25</sup> Ibid.

The Committee notes that the budget papers account for inflation data released in December 2021 which showed a CPI of 2.5%, whereas CPI data for the March quarter 2022 (released after the compliance date for the 2022–23 Budget) showed a CPI for Melbourne of 4.5%.<sup>26</sup> Notwithstanding this strong increase, DTF expects the year average CPI change in 2021–22 to be lower than this outcome.<sup>27</sup> National CPI rose 1.8% in the June 2022 quarter and annual CPI inflation increased to 6.1%.<sup>28</sup> As this updated national inflation rate is higher than forecast in the 2022–23 Budget there is a potential risk to the assumptions underpinning the estimates in this Budget.

**FINDING 4:** In the 2022–23 Budget consumer price index (CPI) is forecast to average 2.5% in 2022–23 down from an average 3.0% in 2021–22. Global oil prices and global supply chain disruptions are the two key factors driving inflation in Victoria. Noting that annual CPI inflation increased to 6.1% in the June 2022 quarter, which is higher than forecast in the 2022–23 Budget, there is a potential risk to the assumptions underpinning the estimates in this Budget.

### Population growth

Victoria's population growth is estimated to be 1.2% in 2022–23, 1.1% higher than the expected forecast of 0.1% in 2021–22.<sup>29</sup> Victoria's population fell in 2020–21 as a result of the COVID-19 pandemic.<sup>30</sup> With the easing of border restrictions, DTF expects the flows of migrants and foreign students to Victoria to gradually increase over 2022, reaching around pre-pandemic levels by 2023–24.<sup>31</sup> Prior to the COVID-19 pandemic, population growth had been a significant driver of economic growth in Victoria. However, Australian Bureau of Statistics population estimates indicate that between March 2020 and December 2021, Victoria's population decreased by an estimated 49,188 residents.<sup>32</sup>

**FINDING 5:** Victoria's population growth is estimated to be 1.2% in 2022–23, 1.1% higher than the expected forecast of 0.1% in 2021–22. This quicker than expected population growth presents an opportunity for economic growth in Victoria.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Australian Bureau of Statistics, *Consumer Price Index, Australia*, 27 July 2022, <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>> accessed 2 August 2022.

<sup>29</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 24.

<sup>30</sup> Ibid., p. 33.

<sup>31</sup> Ibid., p. 34.

<sup>32</sup> Australian Bureau of Statistics, Table 4, *National, state and territory population: Estimated Resident Population*, cat. no. 3101.0, 2022, <<https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>> accessed 2 August 2022 (Committee calculation).

## 2.3 Fiscal overview

### 2.3.1 Fiscal strategy

The 2022–23 Budget forecasts improvements in the State’s key fiscal aggregates compared to the 2021–22 Budget Update. The budget papers state that the Government remains committed to its four step fiscal strategy introduced in the 2020–21 Budget, noting that ‘[r]ecent economic indicators have showed this strategy is working, with the economy rebounding strongly’.<sup>33</sup>

DTF explained that the first step—creating jobs, reducing unemployment and restoring economic growth—‘has progressed well’.<sup>34</sup> The 2020–21 Budget introduced the *Jobs Plan*, which aims to create 400,000 new jobs by 2025, with an interim target of 200,000 more people employed from September 2020 by 2022.<sup>35</sup> The 2022–23 Budget states that this interim target was reached ahead of schedule in February 2021.<sup>36</sup> The latest available labour force data also shows that Victoria employed 3.5 million people in April 2022, which is 9% higher than the trough experienced in September 2020.<sup>37</sup>

The second step—returning to an operating cash surplus—means the State generates more cash inflows than cash outflows on operating activities, which is a ‘key pillar of fiscal sustainability’.<sup>38</sup> The 2022–23 Budget forecasts a return to an operating cash surplus of \$1.3 billion in 2022–23 and across the forward estimates.<sup>39</sup> Figure 2.3 shows the actuals and estimates of the State’s net operating cash flows 2017–18 to 2025–26.

<sup>33</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 3.

<sup>34</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 9 May 2022, p. 131.

<sup>35</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 12.

<sup>36</sup> *Ibid.*, p. 47.

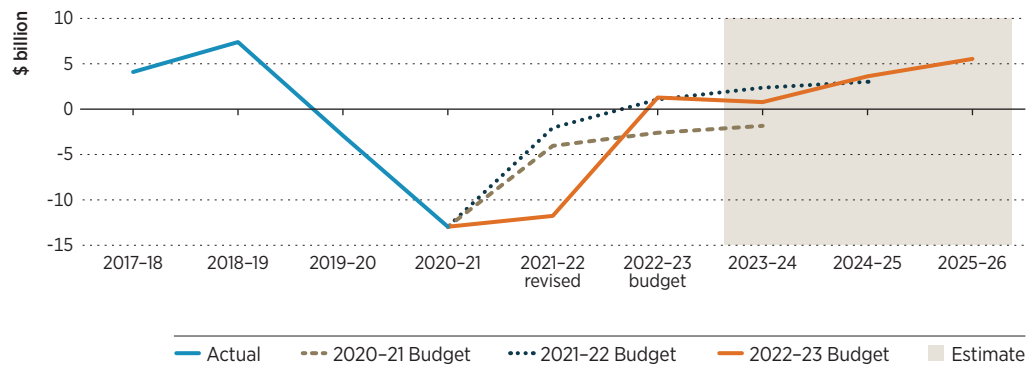
<sup>37</sup> Australian Bureau of Statistics, *Labour Force, Australia*, cat. no. 6202.0, 19 May 2022, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release#data-downloads>> accessed 19 June 2022 (Committee calculation).

<sup>38</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 3.

<sup>39</sup> *Ibid.*, pp. 3, 5.



**Figure 2.3 Net cash flows from operating activities—return to surplus forecast, 2017–18 to 2025–26**



Source: Department of Treasury and Finance, *2018–19 Financial Report*, October 2019, Melbourne, p. 31; Department of Treasury and Finance, *2019–20 Financial Report*, October 2020, Melbourne, p. 39; Department of Treasury and Finance, *Budget Paper No. 2: 2021–22 Strategy and Outlook*, Melbourne, 2021, p. 78; Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, p. 71.

DTF stated that the third step—returning to an operating surplus—appears to be ‘on track’ in the 2022–23 Budget.<sup>40</sup> The budget papers estimate a deficit of \$17.6 billion in 2021–22, decreasing to \$7.9 billion in 2022–23 and reaching a surplus of \$652 million in 2025–26.<sup>41</sup> DTF explains this is due to moderation of expenditure growth over the forward estimates<sup>42</sup> and expenditure reducing over the years reflecting the targeted nature of the Government’s short-term responses to the COVID-19 pandemic.<sup>43</sup>

At the hearings, the Treasurer explained that the Government’s significant investment in health, education and the *Big Build* program will not only benefit the Victorian community but will also provide a foundation for ‘future economic and productivity growth’.<sup>44</sup> The Treasurer stated that ‘economic growth and getting Victorians back into work is a key metric to begin the process of budget repair’ and ‘a key priority of this government’.<sup>45</sup>

The fourth step—to stabilise net debt as a percentage of GSP over the medium term<sup>46</sup>—will be achieved through ‘progressively improving operating cash flow surplus to pre-pandemic levels’, which will in turn support capital expenditure, reducing the reliance on borrowings.<sup>47</sup> The Committee notes that the second and fourth steps of the fiscal strategy are interdependent. The 2022–23 Budget introduces the *Victorian Future Fund* (VFF) to stabilise growth in net debt.<sup>48</sup> This is discussed in more detail in Section 2.7.1.

<sup>40</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 132.

<sup>41</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 60.

<sup>42</sup> *Ibid.*, p. 64.

<sup>43</sup> Mr Tim Pallas MP, Treasurer, 2022–23 Budget Estimates (Treasurer) hearing, Melbourne, 13 May 2022, *Transcript of evidence*, p. 10.

<sup>44</sup> *Ibid.*, p. 15.

<sup>45</sup> *Ibid.*

<sup>46</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 5.

<sup>47</sup> Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 10.

<sup>48</sup> *Ibid.*

Noting the significance of the fiscal strategy to the State's economic outlook, the budget papers could be enhanced by including further details about: how step two (an operating cash flow surplus) will be maintained across the forward estimates; and how step three (an operating surplus) will be achieved in 2025–26.

**FINDING 6:** The Government achieved its interim jobs target which was outlined in the 2020–21 Budget, ahead of schedule in February 2021. Victoria also recorded 3.5 million employed people in April 2022, which is 9% higher than in September 2020.

**FINDING 7:** The 2022–23 Budget forecasts a return to an operating cash surplus of \$1.3 billion in 2022–23 and a return to an operating surplus of \$652 million in 2025–26. As part of stabilising net debt as a percentage of gross state product, the Government introduced the *Victorian Future Fund* in the 2022–23 Budget.

**RECOMMENDATION 1:** The 2023–24 budget papers include further detail about how the Government will maintain an operating cash flow surplus beyond 2022–23 (step two of the fiscal strategy) and how an operating surplus will be achieved in 2025–26 (step three of the fiscal strategy).

### 2.3.2 General government fiscal aggregates

The State's key general government fiscal aggregates are outlined in Table 2.1.

**Table 2.1** General government fiscal aggregates

(\$ billion)	2020–21 actual	2021–22 revised	2022–23 budget	2023–24 estimate	2024–25 estimate	2025–26 estimate
Net result from transactions	-14.6	-17.6	-7.9	-3.3	-1.1	0.7
Net cash flows from operating activities	-13	-11.8	1.3	0.8	3.6	5.5
Government infrastructure investment	15	18.9	21.4	23	21.7	19.2
Net debt	72.7	101.9	118.5	137.4	154.8	167.5
Net debt to GSP	15.3	19.8	21.7	24.1	25.8	26.5

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

Government infrastructure investment and net debt are discussed in Sections 2.6 and 2.7.

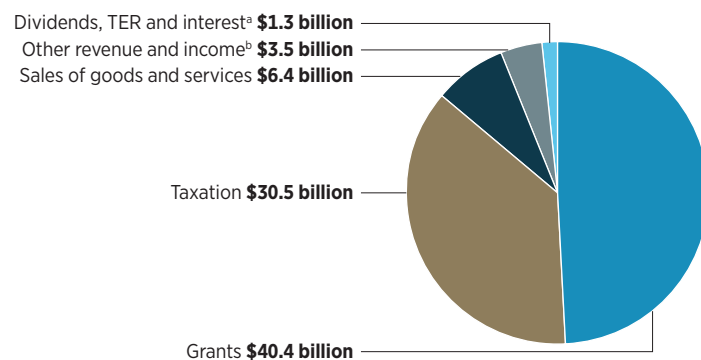
## 2.4 Revenue

The 2022–23 Budget estimates revenue from transactions in the general government sector (GGS) to be \$81.9 billion in 2021–22 and remain largely unchanged in 2022–23 at \$82 billion.<sup>49</sup> Revenue is then expected to grow at an average of 3.7% over the forward estimates.<sup>50</sup>

The 2022–23 Budget introduces one new revenue initiative—*Equalise gambling tax rates for electronic gaming machine operators*—which is expected to bring \$85.6 million in revenue from 2023–24 to 2025–26.<sup>51</sup> The initiative applies the same tax structure as electronic gaming machines operated by venue operators with club entitlements to those operated by casino license operators.<sup>52</sup> The 2022–23 Budget also introduces one new revenue exemption—*Exempt wheelchair accessible commercial passenger vehicles that provide unbooked services from motor vehicle duty*—which the Government expects will lead to \$2.7 million in revenue foregone from 2022–23 to 2025–26.<sup>53</sup>

The largest contributor to revenue in 2022–23 is grants, which accounts for about 49% at \$40.4 billion.<sup>54</sup> This is followed by state taxation which accounts for about 37% at \$30.5 billion.<sup>55</sup> Figure 2.4 shows the components of general government revenue in 2022–23.

**Figure 2.4 General government revenue composition, 2022–23**



- a. Comprises dividends, income tax and rate equivalent revenue and interest.  
 b. Other revenue and income includes fines, royalties, donations and gifts and assets received free of charge.

Source: Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, p. 60.

<sup>49</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, pp. 58, 60.

<sup>50</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 60 (Committee calculation).

<sup>51</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 133 (Committee calculation).

<sup>52</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 133.

<sup>53</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 133 (Committee calculation).

<sup>54</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 60 (Committee calculation).

<sup>55</sup> *Ibid.*, p. 60 (Committee calculation).

Estimated grant revenue of \$40.4 billion in 2022–23 shows a decrease of 3.6% compared to the 2021–22 revised budget.<sup>56</sup> The largest contributor to grant revenue is goods and services tax (GST) revenue or general purpose grants, accounting for about \$18.7 billion (46%) of the total \$40.4 billion in grants.<sup>57</sup> Compared to the 2021–22 Budget which estimated GST revenue of \$19.2 billion in 2022–23, this year’s budget forecasts a decline in GST revenue of 2.6% to \$18.7 billion.<sup>58</sup> This decline in GST revenue is attributable to a reduction in Victoria’s population share and weaker GST receipts.<sup>59</sup>

GST revenue distribution was discussed during the hearings, including how states such as Victoria and New South Wales were disproportionately affected by the pandemic, which required greater health spending.<sup>60</sup> The Treasurer explained that as an urbanised state, Victoria is more exposed to highly communicable diseases such as COVID-19 and is the most densely populated state in Australia:

The current method used to calculate GST-sharing relativities between the states and territories does not accurately account for the disproportionate spend that has occurred during the course of the pandemic.<sup>61</sup>

The estimated state taxation revenue of \$30.5 billion in 2022–23 shows a moderate increase compared to the 2021–22 revised budget.<sup>62</sup> The largest contributor to state taxation is land transfer duty, accounting for about \$8.2 billion (27%) of the total \$30.5 billion in taxation revenue.<sup>63</sup> The expected income from land transfer duty in 2021–22 is \$10.2 billion, reflecting strong property market activity.<sup>64</sup> Land transfer duty is expected to decline in 2022–23 to \$8.2 billion before increasing by an average of 2.0% per year over the forward estimates.<sup>65</sup>

The expected decline in land transfer duty in 2022–23 accounts for a forecast contraction in the property market. The Treasurer explained at the hearings that an increased supply of dwellings combined with the rise in interest rates have weakened sentiment, causing downward pressure on prices, particularly in greater Melbourne.<sup>66</sup> Victorian dwelling prices are estimated to decline by 4.0% in the 2023 calendar year and the 2022–23 Budget estimates transaction volumes to decline year over year from the March quarter 2022, until 2024.<sup>67</sup> The Victorian residential property market is then expected to resume growth over 2024, with dwelling prices forecast to grow by 4.5%.<sup>68</sup>

<sup>56</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2022–23 Statement of Finances*, Melbourne, 2022, p. 165 (Committee calculation).

<sup>57</sup> *Ibid.*, p. 165 (Committee calculation).

<sup>58</sup> *Ibid.*; Department of Treasury and Finance, *Budget Paper No. 5: 2021–22 Statement of Finances*, Melbourne, 2021, p. 181 (Committee calculation).

<sup>59</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2022–23*, p. 165.

<sup>60</sup> Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 23.

<sup>61</sup> *Ibid.*

<sup>62</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2022–23*, p. 157.

<sup>63</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2022–23*, p. 157 (Committee calculation).

<sup>64</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2022–23*, p. 158.

<sup>65</sup> *Ibid.*

<sup>66</sup> Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 16.

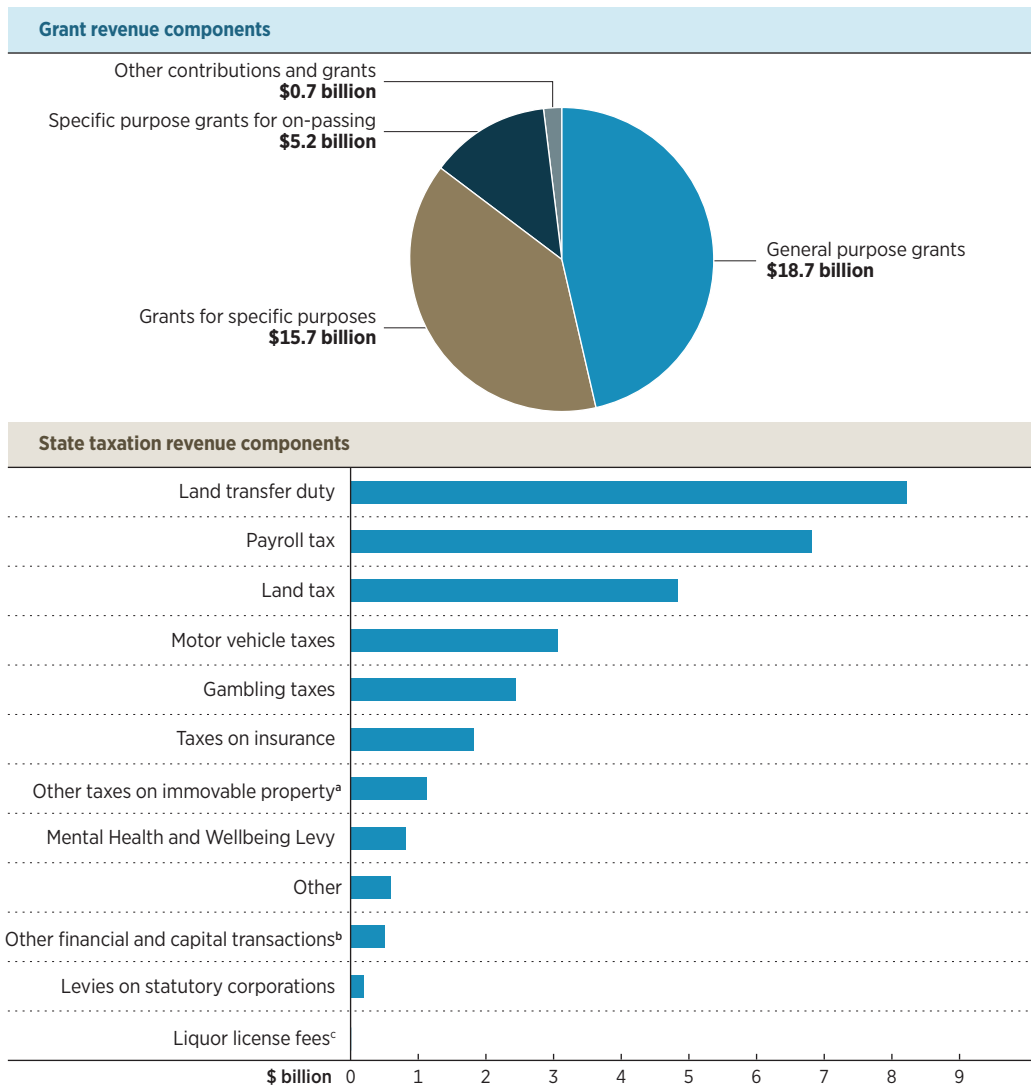
<sup>67</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2022–23*, p. 158.

<sup>68</sup> *Ibid.*

The estimated payroll tax revenue of \$6.8 billion in 2022–23 shows an increase of 4.6% compared to the 2021–22 revised budget.<sup>69</sup> Payroll tax accounts for about 22% of total state taxation revenue.<sup>70</sup> The Treasurer explained that payroll tax revenue has benefited from ‘continued resilience in the Victorian labour market’<sup>71</sup> and the 2022–23 Budget expects it to grow at an average of 6.5% per year over the forward estimates.<sup>72</sup>

The composition of grant and state taxation revenue is shown in Figure 2.5.

**Figure 2.5** Composition of grant and state taxation revenue, 2022–23



- a. Other taxes on immovable property exclude land tax.
- b. Other financial and capital transactions exclude land transfer duty.
- c. Lowest state taxation revenue component in 2022-23, totaling \$26 million.

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2022–23 Statement of Finances*, Melbourne, 2022, pp. 157, 165.

69 Department of Treasury and Finance, *Budget Paper No. 5: 2022–23*, pp. 157, 162 (Committee calculation).

70 Ibid., p. 157 (Committee calculation).

71 Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 17.

72 Department of Treasury and Finance, *Budget Paper No. 5: 2022–23*, p. 162.

**FINDING 8:** The 2022–23 Budget estimates revenue from transactions in the general government sector to be \$82 billion in 2022–23. Revenue is expected to grow at an average of 3.7% over the forward estimates.

**FINDING 9:** Goods and services tax (GST) revenue is the largest contributor to Victoria's grant revenue. Since the 2021–22 Budget, GST revenue in 2022–23 has been revised down to \$18.7 billion compared to \$19.2 billion.

**FINDING 10:** Land transfer duty is the largest contributor to state taxation and it is estimated to decline in 2022–23 to \$8.2 billion, compared to the 2021–22 revised estimate of \$10.2 billion. The 2022–23 Budget forecasts dwelling prices in Victoria to decline by 4.0% in 2023 and lower property transaction volumes from the March quarter 2022 until 2024. The Victorian residential property market is then expected to resume growth over 2024, with dwelling prices forecast to grow by 4.5%.

## 2.5 Expenditure

Total expenditure for GGS is estimated at \$89.8 billion in 2022–23, 9.7% lower than the revised estimate of \$99.5 billion in 2021–22.<sup>73</sup> The 2022–23 Budget outlines that this decline in output expenditure is a result of the short-term nature of the initiatives that formed part of the public health and economic response to the COVID-19 pandemic.<sup>74</sup> The Government estimates expenditure growth will moderate over the forward estimates to reach \$90.8 billion in 2025–26.<sup>75</sup>

Employee expenses are the largest driver of GGS expenditure accounting for around 37% of total expenses in 2022–23 at \$33.1 billion.<sup>76</sup> The Government expects employee expenses to decline slightly in 2022–23 compared to the 2021–22 revised estimate of \$33.2 billion.<sup>77</sup> The budget papers estimate employee expenses to grow by an average of 2.2% over the forward estimates.<sup>78</sup>

Figure 2.6 shows the components of GGS total expenditure and growth or decline of total expenditure since the 2021–22 Budget to 2025–26.

<sup>73</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 59.

<sup>74</sup> Ibid.

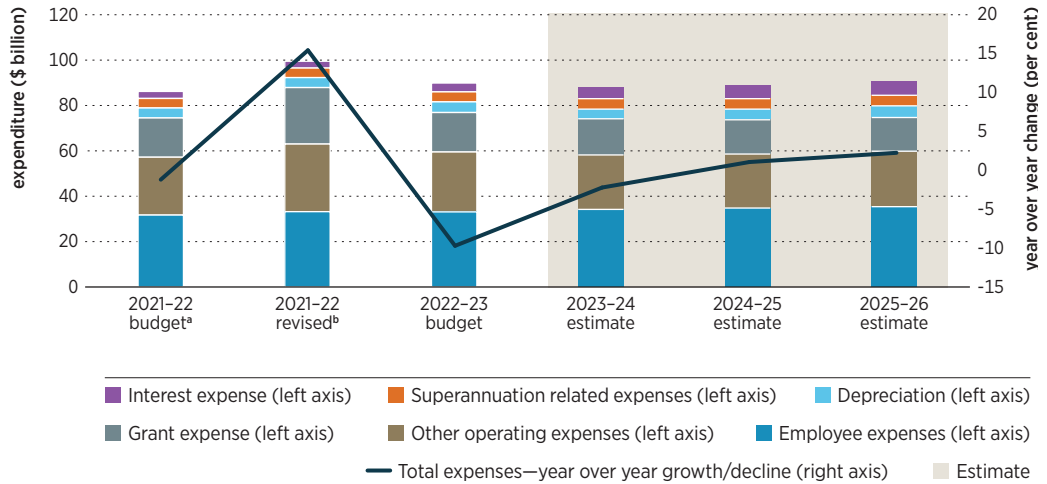
<sup>75</sup> Ibid.

<sup>76</sup> Department of Treasury and Finance, *Aggregate financial statements, Historical and forward estimates financial statements - general government sector*, 03 May 2022, <<https://www.dtf.vic.gov.au/state-financial-data-sets/aggregate-financial-statements>> accessed 18 May 2022 (Committee calculation).

<sup>77</sup> Ibid., (Committee calculation).

<sup>78</sup> Ibid., (Committee calculation).

**Figure 2.6** General government sector total expenditure estimates and growth/decline, 2021-22 to 2025-26



- a. Year over year change shown in the 2021-22 Budget data column shows the percentage change from the 2020-21 actual to the 2021-22 Budget.
- b. Year over year change shown in 2021-22 revised data column shows the percentage change from the 2021-22 Budget to the 2021-22 revised estimate.

Source: Department of Treasury and Finance, *Aggregate financial statements, Historical and forward estimates financial statements - general government sector*, 03 May 2022, <<https://www.dtf.vic.gov.au/state-financial-data-sets/aggregate-financial-statements>> accessed 18 May 2022 (Committee calculation).

**FINDING 11:** Total expenditure for general government sector is estimated at \$89.8 billion in 2022-23, 9.7% lower than the revised estimate of \$99.5 billion in 2021-22. The Government estimates expenditure growth to moderate over the forward estimates.

**FINDING 12:** Employee expenses are the largest driver of general government sector expenditure, accounting for around 37% of total expenses in 2022-23 at \$33.1 billion. The 2022-23 Budget estimates employee expenses to grow by an average of 2.2% over the forward estimates.

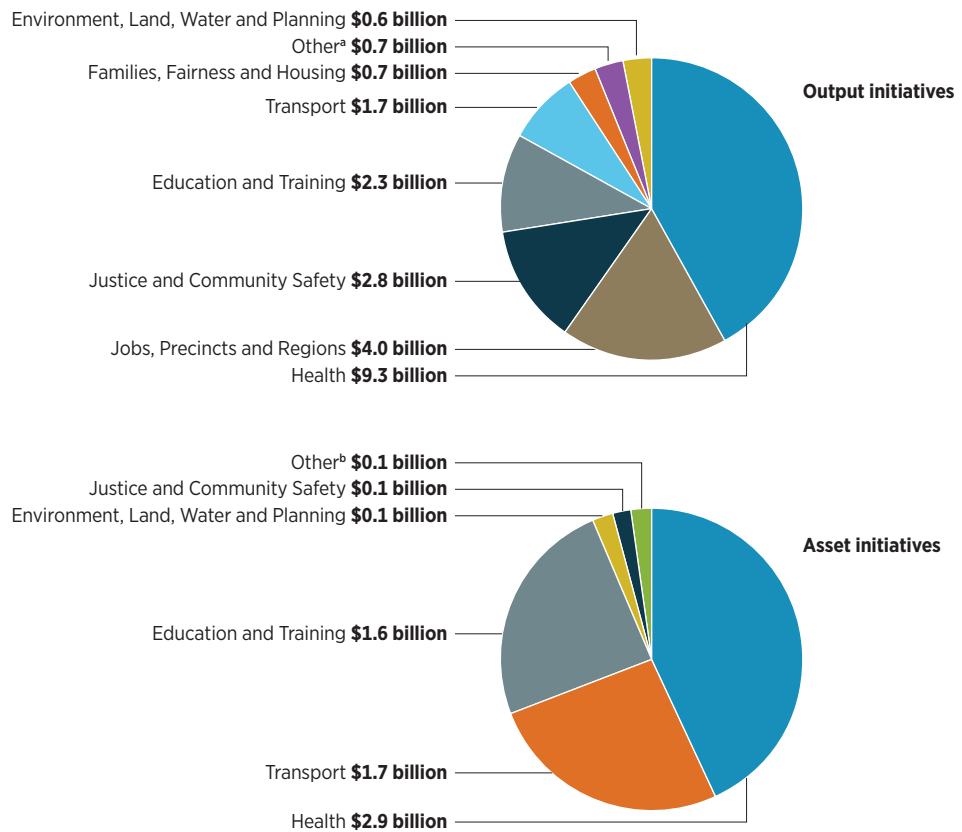
The 2022-23 Budget allocates \$22.2 billion over five years in new output initiatives and \$6.7 billion in total estimated investment (TEI) in new assets initiatives.<sup>79</sup> This includes significant investment in the health sector, which has the highest allocation in new output funding of \$9.3 billion and new asset initiatives of \$2.9 billion TEI.<sup>80</sup>

Figure 2.7 shows the 2022-23 Budget’s output and asset initiatives by sector.

<sup>79</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022-23*, pp. 1-2.

<sup>80</sup> Ibid.

**Figure 2.7 Output and asset initiatives by sector, 2022–23 Budget**



- a. Output initiatives—Other includes Aboriginal Affairs (\$341.5 million), Premier and Cabinet (\$123.5 million), Court Services Victoria (\$90.6 million), Treasury and Finance (\$68.6 million) and Parliament (\$65.1 million).
- b. Asset initiatives—Other includes Families, Fairness and Housing (\$81.7 million), Jobs, Precincts and Regions (\$26.8 million), Court Services Victoria (\$13.8 million), Premier and Cabinet (\$13.3 million), Parliament (\$5.1 million), Treasury and Finance (\$4.1 million).

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 1–2.

**FINDING 13:** The 2022–23 Budget allocates \$22.2 billion over five years in new output initiatives and \$6.7 billion in total estimated investment (TEI) in new asset initiatives. The health sector will receive the highest allocation of new output funding at \$9.3 billion, and new asset initiatives at \$2.9 billion TEI.

The new output initiatives outlined in the 2022–23 Budget allocate \$5.9 billion retrospectively to 2021–22.<sup>81</sup> While the Parliamentary Departments provided the Committee with a breakdown of the programs that received Treasurer’s Advances during 2021–22,<sup>82</sup> other departments and Court Services Victoria did not, stating that ‘Treasurer’s Advances will only be finalised at the end of the 2021–22 financial year’

<sup>81</sup> Ibid., p. 1.

<sup>82</sup> Parliamentary Departments, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 6 May 2022, pp. 28–29.



or 'nil'.<sup>83</sup> The Committee notes that information relating to programs and initiatives that received Treasurers Advances/off budget funding are not outlined in departmental annual reports or the State Financial Report and have previously been provided to the Committee in response to its questionnaire.

**FINDING 14:** Court Services Victoria and all other government departments, excluding the Parliamentary Departments, did not provide information to the Committee in response to its questionnaire in the same manner as they have in previous years, on the programs and initiatives that received Treasurer's Advances/off budget funding in 2021–22.

**RECOMMENDATION 2:** All government departments and Court Services Victoria provide information relating to the programs and initiatives that received Treasurer's Advances/off budget funding during a financial year to the Committee, in the same manner as they have in previous years, in response to the Committee's questionnaire.

## 2.6 Infrastructure investment

Government infrastructure investment (GII) is estimated to average \$21.3 billion a year from 2022–23 to 2025–26.<sup>84</sup> In 2022–23 GII is estimated to be \$21.4 billion and will reach a peak of \$23 billion in 2023–24 before it starts to decline to \$19.2 billion in 2025–26.<sup>85</sup> GII includes investments made in the health, housing and education sectors, as well as major transport infrastructure projects.<sup>86</sup> Where applicable, the capital spend for each department is detailed in the relevant department's chapter.

At the hearings, the Treasurer's presentation showed that Victoria's infrastructure funding share from the Commonwealth had been below population share since 2014–15.<sup>87</sup> The Treasurer explained that Victoria's average share of overall infrastructure funding from the Commonwealth over the past five years to 2025–26 is 20.4%, falling below the average population share over the same period of 26.0%.<sup>88</sup>

**FINDING 15:** Victoria's average share of overall infrastructure funding from the Commonwealth has been below the average population share since 2014–15.

<sup>83</sup> Responses to the Question 14 of the *2022–23 Budget Estimates General Questionnaire* by Department of Education and Training, Department of Environment, Land, Water and Planning, Department of Families, Fairness and Housing, Department of Health, Department of Justice and Community Safety, Department of Jobs, Precincts and Regions, Department of Premier and Cabinet, Department of Transport, Department of Treasury and Finance and Court Services Victoria. It is noted that the Department of Education and Training responded to the question stating 'nil'. Source: Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 5 May 2022, p. 71.

<sup>84</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 67.

<sup>85</sup> *Ibid.*, p. 5.

<sup>86</sup> Major transport infrastructure projects include North East Link, Metro Tunnel, West Gate Tunnel, Melbourne Airport Rail, Geelong Fast Rail, Suburban Rail Loop and removal of 85 level crossings by 2025. Source: Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 67.

<sup>87</sup> Mr Tim Pallas MP, Treasurer, *2022–23 Budget Estimates (Treasurer) hearing presentation*, Melbourne, supplementary evidence received 13 May 2022, p. 9.

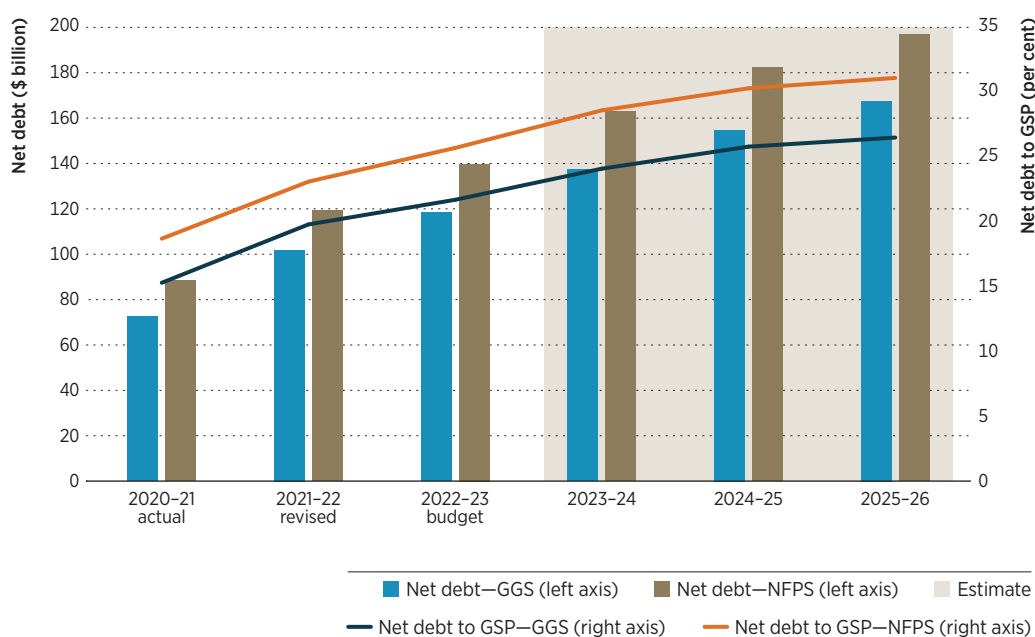
<sup>88</sup> Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 33.

## 2.7 Net debt

The net debt of the GGS is estimated to be \$118.5 billion in 2022–23, rising to \$167.5 billion in 2025–26.<sup>89</sup> Net debt is expected to be \$101.9 billion in 2021–22 compared to the \$104.5 billion estimate in the 2021–22 Budget Update.<sup>90</sup> Net debt to GSP is forecast to be 19.8% in 2021–22, rising moderately to 21.7% in 2022–23 because of a strong GSP estimate (See Section 2.2). Net debt to GSP is estimated to reach 26.5% in 2025–26.<sup>91</sup>

Net debt of the non-financial public sector (NFPS)<sup>92</sup> is considered when assessing the State's credit rating.<sup>93</sup> Victoria's NFPS net debt is estimated to be \$139.8 billion in 2022–23, rising to \$196.8 billion in 2025–26.<sup>94</sup> NFPS net debt to GSP is estimated to be 23.1% in 2021–22, rising to 25.7% in 2022–23 and is estimated to reach 31.1% in 2025–26.<sup>95</sup> Figure 2.8 shows net debt and net debt to GSP of both the GGS and NFPS.

**Figure 2.8 Net debt/net debt to gross state product (GSP)—general government sector (GGS) and non-financial public sector (NFPS), 2020–21 to 2025–26**



Source: Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, pp. 4, 82.

Gross debt to revenue—which indicates the State's overall debt burden—is estimated to be 189.2% in 2022–23 and 232.2% in 2025–26.<sup>96</sup> The NFPS interest expense to

<sup>89</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 5.

<sup>90</sup> Ibid., p. 4; Department of Treasury and Finance, *Budget Update 2021–22*, Melbourne, 2021, p. 4.

<sup>91</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 5.

<sup>92</sup> Non-financial public sector represents general government sector and public non-financial corporations.

<sup>93</sup> Department of Treasury and Finance, *2020–21 Financial Report*, Melbourne, October 2021, p. 23.

<sup>94</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 82.

<sup>95</sup> Ibid.

<sup>96</sup> Ibid., p. 83.

revenue ratio measures the State's debt service burden and it is estimated to grow from 3.9% in 2021–22 to 7.1% in 2025–26.<sup>97</sup> At the hearings, the Treasurer explained that the 2022–23 budget papers factored in a rising interest rate and that 'interest expense as a proportion of total budget revenue is forecast to remain low by historical standards'.<sup>98</sup>

While the credit rating agency, Moody's Investor Services, has indicated that it does not expect Victoria's debt burden will stabilise before the end of fiscal 2027, at the hearings the Treasurer outlined the resilience of the Victorian economy.<sup>99</sup> The Treasurer explained that it was anticipated the debt burden would stabilise before 2027, in line with the fourth step of the fiscal strategy.<sup>100</sup>

**FINDING 16:** General government net debt is estimated to be \$118.5 billion in 2022–23, rising to \$167.5 billion in 2025–26. Net debt to gross state product (GSP) is estimated to be 21.7% in 2022–23 and 26.5% in 2025–26. Non-financial public sector (NFPS) net debt is estimated to be \$139.8 billion in 2022–23 and \$196.8 billion in 2025–26. NFPS net debt to GSP is estimated to be 25.7% in 2022–23 and 31.1% in 2025–26.

## 2.7.1 Victorian Future Fund

The 2022–23 Budget introduces the VFF as a measure to stabilise the growth in net debt and reduce the debt burden on future generations.<sup>101</sup> The VFF will utilise the proceeds from the *VicRoads Modernisation Joint Venture* and be managed by the Victorian Funds Management Corporation (VFMC).<sup>102</sup> The Treasurer advised that VFMC will apply Environmental, Social and Governance (ESG) guidelines when managing the VFF, but that investment in fossil fuels as an investment strategy was not ruled out.<sup>103</sup> While the Committee notes that specific investment strategies are yet to be determined, once settled, the strategies used to grow the VFF should be outlined by VFMC, as well as how investments follow ESG guidelines.

Investment returns will be kept in the VFF to allow the balance to grow over time to offset borrowings. The VFF is estimated to have a balance of around \$10 billion in the medium term,<sup>104</sup> which was explained by the Treasurer to be around five to six years.<sup>105</sup> It will be important for the progress made towards achieving that balance in the medium term to be reported as well as how this will assist the Government in realising the fourth step of the fiscal strategy—stabilising net debt. This could be

<sup>97</sup> A lower percentage indicates greater ability for the state to repay debt. Source: Ibid.; Parliamentary Budget Office, *Victorian Budget 2022/23 - independent snapshot*, 2022, <[https://pbo.vic.gov.au/Victorian\\_2022-23\\_Budget\\_-\\_independent\\_snapshot](https://pbo.vic.gov.au/Victorian_2022-23_Budget_-_independent_snapshot)> accessed 18 May 2022.

<sup>98</sup> Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 2.

<sup>99</sup> Ibid., p. 20.

<sup>100</sup> Ibid., p. 21.

<sup>101</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, pp. 5–6.

<sup>102</sup> Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, pp. 2, 10–13.

<sup>103</sup> Ibid., p. 13.

<sup>104</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 6.

<sup>105</sup> Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 35.

achieved through the publication of an annual statement that outlines the opening and closing balance of the VFF. The Committee notes that DTF publishes this type of information relating to the *Victorian Transport Fund* in its annual report, clearly outlining the opening and the closing balance of the Fund at the end of the financial year.<sup>106</sup> Given the significance of the VFF as a measure to reduce the debt burden on future generations, publishing real time information about the achievements of the VFF in stabilising net debt would also promote public sector accountability.

**FINDING 17:** The 2022–23 Budget introduces the *Victorian Future Fund* (VFF) as a measure to stabilise the growth in net debt. The proceeds from the *VicRoads Modernisation Joint Venture* will be used to grow the VFF’s balance over time to offset borrowings. The Fund will be managed by the Victorian Funds Management Corporation and is estimated to reach a balance of \$10 billion in five to six years time.

**FINDING 18:** The 2022–23 Budget did not outline where and how the Government will report on the performance of the *Victorian Future Fund*. The opening and closing balance of other funds at the end of the financial year, such as the *Victorian Transport Fund*, are published in the Department of Treasury and Finance’s annual report.

**RECOMMENDATION 3:** The Department of Treasury and Finance’s annual report detail the performance of the *Victorian Future Fund* including the opening and closing balance at the end of each financial year and how its performance assists in stabilising net debt.

**RECOMMENDATION 4:** The Victorian Funds Management Corporation consider publishing the investment strategies used to grow the *Victorian Future Fund* and provide real time information about the achievements of the Fund.

## 2.8 Fiscal risks

The economic forecasts in the 2022–23 Budget are based on the following two key assumptions:

- COVID-19 outbreaks are assumed to occur but are estimated to have limited economic impacts because of high vaccination rates and increased adaptation by consumers and businesses.
- Migration will remain low until mid-2022, with international students and tourist numbers gradually picking up throughout 2022.<sup>107</sup>

<sup>106</sup> Department of Treasury and Finance, *Annual Report 2020–21*, Melbourne, October 2021, p. 33.

<sup>107</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 24.

The budget papers state that risks to the Victorian economic outlook are higher compared to pre-pandemic,<sup>108</sup> specifying the COVID-19 pandemic itself and elevated uncertainties relating to the Russian invasion of Ukraine as ongoing risks.<sup>109</sup>

The general fiscal risks to the State's financial position and budget outcomes identified in the budget papers, include:

- The *National Partnership on COVID-19 response*—the shared funding arrangement to support the national and coordinated health response to the COVID-19 pandemic—for which the funding commitment ends in June 2023. Should the agreement be terminated prematurely, this could result in the Victorian Government bearing increased costs without Commonwealth contributions.<sup>110</sup>
- Historically, revenue from property based taxes have been volatile as property markets respond to interest rates and/or changes in sentiments. The 2022–23 Budget was released prior to the Reserve Bank of Australia's announcement on the interest rate increment.<sup>111</sup>
- Risks to the Government's capital program include impacts of the COVID-19 pandemic, market capacity constraints and high demand for skills and resources, exacerbated by competition for skills and resources from other jurisdictions with significant infrastructure programs.<sup>112</sup>
- Employee expenses are the State's largest expense and wage growth and demand for government services could happen because of higher than forecast population growth or expenditure in response to unforeseen events such as natural disasters.<sup>113</sup>

The budget papers further outline specific fiscal risks such as Commonwealth schools funding, *National Health Reform Agreement Funding Cap*, the *National Skills Agreement* and Victoria's GST revenue.<sup>114</sup>

The Committee notes that higher than expected inflation (discussed in more detail at Section 2.2.3) and rising interest rates elevate the fiscal risks to the State's financial position and budget outcomes.

**FINDING 19:** The risks to the Victorian economic outlook are higher when compared to pre-pandemic risks. This is especially owing to the risks relating to the COVID-19 pandemic itself and elevated uncertainties prevailing across the world relating to the Russian invasion of Ukraine.

<sup>108</sup> Ibid., p. 71.

<sup>109</sup> Ibid.

<sup>110</sup> Ibid.

<sup>111</sup> Since the release of the 2022–23 Budget the RBA has increased the cash rate target to 0.85% on 8 June 2022 and to 1.35% on 6 July 2022. Source: Reserve Bank of Australia, *Cash Rate Target*, <<https://www.rba.gov.au/statistics/cash-rate>> accessed 26 July 2022; Reserve Bank of Australia, *Statement by Philip Lowe, Governor: Monetary policy decision*, 3 May 2022, media release.

<sup>112</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 73.

<sup>113</sup> Ibid., p. 72.

<sup>114</sup> Ibid., pp. 73–75.



# 3 Department of Health

## 3.1 Overview

The Department of Health's (DH) mission is to achieve the best health, wellbeing and safety of all Victorians so that they can live a life they value.<sup>1</sup>

DH supports four portfolios: Health, Ambulance Services, Disability, Ageing and Carers, and Mental Health.<sup>2</sup>

In 2022–23 DH is focused on delivering the following outcomes:

- Victorians are healthy and well
- Victorians have good physical health
- Victorians have good mental health
- Victorians act to protect and promote health.<sup>3</sup>

The key issues section of this chapter focuses on matters relevant to three portfolios that were identified during the estimates hearings.

## 3.2 Financial analysis

In 2022–23 DH has the largest budget of all Victorian Government departments, representing 35% of total government output.<sup>4</sup>

In 2022–23 DH is allocated \$25 billion to fund its outputs, an increase of \$1.6 billion (7%) compared to the 2021–22 Budget.<sup>5</sup> However, compared to the 2021–22 revised budget, the 2022–23 Budget represents a decrease of \$2 billion (7.5%) in funding.<sup>6</sup> At the hearings the Premier and the Minister for Health explained that this difference was caused by one-off spending related to COVID-19 in 2021–22 coming to an end. This included spending related to the COVID-19 vaccination program, the statewide

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 219.

2 The Committee notes that Department of Families, Fairness and Housing also supports the Disability, Ageing and Carers portfolio. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 219. Key issues relevant to the Disability, Ageing and Carers portfolio are discussed in more detail in Section 7.5.

3 Ibid.

4 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 220 (Committee calculation).

5 Ibid.; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 223 (Committee calculation).

6 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 220 (Committee calculation).

testing program, spending to acquire rapid antigen tests and funding for services to continue delivery in a COVIDSafe manner.<sup>7</sup>

DH's output appropriations are budgeted as \$12.6 billion for 2022–23, a decrease of \$2.5 billion (16.5%) compared to the 2021–22 revised budget.<sup>8</sup> DH explained this variation was primarily driven by COVID-19 initiatives ending in 2021–22 and revenue from the Mental Health and Wellbeing Levy, which is provided through Special Appropriations, leading to a lower output appropriation.<sup>9</sup> DH specified this was partially offset by additional output appropriation for new government initiatives as part of the 2022–23 Budget.<sup>10</sup>

DH's 2022–23 Budget for other operating expenses of \$7.6 billion declined by \$2 billion (21.2%) compared to the 2021–22 revised budget.<sup>11</sup> This was explained by funding for COVID-19 initiatives lapsing, offset by additional funding in 2022–23.<sup>12</sup>

There was no significant variation for DH's employee expenses between the 2021–22 revised budget and the 2022–23 Budget.<sup>13</sup>

**FINDING 20:** The 2022–23 Budget for the Department of Health (DH) represents a 7.5% reduction from its 2021–22 revised budget due to the lapsing of one-off funding and programs related to the COVID-19 pandemic. However, the total funding provided to DH for its outputs in 2022–23 was 7% higher than the 2021–22 Budget.

### 3.3 Capital spend

In 2022–23 DH's capital program comprises \$2.9 billion in new projects and \$10 billion in existing projects, representing \$12.9 billion (20%) of the general government capital program in the 2022–23 Budget.<sup>14</sup> DH's new capital projects represent half (50%) of all new projects in the general government capital program in the 2022–23 Budget, followed by the Department of Education (29%) and the Department of Transport (15%).<sup>15</sup>

7 Hon Daniel Andrews MP, Premier, 2022–23 Budget Estimates (Premier) hearing, Melbourne, 13 May 2022, *Transcript of evidence*, p. 4; Hon Martin Foley MP, Minister for Health, 2022–23 Budget Estimates (Health) hearing, Melbourne, 20 May 2022, *Transcript of evidence*, pp. 6–7, 11.

8 Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, p. 23 (Committee calculation).

9 Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 23.

10 Ibid.

11 Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 24 (Committee calculation).

12 Ibid., (Committee calculation).

13 Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 21–24.

14 Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 65–72 (Committee calculation).

15 Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 33–56, 82–89.



The 2022–23 Budget includes 23 new capital projects for DH,<sup>16</sup> of which the projects with the highest total estimated investment (TEI) are:

- New Melton Hospital—TEI of \$900 million to \$1 billion. Funding over the forward estimates is yet to be confirmed but will be disclosed following the outcome of the procurement process. This project will establish a new hospital in Cobblebank providing 24-hour emergency services.
- Barwon Women’s and Children’s Hospital—TEI of \$500 to \$525 million. Funding over the forward estimates is yet to be confirmed.<sup>17</sup> This project will expand women’s and children’s services at University Hospital Geelong.
- Regional Health Infrastructure Fund—TEI of \$300 million. This Fund aims to improve the quality and amenity of infrastructure across rural and regional health services.
- Emergency Department Expansion Program—TEI of \$236.4 million. This program will expand the emergency department capacity of Casey Hospital and Werribee Mercy Hospital to address the demand for emergency services.<sup>18</sup>

**FINDING 21:** The 2022–23 Budget includes a \$12.9 billion capital program for the Department of Health (DH), of which \$2.9 billion is for new projects. DH’s new capital projects represent 50% of all new projects outlined in the 2022–23 Budget.

Of the 50 existing capital projects published in Budget Paper No. 4: State Capital Program for DH in both 2021–22 and 2022–23, 22 (44%) had a changed completion date.<sup>19</sup> Most of the changed completion dates did not exceed one year and were changed largely due to revised project schedules and COVID-19 impacts.<sup>20</sup> The Committee will continue to track the completion dates and any changes to total TEI for existing projects in future reports.

### 3.4 Health portfolio: key issues

The Minister for Health is responsible for 14 outputs with a total funding output of \$19.9 billion in 2022–23.<sup>21</sup>

The 2022–23 Budget makes a significant investment into Victoria’s healthcare system, with \$12 billion provided to strengthen and reform the system following the impacts and

<sup>16</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 66–67.

<sup>17</sup> \$50 million will be provided by the Commonwealth Government. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 66–69.

<sup>18</sup> Ibid.

<sup>19</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 67–72; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 State Capital Program*, Melbourne, 2021, pp. 82–86 (Committee calculation).

<sup>20</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 67–72; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22*, pp. 82–86 (Committee calculation).

<sup>21</sup> Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 128–129; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 220 (Committee calculation).

disruptions of the COVID-19 pandemic.<sup>22</sup> The aim of the \$12 billion *Pandemic repair plan* is to ease the pressure on Victorian hospitals, improve emergency response and support healthcare workers in six key areas:

- the COVID catch-up plan (discussed further in Section 3.4.1)
- investing in the healthcare workforce
- delivering care closer to home through the Better at Home program
- maintaining COVID services
- improving care in regional Victoria
- health infrastructure.<sup>23</sup>

The 2022–23 Budget allocates \$3.6 billion in output funding to the 2021–22 financial year for programs run in 2021–22.<sup>24</sup> At the hearing DH confirmed that of the \$3.6 billion, the Commonwealth Government contributed an estimated \$1.1 billion as part of the National Partnership Agreement on the COVID-19 response and an estimated \$0.4 billion from the *National Health Reform Agreement*.<sup>25</sup> The Committee was unable to confirm where the funding for the remaining estimated \$2.1 billion in 2021–22 was sourced from, including whether it was through Treasurer’s Advance funding. Treasurer’s Advance funding is discussed further in Section 2.5.

**FINDING 22:** \$3.6 billion was allocated to the Department of Health for 2021–22 in the 2022–23 Budget. The Commonwealth Government provided \$1.5 billion of this funding. The source of the remaining \$2.1 billion is unclear.

Several topics related to the Health portfolio were discussed during the hearing, including new hospital infrastructure, dental services, the *Better at home* program and public health orders related to COVID-19.

### 3.4.1 COVID catch-up plan

In response to the departmental questionnaire, DH advised that one of its most significant strategic issues when developing the 2022–23 Budget estimates was ‘Recovery and reform to ensure care is delivered where and when it is needed, especially planned care’.<sup>26</sup>

<sup>22</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, p. 8; Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 1.

<sup>23</sup> Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 1; Hon Martin Foley MP, Minister for Health, *2022–23 Budget Estimates hearing presentation: Health*, supplementary evidence received 20 May 2022, pp. 2, 6; Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, p. 8.

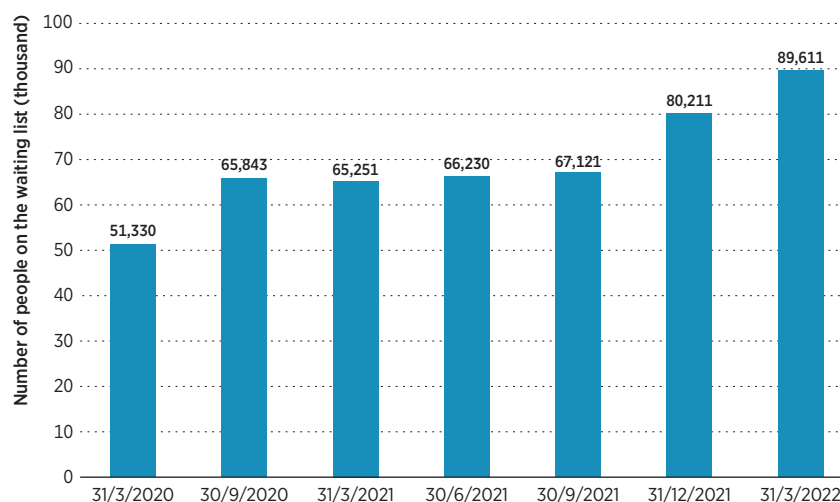
<sup>24</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 54–55; Professor Euan Wallace, Secretary, Department of Health, 2022–23 Budget Estimates (Health) hearing, Melbourne, 20 May 2022, *Transcript of evidence*, p. 5.

<sup>25</sup> Professor Euan Wallace, Secretary, Department of Health, 2022–23 Budget Estimates hearing, response to questions on notice received 9 June 2022, pp. 1–2.

<sup>26</sup> Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 13–14.

During the COVID-19 pandemic category 2 and 3 elective surgeries were temporarily paused in both public and private hospitals on several occasions.<sup>27</sup> This led to significant increases in the wait time for surgery and the number of people on the elective surgery waitlist.<sup>28</sup> Figure 3.1 below shows the number of people on the elective surgery waitlist since March 2020 and a 75% increase between March 2020 and March 2022.<sup>29</sup>

**Figure 3.1** Total number of people on the elective surgery waitlist—31 March 2020 to 31 March 2022



Source: Victorian Agency for Health Information, *Number of patients on the waiting list, 2022*, <<https://vahi.vic.gov.au/visualisation/6336/74a1d9ff-2350-47ab-8744-2cf502072cba>> accessed 15 June 2022; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 27; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Financial and Performance Outcomes*, April 2022, p. 40.

Data for Figure 3.1 has been drawn from the Victorian Agency for Health Information (VAHI) website and from the Committee’s previous reports.<sup>30</sup> VAHI publishes elective surgery data such as average overdue wait time, patients on the waiting list and patients waiting less than recommended time, but only reports on data for the last five quarters.<sup>31</sup> To ensure Government investment in elective surgery can be adequately tracked and to enable the Victorian community to understand trends over time regarding elective surgery, VAHI should retain all published data on its website, so that data beyond the last five quarters remains accessible.

<sup>27</sup> Elective surgery is necessary surgery that can be delayed for 24 hours. Category 2 surgery is to be treated in 90 days, while category 3 is to be treated within 12 months. Source: Victorian Agency for Health Information, *Patients treated by urgency category (1,2,3)*, 2022, <<https://vahi.vic.gov.au/elective-surgery/patients-treated-urgency-category-123>> accessed 5 July 2022; Victorian Agency for Health Information, *Elective surgery*, 2022, <<https://vahi.vic.gov.au/reports/victorian-health-services-performance/elective-surgery>> accessed 5 July 2022; Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 9.

<sup>28</sup> Victorian Agency for Health Information, *Number of patients on the waiting list, 2022*, <<https://vahi.vic.gov.au/visualisation/6336/74a1d9ff-2350-47ab-8744-2cf502072cba>> accessed 15 June 2022; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Financial and Performance Outcomes*, April 2022, p. 40.

<sup>29</sup> Victorian Agency for Health Information, *Number of patients on the waiting list*; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 27; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Financial and Performance Outcomes*, p. 40.

<sup>30</sup> Victorian Agency for Health Information, *Number of patients on the waiting list*; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, p. 27; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Financial and Performance Outcomes*, p. 40.

<sup>31</sup> Victorian Agency for Health Information, *Number of patients on the waiting list*.

**RECOMMENDATION 5:** The Victorian Agency for Health Information publish and retain on its website past elective surgery data sets, beyond the last five quarters, to ensure trends over time can be tracked.

Funding for the *COVID catch-up plan* in the 2022–23 Budget seeks to address elective surgery wait times and the number of people waiting for surgery, while also reforming and improving the way surgical activity is undertaken across the Victorian health system.<sup>32</sup> \$1.4 billion is provided across 2021–22 to 2025–26, including:

- \$524.6 million to maximise public activity and throughput, through new Rapid Access Hubs, increased twilight/after-hours work, and expanded same-day models of care
- \$548.1 million to maximise all available private hospital capacity to support public patients and deliver over 51,000 extra surgeries by June 2024
- \$80 million to upskill more than 1,000 nurses and theatre and sterilisation technicians, support the training of an additional 400 perioperative nurses, and recruit a further 2,000 highly skilled healthcare workers from overseas
- \$20.3 million for a Surgical Equipment Innovation Fund to upgrade, modernise and replace surgical equipment and image-capture systems
- Frankston Hospital to be transformed into a dedicated public surgery centre, delivering 9,000 surgeries per year from 2023.<sup>33</sup>

Through the *COVID catch-up plan*, DH expects 240,000 people will be able to receive elective surgery each year by June 2024.<sup>34</sup> This represents an additional 40,000 or around 25% more procedures each year compared to pre-pandemic levels.<sup>35</sup> In 2021–22, the expected result for the performance measure ‘Number of patients admitted from the elective surgery waiting list’ was 164,168 against a target of 208,800.<sup>36</sup> In line with the new investment the target for this measure has been increased by 21,300 (to 230,100) for 2022–23.<sup>37</sup>

DH includes several useful objective indicators in its annual report regarding elective surgery admissions. However, noting the significant investment in the *COVID-19 catch-up plan* to admit patients from the waitlist, inclusion of a new objective indicator related to the total number of people on the elective surgery waiting list each year would improve transparency.

<sup>32</sup> Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, pp. 9, 10.

<sup>33</sup> Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 13–14; Hon Martin Foley MP, Minister for Health, *2022–23 Budget Estimates hearing presentation: Health*, p. 3.

<sup>34</sup> Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 29.

<sup>35</sup> *Ibid.*, pp. 13–14.

<sup>36</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 223.

<sup>37</sup> *Ibid.*, p. 223 (Committee calculation).

DH's ability to reach its expected increased output for elective surgery is interdependent on the success of the Government's investment in the healthcare workforce. The 2022–23 Budget addresses this interdependency with a significant investment in the public healthcare workforce, as discussed in Section 3.4.2. To increase community confidence in the healthcare system it will be important for the Government to demonstrate its investment in, and actual growth of, the healthcare workforce.

**FINDING 23:** As part of the *COVID catch-up plan*, the Department of Health expects 240,000 people will be able to receive elective surgery each year by June 2024, growing pre-pandemic levels of surgery by 40,000, or 25% each year.

**RECOMMENDATION 6:** To better understand the achievements of the *COVID catch-up plan*, the Department of Health develop a new objective indicator that demonstrates the total number of people on the elective surgery waiting list each year to complement the existing reporting by the Victorian Agency for Health Information.

Compared to the 2020–21 and 2021–22 Budgets which provided funding for elective surgery 'blitzes' in response to the pandemic, the Minister for Health emphasised that the *COVID catch-up plan* was not a one-off package, but 'a commitment to reform in partnership across the public and private systems'.<sup>38</sup> The Minister for Health explained to the Committee how the *COVID catch-up plan* would allow for a different model of delivering surgery effectively into the future, ensuring deferred care is dealt with expeditiously, those who are overdue are prioritised and capacity across private and public hospitals is improved.<sup>39</sup>

Part of this reform is the establishment of eight Rapid Access Hubs (RAHs).<sup>40</sup> RAHs will support private hospitals to deliver more public surgeries and exclusively deliver specific, high-volume surgeries.<sup>41</sup> As RAHs will be quarantined from the impact of acute and emergency demands, DH expects they will provide for more predictable capacity.<sup>42</sup>

The Minister informed the Committee that RAHs will seek to build skills, processes and systems around a set of procedures that will limit equipment and staff changes, improving efficiency, scheduling and utilisation of theatres.<sup>43</sup> It is expected this will lead to shorter wait times and increased patient access, while improving safety and quality.<sup>44</sup>

<sup>38</sup> Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 9; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, pp. 60–61; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, pp. 27–28; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 66; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 59.

<sup>39</sup> Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 9.

<sup>40</sup> *Ibid.*; Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 13–14.

<sup>41</sup> Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 9; Hon Daniel Andrews MP, *Putting Patients First: A Pandemic Repair Plan*, media release, 3 May 2022.

<sup>42</sup> Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 9.

<sup>43</sup> *Ibid.*, p. 10.

<sup>44</sup> *Ibid.*

**FINDING 24:** The *COVID catch-up plan* institutes reform across elective surgeries in the private and public health systems. Part of the reform will establish eight Rapid Access Hubs, which will be quarantined from the impact of acute and emergency demands, allowing for greater efficiencies and capacity when delivering elective surgeries.

### 3.4.2 Public healthcare workforce

Building the capacity of Victoria's healthcare workforce is a key priority of the 2022–23 Budget.<sup>45</sup> Initiatives to grow the healthcare workforce while also supporting training and development include the *Standing with our health workforce—investing in our future health workforce* initiative. \$70.8 million is provided over four years for this initiative, with most of the funding to be spent in 2022–23 and 2023–24.<sup>46</sup> The initiative includes:

- \$59 million to recruit and fast track registered nurses and midwives, allowing 1,200 registered undergraduate nurses and midwifery students to enter the workforce earlier over two years
- \$4.7 million for allied health advanced practice roles to uptake skilled allied health workers and to improve patient care
- \$5.6 million for 275 additional graduate enrolled nurses to start in the hospital system with the supports needed through Enrolled Nurse Transition to Practice positions
- \$1.5 million to support Aboriginal cadetships and traineeships for Aboriginal students and current workers in a number of health disciplines.<sup>47</sup>

As discussed in Section 3.4.1, the *COVID catch-up plan* also includes \$80 million in funding for new nursing, theatre and sterilisation technician positions and for the recruitment of 2,000 international healthcare workers, predominantly for elective surgery.<sup>48</sup> The Premier advised that the 2022–23 Budget provides funding for 7,000 additional healthcare workers, 5,000 of which are nurses.<sup>49</sup>

According to the latest data available to the Committee, in June 2021 there were 133,444 public healthcare workers in Victoria by total headcount, 51,012 of which were nurses.<sup>50</sup> The investments for healthcare worker positions in the budget represent, by

<sup>45</sup> Ibid., p. 22.

<sup>46</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 54 (Committee calculation).

<sup>47</sup> Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 2; Hon Martin Foley MP, Minister for Health, *2022–23 Budget Estimates hearing presentation: Health*, p. 4; Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 35, 54; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 62.

<sup>48</sup> Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 23; Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 29; Hon Martin Foley MP, Minister for Health, *2022–23 Budget Estimates hearing presentation: Health*, p. 3.

<sup>49</sup> Hon Daniel Andrews MP, Premier, *Transcript of evidence*, p. 9.

<sup>50</sup> The full time equivalent for public healthcare workers in Victoria is approximately 98,000, of which approximately 37,000 are nurses. Source: Victorian Public Sector Commission, *Employee numbers*, 12 March 2022, <<https://vpssc.vic.gov.au/data-and-research/data-facts-visuals-state-of-the-sector/employee-numbers>> accessed 5 July 2022 (Committee calculation).

headcount, an added 5.2% to the total healthcare workforce, and an added 9.8% to the number of nurses.<sup>51</sup>

The Committee acknowledges possible challenges to recruiting the number of healthcare workers outlined in the budget are the international demand for healthcare workers, continued limited immigration post-pandemic restrictions and the ability to source employees in the context of Victoria's current historically low unemployment rates.<sup>52</sup>

During the hearing the Minister for Health acknowledged that recruitment, training and development of the healthcare workforce was central to the healthcare reform budget.<sup>53</sup> The Minister explained that managing the evolving COVID-19 pandemic and reductions on pandemic related restrictions had led to an increased complexity of care, impacting hospitals and emergency departments.<sup>54</sup> Working during the pandemic had also led to a fatigued workforce, which was facing pressure from a challenging influenza season in 2022. Added to this was disruptions to the workforce due to an average of 1,500 healthcare workers being furloughed each day due to COVID-19, and vacancies in healthcare reaching record levels.<sup>55</sup>

Healthcare workforce shortages were also a contributing factor to all Victorian public hospitals declaring a Code Brown in January 2022.<sup>56</sup> A number of healthcare peak bodies have expressed their concern regarding workforce shortages and its impact on healthcare workers.<sup>57</sup>

At the hearing, the Minister for Health advised a new strategy would be launched for the recruitment of international healthcare workers, which would include financial support associated with relocation.<sup>58</sup> While the Government also has a key focus on Victoria's domestic and local healthcare workforce, it is unclear if other strategies will be developed to support the recruitment of 7,000 additional health care workers.<sup>59</sup> Since August 2021 the Government has successfully recruited 440 international healthcare workers.<sup>60</sup>

51 By total headcount. Source: Victorian Public Sector Commission, *Employee numbers* (Committee calculation).

52 Department of Treasury and Finance, *Budget Paper No. 2: 2022-23*, p. 1.

53 Hon Martin Foley MP, Minister for Health, *2022-23 Budget Estimates hearing presentation: Health*, p. 22.

54 Ibid.

55 Ibid.; Department of Health, *Healthcare worker winter retention and surge payment*, 9 June 2022, <<https://www.health.vic.gov.au/news/healthcare-worker-winter-retention-surge-payment>> accessed 5 July 2022.

56 In Victorian health services and facilities, a Code Brown is used to plan, prepare, respond and recover from an external emergency. A Code Brown is called by a health service or facility when additional capability and capacity needs to be mobilised within that facility to receive an influx of patients due to an external emergency. Source: Department of Health, *Code Brown Guidelines: State Health Emergency Response Arrangements*, 1 October 2017, Melbourne, p. 1; Hon James Merlino MP, *Pandemic Code Brown to Support Hospitals*, media release, 18 January 2022.

57 The Australian Medical Association, *Dr Khorshid on health care crisis, funding and workforce shortages*, 16 June 2022, <<https://www.ama.com.au/media/dr-khorshid-health-care-crisis-funding-and-workforce-shortages>> accessed 5 July 2022; Australian Nursing and Midwifery Federation, *Health services must look after precious nurses and midwives*, 1 June 2022, <<https://otr.anmfvic.asn.au/articles/health-services-must-look-after-precious-nurses-and-midwives>> accessed 5 July 2022; Victorian Healthcare Association, *Australia urgently needs a health workforce plan*, 2 May 2022, <<https://vha.org.au/news/australia-urgently-needs-a-health-workforce-plan>> accessed 5 July 2022.

58 Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 28.

59 Ibid.

60 Hon Daniel Andrews MP, *More support for healthcare workers*, media release, 9 June 2022.



Noting the significant funding allocated to growing the healthcare workforce and how increasing the workforce is an essential first step in achieving other health related initiatives as part of the *Pandemic repair plan*, it is appropriate for DH to include data regarding the number of healthcare workers per year by occupation through performance measures and objective indicators. Public tracking of workforce growth could also be enhanced by DH updating its Knowledge Bank Public Health Workforce website a minimum of twice per year.<sup>61</sup>

**RECOMMENDATION 7:** The Department of Health (DH) develop new performance measures and objective indicators to show targets and growth of healthcare workers by occupation, for inclusion in the 2023–24 Budget and DH’s next annual report.

**RECOMMENDATION 8:** The Department of Health update its Knowledge Bank Public Health Workforce data a minimum of twice per year.

### Healthcare worker wellbeing

The 2022–23 Budget includes \$4.8 million over four years for *A safe and engaged workforce* initiative.<sup>62</sup> This initiative will continue the Safer Care Victoria Healthcare Worker Wellbeing Centre for a further two years and expand coverage from 21 to 100 health and community health centres.<sup>63</sup>

The Healthcare Worker Wellbeing Centre provides support for all people who work in clinical and non-clinical roles in health services, community health and aged and primary care settings.<sup>64</sup> The Minister advised that supports available through the Healthcare Worker Wellbeing Centre include digital resources to support mental health and wellbeing and resources for managers and leaders to support their staff, as well as onsite psychologists and counsellors and provision of healthy eating resources.<sup>65</sup> Support will also extend to the families of healthcare workers where appropriate.<sup>66</sup>

The *Safe and engaged workforce* initiative will also expand the Nursing and Midwifery Health Program Victoria to an additional 600 nurses and midwives, providing access to one-on-one psychological support services.<sup>67</sup>

61 Data on this website is only available up to the year 2020. Source: Department of Health, *Public Health Workforce*, <<https://www.vicknowledgebank.net.au/current-workforce/public-health-workforce>> accessed 5 July 2022.

62 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 54 (Committee calculation).

63 Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 29.

64 Safer Care Victoria, *About the Healthcare worker wellbeing centre*, 2022, <<https://www.safercare.vic.gov.au/support-and-training/hcw-wellbeing/about-hcwwc>> accessed 5 July 2022.

65 Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 29.

66 Ibid.; Victorian Government, *Mental health support*, 29 June 2022, <<https://www.coronavirus.vic.gov.au/mental-health-resources-healthcare-workers>> accessed 5 July 2022.

67 Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 30; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 54, 56.



While the budget is responsive to the need for mental health and wellbeing support for the public healthcare workforce, required supports are likely to change and evolve over the coming months and years. Considering the importance of healthcare worker wellbeing and retention, the challenging environment healthcare workers have experienced throughout the pandemic and recognising the dynamic challenges faced by the healthcare workforce, mental health and wellbeing supports should be regularly monitored and reviewed to ensure they are fit for purpose.

**FINDING 25:** The 2022–23 Budget includes \$4.8 million for healthcare worker wellbeing initiatives.

**RECOMMENDATION 9:** In the context of the unprecedented pressures on the healthcare system as a result of the COVID-19 pandemic, the Department of Health regularly monitor and review its mental health and wellbeing supports for the Victorian public healthcare workforce to ensure they are responsive to the dynamic challenges faced by the sector.

### Staff retention

In the context of healthcare worker fatigue and the ongoing pressures of the COVID-19 pandemic on the workforce, the Committee inquired at the hearings about the number of healthcare workers who are leaving the hospital system.<sup>68</sup> In a response to a question on notice, DH advised that separations reported from June 2020 to June 2021 for healthcare workers from public health service employers was 15,991.<sup>69</sup> Separations include healthcare workers who have left one public healthcare employer and have immediately joined another.<sup>70</sup>

Data available from the Victorian Public Sector Commission shows that separation rates in public health care, excluding casual employees, has been relatively stable between 2014–15 and 2020–21, with the new staff rate exceeding the separation rate in each year.<sup>71</sup>

The Minister advised the Committee that in the last six months public health services were also seeing employees reducing their hours or changing their employment status, from full time to part time or casual.<sup>72</sup> The number of non-attendances for shifts was also increasing, demonstrating the issue of fatigue in the workforce.<sup>73</sup>

68 Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Health) hearing, Melbourne, 20 May 2022, *Transcript of evidence*, p. 32.

69 Hon Martin Foley MP, Minister for Health, response to questions on notice received 9 June 2022, p. 10.

70 Ibid.

71 Victorian Public Sector Commission, *Employee turnover and mobility*, 12 March 2022, <<https://vpssc.vic.gov.au/data-and-research/data-facts-visuals-state-of-the-sector/employee-turnover-and-mobility>> accessed 5 July 2022.

72 Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 32.

73 Ibid.

The Government has instituted several initiatives to retain staff, including the wellbeing response detailed above.<sup>74</sup> Post-budget release in June 2022, a funding package of \$353 million for the *Healthcare worker winter retention and surge payment* was also announced.<sup>75</sup> The package includes payments of \$3,000 in two separate lump sums in August and September 2022 to all staff working in public hospitals and ambulance services.<sup>76</sup> The package will also include incentives for staff to fill night shifts, such as free meals.<sup>77</sup>

**FINDING 26:** The Government has instituted several initiatives to retain healthcare staff, including the \$353 million *Healthcare worker retention and surge payment*, which offers \$3,000 to all staff in public hospitals and ambulance services and incentives to fill night shifts.

**RECOMMENDATION 10:** The Department of Health account for the *Healthcare worker retention and surge payment* in the 2022–23 Budget Update.

### 3.4.3 Drug treatment and rehabilitation

DH funds a range of specialist alcohol and other drug treatment services that are delivered in the community or in residential facilities.<sup>78</sup> Treating approximately 40,000 Victorians a year, treatment and support services include counselling, residential and non-residential withdrawal, therapeutic day and residential rehabilitation, care and recovery co-ordination and pharmacotherapy.<sup>79</sup>

The 2022–23 Budget invests in drug and alcohol treatment and rehabilitation, with new output and asset initiatives including:

- \$36 million TEI to construct a 30-bed alcohol and other drugs residential rehabilitation facility in Mildura
- \$14.9 million for the Better outcomes for substance use and addiction initiative, to support better outcomes for Victorians experiencing substance use and addiction
- \$4.6 million for the Investing in a thriving North Richmond initiative, to improve access to health and social support services and improve experiences and perceptions of safety and security in the North Richmond precinct.<sup>80</sup>

<sup>74</sup> Ibid, p. 33.

<sup>75</sup> Hon Daniel Andrews MP, *More support for healthcare workers*, media release, 9 June 2022.

<sup>76</sup> Ibid.

<sup>77</sup> Ibid.

<sup>78</sup> Department of Health, *Alcohol and other drug treatment services*, 22 October 2021, <<https://www.health.vic.gov.au/alcohol-and-drugs/alcohol-and-other-drug-treatment-services>> accessed 5 July 2022.

<sup>79</sup> A description of each stream can be found on the Department of Health's website here: Department of Health, *Overview of Victoria's alcohol and drug treatment system*, 18 November 2021, <<https://www.health.vic.gov.au/aod-treatment-services/overview-of-victorias-alcohol-and-drug-treatment-system>> accessed 5 July 2022. Source: Department of Health, *Overview of Victoria's alcohol and drug treatment system*; Department of Health, *Alcohol and other drug treatment services*.

<sup>80</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 54, 60, 66, 69 (Committee calculation).

During the hearing several elements of the Drug Treatment and Rehabilitation output were discussed with the Minister for Health. Regarding the \$31.6 million difference between funding for the output in the 2021–22 revised budget and the 2022–23 Budget, the Minister advised that it related to time specific support to the sector that was provided during the COVID-19 pandemic which had since ended.<sup>81</sup> The Minister also explained how other areas of the 2022–23 Budget contribute to a ‘broadening’ of how alcohol and other drug services are delivered in Victoria.<sup>82</sup> This included funding for mental health reform and the *Better at Home* program, which can bring together allied health clinicians and community-based addiction and rehabilitation services into a community-based supportive setting.<sup>83</sup>

**FINDING 27:** The investment in mental health reform and the *Better at Home* initiative in the 2022–23 Budget contributes to the delivery of drug and alcohol treatment, addiction and rehabilitation services.

At the hearing the Minister also informed the Committee about DH’s program to expand the number of residential rehabilitation beds in Victoria, including the investment in a facility in Mildura noted above.<sup>84</sup> While the continued support of this program will improve capacity, the most recent data available to the Committee demonstrates that Victoria has 492 public residential rehabilitation beds, representing 0.74 beds per 10,000 of the population.<sup>85</sup> This is the second lowest rate of all Australian states and territories<sup>86</sup> and in 2020–21 closed treatment episodes in Victoria<sup>87</sup> grew to their highest levels in 10 years.<sup>88</sup> This situation is compounded by the effects of the COVID-19 pandemic on waitlists for all addiction and rehabilitation treatments.<sup>89</sup>

81 Ibid., p. 220 (Committee calculation); Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, p. 11.

82 Hon Martin Foley MP, Minister for Health, *Transcript of evidence*, pp. 11–12.

83 Ibid.

84 Ibid., pp. 12–13.

85 Victorian Alcohol and Drug Association, *Funding cut to drug treatment during pandemic will place lives in jeopardy*, media release, 3 May 2022; Hon Martin Foley MP, Minister for Health, 2019–20 Budget Estimates hearing, response to questions on notice received 25 July 2019, p. 4.

86 Victorian Alcohol and Drug Association, *Funding cut to drug treatment during pandemic will place lives in jeopardy*, media release; Hon Martin Foley MP, Minister for Health, response to questions on notice received 25 July 2019, p. 4.

87 A closed treatment episode is an episode of treatment for alcohol and other drugs is the period of contact, with defined dates of commencement and cessation, between a client and a treatment provider or team of providers in which there is no change in the main treatment type or the principal drug of concern, and there has not been a non-planned absence of contact for greater than 3 months. Source: Australian Institute of Health and Welfare, *Alcohol and other drug treatment services in Australia: early insights – Key terminology and glossary*, 13 April 2022, <<https://www.aihw.gov.au/reports/alcohol-other-drug-treatment-services-aus/contents/technical-notes/key-terminology-and-glossary>> accessed 5 July 2022.

88 Australian Institute of Health and Welfare, *Alcohol and other drug treatment services in Australia: early insights – Treatment*, 31 March 2022, <<https://www.aihw.gov.au/reports/alcohol-other-drug-treatment-services/alcohol-other-drug-treatment-services-aus/contents/summary/treatment>> accessed 5 July 2022; Victorian Alcohol and Drug Association, *VAADA ‘snapshot’ waitlist survey*, 2021, <[https://www.vaada.org.au/wp-content/uploads/2021/10/REP\\_VAADA-snapshot-survey\\_10082021.pdf](https://www.vaada.org.au/wp-content/uploads/2021/10/REP_VAADA-snapshot-survey_10082021.pdf)> accessed 5 July 2022.

89 Australian Institute of Health and Welfare, *Alcohol and other drug treatment services in Australia: early insights – Treatment*; Victorian Alcohol and Drug Association, *VAADA ‘snapshot’ waitlist survey*.

While DH currently has several performance measures demonstrating outcomes in drug treatment and rehabilitation services, reporting would be enhanced by the publication of data regarding how many public residential rehabilitation beds there are in Victoria and how long wait times are to access these beds. Considering wait times for residential and withdrawal beds is a key performance indicator for DH, the Committee suggests a performance measure is created to track wait times.

Similarly, under the Drug Treatment and Rehabilitation output, performance measures could be enhanced with quantity and quality measures relating to residential rehabilitation and other treatment streams. The Committee also notes that for several performance measures under the Drug Treatment and Rehabilitation output, DH has exceeded its targets repeatedly over a number of years.<sup>90</sup> DH should review its performance measure targets for this output to ensure they are sufficiently challenging.

**RECOMMENDATION 11:** The Department of Health institute a performance measure to assess the wait times for residential and withdrawal rehabilitation beds in the public system for inclusion in the 2023–24 Budget.

**RECOMMENDATION 12:** The Department of Health review the existing performance measures under the Drug Treatment and Rehabilitation output to add further relevant quantity and quality measures, and to ensure targets for existing measures are sufficiently challenging.

### 3.5 Ambulance Services portfolio: key issues

The Minister for Ambulance Services is responsible for two outputs: Ambulance Emergency Services (funding in 2022–23: \$1.2 billion) and Ambulance Non-Emergency Services (funding in 2022–23: \$180 million).<sup>91</sup>

Several areas related to the Ambulance Services portfolio were discussed during the hearing, including funding to strengthen the cybersecurity of Ambulance Victoria, recommendations arising from the *Independent Review into Workplace Equality in Ambulance Victoria* and ambulance transfers from Victoria's corrections facilities.

<sup>90</sup> This includes the measures 'Clients on the Pharmacotherapy program', 'Commenced courses of treatment – community-based drug treatment services' and 'Percentage of new clients to existing clients'. Source: Department of Treasury and Finance, *Departmental statements – Departmental performance measures*, 24 June 2022, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 5 July 2022.

<sup>91</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 220; Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 130.

### 3.5.1 Ambulance Victoria

The 2022–23 Budget contains one new output initiative for the Ambulance Services portfolio, *Supporting our frontline ambulance services*, which consists of \$122.3 million in funding between 2021–22 and 2025–26.<sup>92</sup> The new output initiative includes funding for:

- recruiting an additional 90 paramedics who will begin work in the 2022–23 year enhancing fleet management, rostering and support functions
- establishing a second Mobile Stroke Unit to improve access to pre-hospital treatment
- supporting Ambulance Victoria (AV) to implement recommendations from the Victorian Equal Opportunity and Human Rights Commission’s review into workplace equality.<sup>93</sup>

The Minister for Ambulance Services explained to the Committee that as COVID-19 restrictions reduced in Victoria, demand for ambulances surged, resulting in AV experiencing its busiest quarter in its history between January and March 2022.<sup>94</sup> During this quarter, AV responded to 14.2% more calls than over the same period in the previous year.<sup>95</sup> At this time, AV’s workforce was also experiencing similar workplace pressures to the broader healthcare sector, including furloughed staff and a fatigued workforce.<sup>96</sup> Flow on effects from high demand across the entire healthcare system also had an impact on AV staff and ambulance availability, including the time taken for patients to be transferred from an ambulance to emergency departments.<sup>97</sup>

The Minister advised the Committee that funding in the 2022–23 Budget would bolster paramedic numbers, aid the recovery from the pandemic, improve AV’s performance and support the increasing demand for AV’s services as Victoria’s population grows and ages.<sup>98</sup>

**FINDING 28:** The 2022–23 Budget contains funding to recruit 90 new paramedics to Ambulance Victoria. This funding responds to the increased demand for ambulance services post-COVID-19 restrictions and predicted future demand.

<sup>92</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 54 (Committee calculation).

<sup>93</sup> Hon Martin Foley MP, Minister for Ambulance Services, 2022–23 Budget Estimates (Ambulance Services) hearing, Melbourne, 20 May 2022, *Transcript of evidence*, pp. 1, 3–4, 10; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 58.

<sup>94</sup> Hon Martin Foley MP, Minister for Ambulance Services, *Transcript of evidence*, pp. 1, 5.

<sup>95</sup> *Ibid.*, pp. 1, 4–5; Hon Martin Foley MP, Minister for Ambulance Services, 2022–23 Budget Estimates hearing presentation: *Ambulance Services*, supplementary evidence received 20 May 2022, pp. 2–4.

<sup>96</sup> Hon Martin Foley MP, Minister for Ambulance Services, *Transcript of evidence*, pp. 4–5; Hon Martin Foley MP, Minister for Ambulance Services, 2022–23 Budget Estimates hearing presentation: *Ambulance Services*, supplementary evidence, p. 2.

<sup>97</sup> Australian Medical Association, *Ambulance Ramping Report Card*, May 2022, <<https://www.ama.com.au/articles/ama-ambulance-ramping-report-card>> accessed 5 July 2022, p. 3.

<sup>98</sup> Hon Martin Foley MP, Minister for Ambulance Services, *Transcript of evidence*, pp. 3–5.

During the hearings the Minister told the Committee that ‘ambulance performance has suffered dramatically in terms of where ambulance service was in 2019...the driving factor behind that has been the multipronged challenges that the COVID-19 global pandemic has delivered’.<sup>99</sup>

AV has two budget paper performance measures related to the timeliness of services, both of which are not expected to be met for 2021–22:

- Proportion of emergency (Code 1)<sup>100</sup> incidents responded to within 15 minutes – statewide. From a target of 85% the expected result is 70.1%
- Proportion of emergency (Code 1) incidents responded to within 15 minutes in centres with more than 7,500 population. From a target of 90% the expected result is 74%.<sup>101</sup>

The Committee was advised that during 2021–22 the performance for response to Code 1 emergencies within 15 minutes had dipped into the 50<sup>th</sup> percentile, meaning the target was only met half of the time.<sup>102</sup> During the hearings the Committee was advised of three deaths associated with AV in 2021–22.<sup>103</sup> AV took on notice the question of how many other sentinel events had occurred in 2020–21.<sup>104</sup> In response to this question and requests from the Committee for further information, DH advised ‘Safer Care Victoria will publish a 2021–2022 report in due course’.<sup>105</sup>

Figure 3.2 below shows AV’s performance against proportion of emergency (Code 1) incidences responded to within 15 minutes for each quarter between 2019 and 2022.<sup>106</sup>

<sup>99</sup> Ibid., p. 5.

<sup>100</sup> According to Ambulance Victoria, patients that require urgent paramedic and hospital care are designated as ‘Code 1’ and receive a ‘lights and sirens’ response. Source: Ambulance Victoria, *Ambulance Victoria’s Performance 2021–22 Quarter 3 (1st January 2022 to 31st March 2022)*, 2022, <<https://www.ambulance.vic.gov.au/wp-content/uploads/2022/04/2021-22-Q3-Ambulance-Response-Quarter-3-FY2021-22.pdf>> accessed 5 July 2022, p. 1.

<sup>101</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 230.

<sup>102</sup> Ms Libby Murphy, Acting Chief Executive Officer, Ambulance Victoria, 2022–23 Budget Estimates (Ambulance Services) hearing, Melbourne, 20 May 2022, *Transcript of evidence*, p. 2.

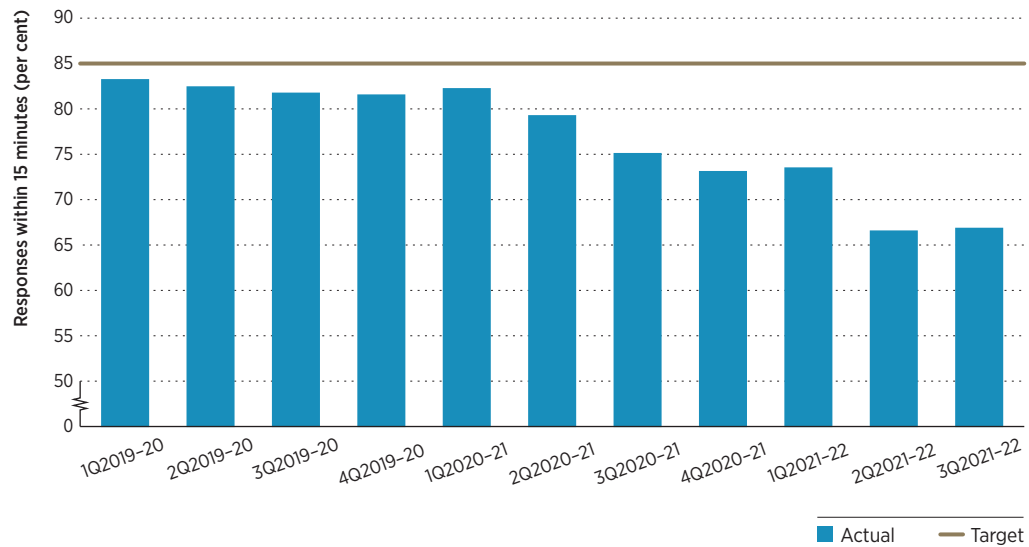
<sup>103</sup> Ibid., p. 2; Ms Libby Murphy, Acting Chief Executive Officer, Ambulance Victoria, 2022–23 Budget Estimates hearing, response to questions on notice received 9 June 2022, p. 5.

<sup>104</sup> The most serious adverse events occurring in healthcare are known as sentinel events. They are considered to be wholly preventable and where there is serious harm to, or the death of, a patient. Source: Ms Libby Murphy, Acting Chief Executive Officer, Ambulance Victoria, response to questions on notice received 9 June 2022, pp. 4–5.

<sup>105</sup> Ibid., p. 3.

<sup>106</sup> Ambulance Victoria, *Ambulance Victoria’s Performance 2021–22 Quarter 3*, p. 2.

**Figure 3.2** Proportion of emergency (Code 1) incidents responded to within 15 minutes, 2019–20 to 2021–22



Source: Ambulance Victoria, *Ambulance Victoria's Performance 2021–22 Quarter 3 (1st January 2022 to 31st March 2022, 2022*, <<https://www.ambulance.vic.gov.au/wp-content/uploads/2022/04/2021-22-Q3-Ambulance-Response-Quarter-3-FY2021-22.pdf>> accessed 23 June 2022, p. 2.

The Minister advised the Committee that the funding provided for AV in the 2022–23 Budget would look to aid AV in rebuilding its capacity to reach its levels of performance and service delivery as seen in 2019.<sup>107</sup> The Committee will continue to monitor the performance of AV during future budget estimates and financial and performance outcomes inquiries.

**FINDING 29:** For the third quarter of 2021–22, Ambulance Victoria's response rate to emergency (Code 1) incidents within 15 minutes was 66.8%, compared to 75.1% in quarter 3 2021–22 and 81.8% in quarter 3 2019–20.

### 3.6 Mental Health portfolio: key issues

The Minister for Mental Health is responsible for two outputs: Mental Health Clinical Care (funding in 2022–23: \$2.6 billion) and Mental Health Community Support Services (funding in 2022–23: \$155.2 million).<sup>108</sup>

The 2022–23 Budget includes \$1.3 billion in funding for mental health and wellbeing, with funding focused on implementing the recommendations of the Royal Commission into Victoria's Mental Health System (RCVMHS).<sup>109</sup>

<sup>107</sup> Hon Martin Foley MP, Minister for Ambulance Services, *Transcript of evidence*, p. 5.

<sup>108</sup> Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 131; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 220.

<sup>109</sup> Hon James Merlino MP, Minister for Mental Health, *2022–23 Budget Estimates hearing presentation: Mental Health*, supplementary evidence received 16 May 2022, p. 4.



### 3.6.1 Mental health workforce

The 2022–23 Budget includes \$372 million in funding to grow the mental health and wellbeing workforce, delivering 1,500 positions.<sup>110</sup> Funding is included for:

- more than 100 psychiatry positions, including training places for psychiatry registrars and advanced psychiatry positions
- more than 400 nursing positions, including 150 enrolled nurses, 165 registered nurse graduates and funding to support 100 experienced nurses to transition from other practice areas to mental health
- more than 600 allied health positions, including 555 new allied health graduate positions and funding for 60 experienced allied health clinicians to be trained in the mental health system so they can enter at a more senior level
- more than 300 psychology positions
- funding for advanced training, a clinical supervision program and more educators to train new recruits.<sup>111</sup>

The Minister for Mental Health advised the Committee that this record investment in Victoria's mental health workforce responds directly to recommendations from the RCVMHS.<sup>112</sup> The RCVMHS outlined several systemic issues that affect both the mental health workforce and the delivery of care including: workforce shortages that are more pronounced in some specialities and in rural and regional areas, staff burn out, the need to develop more pathways into employment, poor avenues for career progression and difficulty retaining employees.<sup>113</sup>

In 2021 DH released *Victoria's mental health and wellbeing workforce strategy 2021–2024*, acquitting a recommendation from the RCVMHS in part.<sup>114</sup> The strategy will be updated every two years and includes four key priorities for workforce reform.<sup>115</sup> The strategy:

sets out a coordinated and strategic approach to deliver the diverse, skilled and multidisciplinary workforce required for Victoria's reformed mental health and wellbeing system. This strategy sets out the Government's vision for the mental health and wellbeing workforce, including the activities that are necessary in the short, medium and longer term to deliver on this vision.<sup>116</sup>

<sup>110</sup> Ibid., pp. 2, 4.

<sup>111</sup> Hon James Merlino MP, Minister for Mental Health, 2022–23 Budget Estimates hearing, response to questions on notice received 8 June 2022, p. 3; Hon James Merlino MP, Minister for Mental Health, 2022–23 Budget Estimates (Mental Health) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, pp. 4, 13–14; Hon James Merlino MP, Minister for Mental Health, 2022–23 Budget Estimates hearing presentation: *Mental Health*, supplementary evidence, p. 6.

<sup>112</sup> Hon James Merlino MP, Minister for Mental Health, *Transcript of evidence*, pp. 2, 11.

<sup>113</sup> Department of Health, *Recommendation 57*, 18 March 2022, <<https://www.health.vic.gov.au/mental-health-reform/recommendation-57>> accessed 5 July 2022; State of Victoria, *Royal Commission into Victoria's Mental Health System – Final Report, Summary and recommendations*, Melbourne, February 2021, p. 18.

<sup>114</sup> Hon James Merlino MP, Minister for Mental Health, *Transcript of evidence*, p. 11.

<sup>115</sup> Department of Health, *Victoria's mental health and wellbeing workforce strategy 2021–2024*, Melbourne, December 2021, p. 8.

<sup>116</sup> Ibid.



The Committee notes that the strategy modelled a need of approximately 2,500 additional workers in the public mental health system over the next three and a half years, which the 2021–22 and 2022–23 Budget delivers.<sup>117</sup> The strategy also demonstrates there is an approximate 13% full time employee vacancy rate in the public specialist mental health service, with the largest vacancy rates found in the lived experience workforce and occupational therapy professions, which were not targets of new funded positions in the 2022–23 Budget.<sup>118</sup>

When asked how the budget's funding responds to both retention and vacancies in the mental health system, the Minister outlined several elements. These included a national and international campaign to recruit new employees and initiatives to support the existing workforce's safety and wellbeing.<sup>119</sup> The Minister emphasised that while the budget includes graduate and entry level jobs, it also supports training pathways, educator roles, clinical supervision training and postgraduate scholarship opportunities to develop the skills and knowledge of mental health professionals, leading to better employee retention and attraction.<sup>120</sup>

In terms of tracking DH's achievements and outcomes related to implementing the workforce recommendations of the RCVMHS and DH's workforce strategy, the strategy advises a Mental Health and Wellbeing Outcomes and Performance Framework is being developed, which will measure the 'impact of initiatives to build workforce supply, capability and wellbeing'.<sup>121</sup> Regular updates on achievements will be shared through media releases and the mental health reform website, as well as other channels.<sup>122</sup> It is unclear when the positions funded in the budget would be filled, or whether there was a timeline in place to fill these vacancies.

Considering the importance of building and reforming the mental health and wellbeing workforce to wider mental health reform in Victoria, DH should both report on the achievements of its workforce strategy every two years to align with the timeline on updating and reviewing the strategy and should include in the Mental Health and Wellbeing Outcomes and Performance Framework the actual number of positions filled through government investment, including through budget initiatives.

**FINDING 30:** The 2022–23 Budget makes a significant \$372 million investment to grow the mental health workforce. It is unclear when the funded positions will be filled and how the actual positions filled will be reported.

<sup>117</sup> Hon James Merlino MP, Minister for Mental Health, *2022–23 Budget Estimates hearing presentation: Mental Health, supplementary evidence*, p. 6.

<sup>118</sup> Department of Health, *Victoria's mental health and wellbeing workforce strategy 2021–2024*, p. 22 (Committee calculation).

<sup>119</sup> Hon James Merlino MP, Minister for Mental Health, *Transcript of evidence*, pp. 7–8.

<sup>120</sup> *Ibid.*, pp. 7–8, 14–15.

<sup>121</sup> Department of Health, *Victoria's mental health and wellbeing workforce strategy 2021–2024*, p. 53.

<sup>122</sup> *Ibid.*

**RECOMMENDATION 13:** The Department of Health report on the actual outcomes of *Victoria's mental health and wellbeing workforce strategy 2021–2024* every two years, to align with the update and review process of the strategy.

**RECOMMENDATION 14:** The Department of Health report on the net increase of mental health workers achieved by profession in the Mental Health and Wellbeing Outcomes and Performance Framework.

## 3.7 Performance measures

### 3.7.1 Department wide: analysis of new performance measures

DH added 20 new performance measures in the 2022–23 Budget, four of which replaced discontinued measures.<sup>123</sup> Thirty of DH's existing performance measures were modified in the 2022–23 Budget. The Committee did not identify issues with the new measures outlined by DH.

The Committee notes that DH has added 12 performance measures in the 2022–23 Budget to the Mental Health Clinical Care output, in line with recommendations of the Royal Commission into Victoria's Mental Health System to better measure government investment in this space.<sup>124</sup> However, no new performance measures have been added to the related Mental Health Community Support Services output in 2022–23.<sup>125</sup>

**FINDING 31:** The 2022–23 Budget includes 12 new performance measures to the Mental Health Clinical Care output that reflect recommendations of the Royal Commission into Victoria's Mental Health System to better measure government investment in this space. However, no new performance measures have been added to the related Mental Health Community Support Services output in 2022–23.

**RECOMMENDATION 15:** The Department of Health include performance measures in the 2023–24 Budget to assess the outcomes achieved under the Mental Health Community Support Services output that reflect recommendations of the Royal Commission into Victoria's Mental Health System and government investment in this space.

<sup>123</sup> Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 81–91.

<sup>124</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 235–236.

<sup>125</sup> Ibid.

### 3.7.2 Department wide: analysis of performance measures proposed to be discontinued

DH identified five performance measures for discontinuation in the 2022–23 Budget.

The Committee supports DH's rationale for the discontinuation of four measures. Table 3.1 summarises the issues that the Committee identified with the remaining performance measure proposed to be discontinued by relevant output.

**Table 3.1** Issues with performance measures proposed to be discontinued in 2022–23

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Health Protection (Quality)	Number of persons participating in newborn bloodspot or maternal serum screening <sup>a</sup>	<p>The performance measure is to be replaced with the measure 'Percentage of newborns having a newborn bloodspot screening test'. The Committee supports the change from number of persons participating to percentage participation in the program.</p> <p>However, the Department of Health (DH) did not provide a rationale as to why maternal serum screening is no longer measured. If DH is continuing to provide this screening, the performance measure should be retained.</p>

- a. A newborn bloodspot screening identifies babies at risk of potentially serious medical conditions that can affect normal development in newborn babies. The screening should be offered to families of all newborn babies in Victoria. A maternal serum screening is a blood test offered to pregnant people to inform them of the chance of their unborn child having Down syndrome, Edward syndrome or a neural tube defect.

Source: Department of Health, *Newborn bloodspot screening: policy and guideline*, 2021, <<https://www.health.vic.gov.au/sites/default/files/2021-12/newborn-screening-policy-and-guidelines.pdf>> accessed 20 July 2022, p. 3; Better Health Channel, *Pregnancy tests – maternal serum screening*, 1 April 2022, <<https://www.betterhealth.vic.gov.au/health/conditionsandtreatments/pregnancy-tests-maternal-serum-screening>> accessed 20 July 2022; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 399; Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, p. 90.

**RECOMMENDATION 16:** The Department of Health review the performance measure under the Health Protection output—Number of persons participating in newborn bloodspot or maternal serum screening—that is proposed to be discontinued in 2022–23.



# 4 Department of Education and Training

## 4.1 Overview

The Department of Education and Training (DET) supports the ministerial portfolios of: Early Childhood, Education, Higher Education and Training and Skills.<sup>1</sup>

In 2022–23 DET's objectives are to:

- raise standards of learning and development achieved by Victorians using education and training (Achievement)
- increase the number of Victorians actively participating in education and training (Engagement)
- increase the contribution that education and training make to quality of life for all Victorians, particularly children and young people (Wellbeing)
- increase the productivity DET services (Productivity).<sup>2</sup>

The key issues section of this chapter focuses on matters relevant to DET's portfolios that were identified during the estimates hearings.

## 4.2 Financial analysis

In 2022–23 DET has the second largest budget of all Victorian Government departments, representing 23.4% of total government output.<sup>3</sup>

In 2022–23 DET is allocated \$16.5 billion to fund its outputs, an increase of \$588.1 million (3.7%) compared to the 2021–22 Budget.<sup>4</sup>

DET's output appropriations are budgeted as \$15.8 billion for 2022–23, an increase of \$680.4 million (4.5%) compared to the 2021–22 revised budget.<sup>5</sup> This variation is due to funding of new initiatives, increases to year-on-year funding for initiatives announced in prior budgets, indexation and re-phasing of funding from 2021–22 into 2022–23.<sup>6</sup>

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 138.

2 Ibid.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 139 (Committee calculation).

4 Ibid.

5 Ibid.

6 Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 5 May 2022, p. 19.

DET's income from the sale of goods and services are budgeted as \$608 million, an increase of \$80 million (15.2%) compared to the 2021–22 revised budget.<sup>7</sup> This variance was caused by an increase in Technical and Further Education (TAFE) and schools' fees for services, following lower than expected 2021–22 revenue due to the continued impacts of the COVID-19 pandemic.<sup>8</sup>

DET's other income is budgeted as \$527 million, an increase of \$113 million (27.3%) compared to the 2021–22 revised budget.<sup>9</sup> This variance primarily relates to a forecasted increase in schools' third-party revenue—such as locally raised funds, fundraising events and voluntary contributions made by parents—following the easing of COVID-19 restrictions.<sup>10</sup>

DET's employee expenses are budgeted as \$9.9 billion, an increase of \$583 million (6.3%) compared to the 2021–22 revised budget.<sup>11</sup> DET explains this variance is due to employment of additional staff to implement new initiatives approved as part of the 2022–23 Budget as well as initiatives from previous budgets.<sup>12</sup>

### 4.3 Capital spend

In 2022–23 DET's capital program comprises \$1.6 billion in new projects and \$4.7 billion in existing projects, representing 9.9% of the general government capital program in the 2022–23 Budget.<sup>13</sup> DET's new capital projects also represent 28.5% of all new projects in the general government capital program in the 2022–23 Budget.<sup>14</sup>

DET's new capital projects for the 2022–23 Budget include the following education infrastructure initiatives:

- Land acquisition for future new schools in seven municipalities—total estimated investment (TEI): \$236.7 million
- New school construction to build 13 new schools by 2024, contributing to the Government's commitment to open 100 new schools across the state by 2026—TEI: \$527.2 million
- School upgrades for 31 mainstream and 36 specialist schools—TEI: \$616.4 million.<sup>15</sup>

7 Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 19 (Committee calculation).

8 DET stated the variance is partially offset by a reclassification of schools' own revenue from the sales of goods and services to other income categories to better reflect actual expenditure. Source: Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 19.

9 Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 19 (Committee calculation).

10 Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 19.

11 Ibid., (Committee calculation).

12 Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 19–20.

13 Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 36, 50 (Committee calculation).

14 Ibid., (Committee calculation).

15 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 21–25 (Committee calculation).

## 4.4 Education portfolio: key issues

The Minister for Education is responsible for five outputs with a total funding allocation of \$13 billion in 2022–23.<sup>16</sup>

### 4.4.1 Vocational and applied learning pathways

The 2022–23 Budget invests approximately \$277 million to support the implementation of the new Victorian Certificate of Education Vocational Major (VCEVM) and Victorian Pathways Certificate (VPC), replacing the Victorian Certificate of Applied Learning (VCAL).<sup>17</sup>

The integrated senior secondary certificate embeds vocational and applied learning in the Victorian Certificate of Education (VCE) to support students to develop both academic and practical skills, while providing more choices, a higher-quality curriculum and improved workplace experiences.<sup>18</sup> This investment comprises the following initiatives:

- Excellence in vocational and applied learning—\$87.9 million to expand the Vocational Education and Training (VET) workforce through supported study. This initiative aims to attract 400 VET trainers, provide professional learning programs for 1,900 teachers, and deliver funding for jobs, skills and pathways coordinators in government secondary schools to reduce administrative burden and build capacity
- Universal access to high-quality VET for government school students—\$86.1 million for every senior secondary student to access a new core offering of 12 VET priority and growth industry pathways at mainstream government schools and TAFEs, and implementation of a revised funding model to improve delivery costs
- Head Start apprenticeships and traineeships for all Victorian government school students—\$69.3 million to expand the Head Start program to all Victorian government schools, giving students the opportunity to undertake an apprenticeship or traineeship in a priority or growth industry, while completing their VCE at school<sup>19</sup>
- Improved vocational and applied learning pathways—\$34 million to introduce the new certificate in 2023 through support for: professional learning for government school teachers to implement the new curriculum, the Victorian Curriculum and

<sup>16</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 139; Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 109 (Committee calculation).

<sup>17</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 8–9 (Committee calculation).

<sup>18</sup> Hon Daniel Andrews MP, *Healthy and happy students in the education state*, media release, 3 May 2022; Hon Daniel Andrews MP, *A great school pathway for every Victorian student*, media release, 28 April 2022; Department of Education and Training, *School operations: VCE Vocational Major and Victorian Pathways Certificate Provision*, 26 April 2022, <<https://www2.education.vic.gov.au/pal/vce-vocational-major-vpc-provision/policy>> accessed 20 May 2022.

<sup>19</sup> The six priority pathways offer training and skills for growth industries within health, community services and early childhood education, building and construction, digital and media technologies, hospitality, and engineering. Additional pathways will also be available in automotive, agriculture and environment, hair and beauty, creative industries, sport and recreation, and business. Source: Hon Daniel Andrews MP, *A great school pathway for every Victorian student*, media release.

Assessment Authority for assessment moderation and creation of a student portal, and non-school senior secondary providers to transition to the new framework.<sup>20</sup>

At the hearings the Minister for Education advised that these reforms include a promotional campaign to encourage more young Victorians to undertake apprenticeships or training, driving cultural change in the sector to address entrenched perceptions of vocational pathways as unequal to VCE.<sup>21</sup> The campaign will be accompanied by resources for schools and providers to support communications with parents and students.<sup>22</sup>

In 2022–23 two performance measures were created to capture the impact of the reforms:

- Number of industry professionals supported to commence qualifications needed to become a Vocational Education and Training Delivered to Secondary Students (VDSS) trainer (target 50); and
- Number of teachers and VDSS trainers who have been supported to strengthen their teaching/training practice through professional learning (target 80).<sup>23</sup>

The Committee notes that no specific measures have been developed to assess the utility of the new certificate, the quality of VET teaching and training in schools, or practical skill development and education outcomes, such as job attainment in a chosen area of study/priority and growth industries. Considering the significant investment in the implementation of the new certificate and the importance of outcomes for students, the workforce and industry, the development of comprehensive performance measures and targets to track achievements is important.

**FINDING 32:** The 2022–23 Budget supports the implementation of the new Victorian Certificate of Education Vocational Major and Victorian Pathways Certificate, replacing the Victorian Certificate of Applied Learning. The integrated senior secondary certificate embeds vocational and applied learning in the Victorian Certificate of Education (VCE), supporting students to develop academic and practical skills and offering students more choices.

<sup>20</sup> Hon Daniel Andrews MP, *Healthy and happy students in the education state*, media release; Hon Daniel Andrews MP, *A great school pathway for every Victorian student*, media release; Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 16–17; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 12–20; Department of Education and Training, *School operations: VCE Vocational Major and Victorian Pathways Certificate Provision* (Committee calculation).

<sup>21</sup> Hon James Merlino MP, Minister for Education, 2022–23 Budget Estimates (Education) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, pp. 7–8.

<sup>22</sup> *Ibid.*, p. 8.

<sup>23</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 153.



**RECOMMENDATION 17:** The Department of Education and Training establish performance measures to track the benefits of implementing the new Victorian Certificate of Education Vocational Major and Victorian Pathways Certificate, regarding the quality of vocational education and training teaching and training in secondary schools, practical skill development and education outcomes, such as job attainment in chosen area of study or in priority and growth industries.

## 4.4.2 Workforce in schools

### Teachers

The 2022–23 Budget allocates \$779 million between 2021–22 and 2025–26 to recruit 1,900 new primary and secondary school teachers for government schools. The initiative aims to provide more time for teachers to prepare lessons, plan and mark assessments, and reduce the maximum number of weekly face-to-face teaching hours for Victorian teachers by one hour in 2023, along with a further half-hour in 2024.<sup>24</sup>

The 2022–23 Budget allocates \$58.9 million to initiatives targeted to attract quality teachers in Victorian metropolitan, rural and regional schools, through:

- continuing and expanding the delivery of innovative, employment-based initial teacher education degrees in partnership with industry organisations
- increasing the supply of casual relief teachers to schools in rural and regional areas through the provision of coordination assistance and expense reimbursements
- supporting a new Go Rural–Education program pilot to facilitate pre-service teachers to undertake placements at rural and regional schools
- continuing delivery of financial incentives and other supports for teachers willing to relocate to work in Victorian schools.<sup>25</sup>

The 2022–23 Budget also invests in upskilling the Victorian teaching workforce, including \$27.2 million for primary and secondary mathematics and science teachers.<sup>26</sup>

At the hearings, the Minister for Education advised that these initiatives ‘will both grow the aggregate numbers of teachers in Victoria and better distribute teachers to the locations where they are needed most’.<sup>27</sup>

<sup>24</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 8, 15 (Committee calculation).

<sup>25</sup> *Ibid.*, pp. 9, 18 (Committee calculation).

<sup>26</sup> \$17.1 million to extend the Primary Mathematics and Science Specialists initiatives for primary school teachers to become maths and science specialists. \$10.1 million to continue the Secondary Mathematics and Science initiative to train 50 mathematics and 25 science out-of-field teachers in priority curriculum areas. Source: Hon Daniel Andrews MP, *Healthy and happy students in the education state*, media release; Victorian Government, *Excellence in Education*, 2 May 2022, <<https://www.budget.vic.gov.au/excellence-education>> accessed 25 May 2022 (Committee calculation).

<sup>27</sup> Hon James Merlino MP, Minister for Education, *Transcript of evidence*, p. 19.

The Committee considers it important for DET to develop budget paper performance measures to track the outcomes achieved by investments to attract, retain and increase the numbers of teachers across metropolitan, rural and regional Victoria.

**RECOMMENDATION 18:** 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.

At the hearings the impact of staff shortages and the need to support teachers in rural and regional Victorian government schools was discussed. DET explained that casual relief teachers cover teacher absences and retired teachers may be called upon to fill any further teacher shortages.<sup>28</sup> The Minister advised that if these options have been exhausted, short periods of home learning are required.<sup>29</sup>

Regarding the 0.6% of Victorian government teaching staff who have not met State public health order vaccination requirements, the Minister explained that their absence poses no operational impact on schools across Victoria.<sup>30</sup>

**FINDING 33:** Rural and regional Victorian government schools have access to a range of supports to address teacher shortages. If available options are exhausted, short periods of home learning are required.

### Mental health and wellbeing professionals

The 2022–23 Budget allocates \$371.5 million between 2021–22 and 2025–26 to the *Strengthening and supporting the mental health and wellbeing* initiative in line with *Victoria's mental health and wellbeing workforce strategy 2021–2024* (the strategy).<sup>31</sup> The strategy sets out priorities and actions to build the diverse, skilled and multidisciplinary workforce required for Victoria's reformed mental health and wellbeing system. A *Mental Health and Wellbeing Outcomes and Performance Framework* is also being developed to track the strategy's progress and measure the outcomes of initiatives to build workforce supply, capability, wellbeing and enablers of excellence.<sup>32</sup>

The 2022–23 Budget provides additional funding for the provision of mental health and wellbeing professional services for students through:

- \$23 million to continue the mental health practitioners in secondary schools initiative in specialist schools

<sup>28</sup> Ibid., p. 16.

<sup>29</sup> Ibid., pp. 16–17, 19–22.

<sup>30</sup> Ibid., pp. 19–20.

<sup>31</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 55, 65 (Committee calculation).

<sup>32</sup> Department of Health, *Mental health workforce strategy*, 10 May 2022, <<https://www.health.vic.gov.au/strategy-and-planning/mental-health-workforce-strategy>> accessed 25 May 2022; Department of Health, *Summary: Victoria's mental health and wellbeing workforce strategy 2021–2024*, Melbourne, 2022, pp. 1, 5.

- \$11.4 million for additional school nurses and allied health services in schools, such as speech pathologists, social workers and psychologists
- \$5.4 million for the provision of mental health and wellbeing counselling and training through the Headspace partnership.<sup>33</sup>

In its *Report on the 2021–22 Budget Estimates*, the Committee recommended that the strategy address the demand for mental health and wellbeing professional services for students.<sup>34</sup> The strategy does not detail how the Government aims to build the mental health and wellbeing workforce in Victorian schools.

**FINDING 34:** *Victoria’s mental health and wellbeing workforce strategy 2021–2024 does not set priorities and actions specific to mental health and wellbeing professionals in Victorian schools.*

At the hearings the Minister acknowledged the ongoing impacts of the COVID-19 pandemic on student mental health and wellbeing, socialisation and behaviour, which DET is continuing to address.<sup>35</sup> Regarding the current supply of mental health and wellbeing services in schools to meet demand, the Minister explained that the *Mental Health Practitioners in Secondary Schools* initiative was fully implemented ahead of schedule in 2021 and the *School Mental Health Fund* is being rolled out as per the Royal Commission into Victoria’s Mental Health System’s recommendations.<sup>36</sup>

In its *Report on the 2020–21 Financial and Performance Outcomes* the Committee recommended that DET develop comprehensive quantity and quality performance measures related to its mental health and wellbeing programs, including the *Mental health practitioners in secondary schools* and the *Mental health in primary schools* programs.<sup>37</sup> The 2022–23 Budget does not include performance measures related to mental health and wellbeing programs in Victorian primary and secondary schools.

**FINDING 35:** *The 2022–23 Budget does not include performance measures related to mental health and wellbeing programs in Victorian primary and secondary schools. The Committee has previously recommended that such measures be developed.*

In addition to the provision of mental health and wellbeing professional services for students, the Committee notes the \$20.8 million investment in the 2022–23 Budget to enhance student health and wellbeing through continuation of the *Active Schools*

<sup>33</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 18; Hon James Merlino MP, *2022–23 Budget Estimates hearing presentation: Education*, supplementary evidence received 16 May 2022, p. 10.

<sup>34</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 49.

<sup>35</sup> Hon James Merlino MP, Minister for Education, *Transcript of evidence*, pp. 2–3, 8–9.

<sup>36</sup> *Ibid.*, pp. 8–9.

<sup>37</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Financial and Performance Outcomes*, April 2022, p. 79.

program in government primary, secondary and specialist schools.<sup>38</sup> This program aims to increase student activity through expert support and assistance with the costs of running sport, outdoor education and active recreation programs.<sup>39</sup> The Minister advised that this program would be evaluated for continuation after 2024.<sup>40</sup>

## 4.5 Higher Education and Training and Skills portfolio: key issues

The Minister for Higher Education and Training and Skills is responsible for one output: Training, Higher Education and Workforce Development (funding in 2022–23: \$2.5 billion).<sup>41</sup>

### 4.5.1 Training, Higher Education and Workforce Development output funding

Funding for the Training, Higher Education and Workforce Development output in the 2022–23 Budget is 4.5% (\$117.1 million) lower than in the 2021–22 Budget.<sup>42</sup> At the hearings, the Minister for Higher Education and Training and Skills explained this decrease is due to the completion of the \$350 million *Victorian Higher Education State Investment Fund* that supported universities in response to the COVID-19 pandemic.<sup>43</sup>

The Minister confirmed that access to courses and enrolments would not be impacted by the level of funding allocated to the output and that training in Victoria operates under a training guarantee, meaning any Victorian who is upgrading their qualifications continues to have access to a government-funded place.<sup>44</sup>

The Committee discussed the ongoing impacts of the COVID-19 pandemic on Victoria's TAFE system, noting that four providers sought letters of comfort from DET in 2022–23.<sup>45</sup> This is half, when compared to the 2021–22 financial year.<sup>46</sup> For example, DET highlighted the impact of border closures on the William Angliss Institute, which

<sup>38</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 8 (Committee calculation).

<sup>39</sup> *Ibid.*, pp. 8, 12 (Committee calculation).

<sup>40</sup> Hon James Merlino MP, Minister for Education, *Transcript of evidence*, p. 25.

<sup>41</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 139 (Committee calculation); Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 118.

<sup>42</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 139 (Committee calculation).

<sup>43</sup> Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, 2022–23 Budget Estimates (Training and Skills & Higher Education) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 12.

<sup>44</sup> Dr Simon Booth, Executive Director, Policy and Strategy Division, Department of Education and Training, 2022–23 Budget Estimates (Training and Skills & Higher Education) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 13.

<sup>45</sup> Dr Xavier Csar, Chief Executive Officer, Office of TAFE Coordination and Delivery, Department of Education and Training, 2022–23 Budget Estimates (Training and Skills & Higher Education) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 12.

<sup>46</sup> Letters of comfort are an undertaking that DET will provide adequate cashflow to those TAFEs, should the need arise. This enables TAFEs to prepare their financial reports on a going-concern basis and mitigates the risk of TAFEs being unable to pay their debts when they fall due. Source: Victorian Auditor-General's Office, *Results of 2020 Audits: Technical and Further Education Institutes*, Melbourne, June 2021, p. 21; Dr Xavier Csar, Chief Executive Officer, Office of TAFE Coordination and Delivery, *Transcript of evidence*, p. 12.

affected international student numbers and led to uncertainty about when students would return.<sup>47</sup>

## 4.5.2 Skills for Victoria

The 2022–23 Budget invests in the delivery of a more coordinated and efficient TAFE system to support critical training and employment growth in Victoria, through:

- \$11.3 million to strengthen the Office of TAFE Coordination and Delivery (OTCD) to create stronger connections between TAFEs
- \$5.2 million to boost TAFE student work placements and increase the number of practical placement officers at TAFEs supporting students in the development of industry-relevant skills.<sup>48</sup>

At the hearings, skills shortages in Victoria and the services the Victorian Skills Authority (VSA) provides to industries that require assistance to retain and develop niche skill sets were discussed. The Minister highlighted the *Industry Engagement Framework* as the main mechanism for industry, unions and employers to inform the VSA about skill demands and training needs as part of the Government’s funded training system.<sup>49</sup> It was explained that upon provision of such data, the VSA determines the demand for skills and works to develop a training response.<sup>50</sup> The *Workforce Skillset Pilot* program is also used to engage industry in the development of new high-quality units of competency.<sup>51</sup>

The OTCD and the VSA work together to identify Victoria’s skills needs and training priorities for future years through the *Victorian Skills Plan* (the Plan).<sup>52</sup> The first Plan is due to be released in mid-2022, comprising a dashboard noting where occupations are in demand to assist training planning, analysis of significant industry skill and labour shortages, and the digital skills emerging as core capability for all industries and jobs.<sup>53</sup> DET advised that the Plan will facilitate skill development in the clean energy workforce (an area not yet recognised by the Australian Qualifications Framework (AQF)), by bringing together applied learning educators and key industry players to develop curriculums.<sup>54</sup>

<sup>47</sup> Dr Xavier Csar, Chief Executive Officer, Office of TAFE Coordination and Delivery, *Transcript of evidence*, p. 12.

<sup>48</sup> Hon Gayle Tierney MLC, *2022–23 Budget Estimates hearing presentation: Training and Skills & Higher Education*, supplementary evidence received 23 May 2022, p. 8; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 9, 20; Hon Daniel Andrews MP, *Training And Skills To Support Great Victorian Jobs*, media release, 3 May 2022.

<sup>49</sup> Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, *Transcript of evidence*, pp. 4, 6; Victorian Government, *Connecting industry with skills*, 1 June 2022, <<https://www.vic.gov.au/connecting-industry-skills>> accessed 10 June 2022.

<sup>50</sup> Mr Craig Robertson, Chief Executive Officer, Victorian Skills Authority, Department of Education and Training, 2022–23 Budget Estimates (Training and Skills & Higher Education) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, pp. 6–7.

<sup>51</sup> Dr Simon Booth, Executive Director, Policy and Strategy Division, *Transcript of evidence*, p. 7.

<sup>52</sup> Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 14–15.

<sup>53</sup> Hon Gayle Tierney MLC, *2022–23 Budget Estimates hearing presentation: Training and Skills & Higher Education*, supplementary evidence, p. 12.

<sup>54</sup> Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, *Transcript of evidence*, pp. 6, 11.

Acknowledging that the Plan is not yet published and the 2022–23 Budget does not contain performance measures relating to the work of the OTCD and the VSA, it is unclear to the Committee how the impact of the Plan to improve skill and labour shortages in Victoria will be tracked.

**RECOMMENDATION 19:** The 2023–24 Budget include performance measures to track the outcomes of the priorities and actions of the *Victorian Skills Plan*.

In 2021, the Government announced the introduction of a new activity-based funding model for TAFE to underpin reforms to the effectiveness and sustainability of the Victorian TAFE network.<sup>55</sup> The 2022–23 Budget invested a further \$66.6 million for TAFEs to sustainably transition to a new funding model for 2022 and 2023, to better support the delivery of critical training to Victoria’s students.<sup>56</sup>

DET explained that the new model allocates funding to TAFEs based on the achievement of outcomes, linked to their role as public providers, including innovative teaching, learning and assessment and student support services.<sup>57</sup> Following implementation, it will be important for DET to report on how the new model will enhance outcomes achieved by the TAFE system, and how these outcomes will be measured.

**FINDING 36:** A new activity-based funding model for Victorian Technical and Further Education providers will be implemented in 2022. The model allocates funding based on the achievement of outcomes.

### 4.5.3 Apprentices and trainee outcomes

The 2022–23 Budget allocates \$12 million to extend the *Apprenticeship Support Officer* program to provide apprentices with access to dedicated supports to help them complete their training.<sup>58</sup> The funding provides for the development of 28 positions across Victoria, with one officer dedicated to the *Big Build* apprenticeship program.<sup>59</sup> The Committee was advised that compulsory professional development for each officer and evaluation processes are built into the program.<sup>60</sup>

<sup>55</sup> Hon Gayle Tierney MLC, *2022–23 Budget Estimates hearing presentation: Training and Skills & Higher Education*, supplementary evidence, p. 3.

<sup>56</sup> Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 15; Hon Gayle Tierney MLC, *2022–23 Budget Estimates hearing presentation: Training and Skills & Higher Education*, supplementary evidence, p. 8.

<sup>57</sup> Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 15.

<sup>58</sup> Hon Gayle Tierney MLC, *2022–23 Budget Estimates hearing presentation: Training and Skills & Higher Education*, supplementary evidence, p. 11.

<sup>59</sup> Mr Cameron Baker, Executive Director, Apprenticeships Victoria, 2022–23 Budget Estimates (Training and Skills & Higher Education) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 9.

<sup>60</sup> *Ibid.*, pp. 5, 9.

Table 4.1 summarises the increase in apprenticeship and trainee commencements across Australian states and territories between September 2020 and September 2021.

**Table 4.1** Apprenticeship and trainee commencements between September 2020 and September 2021 across Australian jurisdictions

Jurisdiction	Commencements as at September 2020	Commencements as at September 2021	Annual increase (September 2020 to September 2021)
	(number)	(number)	(%)
Australian Capital Territory	4,120	5,425	31.8
New South Wales	37,860	66,870	76.6
Queensland	30,550	60,345	97.5
Northern Territory	1,660	2,505	51.5
South Australia	8,545	15,740	84.2
Tasmania	4,275	7,800	82.5
Victoria	24,925	49,985	100.5
Western Australia	14,810	29,690	100.5
Australia	126,470	238,360	88.1

Source: National Centre for Vocational Education Research, *Apprentices and trainees 2021: September quarter—Statistical report 25 March 2022*, Report—Compare states/territories: Commencements time series—12 months ending 30 September, 2022, <<https://www.ncver.edu.au/research-and-statistics/publications/all-publications/apprentices-and-trainees-2021-september-quarter>> accessed 10 June 2022.

Victorian apprentice and trainee (non-apprentice) outcomes in 2021 for various cohorts were discussed at the hearings. Further information was provided to the Committee in response to questions on notice about completion rates. The Committee notes:

- The target for the performance measure ‘Two-year completion rate for non-apprentice commencements in government subsidised AQF qualifications’ has been set at 46.3% since 2018–19.<sup>61</sup> However, the completion rate for Victorians with a disability (44%) is lower than the overall 48.4% completion rate achieved in 2021.<sup>62</sup>
- The target for the performance measure ‘Six-year completion rate for apprentice commencements in government subsidised AQF qualifications’ has been set at 58% since 2021–22.<sup>63</sup> However, the completion rate for Victorian women (55.1%) and Indigenous peoples (45.3%) were lower than the overall 62.8% completion rate achieved in 2021.<sup>64</sup>

<sup>61</sup> Department of Education and Training, *Output Performance Measures, 2022*, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departamental-statements>> accessed 10 June 2022.

<sup>62</sup> Dr Simon Booth, Executive Director, Policy and Strategy Division, *Transcript of evidence*, p. 10.

<sup>63</sup> Department of Education and Training, *Output Performance Measures, 2022*.

<sup>64</sup> Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, *Transcript of evidence*, p. 5; Dr Simon Booth, Executive Director, Policy and Strategy Division, *Transcript of evidence*, p. 10; Dr Simon Booth, Executive Director, Policy and Strategy Division, Department of Education and Training, response to question on notice, pp. 3–4; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 159.



The Committee considers that disaggregation of apprentice and trainee performance measures by gender, Indigeneity and disability would provide greater insights into completion rates among different cohorts.

Regarding the targets of 46.3% and 58% set for completion rates for apprentice and non-apprentice commencements, the Minister advised that these targets are comparable to tertiary degree completion rates.<sup>65</sup> To demonstrate continuous improvement from year to year, the Committee notes the importance of setting sufficiently challenging targets.

**RECOMMENDATION 20:** The 2023–24 Budget disaggregate completion rates for apprentice and non-apprentice commencements for Victorian women, Indigenous peoples and people with disability.

## 4.6 Early Childhood portfolio: key issues

The Minister for Early Childhood is responsible for one output: Early Childhood Education (funding in 2022–23: \$984.9 million).<sup>66</sup>

### 4.6.1 Three and four-year-old kindergarten access and participation

At the hearings the Minister for Early Childhood updated the Committee on the roll out of universal three-year-old (two years before school) kindergarten. The Minister advised that the Government covers approximately 65% of the fees for three-year-old kindergarten and 2,700 Victorian providers are offering these services, with children provided access to at least five hours of funded kindergarten.<sup>67</sup>

The 2022–23 Budget also supports access to four-year-old (one year before school) kindergarten in 2022–23 and across the forward estimates with:

- \$50.9 million for continued delivery of 15 hours of kindergarten—supplementing the \$514 million Commonwealth Government contribution from 2022 to 2025 under the new Preschool Reform Agreement—and to implement a new data collection system to measure participation
- \$76 million for continued provision of the staff/child Ratio Supplement and Small Rural Kindergarten funding across 100 providers and additional funding to meet

<sup>65</sup> Hon Gayle Tierney MLC, Minister for Training and Skills and Minister for Higher Education, *Transcript of evidence*, p. 10.

<sup>66</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 139 (Committee calculation); Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 116.

<sup>67</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, 2022–23 Budget Estimates (Early Childhood) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, pp. 1, 3, 8.



demand for the Early Childhood Teacher Supplement and Kindergarten Fee Subsidy.<sup>68</sup>

The Minister advised that more than 3,000 new three-year-old kindergarten places and 3,900 four-year-old places had been funded to date, in addition to the approximate 10,000 three and four-year-old places funded since 2015.<sup>69</sup>

These investments are welcomed, noting that the 96% target for kindergarten participation in the year before school is not expected to be met in 2021–22 and has not been met since 2016–17.<sup>70</sup> This compares to the 2013–14 and 2015–16 kindergarten participation rate in the year before school of over 98%.<sup>71</sup> The Minister advised the Committee that more Victorian children had enrolled in four-year-old kindergarten in 2021–22 than the year prior and despite the impacts of the COVID-19 pandemic, the kindergarten participation rate in the year before school is expected to increase by 3.8% to 92.9% in 2021–22.<sup>72</sup>

Noting DET's aim to provide access to 15 hours of funded kindergarten to all three and four-year-old Victorian children by 2029,<sup>73</sup> in its *Report on the 2021–22 Budget Estimates* the Committee recommended that DET develop performance measures and targets regarding the roll out of universal three-year-old kindergarten.<sup>74</sup> While the Government supported the recommendation, new measures relating to three-year-old kindergarten (two years before school) participation rates are not included in the 2022–23 Budget.<sup>75</sup>

**FINDING 37:** The 2022–23 Budget includes performance measures that report on the kindergarten participation rate in the year before school, but not for the two years before school. The 2022–23 Budget does not include new performance measures relating to the roll out of three-year-old kindergarten.

**RECOMMENDATION 21:** The 2023–24 Budget include a performance measure that reports on the kindergarten participation rate in the two years before school and a description of the methodology used to calculate the target rate.

<sup>68</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 8, 10–11; Ms Ingrid Stitt MLC, *2022–23 Budget Estimates hearing presentation: Early Childhood*, supplementary evidence received 23 May 2022, p. 5; Hon Stuart Robert MP, *Agreement with Commonwealth secures \$514 million in ongoing preschool funding for Victorian families*, media release, 12 December 2021 (Committee calculation).

<sup>69</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, p. 7.

<sup>70</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, p. 54; Department of Education and Training, *Output Performance Measures, 2022*.

<sup>71</sup> Department of Education and Training, *Output Performance Measures, 2022*.

<sup>72</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, p. 2; Department of Education and Training, *Output Performance Measures, 2022*.

<sup>73</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, p. 1.

<sup>74</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, p. 53.

<sup>75</sup> Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2021–22 Budget Estimates*, 8 March 2022, p. 5.

At the hearings the Committee sought information from DET about the proportion of Victoria's eligible population participating in kindergarten. DET advised that the unreliability of Australian Bureau of Statistics' (ABS) population data impacts DET's capacity to measure the proportion of eligible children accessing three and four-year-old kindergarten in Victoria.<sup>76</sup> DET explained that the ABS population estimates may not fully factor in the impacts of the COVID-19 pandemic on interstate and international migration.<sup>77</sup>

Noting these data limitations, in response to questions on notice, DET advised that in 2021 approximately 5,800 Victorian children did not attend kindergarten.<sup>78</sup> DET explained that the most accurate method of estimating the number of children who did not attend kindergarten in 2021 is through a comparison with 2022 Foundation (prep) enrolments. This dataset is not yet available.<sup>79</sup>

**FINDING 38:** In 2021, approximately 5,800 Victorian children did not attend kindergarten. The Department of Education and Training's capacity to measure the proportion of eligible Victorian children participating in three and four-year-old kindergarten is limited due to the unreliability of Australian Bureau of Statistics population data.

As part of the new Commonwealth Preschool Reform Agenda, from 2024 new bilateral preschool attendance targets will be established.<sup>80</sup> Commonwealth supported initiatives to improve the quality and transparency of national data and a new *Preschool Performance Framework* will be developed to support these reforms.<sup>81</sup> The Committee looks forward to developments in this area and the potential flow on effects in enhancing the datasets available to DET to report on Victoria's kindergarten participation rate.

**FINDING 39:** As part of the new Commonwealth Preschool Reform Agenda, new bilateral preschool attendance targets will be established for all states and territories. Kindergarten enrolment and participation data will be gathered through a new data collection system from 2024.

The Minister acknowledged the importance of increasing kindergarten participation rates due to the positive impacts on the developmental trajectories of children and

<sup>76</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, pp. 2–3; Ms Ingrid Stitt MLC, Minister for Early Childhood, 2022–23 Budget Estimates hearing, response to questions on notice received 2 June 2022, p. 1; Ms Kim Little, Deputy Secretary, Early Childhood Education, Department of Education and Training, 2022–23 Budget Estimates (Early Childhood) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 3.

<sup>77</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, pp. 2–3; Ms Ingrid Stitt MLC, Minister for Early Childhood, 2022–23 Budget Estimates hearing, response to question on notice, p. 1; Ms Kim Little, Deputy Secretary, Early Childhood Education, *Transcript of evidence*, p. 3.

<sup>78</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, 2022–23 Budget Estimates hearing, response to question on notice, p. 1.

<sup>79</sup> *Ibid.*

<sup>80</sup> Department of Education, Skills and Employment, *Preschool Reform Funding Agreement*, 13 May 2022, <<https://www.dese.gov.au/child-care-package/preschool/preschool-reform-funding-agreement>> accessed 9 August 2022.

<sup>81</sup> *Ibid.*

the transition to school learning.<sup>82</sup> While DET expects participation in four-year-old kindergarten to increase as a flow on effect from participation in three-year-old kindergarten,<sup>83</sup> the 2022–23 Budget also invests \$47.1 million in a range of programs across the forward estimates to grow participation rates of vulnerable children, children with disability or culturally and linguistically diverse children in Victoria:

- \$18.6 million is allocated to continue early intervention programs, including the early childhood LOOKOUT program for children in out-of-home care to facilitate access to kindergarten and effective transition to school, and the Access to Early Learning program, providing intensive outreach for vulnerable children and their families
- \$16.9 million is allocated to continue the Kindergarten Inclusion Support program assisting children with significant disability or complex needs to participate in kindergarten through provision of tailored supports including specialist training and consultancy for educators, additional staff in the kindergarten setting and minor building modifications
- \$5.5 million is allocated to continue the early childhood language program, covering 17 languages provided to 6,000 children at 161 kindergartens
- \$4 million is allocated to provide outreach support for children from culturally and linguistically diverse families to boost participation
- \$2.1 million is allocated to expand the Kindergarten Fee Subsidy (KFS) for all children known to child protection or from a refugee or asylum seeker background.<sup>84</sup>

At the hearings, the KFS and the *Early Start Kindergarten* (ESK) programs that offer free or low-cost kindergarten for two years before school to eligible children were discussed.<sup>85</sup> In response to questions on notice, DET advised that in 2021 there were very few KFS enrolments, due to approximately 98% of funded kindergarten services participating in the *Free Kinder* initiative as part of the Government's COVID-19 response.<sup>86</sup> However, in 2020 there were 18,294 children enrolled in a kindergarten program attracting the KFS and eligible children in a sessional group of 23 or more were provided a further KFS Ratio supplement. In 2021 there were 3,325 ESK enrolments in addition to children receiving universal three-year-old kindergarten.<sup>87</sup>

<sup>82</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, p. 8; Ms Ingrid Stitt MLC, Minister for Early Childhood, 2022–23 Budget Estimates hearing, response to question on notice, p. 1.

<sup>83</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, p. 3.

<sup>84</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 8, 10–11; Ms Ingrid Stitt MLC, 2022–23 Budget Estimates hearing presentation: *Early Childhood*, supplementary evidence, pp. 5–8; Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, p. 5 (Committee calculation).

<sup>85</sup> To be eligible for the Kindergarten Fee Subsidy, families must identify as Aboriginal and/or Torres Strait Islander, have multiple births, hold a concession card, be a refugee or asylum seekers or hold a bridging visa. To be eligible for the Early Start Kindergarten program, children must be from a refugee or asylum seeker background, identify as Aboriginal or Torres Strait Islander, or have had contact with child protection. Source: Department of Education and Training, *Costs of kindergarten, 2022*, <<https://www.vic.gov.au/costs-kindergarten>> accessed 20 June 2022; Department of Education and Training, *Early Start Kindergarten*; Ms Kim Little, Deputy Secretary, Early Childhood Education, *Transcript of evidence*, p. 9.

<sup>86</sup> Ms Kim Little, Deputy Secretary, Early Childhood Education, Department of Education and Training, 2022–23 Budget Estimates hearing, response to question on notice received on 2 June 2022, p. 2.

<sup>87</sup> *Ibid.*, pp. 2–3.

The Committee notes that the 2022–23 Budget does not include performance measures to assess the outcomes of initiatives to increase kindergarten participation rates of vulnerable children, children with disability or culturally and linguistically diverse children in Victoria, or the proportion of this cohort that are accessing kindergarten. However, the Government’s response to the Committee’s *Report on the 2021–22 Budget Estimates* states that DET will work with the Department of Families, Fairness and Housing to develop a robust child count and population estimates for vulnerable children as the basis for reporting a participation rate for this cohort in the future.<sup>88</sup>

**FINDING 40:** The 2022–23 Budget does not include performance measures to assess the outcomes of initiatives to increase kindergarten participation rates of vulnerable children, children with disability or culturally and linguistically diverse children in Victoria.

**FINDING 41:** The 2022–23 Budget does not include performance measures to report on the proportion of Victoria’s eligible population that participated in kindergarten nor the proportion of Victoria’s vulnerable children, children with disability or culturally and linguistically diverse population that participated in kindergarten.

**RECOMMENDATION 22:** The 2023–24 Budget include performance measures that report on the proportion of Victoria’s eligible population that participated in kindergarten and the proportion of Victoria’s vulnerable children, children with disability or culturally and linguistically diverse population that participated in kindergarten.

## 4.6.2 Early childhood workforce

At the hearings, the Minister for Early Childhood advised the Committee that the *Early Childhood Workforce Strategy* is backed by a \$209.9 million workforce package that aims to create 6,000 new jobs by 2029. This includes 4,000 teaching and 2,000 qualified educator positions across the State.<sup>89</sup> The Minister advised that the package includes:

- \$32 million to the Early Childhood Innovative Initial Teacher Education program over three years to build the pipeline of job-ready early childhood workers
- \$28.5 million to add the Certificate III in Early Childhood Education and Care and the Diploma of Early Childhood Education and Care to the Free TAFE list

<sup>88</sup> Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2021–22 Budget Estimates*, p. 5.

<sup>89</sup> The *Working Together to Build Victoria’s Early Childhood Education Workforce and Next Steps in Victoria’s Kindergarten Workforce Strategy* policy papers detail the Victorian Government’s initiatives to improve early childhood education workforce attraction, retention and quality, to enable the provision of three-year-old kindergarten from 2022. Source: Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, pp. 3, 5; Department of Education and Training, *Working Together to Build Victoria’s Early Childhood Education Workforce*, April 2021, <[https://www.education.vic.gov.au/Documents/childhood/Policy-Paper-Working\\_Together\\_to\\_Build\\_Victoria%E2%80%99s\\_Early\\_Childhood\\_Education\\_Workforce.pdf](https://www.education.vic.gov.au/Documents/childhood/Policy-Paper-Working_Together_to_Build_Victoria%E2%80%99s_Early_Childhood_Education_Workforce.pdf)> accessed 7 June 2022, p. 4; Department of Education and Training, *Next Steps in Victoria’s Kindergarten Workforce Strategy*, 2021, <[https://www.education.vic.gov.au/Documents/childhood/Next\\_steps.pdf](https://www.education.vic.gov.au/Documents/childhood/Next_steps.pdf)> accessed 7 June 2022, p. 4.

- financial incentives ranging from \$9,000 to \$50,000 to attract people in harder-to-staff areas across regional and rural Victoria and some parts of metropolitan Melbourne.<sup>90</sup>

In terms of outcomes, the Minister explained that 2,800 teacher scholarships have been awarded since 2018 and there have been over 5,800 commencements in a Free TAFE Early Childhood Education course since 2020.<sup>91</sup>

The 2022–23 Budget does not contain a line item for the early childhood workforce package or the related initiatives outlined by the Minister. A collated breakdown of the initiatives funded would improve transparency around the Government’s significant investment in this space. The 2022–23 Budget also does not contain performance measures relating to the *Early Childhood Workforce Strategy*.

**FINDING 42:** The 2022–23 Budget does not contain a line item to account for the early childhood workforce package or the implementation of related initiatives and it does not include performance measures relating to the *Early Childhood Workforce Strategy*.

**RECOMMENDATION 23:** The 2022–23 Budget Update provide a collated breakdown of the initiatives funded relating to the early childhood education workforce package and the 2023–24 Budget include performance measures that provide insights into the outcomes achieved by the *Early Childhood Workforce Strategy*.

## 4.7 Performance measures

### 4.7.1 Department wide: analysis of new performance measures

DET added nine new performance measures in the 2022–23 Budget, none of which replaced discontinued measures.<sup>92</sup>

Table 4.2 summarises the issues the Committee identified with two of DET’s new performance measures by relevant output.

<sup>90</sup> Ms Ingrid Stitt MLC, Minister for Early Childhood, *Transcript of evidence*, p. 5.

<sup>91</sup> *Ibid.*, pp. 1, 5.

<sup>92</sup> Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 75–78.

**Table 4.2** Issues with new performance measures in 2022–23

Output	Performance measures	Issues identified by the Committee
Early Childhood Education (Quantity)	Proportion of allied health sessions offered through School Readiness Funding accessed by funded kindergarten services	<p>The Department of Education and Training (DET) states that this measure reflects Government priorities relating to its wellbeing objective through provision of allied health services as part of school readiness funding. The target is set at 80% based on expected provision in 2022.</p> <p>The Early Childhood Education output does not contain a performance measure assessing the quality or outcomes of these allied health sessions. The Committee suggests that DET develop a performance measure to assess the quality of allied health sessions.</p>
Early Childhood Education (Quantity)	Number of Kinder Kits delivered to services for distribution to children commencing their three-year-old kindergarten program	<p>The Committee notes the inclusion of this new performance measure aligns with DET's new output initiative, Kinder Kits for three-year-old kinder.</p> <p>The utility of the measure could be enhanced through disaggregated measures such as: the proportion of eligible services distributing Kinder Kits for circulation to children commencing their three-year-old kindergarten program, the cost of distributing Kinder Kits to children commencing their three-year-old kindergarten program, against the budget and/or parent satisfaction with Kinder Kits provided to children commencing their three-year-old Kindergarten program.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 8, 144; Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 5 May 2022, pp. 75, 76.

Thirty-three of DET’s existing performance measures were modified in the 2022–23 Budget,<sup>93</sup> of which 10 were modified to reflect a reduced target.<sup>94</sup> The reasons provided by DET for the reduced targets include projections of service demand based on historical trends, as well as accounting for eligibility, enrolments and availability of services.<sup>95</sup>

**RECOMMENDATION 24:** The Department of Education and Training address the shortcomings identified by the Committee with two new performance measures under the Early Childhood Education output with further, or altered, performance measures in the 2023–24 Budget.

<sup>93</sup> Ibid., pp. 75–95.

<sup>94</sup> Ibid.

<sup>95</sup> Ibid.

## 4.7.2 Department wide: analysis of performance measures proposed to be discontinued

DET identified two performance measures for discontinuation in the 2022–23 Budget.<sup>96</sup>

The Committee supports DET’s rationale for the discontinuation of the measure ‘Number of Digital Assessment Library items developed’, due to the program’s completion.<sup>97</sup>

The Committee also supports DET’s rationale for the discontinuation of the measure ‘Units of service provided by Data and Evidence Coaches’, noting the scale of the investment and the time limited nature of the program—within the context of a broader review of all DET performance measures in response to Victorian Auditor-General’s Office recommendations.<sup>98</sup>

<sup>96</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 393.

<sup>97</sup> Ibid.

<sup>98</sup> DET will review its suite of budget performance measures and targets to better reflect service delivery and performance as part of the plan to acquit the recommendations of VAGO’s audit, *Measuring and Reporting on Service Delivery*, by May 2023. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, 2022, p. 393; Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 132; Victorian Auditor-General’s Office, *Measuring and Reporting on Service Delivery*, May 2021.





# 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. DJCS manages the development and implementation of a range of laws, regulations and policy across its portfolios and ensures all elements of the justice and community safety system are working efficiently and effectively.<sup>1</sup>

In 2022–23 DJCS supports nine ministerial portfolios: Attorney-General, Police, Emergency Services, Crime Prevention, Corrections, Youth Justice, Victim Support, Workplace Safety and Consumer Affairs, Gaming and Liquor Regulation.<sup>2</sup>

In 2022–23 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
- effective management of prisoners and offenders and provision of opportunities for rehabilitation and reparation
- 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
- Victorians are protected with equal opportunities, secure identities, information freedoms and privacy rights
- a fair marketplace for Victorian consumers and businesses with responsible and sustainable liquor and gambling sectors.<sup>3</sup>

The key issues section of this chapter focuses on matters relevant to five portfolios that were identified during the estimates hearings.

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1 Department of Justice and Community Safety, *Annual Report 2020–21*, Melbourne, 2021, p. 4.

2 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 279.

3 *Ibid.*, pp. 279–281.

## 5.2 Financial analysis

In 2022–23 DJCS has the third largest budget of all Victorian Government departments, representing 12.9% of total government output.<sup>4</sup>

In 2022–23 DJCS is allocated \$9.1 billion to fund its outputs, an increase of \$485.8 million (5.6%) compared to the 2021–22 Budget.<sup>5</sup> Three of DJCS' outputs make up 78.3% of the department's 2022–23 Budget: Policing and Community Safety (43.3%), Emergency Management Capability (18.1%) and Prisoner Supervision and Support (16.8%).<sup>6</sup>

DJCS' output appropriations are budgeted as \$8.9 billion for 2022–23, a decrease of \$538.4 million (5.7%) compared to the 2021–22 revised budget.<sup>7</sup> DJCS explained that this variation is due to a decrease in one-off funding in 2021–22 for programs including COVID-19 Quarantine Victoria (CQV), increased costs across the prison system due to COVID-19 and the *Stolen Generations Reparations Package*.<sup>8</sup> The decrease is partially offset by funding for new initiatives announced in the 2022–23 Budget including for the Emergency Services Telecommunications Authority (ESTA) and the *Improving custodial services for youth justice* and *Western Plains Correctional Centre* initiatives.<sup>9</sup>

DJCS' employee expenses are budgeted at \$4.5 billion in 2022–23, a decrease of \$144.7 million (3.1%) compared to the 2021–22 revised budget.<sup>10</sup> This is explained by a decrease to fixed term budget supplementation in 2021–22 for CQV, resources to support Victoria's fines system and the *High Risk Industries: Industry Engagement and Enforcement Operation* initiative.<sup>11</sup>

In 2022–23 DJCS' capital program comprises \$111.7 million in new projects and \$3.5 billion in existing projects, representing 5.5% of the general government capital program in the 2022–23 Budget.<sup>12</sup> DJCS' new capital projects represent 1.9% of all new projects in the general government capital program in the 2022–23 Budget.<sup>13</sup> The Committee notes that there is one capital project published in Budget Paper No. 3: Service Delivery, which is not listed in Budget Paper No. 4: State Capital Program, *Increasing police capacity to meet current and future demand*, with a total estimated investment (TEI) of \$7.9 million over 2022–23 and 2023–24.<sup>14</sup>

4 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 282 (Committee calculation).

5 Ibid., (Committee calculation).

6 Ibid., (Committee calculation).

7 Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 13 May 2022, p. 31 (Committee calculation).

8 Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 31–32.

9 Ibid.

10 Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 32 (Committee calculation).

11 Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 32; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 290.

12 Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 75–79 (Committee calculation).

13 Ibid., (Committee calculation).

14 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 101; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 75.

**FINDING 43:** The Department of Justice and Community Safety's new asset initiative, *Increasing police capacity to meet current and future demand*, is listed in 2022–23 Budget Paper No. 3: Service Delivery, but not accounted for in 2022–23 Budget Paper No. 4: State Capital Program.

**RECOMMENDATION 25:** Where a new asset initiative is not accounted for in Budget Paper No. 4: State Capital Program, the relevant department provide an explanation for the omission in Budget Paper No. 3: Service Delivery.

Of DJCS' new capital projects in 2022–23, \$92.9 million (83.2%) is provided to two asset initiatives under the Policing and Community Safety output:

- Critical Police Infrastructure—TEI of \$46.9 million. Provided to build a replacement South Melbourne police station and to build a new Point Cook police station.
- Equipping frontline police officers with conducted energy devices (CEDs)—TEI of \$45.9 million. Provided to equip Victoria Police and Protective Security Officers (PSOs) with CEDs.<sup>15</sup>

## 5.2.1 Changes to output structure

In 2022–23 DJCS has made one change to its output structure. The previous output Justice Policy, Services and Law Reform has been disaggregated into two outputs: Justice Policy, Services and Law Reform; and Forensic Justice Services.<sup>16</sup>

The Forensic Justice Services output delivers forensic medical services and medico legal advice through the Victorian Institute of Forensic Medicine (VIFM), which was previously delivered by the Justice Policy, Services and Law Reform output.<sup>17</sup>

The Committee notes this change enhances accountability and transparency, as it ensures fewer services and activities are combined under the Justice Policy Services and Law Reform output. Similarly, it enhances understanding on cost and performance of individual services, especially regarding the VIFM.<sup>18</sup>

**FINDING 44:** In the 2022–23 Budget the Department of Justice and Community Safety has disaggregated the Justice Policy, Services and Law Reform output, adding an output titled Forensic Justice Services. The disaggregation enhances transparency regarding the activities under both outputs.

<sup>15</sup> Ibid.; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 96, 102 (Committee calculation).

<sup>16</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 281.

<sup>17</sup> Ibid., pp. 298–299; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 299.

<sup>18</sup> Victorian Auditor-General's Office, *Measuring and Reporting on Service Delivery*, Melbourne, 2021, pp. 17–18, 34.

## 5.3 Attorney-General's portfolio: key issues

The Attorney-General is responsible for seven outputs in the 2022–23 Budget, with a total funding allocation of \$1.1 billion.<sup>19</sup> Responsibility for the Advocacy, Human Rights and Victim support output is shared with the Minister for Victim Support, while responsibility for Fines and Road Safety Enforcement is shared with the Minister for Police.<sup>20</sup>

### 5.3.1 Redress schemes funded in the 2022–23 Budget

The 2022–23 Budget provides funding for two redress schemes:

- Stolen Generations Reparations Package—funding of \$115.2 million over four years
- Responding to historical forced adoptions in Victoria—funding of \$4.9 million for 2021–22 and 2022–23.<sup>21</sup>

#### Stolen Generations Reparations Package

The *Stolen Generations Reparations Package* was established by DJCS to recognise the lasting suffering caused by the forced removal of Aboriginal children from their families, community, culture, identity and language. The intent of the package is to help address the trauma and suffering caused by this removal.<sup>22</sup>

The Committee was advised that avoiding re-traumatisation of applicants was a priority and applicants would be supported to make applications and gather the information needed for their application.<sup>23</sup> The application allows for a nominee to be named to assist in applying for the package and applicants do not have to provide details of their eligibility if they choose not to.<sup>24</sup>

During the hearings the Attorney-General told the Committee how the package was designed. One and a half million was spent in 2021–22 to establish a steering committee to make recommendations on the design of the package.<sup>25</sup> As part of the steering committee's process, 400 members of the stolen generations and their families were

19 Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 129–130; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 282 (Committee calculation).

20 Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 129–130.

21 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 3, 89.

22 To be eligible for the package, the applicant must have been removed prior to 31 December 1976 while under the age of 18, among other eligibility requirements. Source: Victorian Government, *Stolen Generations Reparations Package – Who can apply*, 26 April 2022, <<https://www.vic.gov.au/stolen-generations-reparations-package>> accessed 10 June 2022; Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 26.

23 Ms Jaclyn Symes MLC, Attorney-General, 2022–23 Budget Estimates (Attorney-General) hearing, Melbourne, 18 May 2022, *Transcript of evidence*, pp. 10–11.

24 Department of Justice and Community Safety, *Stolen Generations Reparations Package – Application Form*, 2022, <[https://www.vic.gov.au/sites/default/files/2022-04/CS\\_Stolen%20Generations%20Reparations%20Package%20-%20Application%20Form%20-%201%20Apr.pdf](https://www.vic.gov.au/sites/default/files/2022-04/CS_Stolen%20Generations%20Reparations%20Package%20-%20Application%20Form%20-%201%20Apr.pdf)> accessed 7 June 2022, pp. 4, 6.

25 Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 14.

consulted.<sup>26</sup> The Attorney-General advised that there was a focus on a community-led process in designing the package, in order to focus on self-determination and ensure no further harm or re-traumatisation would occur when applying for the package.<sup>27</sup>

The package provides for eligible members of the stolen generation to choose from one or more financial and restorative reparations, including a lump sum payment of \$100,000, a personal apology from the Victorian government, supported access to healing programs, access to trauma-informed counselling, and access to records held by the State about their removal, among other services.<sup>28</sup> To promote self-determination, the Attorney-General explained all applications will be assessed by an independent panel, but did not provide further information about who would sit on the panel.<sup>29</sup>

Applications opened in March 2022 and assessment of applications began in June 2022.<sup>30</sup> Advance payments of \$20,000 will be provided to applicants who are terminally or medically ill.<sup>31</sup> While budgeted funding for the package will allow for 1,200 eligible people to receive reparations, the *Stolen Generations Reparations Steering Committee Report* suggested members of the stolen generations in Victoria could exceed this number.<sup>32</sup> Should the number of eligible people be higher than estimated, it will be important for the Government to provide additional funding to support reparations for successful applicants.

As timeliness of the assessment of applications is a priority in the operation of the package, especially in the case of medically or terminally ill applicants, tracking the average time taken to complete applications would provide useful insights into the effectiveness of the package. Doing so will also demonstrate outcomes to other eligible applicants.

**FINDING 45:** Funding allocated to the *Stolen Generations Reparations Package* in the 2022–23 Budget will provide reparations to 1,200 people. If eligible applicants were to exceed 1,200 people, the package may require additional funding.

<sup>26</sup> Ibid.

<sup>27</sup> Ibid.

<sup>28</sup> Successful applicants can choose the content of their packages and can select one or more of the available financial and restorative reparations. Source: Victorian Government, *Stolen Generations Reparations Package – Package options*, 26 April 2022, <<https://www.vic.gov.au/stolen-generations-reparations-package>> accessed 10 June 2022; Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, pp. 10–11.

<sup>29</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, pp. 14–15.

<sup>30</sup> Victorian Government, *Stolen Generations Reparations Package*, 26 April 2022, <<https://www.vic.gov.au/stolen-generations-reparations-package>> accessed 7 June 2022.

<sup>31</sup> Victorian Government, *Stolen Generations Reparations Package – Advance payments if you are medically ill*, 26 April 2022, <<https://www.vic.gov.au/stolen-generations-reparations-package>> accessed 7 June 2022.

<sup>32</sup> The package is only open to applicants who were removed in Victoria. The Committee was unable to determine the number of people in the quoted research who belong to the stolen generations but were removed in other States. Source: Victorian Government, *Stolen Generations Reparations Steering Committee Report – Chapter 2: Victorian Stolen Generations*, 3 March 2022, <<https://www.vic.gov.au/stolen-generations-reparations-steering-committee-report/chapter-2-victorian-stolen-generations>> accessed 7 June 2022; Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 14.

**RECOMMENDATION 26:** The Department of Justice and Community Safety publish information about the performance of the *Stolen Generations Reparations Package* on its dedicated website, including measures related to the timeliness of assessing general applications and applications made by those who are medically or terminally ill.

### Responding to historical forced adoptions

The 2022–23 Budget provides funding over two years to design and implement a redress scheme for Victorian women who were affected by historical forced adoptions, which took place in Victoria from the early 1900s to the early 1980s.<sup>33</sup> Through this funding DJCS plans to scope and design the redress scheme, make discretionary payments to affected mothers with exceptional circumstances and provide crisis counselling and integrated birth certificates as well as financial support to groups that assist affected people.<sup>34</sup>

The Attorney-General advised that the design of the scheme would be informed by the establishment process of the *Stolen Generations Reparations Package*. A steering committee would be formed to hear from lived voices in the design of the redress package and emergency payments would be offered without delay from a hardship fund of \$500,000.<sup>35</sup>

The Attorney-General advised that a date for when applications for the redress scheme would be open had not yet been settled, noting that legislative change and consultations on the form of the scheme would be decided first.<sup>36</sup>

**FINDING 46:** The 2022–23 Budget includes \$4.9 million over two years to scope and design the historical forced adoptions redress scheme.

## 5.4 Corrections portfolio: key issues

The Minister for Corrections is responsible for two outputs: Community Based Offender Supervision (funding in 2022–23: \$290.9 million) and Prisoner Supervision and Support (funding in 2022–23: \$1.5 billion).<sup>37</sup>

The Committee notes that the 2022–23 Budget provides over five times more funding for Prisoner Supervision and Support than for Community Based Offender

<sup>33</sup> Parliament of Victoria, Legislative Assembly Legal and Social Issues Committee, *Inquiry into responses to historical forced adoption in Victoria*, August 2021, p. 1; Ms Jaclyn Symes MLC, *Healing the harm of forced adoption*, media release, 10 March 2022; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 89.

<sup>34</sup> Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 39.

<sup>35</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 15.

<sup>36</sup> *Ibid.*, p. 5.

<sup>37</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 282; Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 129–130.

Supervision.<sup>38</sup> This represents an increase to Prisoner Supervision and Support funding of 10.9% from 2021–22, while Community Based Offender Supervision funding has remained the same.<sup>39</sup>

Since 2015–16, funding for Corrections has been primarily directed towards Prisoner Supervision and Support rather than Community Based Offender Supervision,<sup>40</sup> noting that maintaining the infrastructure and staffing of corrections facilities requires more funding. To publicly demonstrate the value of spending in both outputs, it would be useful for DJCS to establish performance measures and targets related to the overall cost per person in corrections facilities and cost per person in community corrections.

**RECOMMENDATION 27:** The Department of Justice and Community Safety establish performance measures for the Prisoner Supervision and Support and Community Based Offender Supervision outputs that provides a target for cost per person in corrections facilities and cost per person in community corrections or other performance measures that demonstrate how funding of these outputs relates to prisoner and offender populations over time.

### 5.4.1 Corrections capital projects

During the hearing the Minister for Corrections advised that in 2021–22 and 2022–23, the portfolio’s prison investment projects, worth a combined \$2.1 billion, were continuing to progress.<sup>41</sup>

\$39.5 million in output funding is provided in the 2022–23 Budget for the Western Plains Correctional Centre (formerly the Chisholm Road Prison Project) for securing and maintaining the facility and preparing for its operation post-construction.<sup>42</sup> The Centre is expected to open or be completed by the second quarter of 2022–23.<sup>43</sup>

Budget Paper No. 4: State Capital Program provides further information regarding the completion dates of several prison expansion projects.<sup>44</sup> The details of these projects and the number of new beds to be delivered is shown in Table 5.1 below.

<sup>38</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 282 (Committee calculation).

<sup>39</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 282.

<sup>40</sup> Ibid.; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 282; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 288; Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, Melbourne, 2018, p. 268; Department of Treasury and Finance, *Budget Paper No. 3: 2016–17 Service Delivery*, Melbourne, 2016, p. 264.

<sup>41</sup> Hon Natalie Hutchins MP, Minister for Corrections, 2022–23 Budget Estimates (Corrections) hearing, 18 May 2022, *Transcript of evidence*, pp. 1, 5.

<sup>42</sup> Ibid, p. 2; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 90.

<sup>43</sup> Hon Natalie Hutchins MP, Minister for Corrections, *Transcript of evidence*, p. 4.

<sup>44</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 76–78.



**Table 5.1** Current corrections expansion projects

Name of initiative in budget	Funding at announcement (TEI) (\$ million)	Corrections facility	Number of new beds	Delivery date at announcement	Delivery date as per 2022–23 Budget
Chisholm Road Project	689.5	Western Plains Correctional Centre	1,248 maximum security beds	Qtr 2021–22	Qtr 2 2022–23
Men's Prison System Capacity	1,255.4 <sup>a</sup>	Barwon Prison	243 beds	Unknown	Qtr 2 2023–24
		Middleton Prison	39 beds		
		Hopkins Correctional Centre	94 beds		
		Metropolitan Remand Centre	212 beds		
		Marngoneet Correctional Centre	72 beds		
Women's Prison System Capacity	188.9	Dame Phyllis Frost Centre	220-bed close supervision unit <sup>b</sup>	Qtr 2021–22	Qtr 2 2022–23
<b>Total</b>	<b>2,063.8</b>		<b>2,128</b>		

a. Included in this funding was an expansion of the Chisholm Road project from 700 beds to 1,248 beds. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, p. 91.

b. This was the figure provided by Commissioner Strong during the hearing. The Community Safety Building Authority states 106 new beds will be established. Source: Community Safety Building Authority, *Dame Phyllis Frost Centre Expansion*, 30 July 2021, <<https://csba.vic.gov.au/our-projects/dame-phyllis-frost-centre-expansion>> accessed 7 June 2022; Ms Larissa Strong, Commissioner, Corrections Victoria, 2022–23 Budget Estimates (Corrections) hearing, 18 May 2022, *Transcript of evidence*, pp. 5–6.

Note: The Committee has endeavoured to use the most up-to-date information available, however notes the scope and name of projects may have changed over time and there is differing information regarding the number of new beds to be established at each facility on the Community Safety Building Authority's website. Table 5.1 may not account for all of the capital projects the department is currently undertaking.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, p. 90; Community Safety Building Authority, *Dame Phyllis Frost Centre Expansion*, 30 July 2021, <<https://csba.vic.gov.au/our-projects/dame-phyllis-frost-centre-expansion>> accessed 7 June 2022; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, p. 78; Hon Natalie Hutchins MP, Minister for Corrections, 2022–23 Budget Estimates (Corrections) hearing, 18 May 2022, *Transcript of evidence*, p. 4; Ms Larissa Strong, Commissioner, Corrections Victoria, 2022–23 Budget Estimates (Corrections) hearing, 18 May 2022, *Transcript of evidence*, pp. 5–6; Community Safety Building Authority, *Year in Review 2020–21*, 2021, <<https://csba.vic.gov.au/sites/default/files/2022-01/CSBA%20year%20in%20in%20review%202021.pdf>> accessed 7 June 2022, p. 20; Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, Melbourne, 2018, p. 99; Hon Natalie Hutchins MP, *Chisholm Road Prison reaches a million work hours*, media release, 19 March 2021; Hon Gayle Tierney MP, *Building a strong and secure corrections system*, media release, 1 May 2018; Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 1 November 2021, pp. 66–69.

During the hearing the Committee discussed with the Minister how corrections populations had declined over the past two years, and how this may affect utilisation rates in facilities and DJCS' planned expansion projects.<sup>45</sup> The Minister advised between February 2020 and April 2022, the corrections population had dropped by 17.5% to levels not seen since 2016.<sup>46</sup> Similarly, the expected utilisation rate in 2021–22 for both

<sup>45</sup> Hon Natalie Hutchins MP, Minister for Corrections, *Transcript of evidence*, pp. 5–6; Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Corrections) hearing, 18 May 2022, *Transcript of evidence*, pp. 5–6.

<sup>46</sup> Hon Natalie Hutchins MP, Minister for Corrections, *Transcript of evidence*, p. 5.



men's and women's prisons has dropped from the 2020–21 actual results, which were also below DJCS' target.<sup>47</sup> The expected male prison utilisation rate in 2021–22 is 77.1%, while the women's is 61.9%, both against a target of 85–90%.<sup>48</sup>

The Minister explained this drop in prison numbers was because of several changes in the justice system due to COVID-19, including a decline in sentenced prisoners and changes to court operations and the investment by the Government in crime prevention strategies.<sup>49</sup>

When asked about whether occupancy rates in prisons were likely to rise in the context of declining prison numbers and increases to corrections beds over the next two years, the Minister advised that while there was no plan for corrections numbers to rise again, capacity was needed to ensure a responsive system in case numbers should change or fluctuate.<sup>50</sup> The Minister explained that often new beds in the system did not result in a net gain, as new facilities could mean two people sharing a cell were provided their own cells or that facilities that were no longer suitable were decommissioned.<sup>51</sup>

The Committee was provided with short-term modelling completed by the Crime Statistics Agency (CSA) showing the predicted numbers of prisoners to June 2024.<sup>52</sup> DJCS advised that due to significant changes in prison populations as a result of COVID-19, a high level of caution was recommended when using the projections.<sup>53</sup>

The average growth rate for the number of male prisoners between 30 June 2015 and 30 June 2021 was 3%, while the forecast provided by CSA shows an average growth rate of 1.6% between 30 June 2022 and 30 June 2024. For the same time periods, the actual average growth for the number of female prisoners was 0.9% between 2015 and 2021, while the forecast shows an average growth rate of 10% between 2022 and 2024.<sup>54</sup>

Figures 5.1 and 5.2 show the total number of male and female prisoners each year at 30 June from 2015 to 2021 and the year-on-year growth/decline, and CSA's forecast numbers at 30 June from 2022 to 2024. The figures demonstrate a high volatility in the actual and forecast year-on-year growth/decline of prisoner numbers.<sup>55</sup>

<sup>47</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 292.

<sup>48</sup> Ibid.

<sup>49</sup> Hon Natalie Hutchins MP, Minister for Corrections, *Transcript of evidence*, pp. 1–2.

<sup>50</sup> Ibid., p. 5.

<sup>51</sup> Ibid.; Ms Larissa Strong, Commissioner, Corrections Victoria, *Transcript of evidence*, pp. 5–6.

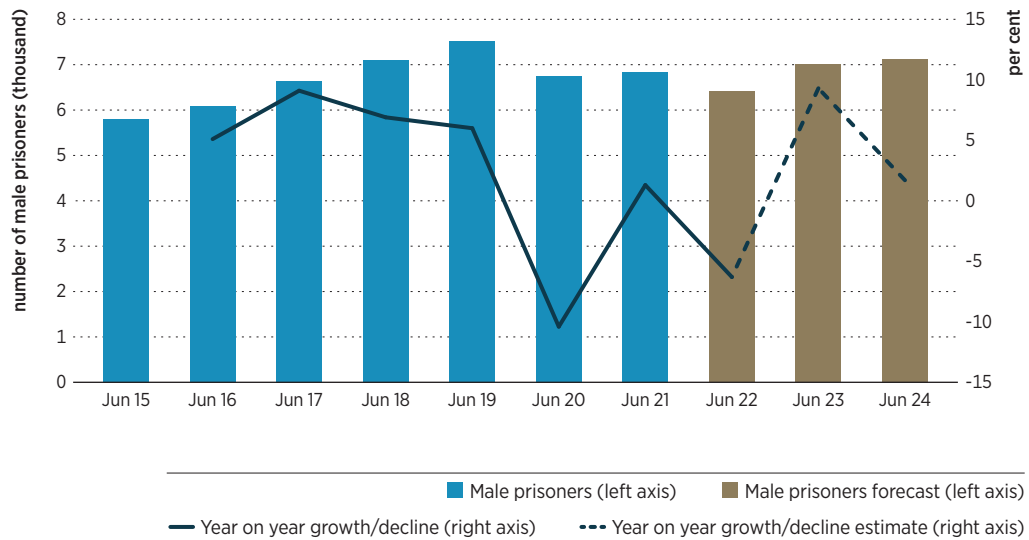
<sup>52</sup> Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, 2022–23 Budget Estimates hearings, response to questions on notice received 31 May 2022, p. 2.

<sup>53</sup> Ms Larissa Strong, Commissioner, Corrections Victoria, *Transcript of evidence*, p. 6; Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, response to questions on notice received 31 May 2022, p. 2.

<sup>54</sup> Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, response to questions on notice received 31 May 2022, p. 2 (Committee calculation).

<sup>55</sup> Ibid., (Committee calculation).

**Figure 5.1** Number of male prisoners and year-on-year actual and forecast growth/decline—June 2015 to June 2024



Source: Corrections Victoria, *Monthly prisoner and offender statistics 2014–15 to 2020–21*, 23 August 2021, <<https://www.corrections.vic.gov.au/monthly-prisoner-and-offender-statistics-2014-15-to-2020-21>> accessed 7 June 2022; Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, 2022–23 Budget Estimates hearings, response to questions on notice received 31 May 2022, p. 2 (Committee calculation).

**Figure 5.2** Number of female prisoners and year-on-year actual and forecast growth/decline—June 2015 to June 2024



Source: Corrections Victoria, *Monthly prisoner and offender statistics 2014–15 to 2020–21*, 23 August 2021, <<https://www.corrections.vic.gov.au/monthly-prisoner-and-offender-statistics-2014-15-to-2020-21>> accessed 7 June 2022; Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, 2022–23 Budget Estimates hearings, response to questions on notice received 31 May 2022, p. 2 (Committee calculation).

**FINDING 47:** In 2022–23 and 2023–24 the Department of Justice and Community Safety (DJCS) will deliver over 2,000 new prison beds across the corrections system. New prison beds in the system do not always result in a net gain. Between February 2020 and April 2022, the corrections population has declined by 17%. Neither DJCS nor the Crime Statistics Agency is able to project with certainty how prison populations will change over the short term.

## 5.5 Emergency Services portfolio: key issues

The Minister for Emergency Services is responsible for one output: Emergency Management Capability (funding in 2022–23: \$1.7 billion).<sup>56</sup>

In response to the departmental questionnaire, DJCS advised this output ‘includes output costs that relate to COVID-19 response and enforcement activities which are the responsibility of the Minister for COVID-19 (DJCS)’.<sup>57</sup> DJCS advised that a new output entitled ‘COVID-19 Response Operations’ was considered during the budget process, but was not supported due to the uncertain funding beyond 2021–22, and that short-term dynamic functions were not deemed appropriate for monitoring via performance measures.<sup>58</sup> No further information regarding what this Minister was responsible for, what funding was provided for this Ministry or what performance measures are associated with this Ministry were provided in DJCS’ response to the Committee’s questionnaire.

DJCS has subsequently advised the Committee:

- Minister Neville had responsibility for the output costs that related to ‘COVID-19 response and enforcement activities’ that formed part of the Emergency Management Capability output, until her retirement, when the responsibility transitioned to Minister Carbinas.
- The portfolios created for the COVID-19 Coordinating Ministers (such as the Minister for COVID-19) were decommissioned in November 2020.<sup>59</sup>

**RECOMMENDATION 28:** The Department of Justice and Community Safety provide in their next annual report information regarding what the Minister for COVID-19 was responsible for, what funding from the Emergency Management Capability output this Minister was responsible for and what performance measures, if any, allocated to this output were related to this Ministry.

### 5.5.1 Emergency Services Telecommunications Authority

The Emergency Services Telecommunications Authority (ESTA) is a Victorian statutory authority which provides 24-hour emergency call taking and dispatch services for police, fire, ambulance and Victoria State Emergency Services. ESTA also provides operational communications support to these emergency services.<sup>60</sup>

<sup>56</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 282; Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 129–130.

<sup>57</sup> Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 129.

<sup>58</sup> *Ibid.*, pp. 150, 154.

<sup>59</sup> Department of Justice and Community Safety, supplementary evidence received via email 8 August 2022.

<sup>60</sup> Emergency Services Telecommunications Authority, *Annual Report 2020–21*, Melbourne, 2021, p. 8.

During the hearings the Attorney-General outlined a \$333.4 million funding package for ESTA included in the 2022–23 Budget.<sup>61</sup> The Attorney-General advised the significant funding was provided to ESTA as demand for its services was at an all-time high, with calls increasing by a daily average of one third between October 2020 and December 2021 and January 2022.<sup>62</sup> The Committee has previously discussed this significant increase in demand, especially for Ambulance Victoria calls during the COVID-19 pandemic, which resulted in a decrease in ESTA’s performance and adverse events, including deaths.<sup>63</sup>

The Attorney-General explained how the investment in the budget would build ESTA’s capability further, to respond to the increased demand for its services.<sup>64</sup> The funding for ESTA includes:

- \$170 million to add 400 staff
- \$26 million for initiatives to support workers and boost capacity and flexibility, including wellbeing measures for staff
- \$26 million for extra stability and security maintenance of ESTA’s computer-aided dispatch system.<sup>65</sup>

The Government has made a number of investments in ESTA’s staff to help deal with demand. In May 2021, 43 new full time equivalent staff (FTE) were funded and are now operational. The 50 positions announced in March 2022 and the 400 announced in the 2022–23 Budget will become operational by mid-2023.<sup>66</sup>

Regarding the 400 staff funded in the 2022–23 Budget, the Attorney-General advised call taker and dispatcher numbers would be boosted by an additional 141.8 FTE and a further 260 FTE positions are for staffing in other areas.<sup>67</sup> These staff will support call takers and dispatchers and include 100 team leaders and trainers and 160 corporate services personnel.<sup>68</sup> Of the 141.8 FTE staff to be recruited for call taking and dispatching, 67 were for ambulance, 60.5 for police and 14.3 for fire.<sup>69</sup> It is unclear how the call takers and dispatchers and corporate positions for each emergency service was decided.

<sup>61</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 89; Ms Jaclyn Symes MLC, Minister for Emergency Services, 2022–23 Budget Estimates (Emergency Services) hearing, Melbourne, 18 May 2022, *Transcript of evidence*, p. 2; Ms Jaclyn Symes MLC, *2022–23 Budget Estimates hearing presentation: Emergency Services*, supplementary evidence received 18 May 2022, p. 3.

<sup>62</sup> Ms Jaclyn Symes MLC, Minister for Emergency Services, *Transcript of evidence*, p. 2.

<sup>63</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Financial and Performance Outcomes*, April 2022, pp. 115–116; Ms Libby Murphy, Acting Chief Executive Officer, Ambulance Victoria, 2022–23 Budget Estimates (Ambulance Services) hearing, Melbourne, 20 May 2022, *Transcript of evidence*, p. 2.

<sup>64</sup> Ms Jaclyn Symes MLC, Minister for Emergency Services, *Transcript of evidence*, p. 2.

<sup>65</sup> *Ibid.*; Ms Jaclyn Symes MLC, *2022–23 Budget Estimates hearing presentation: Emergency Services*, p. 4.

<sup>66</sup> Victorian Government, *Victorian Government response to the recommendations of the Emergency Services Telecommunications Authority Capability and Service Review*, 2022, <[https://www.vic.gov.au/sites/default/files/2022-05/Victorian%20Government%20response%20to%20the%20recommendations%20of%20the%20ESTA%20Capability%20and%20Service%20Review\\_1.pdf](https://www.vic.gov.au/sites/default/files/2022-05/Victorian%20Government%20response%20to%20the%20recommendations%20of%20the%20ESTA%20Capability%20and%20Service%20Review_1.pdf)> accessed 7 June 2022, pp. 5, 9.

<sup>67</sup> Ms Jaclyn Symes MLC, Minister for Emergency Services, *Transcript of evidence*, p. 2.

<sup>68</sup> Critical incident managers were also listed as a position forming part of the staffing boost, but the Committee was unable to confirm whether they fit into the team leaders and trainers or corporate services cohorts. Source: Ms Jaclyn Symes MLC, Minister for Emergency Services, *Transcript of evidence*, p. 2.

<sup>69</sup> *Ibid.*

**FINDING 48:** The 2022–23 Budget provides \$333.4 million for the Emergency Services Telecommunications Authority to grow its capability in the face of unprecedented demand. This includes funding for 400 full time equivalent staff consisting of 141.8 call takers and dispatchers, 100 team leaders and trainers and just under 160 corporate positions. Of the call takers and dispatchers to be recruited, 67 are for ambulance, 60.5 are for police and 14.3 are for fire.

Following the estimates hearings, the *ESTA Capability and Service Review* was released, which considered all aspects of ESTA's operating model and assessed its capabilities against the core services it delivers, prompted by significant concern around the effectiveness of ESTA's capability and capacity to deliver consistent Triple Zero (000) services across Victoria.<sup>70</sup>

The report noted that over its history the number of times ESTA's system had failed was well documented and found this was not solely related to demand during the COVID-19 pandemic.<sup>71</sup> The review made a number of significant recommendations to Government, all of which were supported in principle.<sup>72</sup> The report highlighted several key challenges for ESTA and DJCS in achieving the outcomes of the recommendations, including operating in partnership with emergency services organisations, a lack of agility in responding to emergencies and call taking and dispatch staff welfare.<sup>73</sup>

The Committee notes the funding provided in the 2022–23 Budget may respond to some of these challenges, including investing further in staff mental health and wellbeing.<sup>74</sup>

The Government has since announced significant changes to ESTA to acquit several of the report's recommendations, including a new governance model which will move ESTA into DJCS, rebrand ESTA as Triple Zero Victoria, and establish a new board of advisors.<sup>75</sup> As ESTA will now become part of the wider department, it is appropriate to include outcomes-based performance measures in future budget papers.

The Committee notes that Triple Zero Victoria will need to rebuild public trust after the significant issues ESTA has experienced over several years.<sup>76</sup> Relevant and transparent performance measures will allow for public understanding of how Triple Zero Victoria is improving its performance. The Committee suggests when established, Triple Zero Victoria should provide dedicated information on their website regarding the progress towards implementing the recommendations of the *ESTA Capability and Service Review*, including relevant data sets for performance that are updated on a regular basis.

<sup>70</sup> Victorian Government, *ESTA Capability and Service Review*, 19 May 2022, <<https://www.vic.gov.au/esta-capability-and-service-review>> accessed 7 June 2022

<sup>71</sup> Graham Ashton AM APM, *Emergency Services Telecommunications Authority Capability and Service Review: Final Report 2022*, 2022, <<https://www.vic.gov.au/sites/default/files/2022-05/ESTA%20Capability%20and%20Service%20Review%20Final%20Report.pdf>> accessed 7 June 2022, p. 4.

<sup>72</sup> Ms Jaclyn Symes MLC, *Building a stronger Triple Zero service for all Victorians*, media release, 19 May 2022.

<sup>73</sup> Graham Ashton AM APM, *Emergency Services Telecommunications Authority Capability and Service Review*, pp. 15–19.

<sup>74</sup> Ms Jaclyn Symes MLC, Minister for Emergency Services, *Transcript of evidence*, p. 2.

<sup>75</sup> Ms Jaclyn Symes MLC, *Building a stronger Triple Zero service for all Victorians*, media release.

<sup>76</sup> Graham Ashton AM APM, *Emergency Services Telecommunications Authority Capability and Service Review*, p. 2.

**FINDING 49:** Noting the investment in the 2022–23 Budget and the significant changes taking place to the structure and staffing of the Emergency Services Telecommunications Authority, measuring the outcomes of reform will be important for tracking improvements in the Triple Zero service and helping to rebuild public trust in the service.

**RECOMMENDATION 29:** The Department of Justice and Community Safety include outcomes-based performance measures for Triple Zero Victoria in the 2023–24 Budget. This should include performance measures that can track the enhanced capability of Triple Zero Victoria and demonstrate the outcomes of new staff investment.

**RECOMMENDATION 30:** After establishment, Triple Zero Victoria provide dedicated information on their website regarding the progress towards implementing the recommendations of the *ESTA Capability and Service Review*, including data to demonstrate performance that is updated regularly.

## 5.6 Victim Support portfolio: key issues

The Minister for Victim Support is responsible for one output which is shared with the Attorney-General: Advocacy, Human Rights and Victim Support (funding in 2022–23: \$141.9 million).<sup>77</sup>

### 5.6.1 Victims of crime financial assistance scheme

The 2022–23 Budget provides \$39.5 million over four years for an initiative entitled *A new financial assistance scheme for victims of crime*.<sup>78</sup> This initiative continues the work already undertaken to reform the victims of crime service system by establishing a new financial assistance scheme for victims of crime.<sup>79</sup>

This continued reform progresses a number of recommendations made by the Victorian Law Reform Commission in its 2018 report, *Review of the Victims of Crime Assistance Act 1996*.<sup>80</sup> The report found significant issues with the existing financial assistance scheme, with a consequence that not all eligible victims may access it.<sup>81</sup> The report recommended a new financial assistance scheme be established as well as other legislative reforms.<sup>82</sup>

<sup>77</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 282; Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 129–130.

<sup>78</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 89.

<sup>79</sup> Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 14–15.

<sup>80</sup> Hon Natalie Hutchins MP, *Landmark reforms to support victims of crime*, media release, 6 April 2022; Victorian Law Reform Commission, *Review of the Victims of Crime Assistance Act 1996*, Melbourne, July 2018.

<sup>81</sup> Victorian Law Reform Commission, *Review of the Victims of Crime Assistance Act 1996*, p. 48.

<sup>82</sup> *Ibid.*, pp. xxix–xlvi.

The Government has introduced a Bill to replace the *Victims of Crime Assistance Act 1996*, which will replace the current financial scheme run by the Victims of Crime Assistance Tribunal (VOCAT).<sup>83</sup> While VOCAT uses judicial decision makers to determine applications, the new scheme will be administrative, simplifying the process, to make it easier for victims to navigate and to remove the need for victims to attend a hearing.<sup>84</sup> The Minister for Victim Support provided a breakdown of the funding to support the scheme in the 2022–23 Budget:

- \$3.2 million over four years and \$879,000 ongoing for the decision-maker directorate, the peak body who will take applications for financial assistance from victims, assess them and decide on outcomes
- \$31.6 million over four years and \$10 million ongoing for a financial assistance unit, which will undertake client support, intake, triage, assessment, application processing, complaints and provide in house legal advice
- \$4.4 million over four years and \$2.2 million ongoing for operational non-staffing costs which will include the storage of VOCAT files and infrastructure for victim recognition meetings.<sup>85</sup>

**FINDING 50:** The 2022–23 Budget provides \$39.5 million over four years to commence operations of the new victims of crime financial assistance scheme.

The Committee was unable to determine what type of entity the new financial assistance scheme would be, or whether it would sit directly within the department. If appropriate, it would be beneficial for the financial assistance scheme’s performance to be tracked through performance information, including but not limited to timeliness in relation to determining applications and applicant satisfaction with the scheme’s process.

**RECOMMENDATION 31:** The Department of Justice and Community Safety include performance information for the new victims of crime financial assistance scheme on the scheme’s dedicated website.

<sup>83</sup> Ibid., p. 48; Hon Natalie Hutchins MP, *Landmark reforms to support victims of crime*, media release.

<sup>84</sup> Hon Natalie Hutchins MP, *Landmark reforms to support victims of crime*, media release; Victorian Law Reform Commission, *Review of the Victims of Crime Assistance Act 1996*, p. 48.

<sup>85</sup> Hon Natalie Hutchins MP, Minister for Victim Support, 2022–23 Budget Estimates (Victim Support) hearing, Melbourne, 18 May 2022, *Transcript of evidence*, pp. 5–6; Ms Melanie Heenan, Executive Director, Victim Support and Justice Operations, Department of Justice and Community Safety, 2022–23 Budget Estimates (Victim Support) hearing, Melbourne, 18 May 2022, *Transcript of evidence* p. 6.



## 5.7 Workplace Safety portfolio: key issues

The Minister for Workplace Safety is responsible for WorkSafe Victoria. No related objectives or performance measures were assigned to the Workplace Safety portfolio in the 2022–23 Budget.<sup>86</sup>

### 5.7.1 Victorian Sick Pay Guarantee

The 2022–23 Budget provides \$245.7 million over three years for the Victorian *Sick Pay Guarantee* pilot program.<sup>87</sup> It is expected that 150,000 workers will be eligible for the program.<sup>88</sup>

During the hearing the Minister for Workplace Safety advised the Committee of why the pilot was initiated, how it would operate and who would be eligible.<sup>89</sup> The pilot will allow eligible casual and contract workers to apply for and claim up to 38 hours of sick or carer's leave, paid at the national minimum wage.<sup>90</sup> Those applying will need to meet certain criteria, including working in an eligible occupation.<sup>91</sup> Eligible occupations were chosen based on the most insecure industries and those that already pay close to the national minimum wage.<sup>92</sup>

The Minister explained that the program was initiated in part due to the COVID-19 pandemic, which exposed fault lines in the labour market and economy related to insecure work.<sup>93</sup> The pilot seeks to address the issue of casual and insecure workers attending work when unwell, who do so to avoid missing out on pay or when needing to care for family or household members.<sup>94</sup>

The Committee understands that:

- the funding and performance measures for the program are listed under the Department of Jobs, Precincts and Regions (DJPR)
- the program is to be administered by DJPR and accessed through Service Victoria—an entity run by the Department of Premier and Cabinet
- the Minister for Workplace Safety (DJCS) is responsible for the program.<sup>95</sup>

<sup>86</sup> Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 129–142.

<sup>87</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 73 (Committee calculation).

<sup>88</sup> Ms Ingrid Stitt MLC, Minister for Workplace Safety, 2022–23 Budget Estimates (Workplace Safety) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 2.

<sup>89</sup> *Ibid.*, pp. 4–6, 8.

<sup>90</sup> Victorian Government, *Victorian Sick Pay Guarantee FAQs – 50. How much will I get paid?*, 2022, <<https://www.vic.gov.au/victorian-sick-pay-guarantee-faqs#50-how-much-will-i-get-paid>> accessed 7 June 2022.

<sup>91</sup> Ms Ingrid Stitt MLC, Minister for Workplace Safety, *Transcript of evidence*, pp. 5–6.

<sup>92</sup> *Ibid.*, p. 8; Mr Tim Pallas MP, Minister for Industrial Relations, 2022–23 Budget Estimates (Industrial Relations) hearing, Melbourne, 13 May 2022, *Transcript of evidence*, p. 6.

<sup>93</sup> Ms Ingrid Stitt MLC, Minister for Workplace Safety, *Transcript of evidence*, p. 2.

<sup>94</sup> *Ibid.*, p. 4.

<sup>95</sup> *Ibid.*, pp. 5–6; Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 158; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 73.



This structure does not allow for a clear understanding of who is ultimately responsible for the overall delivery or performance of the program. To ensure clarity and transparency, the budget papers should outline how departments and Ministers divide responsibility when initiatives are shared.

**FINDING 51:** The 2022–23 Budget includes \$245.7 million for the Victorian *Sick Pay Guarantee* pilot program. The responsible Minister for the program is the Minister for Workplace Safety, while the funding for the program and its performance measures fall under the Department of Jobs, Precincts and Regions and the program will be accessed through Service Victoria, an entity run by the Department of Premier and Cabinet.

**RECOMMENDATION 32:** When multiple departments share the administration and/or responsibility for a program or initiative, the budget papers should clearly outline how this responsibility is divided and which elements of performance each department is responsible for.

## 5.8 Performance measures

### 5.8.1 Department wide: analysis of new performance measures

DJCS added 13 new performance measures in the 2022–23 Budget, none of which replaced discontinued measures. A further 19 performance measures were disaggregated from previous measures.<sup>96</sup> Thirty-two of DJCS' existing performance measures were modified in the 2022–23 Budget.<sup>97</sup> Table 5.2 summarises the issues that the Committee identified with five of the department's new performance measures by relevant output.

<sup>96</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 285–310.

<sup>97</sup> Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 85–103.

Table 5.2 Issues with new performance measures in 2022–23

Output	New performance measure	Issues identified by the Committee
Policing and Community Safety (Quantity)	Number of Family Violence incidents attended	<p>While the Committee recognises that this measure has been put in place to reflect the significant investment into family violence incident identification and response by Victoria Police, there are a number of issues identified with this performance measure. The Department of Justice and Community Safety (DJCS) notes that the measure will be impacted by the willingness of affected family members to report family violence incidents, noting there are many reasons people do not report.</p> <p>The new measure quantifies an output, not an outcome by solely counting how many incidents have been attended, rather than measuring the impact of Victoria Police's work in family violence or the outcome of attending family violence incidents. This makes it difficult to use the performance measure to assess whether the department is achieving its stated objectives.</p> <p>It is also unclear what the target of 91,200 family violence incidents attended aims to represent, how it was set or how it is linked to a desired outcome. While DJCS stated the measure would allow for the assessment of whether victims of family violence feel comfortable reporting incidents to police, it is not self-evident that this is the case.</p> <p>Further, it is unclear what an increase or decline relevant to the target would mean. For example, in subsequent years, a decline in the number of incidents attended could represent a decline in funding and therefore ability of Victoria Police to attend, a decline in reporting of incidents or an actual decline in family violence incidents in the State. If the target were to increase, the inverse could be represented.</p>
Community Crime Prevention (Quantity)	Proportion of crime prevention grant applications prepared using crime prevention resources	<p>This performance measure does not measure the activities of DJCS, as applications for crime prevention grants are usually applied for by councils, not for profits and community organisations. DJCS states that the new measure reflects the importance of investing in evidence-based crime prevention initiatives, yet the measure counts all applications, not successful applications. Therefore, the measure reflects how many applicants are aware of or have access to crime prevention resources, potentially demonstrating the utility of the portfolio's website or how well the portfolio's communications strategies work.</p> <p>Information on the importance of investing in evidence-based crime prevention initiatives could be better represented by alternate measures. For example, 'Proportion of successful crime prevention grant applications prepared using crime prevention resources'.</p>
Youth Justice Custodial Services (Quantity)	Average daily number of young people aged 10–13 under supervision	<p>The Committee commends the inclusion of this new performance measure, noting DJCS' continued focus on diversions from custodial services. However, DJCS' work in youth diversions in this cohort, specifically around diverting Aboriginal children aged 10–13 and the over representation of Aboriginal children in this age group in custodial services would be better represented with an additional performance measure: 'Average daily number of Aboriginal young people aged 10–13 under supervision'.</p> <p>This was recommended by the Committee in its <i>2021–22 Budget Estimates Report</i>. DJCS has advised it is continuing to consider the most appropriate measures in this space.</p>

Output	New performance measure	Issues identified by the Committee
Youth Justice Community Based Services	<p>Number of Children's Court Youth Diversions (CCYD) (Quantity)</p> <p>Proportion of successfully completed Children's Court Youth Diversions (CCYD) (Quality)</p>	<p>The Committee commends the inclusion of these two new performance measures demonstrating outcomes of youth diversions, specifically in the Children's Court. These measures acquit a recommendation made by the Committee in its <i>Report on the 2019–20 Financial and Performance Outcomes</i>.</p> <p>However, there are a number of other youth diversion programs administered by DJCS that are not covered by performance measures. While DJCS has noted the limitation associated with the new performance measures related to CCYD, stating 'this measure excludes diversions recorded by Victoria Police (e.g. police cautions)', more comprehensive performance measures, potentially related to the activities of Victoria Police in this space, would allow for a better understanding of DJCS' performance in youth diversion from the justice system.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 285, 287, 294; Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 13 May 2022, pp. 77–78, 80, 159–160; Victorian Auditor-General's Office, *Measuring and Reporting on Service Delivery*, Melbourne, 2021, pp. 3, 26, 44; Community Crime Prevention, *Crime Prevention Innovation Fund, 2022*, <<https://www.crimeprevention.vic.gov.au/crimepreventioninnovationfund>> accessed 7 June 2022; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, May 2021, pp. 94–95.

**RECOMMENDATION 33:** The Department of Justice and Community Safety address the shortcomings identified by the Committee in the five new performance measures introduced in 2022–23 with further, or altered, performance measures in the 2023–24 Budget.

## 5.8.2 Department wide: analysis of performance measures proposed to be discontinued

DJCS identified 13 performance measures for discontinuation in the 2022–23 Budget. The Committee supports DJCS' rationale for the discontinuation of all measures.<sup>98</sup>

The Committee commends DJCS on the reasoning included for the discontinuation and disaggregation of several measures. For example:

- 'Proportion of drivers tested who return a clear result for prohibited drugs' is discontinued as it measures an activity by number, rather than performance of initiatives designed to increase clear tests.<sup>99</sup>
- Two measures under the Community Crime Prevention output are discontinued as they measure meeting a minimum level of service.<sup>100</sup>
- Two measures under the Emergency Management Capability output are disaggregated into six measures to increase transparency regarding the activities of emergency management agencies.<sup>101</sup>

<sup>98</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 401–402.

<sup>99</sup> *Ibid.*, p. 401.

<sup>100</sup> *Ibid.*

<sup>101</sup> *Ibid.*



# 6 Department of Transport

## 6.1 Overview

The Department of Transport (DoT) supports five ministerial portfolios: Transport Infrastructure and Suburban Rail Loop, Public Transport, Roads and Road Safety, Ports and Freight and Fishing and Boating.<sup>1</sup>

DoT's mission is to 'to meet the aspirations of Victorians for an integrated transport system that contributes to an inclusive, prosperous and environmentally responsible state'.<sup>2</sup>

In 2022–23 DoT's objectives are:

- reliable and people-focused transport services
- safe and well-regulated transport services
- deliver investments that achieve social and economic benefits
- sustainably managed fish and boating resources.<sup>3</sup>

The key issues section of this chapter focuses on matters relevant to four portfolios that were identified during the estimates hearings.

## 6.2 Financial analysis

In 2022–23 DoT has the fourth largest budget of all Victorian Government departments, representing 9.8% of total government output.<sup>4</sup>

In 2022–23 DoT is allocated \$6.9 billion to fund its outputs, an increase of \$43.7 million (0.6%) compared to the 2021–22 Budget.<sup>5</sup>

DoT's output appropriations are budgeted as \$5 billion for 2022–23, a decrease of \$610 million (10.9%) compared to the 2021–22 revised budget.<sup>6</sup> DoT explained that this variation is primarily due to the discontinuation of additional funding received during 2021–22 for COVID-19 impacts on public transport.<sup>7</sup>

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 331.

2 Ibid.

3 Ibid., pp. 331–332.

4 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 333 (Committee Calculation).

5 Ibid., (Committee calculation).

6 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 334.

7 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, p. 25 (Committee calculation).

In the 2022–23 Budget, DoT’s largest output initiative in terms of funding is *COVID-19 impacts on the transport network* (\$215.4 million in 2022–23).<sup>8</sup> This initiative includes:

offsetting the impact of lower revenue so public transport operators can continue full service delivery, additional cleaning to support public health and ensure that users are safe using public transport, and compliance and monitoring of the commercial passenger vehicle industry.<sup>9</sup>

In the 2021–22 Budget this output initiative was allocated \$296.2 million for 2020–21.<sup>10</sup> In the 2022–23 Budget this output initiative has a retrospective allocation of \$650.9 million for 2021–22.<sup>11</sup>

DoT’s next largest output initiative in terms of funding is *Switching on the Big Build* (\$191.5 million in 2022–23).<sup>12</sup> DoT explained funding for this initiative will be ‘provided for additional services and to operate new transport infrastructure that is being delivered as part of the *Big Build*’.<sup>13</sup> In the 2022–23 Budget this output initiative has a retrospective allocation of \$169.2 million for 2021–22.<sup>14</sup>

DoT’s budgeted sales of goods and services in 2022–23 is \$384 million, an increase of \$255 million (197.7%) from the 2021–22 revised budget.<sup>15</sup> This increase is because of changes in farebox revenues as a result of COVID-19, representing an increase in ticketing sales in 2022–23 after reductions due to lockdowns in 2021–22.<sup>16</sup>

DoT’s ‘Fair value of assets and services received free of charge or for nominal consideration’ is budgeted as \$380 million in 2022–23, a decrease of \$53 million (12.2%) from the 2021–22 revised budget.<sup>17</sup> The department indicated this is primarily due to ‘the timing of assets received relating to the Metro Tunnel for costs borne by the operator’.<sup>18</sup>

**FINDING 52:** In the 2022–23 Budget the Department of Transport’s *COVID-19 impacts on the transport network* and *Switching on the Big Build* output initiatives received retrospective allocations for 2022–23 totalling \$820.1 million.

8 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 109.

9 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 33.

10 Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 107.

11 Ibid., p. 109.

12 Ibid.

13 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 33.

14 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 109.

15 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 25 (Committee calculation).

16 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 25.

17 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 25 (Committee calculation).

18 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 25.

## 6.3 Capital spend

The total estimated investment (TEI) for DoT's capital projects portfolio, across the forward estimates and beyond, is \$36.9 billion.<sup>19</sup> By contrast, the TEI of DoT's new and existing capital projects in 2021–22 was \$46.5 billion.<sup>20</sup>

In 2022–23 DoT's capital program comprises \$863.6 million in new projects and \$36 billion in existing projects, representing 57.2% of the general government capital program in the 2022–23 Budget.<sup>21</sup> DoT's new capital projects represent 14.9% of all new projects in the general government capital program in the 2022–23 Budget.<sup>22</sup> The 2022–23 Budget lists 12 new projects for DoT.<sup>23</sup> DoT will spend an estimated \$8.4 billion in 2022–23 on capital projects.<sup>24</sup> DoT's three largest existing capital projects are:

- West Gate Tunnel (metropolitan various): TEI of \$10.2 billion
- 85 by 2025 (Level Crossing Removal) (metropolitan various): TEI of \$8.9 billion
- Level Crossing Removal program (metropolitan various): TEI of \$6.3 billion.<sup>25</sup>

These projects are discussed in more detail in Section 6.4.1.

## 6.4 Transport Infrastructure and the Suburban Rail Loop portfolio: key issues

The Minister for Transport Infrastructure and the Suburban Rail Loop (SRL) is responsible for the Transport Infrastructure output (funding in 2022–23: \$302.2 million).<sup>26</sup>

### 6.4.1 Movements in the state capital program

The 2022–23 Budget states that government infrastructure investment is projected to average \$21.3 billion per year from 2022–23 to 2025–26.<sup>27</sup> As stated above in Section 6.3 in 2022–23 DoT's projects comprise 57.2% of the general government capital program.<sup>28</sup>

<sup>19</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, p. 87.

<sup>20</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 State Capital Program*, Melbourne, 2021, p. 105.

<sup>21</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 82–87 (Committee calculation).

<sup>22</sup> *Ibid.*, (Committee calculation).

<sup>23</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 82–89.

<sup>24</sup> *Ibid.*, p. 87.

<sup>25</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 82–87 (Committee calculation).

<sup>26</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 107; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, 2022, p. 333.

<sup>27</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 2.

<sup>28</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 82–87 (Committee calculation).

Expenditure and delivery times for several major transport infrastructure projects were discussed during the hearings.<sup>29</sup>

### 85 by 2025 (Level Crossing Removal)

The *85 by 2025 (Level Crossing Removal) (metropolitan various)* capital program—previously listed as *75 by 2025 (Level Crossing Removal)*<sup>30</sup>—was modified in the 2021–22 Budget Update to include a program of 10 additional level crossing removals.<sup>31</sup> The increase in TEI for the project from \$6.6 to \$8.9 billion in the 2022–23 Budget is explained as representing \$2.5 billion in further funding for the additional 10 level crossing removals, offset by \$140 million due to program savings.<sup>32</sup> As noted above, the TEI for the *Level Crossing Removal program (metropolitan various)* in the 2022–23 Budget is \$6.3 billion. This project was introduced in the 2015–16 Budget to remove 50 level crossings.<sup>33</sup>

The estimated cost for the removal of the first 75 level crossings is approximately \$12.9 billion,<sup>34</sup> in rough terms this represents a cost per crossing removal of \$172 million.<sup>35</sup> By comparison, the estimated cost for the removal of the 10 additional crossings under *85 by 2025* is approximately \$2.5 billion, in rough terms this represents a cost per crossing removal of \$240 million.<sup>36</sup>

The Committee acknowledges costs can change when delivering large scale transport infrastructure projects and that current market capacity constraints and high demand for skills and resources may also impact these costs.<sup>37</sup> However, further information about the change in estimated cost per level crossing removal for the 10 additional removals under *85 by 2025* may be required.

**FINDING 53:** The 2022–23 Budget does not explain why the 10 additional level crossing removals which make up part of the *85 by 2025 (Level Crossing Removal)* capital program represent a higher cost per level crossing removal than the 75 level crossings previously identified for removal.

<sup>29</sup> Hon Jacinta Allan MP, 2022–23 Budget Estimates (Transport Infrastructure and Suburban Rail Loop) hearing, Melbourne, 6 June 2022, *Transcript of evidence*, pp. 3, 5, 10, 18.

<sup>30</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 46.

<sup>31</sup> Department of Treasury and Finance, *2021–22 Budget Update*, Melbourne, 2021, p. 150.

<sup>32</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 83; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 State Capital Program*, Melbourne, 2021, p. 100.

<sup>33</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 84; Department of Treasury and Finance, *Budget Paper No. 4: 2015–16 State Capital Program*, Melbourne, 2015, pp. 1, 17.

<sup>34</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 83, 84 (Committee calculation).

<sup>35</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2021–22*, p. 100 (Committee calculation).

<sup>36</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 83 (Committee calculation).

<sup>37</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, p. 73.



**RECOMMENDATION 34:** The Department of Transport should include further information in the 2022–23 Budget Update to explain the higher cost per level crossing removal for the 10 additional level crossings which make up the *85 by 2025 (Level Crossing Removal)* capital program.

### West Gate Tunnel

The 2022–23 Budget explains that the \$3.9 billion upward revision between 2021–22 and 2022–23 in TEI for the *West Gate Tunnel* capital program reflects the settlement agreed between DoT, Transurban and the Design and Construct contractor in December 2021.<sup>38</sup> Regarding the revised estimated completion date for the program from 2022 to quarter 2 2025–25, the 2022–23 Budget states ‘[t]he project is now expected to be completed by late 2025’.<sup>39</sup> Neither the budget papers nor DoT’s response to the Committee’s questionnaire provide further information to explain the approximate three year delay to the project’s estimated completion date.<sup>40</sup>

While revisions to estimated delivery dates of major transport infrastructure projects are not intrinsically negative, without clear explanations for the reasons for such revisions, perceptions of the Government’s management of its state capital program may be negative.

**FINDING 54:** The 2022–23 Budget does not include information to explain why the estimated completion date for the *West Gate Tunnel* capital program has been revised by approximately three years.

**RECOMMENDATION 35:** The Department of Transport should include information in the 2022–23 Budget Update to explain the change in the completion date for the *West Gate Tunnel* capital program.

The Committee acknowledges that Budget Paper No. 4: State Capital Program includes brief explanations of cost and time variances for large capital projects and that in some instances, DoT’s response to the Committee’s questionnaire includes further information regarding such variances.<sup>41</sup> However, transparency and public confidence in DoT’s management of its major transport infrastructure projects could be enhanced by the provision of further information in the budget papers relating to projects with a revised TEI of 10% or more or a revised delivery date of one year or more.

<sup>38</sup> The budget papers also note that \$56.5 million is excluded from the TEI due to certain expenditure being reclassified as operating instead of capital in line with accounting standards. Source: Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 87.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 49.

<sup>41</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 46–51.

**RECOMMENDATION 36:** The 2023–24 Budget should include detailed information for all major transport infrastructure projects with a total estimated investment (TEI) of \$2 billion or more at announcement, to explain revisions to the TEI of 10% or more since announcement and revisions to delivery dates of one year or more since announcement.

## 6.4.2 Rail Projects Victoria

Rail Projects Victoria (RPV) is a project group of the Major Transport Infrastructure Authority responsible for the planning and development of several rail infrastructure projects.<sup>42</sup> These include the Melbourne Metro Tunnel, Melbourne Airport Rail, Regional Rail Revival, Geelong Fast Rail and the Sunbury Line Upgrade.<sup>43</sup>

### Melbourne Metro Tunnel

The revised TEI in the 2022–23 Budget for the *Metro Tunnel (metropolitan various)* is \$12.4 billion.<sup>44</sup> At the estimates hearing the Minister for Transport Infrastructure and the SRL explained that the Melbourne Metro Tunnel is a year ahead of schedule, with the opening of the two tunnels and five stations due by 2025.<sup>45</sup>

Following the hearings, the Victorian Auditor General's Office tabled its audit report into the Melbourne Metro Tunnel project Phase 2: Main works. This report found that RPV has used or allocated \$727 million (or 98%) of its \$740 million risk contingency fund for the project.<sup>46</sup> The report indicates that unexpected costs, such as COVID-19 related costs and mitigating the risk that high-capacity metro trains operating in the Melbourne Metro Tunnel may emit electromagnetic frequency that interferes with critical medical and research equipment in the Parkville and State Library precincts, have contributed to the utilisation of the risk contingency funds.<sup>47</sup> The audit report does not identify the degree to which each of these items has contributed to the utilisation of the risk contingency funds. It also notes that RPV has advised that it is likely to require 'further funding in the 2 financial years from 2023 onwards to deliver the full scope of the project and deal with potential contingency costs'.<sup>48</sup>

While the Committee appreciates that the accuracy of cost estimates change as a project develops, ideally at the business case stage, a 'risk-adjusted estimate

42 Victorian Government, *Rail Projects Victoria*, 2022 <<https://bigbuild.vic.gov.au/about/mtia/rail-projects-victoria>> accessed 12 July 2022.

43 Ibid.

44 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 50.

45 Hon Jacinta Allan MP, Minister for Transport Infrastructure and the Suburban Rail Loop, 2022–23 Budget Estimates (Transport Infrastructure and Suburban Rail Loop) hearing, Melbourne, 6 June 2022, *Transcript of evidence*, pp. 2, 15.

46 Risk contingency funds refers to funding that the State adds to cost estimates in a project budget to account for uncertainty and unknown risks. Source: Victorian Auditor-General's Office, *Melbourne Metro Tunnel project Phase 2: Main works*, Melbourne, 2022, pp. 2, 3, 21.

47 Victorian Auditor-General's Office, *Melbourne Metro Tunnel project Phase 2: Main works*, Melbourne, 2022, p. 3.

48 Ibid., p. 21.

with an appropriate contingency allowance' should be developed.<sup>49</sup> As the risk of electromagnetic interference was anticipated during the Metro Tunnel project's planning and design phase,<sup>50</sup> ideally it would have been accounted for in the estimated cost and contingency calculation for the project.

**FINDING 55:** Rail Projects Victoria has used or allocated 98% of its \$740 million risk contingency fund for the Melbourne Metro Tunnel project. While contingency funds used to cover costs due to COVID-19 could not have been anticipated during the design and planning phase of the project, costs due to the risk of electromagnetic frequency interfering with critical medical and research equipment could have been. The proportion of the risk contingency funds allocated to cover each of these costs is unclear.

**RECOMMENDATION 37:** The Department of Transport undertake a review of the planning and design phase of the Melbourne Metro Tunnel project to identify how the costs of an anticipated risk of electromagnetic frequency interfering with critical medical and research equipment was underestimated and apply any learnings to planning approaches for future transport infrastructure projects.

## Melbourne Airport Rail

The 2022–23 budget papers do not report a TEI for the Melbourne Airport Rail project 'as procurement processes and commercial arrangements are still to be finalised'.<sup>51</sup> However, during the estimates hearings the Minister provided an update on the status of the project, noting that early works will begin in 2022 and that RPV will deliver the project by breaking it up into a series of packages.<sup>52</sup> The Committee understands these packages are at different points of the procurement process but it is intended that alliance contracting will be used to deliver the project.<sup>53</sup>

At the time of writing, the most recent update on the RPV website regarding the Melbourne Airport Rail is dated 1 March 2022 and advises that 'Laing O'Rourke [has emerged] as the managing contractor to start design development to prepare for delivery of the Early Works Package'.<sup>54</sup> The website also identifies that other works

49 Department of Treasury and Finance, *Investment Lifecycle and High Value High Risk Guidelines* <[https://www.vgls.vic.gov.au/client/en\\_AU/search/asset/1299131/0](https://www.vgls.vic.gov.au/client/en_AU/search/asset/1299131/0)> accessed 24 July 2022, pp. 16–17.

50 Victorian Auditor-General's Office, *Melbourne Metro Tunnel project Phase 2*, p. 4.

51 Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 188.

52 Hon Jacinta Allan MP, Minister for Transport Infrastructure and the Suburban Rail Loop, *Transcript of evidence*, p. 17.

53 The National Alliance Contracting Guidelines state: 'Alliance contracting is delivering major capital assets, where a public sector agency (the Owner) works collaboratively with private sector parties (Non-Owner Participants or NOPs). All Participants are required to work together in good faith, acting with integrity and making best-for-project decisions. Working as an integrated, collaborative team, they make unanimous decisions on all key project delivery issues ... The most significant difference between traditional contracting methods and alliance contracting is that in alliancing, all project risk management and outcomes are collectively shared by the Participants'. Source: Department of Infrastructure and Regional Development, *National Alliance Contracting Guidelines—Guide to Alliance Contracting*, Canberra, 2015, p. 9; Hon Jacinta Allan MP, Minister for Transport Infrastructure and the Suburban Rail Loop, *Transcript of evidence*, p. 12.

54 Victorian Government, *Early works one step closer to starting this year*, 1 March 2022 <<https://bigbuild.vic.gov.au/news/melbourne-airport-rail/early-works-one-step-closer-to-starting-this-year>> accessed 18 July 2022.

packages are progressing and generating market interest<sup>55</sup> and details the procurement model and status of individual works packages and contracts as they are progressively awarded.<sup>56</sup> Transparency around the works packages used to deliver the Melbourne Airport Rail project could be enhanced by publishing the expected completion dates for each of the procured packages.

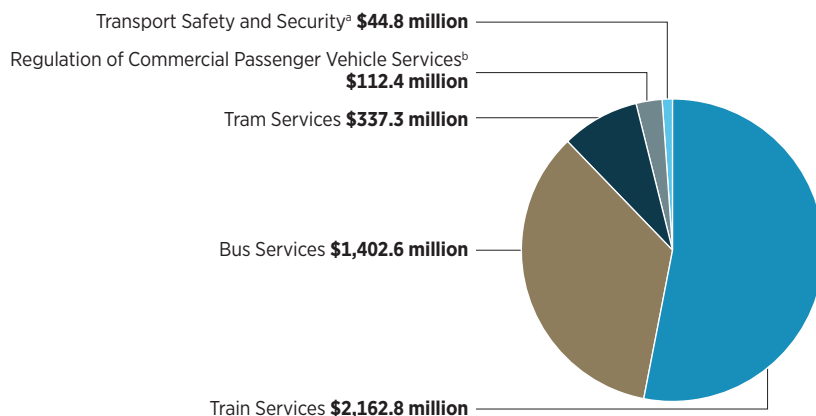
**FINDING 56:** Early works will begin in 2022 on the Melbourne Airport Rail Project. Rail Projects Victoria is delivering the project through a series of packages and it intends to use alliance contracting.

**RECOMMENDATION 38:** Rail Projects Victoria publish on its website the expected completion dates for each of the works packages that are procured to deliver the Melbourne Airport Rail Project.

## 6.5 Public Transport portfolio: key issues

The Minister for Public Transport is responsible for five outputs with total output funding of \$4.1 billion in 2022–23.<sup>57</sup> The allocation of funding across the five outputs is illustrated in Figure 6.3.

**Figure 6.1** Public Transport portfolio—funding by output, 2022–23



- a. Responsibility for the Transport Safety and Security output is shared with the Ministers of Roads and Road Safety and Ports and Freight.
- b. Responsibility for the Regulation of Commercial Passenger Vehicles output is shared with the Minister for Roads and Road Safety.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 333; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, pp. 107–115.

<sup>55</sup> Ibid.

<sup>56</sup> Victorian Government, *Melbourne Airport Rail: Market engagement*, <<https://bigbuild.vic.gov.au/projects/melbourne-airport-rail/about/market-engagement>> accessed 22 July 2022.

<sup>57</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 107–115; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 333 (Committee calculation).

## 6.5.1 Accessibility of the tram network

The 2022–23 Budget includes \$81.1 million in funding to the *Delivering the Tram Plan* asset initiative, with \$7.4 million (around 9.1% of the total funding) allocated to 2022–23 and \$52.1 million (around 64.2% of the total funding) allocated to 2024–25.<sup>58</sup> The budget papers state that this:

[f]unding is provided to deliver a package of critical tram infrastructure works to improve safety, prepare for the Metro Tunnel opening and Next Generation Trams, and support the State to comply with the Commonwealth Disability Standards for Accessible Public Transport [DSAPT].<sup>59</sup>

The *Disability Discrimination Act 1992* (Cth) and the DSAPT require that public transport services have 100% compliant infrastructure by 31 December 2022, and 100% compliant trams by 31 December 2032.<sup>60</sup>

The Committee found in its *Report on the 2020–21 Budget Estimates* that Victoria is at risk of not meeting the DSAPT requirements by 2032<sup>61</sup> and recommended in its *Report on the 2021–22 Budget Estimates* that DoT ‘review its overarching plan for the tram network with a view to reaching compliance with the [DSAPT] as soon as possible’.<sup>62</sup> In response to this recommendation DoT advised:

The Department of Transport has been developing The Tram Stop Rollout Strategy, a medium-term plan to address accessibility, safety and user experience issues with existing tram stop infrastructure and provide a pathway to the delivery of universally accessible tram stops. The development of this plan was funded in the 2019–20 State Budget.<sup>63</sup>

DoT has advised that the implementation of this plan is ‘in progress’<sup>64</sup> and that the new *Delivering the Tram Plan* includes: ‘seven DSAPT-complaint tram stops along La Trobe Street and at Park Street, South Melbourne to provide safe and accessible connections to the Metro Tunnel’.<sup>65</sup> At the hearings DoT explained that the tram stops along La Trobe Street will trial a different delivery method to reduce unit costs of accessible stops which is ‘an important part of rolling them out more quickly’.<sup>66</sup>

<sup>58</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 115 (Committee calculation).

<sup>59</sup> The 2022–23 Budget also includes \$7.2 million in output funding over the forward estimates period for the output initiative (2022–23 funding: \$4.0 million). Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 109, 121 (Committee calculation).

<sup>60</sup> Victorian Auditor-General’s Office, *Accessibility of Tram Services*, Melbourne, 2020, p. 3.

<sup>61</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, p. 125.

<sup>62</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 84.

<sup>63</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 120.

<sup>64</sup> *Ibid.*

<sup>65</sup> *Ibid.*, p. 37.

<sup>66</sup> Mr Paul Younis, Secretary, Department of Transport, 2022–23 Budget Estimates (Public Transport) hearing, Melbourne, 27 May 2022, *Transcript of evidence*, p. 10.

DoT's *Next Generation Trams* asset initiative introduced in the 2020–21 Budget also contributes to Victoria's compliance with the DSAPT.<sup>67</sup> This major initiative involves procurement of 100 new Next Generation Trams.<sup>68</sup> In response to the Committee's questionnaire DoT advised that it had:

- awarded a contract with Bombardier (Alstom) on 13 April 2022 for procurement of the Next Generation Tram fleet
- acquired land at Maidstone for construction of a supporting maintenance facility, with early site works underway.<sup>69</sup>

Notwithstanding these positive contributions toward DSAPT compliance, DoT has reduced its 2022–23 target for the performance measure—'Public transport accessibility: level access tram stops upgraded'—from four stops in 2021–22 to two in 2022–23.<sup>70</sup> Noting the new target of two was set 'based on a review of the program of scheduled works'<sup>71</sup> and DoT's advice that there are currently '450 out of close to 2000 tram stops that are accessible',<sup>72</sup> it appears DoT remains at risk of not meeting its obligations arising from the DSAPT in relation to 100% compliant trams by 31 December 2032.

Noting the significant investment in this space and the obligations arising from the DSAPT, the Committee considers that the target set for the performance measure—'Public transport accessibility: level access tram stops upgraded'—may not be sufficiently challenging. Transparency around the medium-term plan to address accessibility, safety and user experience issues with existing tram stop infrastructure could also be improved by DoT publishing expected timelines on their website for the delivery of universally accessible trams in compliance with the DSAPT.

The Committee notes that the Commonwealth Government is currently considering implementation of a national compliance reporting framework and associated database to receive and store compliance data for all public transport assets as part of its Stage 2 reforms to the DSAPT.<sup>73</sup> Given the potential for reform, DoT has an opportunity to demonstrate best practice before the introduction of any reporting is required under a national compliance framework.

**FINDING 57:** Given that as of May 2022, 450 out of approximately 2,000 tram stops are accessible and the target for upgrading stops in 2022–23 is two, it appears Victoria remains at risk of not meeting its obligations arising from the Commonwealth Disability Standards for Accessible Public Transport in relation to trams by 31 December 2032.

<sup>67</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 135.

<sup>68</sup> Ibid.

<sup>69</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 7–8.

<sup>70</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 343.

<sup>71</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 77.

<sup>72</sup> Mr Paul Younis, Secretary, Department of Transport, *Transcript of evidence*, p. 10.

<sup>73</sup> Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *Reforms of the Disability Standards for Accessible Public Transport 2002—Stage 2 Consultation - Regulation Impact Statement*, Canberra, 2022, pp. 31–37.

**RECOMMENDATION 39:** The Department of Transport publish expected timelines on their website for the delivery of universally accessible tram stops in compliance with the Commonwealth Disability Standards for Accessible Public Transport, including its target time frames for reaching 25%, 50%, 75% and 100% compliance.

**RECOMMENDATION 40:** For the purposes of the 2023–24 Budget, the Department of Transport review the target set for the performance measure—‘Public transport accessibility: level access tram stops upgraded’—to ensure it is sufficiently challenging.

## 6.5.2 Rolling stock program

The Victorian Government’s rolling stock program was discussed at the estimates hearings.<sup>74</sup> The *Rolling Stock Strategy* published in 2022 sets out the Government’s strategic focus areas for the State’s public transport trains, trams and buses.<sup>75</sup> These focus areas are intended to ensure Victoria’s rolling stock is:

- accessible—making the fleets more accessible for all Victorians
- environmentally sustainable—ensuring the fleets contribute to the Victorian Government’s net zero emissions by 2050 target
- future focused—investment in rolling stock to meet the changing needs of cities and regions while retiring older assets
- locally built—investing in local industry to create opportunity for the sector through policies like local content requirements
- innovative—embracing new technologies, partnerships and working with industry to ensure that change and progress can be anticipated and accommodated.<sup>76</sup>

The 2022–23 Budget includes a new asset initiative that creates more rolling stock—*More VLocity trains*.<sup>77</sup> The TEI for this initiative over the forward estimates period is \$238.1 million<sup>78</sup> for 12 additional VLocity trains to support planned service improvements on the Shepparton and Warrnambool lines.<sup>79</sup> This initiative is separate to the existing asset initiative *Additional VLocity Trains (regional various)*.<sup>80</sup>

The Committee notes that it found in its *Report on the 2020–21 Financial and Performance Outcomes* that at the end of 2020–21 in terms of the 18 new three-car

74 Hon Ben Carroll MP, Minister for Public Transport, 2022–23 Budget Estimates (Public Transport) hearing, Melbourne, 27 May 2022, *Transcript of evidence*, pp. 1–2, 7, 9–12, 15–18.

75 Department of Transport, *Made in Victoria For Victoria: Victorian Rolling Stock Strategy*, Melbourne, 2022, p. 8.

76 Ibid.

77 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 36.

78 The TEI for this asset initiative includes funding beyond 2025–26, such that the TEI will equal \$250.0 million. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 115 (Committee calculation).

79 Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 36.

80 Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 187.



VLocity trains announced in November 2018, 15 three-car trains remain to be delivered.<sup>81</sup> It is unclear whether the 12 VLocity trains supported under the new *More VLocity trains* initiative are in addition to the 15 three-car trains that remained to be delivered at the end of 2020–21.

At the hearings the Minister for Public Transport referenced the Government's '\$8 billion pipeline of rolling stock investment'.<sup>82</sup> While the 2022–23 budget papers contain performance measures relating to rolling stock that identify availability for a given year,<sup>83</sup> rolling stock projects and their attributable investments are not easily identifiable. For example, the Committee notes that it was unable to easily identify in the budget papers all of the projects which comprise the '\$8 billion pipeline of rolling stock investment' referred to by the Minister at the hearings.

Transparency around the Government's investment in the rolling stock program could be enhanced by including a subheading in the budget papers to identify those projects listed in Budget Paper No. 4: State Capital Program that create more rolling stock. The inclusion of budget paper performance measures that report on the net gain of rolling stock units per year would also be beneficial.

**RECOMMENDATION 41:** The Department of Transport include a 'Rolling stock' subheading in Budget Paper No. 4: State Capital Program to identify those projects that create more rolling stock.

**RECOMMENDATION 42:** The Department of Transport consider introducing performance measures that identify the numbers of additional units of rolling stock that are completed and introduced into service per year.

## 6.6 Roads and Road Safety portfolio: key issues

The Minister for Roads and Road Safety is responsible for four outputs: Road Operations (funding in 2022–23: \$1.8 billion), Road Asset Management (funding in 2022–23: \$592.7 million), Regulation of Commercial Passenger Vehicle Services (funding in 2022–23: \$112.4 million) and Transport Safety and Security (funding in 2022–23: \$44.8 million).<sup>84</sup> Responsibility for Regulation of Commercial Passenger Vehicle Services is shared with the Minister for Public Transport and responsibility for Transport Safety and Security is shared with the Ministers for Public Transport and Ports and Freight.<sup>85</sup>

<sup>81</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Financial and Performance Outcomes*, April 2022, p. 94.

<sup>82</sup> Hon Ben Carroll MP, Minister for Public Transport, *Transcript of evidence*, p. 18.

<sup>83</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 340–343.

<sup>84</sup> *Ibid.*, p. 333; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 107–115.

<sup>85</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 107–115.



## 6.6.1 Road safety management

The 2022–23 Budget provides \$245.6 million in capital funding and \$17.6 million in output funding for the *Delivering the Road Safety Action Plan* initiative.<sup>86</sup> This initiative is funded through a mix of new appropriation and Transport and Accident Commission and Commonwealth funding.<sup>87</sup> It supports the continued delivery of Victoria's *Road Safety Action Plan 2021–2023* (RSAP) and the *Victorian Road Safety Strategy 2021–2030* which aims to halve road deaths by 2030 and eliminate road deaths by 2050.<sup>88</sup> The RSAP focuses on the needs and behaviours of certain cohorts of people who: are high risk of being injured; use the roads for or at work; or engage in high-risk behaviours such as drink and drug driving, speeding, distracted or inattentive drivers.<sup>89</sup>

DoT explained that budgeted expenditure in 2022–23 for *Delivering the RSAP* is partly for 'implementation of a project to reform heavy vehicle licensing and improve driver safety, and to continue the School Crossing Supervisor Program'.<sup>90</sup> Speaking to the importance of working with heavy vehicle drivers, the Minister for Roads and Road Safety advised data shows that 'heavy vehicle crashes...result in death and injury more than any other type of vehicle'.<sup>91</sup> The Minister also explained that DoT is 'working with the education sector to really support our young students and supervised crossing supervisors' to ensure they do everything they can to make sure young students get to school safely.<sup>92</sup>

DoT advised that a number of Commonwealth funded road safety projects had been completed more cost effectively than was initially anticipated and that the Government expects further Commonwealth 'announcements and approvals' for road safety projects in 2022.<sup>93</sup>

The RSAP states that road safety is a key concern in regional centres, with 'regional and rural roads experiencing more deaths and serious injuries than other locations'.<sup>94</sup> The 2022–23 Budget provides \$91.4 million in capital funding and \$9.6 million in output funding for the *Regional road upgrades* initiative.<sup>95</sup> This initiative is funded through new appropriation and Commonwealth funding and provides for upgrades on regional roads 'to improve network efficiency and road safety, and to develop high priority projects for future consideration'.<sup>96</sup>

<sup>86</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 109, 115 (Committee calculation).

<sup>87</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 115.

<sup>88</sup> Department of Transport, *Victorian Road Safety Action Plan 2021–2023*, Melbourne, 2021, p. 3; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 36; *Victorian Road Safety Strategy 2021–2030*, 2022, <<https://www.tac.vic.gov.au/road-safety/victorian-road-safety-strategy/victorian-road-safety-strategy-2021-2030>> accessed 22 July 2022.

<sup>89</sup> Department of Transport, *Victorian Road Safety Action Plan 2021–2023*, p. 3.

<sup>90</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 36.

<sup>91</sup> Hon Ben Carroll MP, Minister for Roads and Road Safety, *Transcript of evidence*, p. 14.

<sup>92</sup> *Ibid.*, p. 13.

<sup>93</sup> Mr Paul Younis, Secretary, Department of Transport, *Transcript of evidence*, p. 5.

<sup>94</sup> Department of Transport, *Victorian Road Safety Action Plan 2021–2023*, p. 7.

<sup>95</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 109, 115 (Committee calculation).

<sup>96</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 115; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 31–33.

DoT outlined 14 projects across regional Victoria that will be developed and delivered under the *Regional road upgrades* initiative, including improvements to the Bellarine, Bass, Strzelecki, Goulburn Valley, Princes and Midland Highways.<sup>97</sup> At the hearing, the Minister provided specific evidence about the Government's \$16 million investment in the Six Ways, Lara, intersection upgrade. The Minister explained that Six Ways 'has a roundabout with six intersections to it and it is not signalised' and that the investment has been made based on 'the crash data'.<sup>98</sup>

Advising the Committee about the decision-making processes for road upgrade projects generally, the Minister stated that DoT:

look[s] at the data and, very importantly, we have to be data- and evidence-based and make sure we make those investments that are correct for the time and correct for that local community as well.<sup>99</sup>

The Committee acknowledges that developing performance measures and targets for road safety is difficult. However, noting that road safety management and project development have increasingly become data-driven and evidence-based, the Committee considers that good quality data in this space could assist DoT to prioritise investment and evaluate the best methods for improving road safety. For example, the Federal Highway Administration in the United States of America highlights the importance of good quality data to improve road safety management.<sup>100</sup> There are several types of safety data but the most widely used is crash data.<sup>101</sup> There are many ways DoT could report on the quality of safety data. Some examples are:

- timeliness—how quickly an event is available within a data system
- accuracy—how reliable the data are and whether they correctly represent reality
- completeness—improving missing information on crashes.<sup>102</sup>

DoT's performance measures under the Road Operations—Road Safety output do not report on the quality of safety data used by the department nor measure the effectiveness of the investment in the 2022–23 Budget initiative, *Delivering the Road Safety Action Plan*, which supports the continued delivery of the RSAP and the *Victorian Road Safety Strategy 2021–2030*.

<sup>97</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 31–33.

<sup>98</sup> Hon Ben Carroll MP, Minister for Roads and Road Safety, *Transcript of evidence*, pp. 9–10.

<sup>99</sup> *Ibid.*, pp. 6–7.

<sup>100</sup> United States Department of Transportation, Federal Highway Administration, *Road safety fundamentals, Unit 3: Measuring Safety*, June 2017, p. (3-3).

<sup>101</sup> *Ibid.*, pp. (3-7).

<sup>102</sup> *Ibid.*, pp. (3-28)–(3-29).

**FINDING 58:** Road safety management and project development have increasingly become data-driven and evidence-based. Good quality data in road safety management is helpful when prioritising investment and evaluating the best methods for improving road safety. The Department of Transport's performance measures under the Road Operations–Road Safety output do not report on the quality of safety data or measure the effectiveness of the delivery of the *Road Safety Action Plan 2021–2023* and *Victorian Road Safety Strategy 2021–2030*.

**RECOMMENDATION 43:** The Department of Transport develop performance measures to monitor the outcomes achieved by the investment in the delivery of road safety initiatives and projects in support of the *Road Safety Action Plan 2021–2023* and the *Victorian Road Safety Strategy 2021–2030*. This could take the form of reporting on the quality of safety data used in the department's road safety management.

## 6.7 Ports and Freight portfolio: key issues

The Minister for Ports and Freight is responsible for the Ports and Freight output (funding in 2022–23: \$86.8 million) and the Transport Safety and Security output (funding in 2022–23: \$44.8 million).<sup>103</sup> Responsibility for the Transport Safety and Security output is shared with the Minister for Public Transport.<sup>104</sup>

### 6.7.1 Mode Shift Incentive Scheme

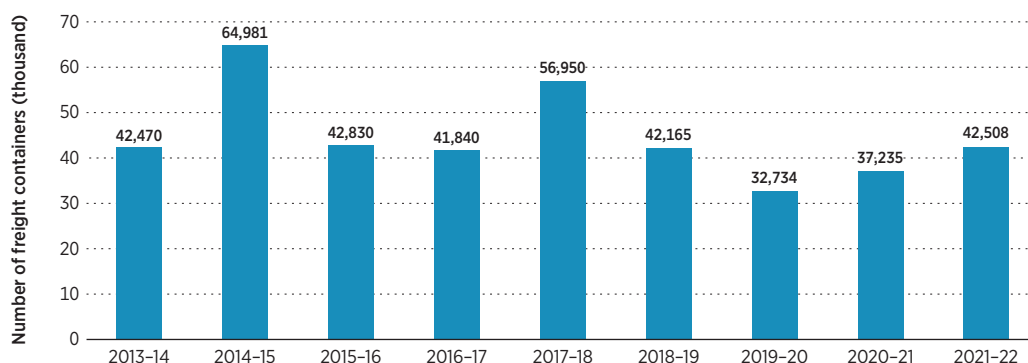
The 2022–23 Budget includes \$3.5 million in funding to maintain the Mode Shift Incentive Scheme (MSIS) for 2022–23, with no funding allocated to the Scheme across the forward estimates.<sup>105</sup> The MSIS was introduced in the 2014–15 Budget and incentivises industry to shift freight containers from road to rail.<sup>106</sup> Figure 6.2 shows the number of containers being moved in the final year of the predecessor, *Regional Freight Support Scheme* (2013–14) and under the MSIS (2014–15 to 2021–22).

<sup>103</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 333; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 113–115.

<sup>104</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 107–115.

<sup>105</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 109, 112.

<sup>106</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2014–15 Service Delivery*, Melbourne, 2014, p. 59.

**Figure 6.2** Freight containers transported by rail under support and incentive schemes 2013–14 to 2021–22

Source: Department of Treasury and Finance, *Departmental Performance Statements: Departmental performance measures – Department of Transport, 2022*, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 22 July 2022.

Figure 6.2 shows fluctuations in the number of freight containers transported by rail under support and incentive schemes from 2013–14 to 2021–22. At the hearing the Minister for Ports and Freight explained that these fluctuations related to: ‘what is grown and what the export capacity is’ year-on-year; and the *Big Build* ‘which has seen some lines close down from time to time...which has required, some of that time, for that freight to go onto the road’.<sup>107</sup>

Funding per container under the MSIS as well as the single year commitments used to fund the Scheme were discussed at the hearing. The Minister explained that the Government is taking a ‘multilayered approach’ to rail freight, of which the MSIS is one part.<sup>108</sup> The Minister provided evidence about the long term benefit of the Government’s infrastructure build and other investments made outside of the MSIS, such as \$800,000 in funding to the business, Fenning Timbers, to support them to shift and deliver an intermodal freight terminal in Bairnsdale.<sup>109</sup> In providing evidence about Victoria’s ‘rail freight story’ the Minister described it as consisting of three pieces:<sup>110</sup>

- ‘investment in the freight rail network’ which will involve ‘investing heavily in new track...new sleepers and new ballast’<sup>111</sup>
- the MSIS, to provide incentive to move export containers from regional Victoria via freight rail<sup>112</sup>

<sup>107</sup> Hon Melissa Horne MP, Minister for Ports and Freight, 2022–23 Budget Estimates (Ports and Freight) hearing, Melbourne, 27 May 2022, *Transcript of evidence*, p. 2.

<sup>108</sup> *Ibid.*, pp. 2–3.

<sup>109</sup> *Ibid.*, p. 3.

<sup>110</sup> *Ibid.*, pp. 1–2.

<sup>111</sup> *Ibid.*, p. 1; Hon Melissa Horne MP, 2022–23 Budget estimates hearings presentation: Minister for Ports and Freight, supplementary evidence received 27 May 2022, p. 3.

<sup>112</sup> Hon Melissa Horne MP, Minister for Ports and Freight, *Transcript of evidence*, p. 1; Hon Melissa Horne MP, 2022–23 Budget estimates hearings presentation: Ports and Freight, supplementary evidence, p. 3.

- the Port Rail Shuttle Network,<sup>113</sup> which is designed to make it easier and cheaper for industry to use rail freight by connecting the Port of Melbourne to major freight hubs.<sup>114</sup>

Given the recognition of the MSIS as a key part of the State's rail freight approach and the level of investment in rail freight more generally by the Victorian Government, providing greater certainty to industry regarding the future of the MSIS may increase return on investment in the Scheme. This might be achieved by DoT provisioning for future years of the MSIS instead of the current budget year only.

**FINDING 59:** The 2022–23 Budget includes \$3.5 million in funding to maintain the Mode Shift Incentive Scheme (MSIS) in 2022–23. While the MSIS has a key role in Victoria's approach to rail freight, no funding is allocated to the Scheme for future years.

**RECOMMENDATION 44:** The Department of Transport consider whether the current model of year-on-year funding for the Mode Shift Incentive Scheme is conducive to obtaining optimal returns on the Victorian Government's investment in rail freight.

## 6.8 Performance measures

### 6.8.1 Department wide: analysis of new performance measures

DoT added 15 new performance measures in the 2022–23 Budget, 12 of which replaced discontinued measures.<sup>115</sup> The majority of these new performance measures reflect disaggregation of previous performance measures related to public transport, to provide greater clarity as to the performance of each mode of public transport, as well as update satisfaction surveys with each mode of public transport.<sup>116</sup>

**FINDING 60:** The Department of Transport added 15 new performance measures in the 2022–23 Budget. The majority of these measures enhance disclosure of information by disaggregating performance measures across public transport services and replacing previous performance measures with new measures that aim for greater accountability.

Fifty-two of DoT's existing performance measures were modified in the 2022–23 Budget. Table 6.5 summarises the issues that the Committee identified with one of DoT's new performance measures by relevant output.

<sup>113</sup> Hon Melissa Horne MP, Minister for Ports and Freight, *Transcript of evidence*, p. 2.

<sup>114</sup> Department of Transport, *Port Rail Shuttle Network*, 8 April 2021 <<https://transport.vic.gov.au/our-transport-future/future-directions-for-transport/our-strategic-directions/environmentally-sustainable-transport/port-rail-shuttle-network>> accessed 18 July 2022.

<sup>115</sup> Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 57–63.

<sup>116</sup> *Ibid.*

**Table 6.1** Issues with new performance measures in 2022–23

Output	Performance measures	Issues identified by the Committee
Sustainably Managed Fish and Boating Resources (Quality)	Percentage of investigations into serious or organised fisheries offending that result in a prosecution, disruption or intelligence referral outcome	<p>This performance measure replaces the 2021–22 performance measure ‘Undertake activities to detect, disrupt and dismantle serious or organized fisheries criminal entities (individuals or groups)’.</p> <p>The Department of Transport (DoT) explained that this proposed change is ‘to better reflect the VFA’s [Victoria Fisheries Authority] investigative work undertaken into serious or organised fisheries crime’.</p> <p>In 2022–23 DoT aims to have 90% of investigations into ‘serious or organized fisheries offending’ result in a ‘prosecution, disruption or intelligence referral outcome’. The Committee notes the potential for enforcement action targets to have perverse, sub-optimal or unforeseen outcomes in the execution of law enforcement roles. The Committee recommends that DoT consider whether there is a more appropriate performance measure to record the outcomes of the VFA’s operations.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 352, 406; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, p. 61.

**RECOMMENDATION 45:** The Department of Transport address the shortcomings identified by the Committee in the performance measure under the Sustainably Manages Fish and Boating Resources output—Percentage of investigations into serious or organised fisheries offending that result in a prosecution, disruption or intelligence referral outcome—in the 2023–24 Budget.

### 6.8.2 Department wide: analysis of performance measures proposed to be discontinued

DoT identified 12 performance measures for discontinuation in the 2022–23 Budget.<sup>117</sup>

The Committee supports DoT’s rationale for discontinuation in all cases.

<sup>117</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 405–406.

# 7 Department of Families, Fairness and Housing

## 7.1 Overview

The Department of Families, Fairness and Housing's (DFFH) mission is 'to empower communities to build a fairer and safer Victoria'.<sup>1</sup>

DFFH supports nine portfolios: Housing, Disability, Ageing and Carers, Child Protection and Family Services, Equality, Multicultural Affairs, Veterans, Women, Youth and the Prevention of Family Violence.<sup>2</sup>

In 2022–23 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
- departmental services are high performing and responsive, and informed by Aboriginal voice, knowledge and cultural leadership.<sup>3</sup>

The key issues section of this chapter focuses on matters relevant to four portfolios that were identified during the estimates hearings.

## 7.2 Financial analysis

In 2022–23 DFFH has the fifth largest budget of all Victorian Government departments, representing 6.6% of total government output.<sup>4</sup>

In 2022–23 DFFH is allocated \$4.7 billion to fund its outputs, a decrease of \$1.8 billion (28.1%) compared to 2021–22 Budget.<sup>5</sup> DFFH's output appropriations are budgeted as \$4.7 billion, a decrease of \$1.8 billion (28%) compared to the 2021–22 revised budget.<sup>6</sup> DFFH explained that this decrease is due to new funding arrangements for National

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 196.

2 Responsibility for Disability, Ageing and Carers is shared with the Department of Health. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 196, 219.

3 *Ibid.*, p. 196.

4 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 197 (Committee calculation).

5 *Ibid.*, (Committee calculation).

6 Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, p. 41 (Committee calculation).

Disability Insurance Scheme (NDIS) contributions effective from 1 July 2022.<sup>7</sup> Under the new funding arrangements, instead of an output appropriation, DFFH will receive Payments on Behalf of the State (PBOS).<sup>8</sup> This means DFFH no longer recognises the Victorian contribution to the NDIS as an output and explains DFFH's significant decrease in output expenditure, and significant increase in PBOS to \$2.7 billion in the 2022–23 Budget.<sup>9</sup> The Committee notes that the 2022–23 Budget provides \$35.9 million over two years to the *Strengthening Victoria's interface with the NDIS* initiative 'to provide services and programs to support Victorians with disability who are not eligible for the NDIS'.<sup>10</sup> The State Disability Plan is discussed in detail in Section 7.5.1.

The 2022–23 Budget allocates \$65.9 million to the Community Participation output in 2022–23, a decrease of \$89.9 million (57.7%) compared to the 2021–22 revised budget.<sup>11</sup> This decrease is due to higher amounts of funding in 2021–22 for DFFH's initiatives relating to COVID-19 support and lower amounts of funding in 2022–23 due to the completion of Government policy commitments including the *Future of Public Health: local place-based delivery with central support, Alternative COVID-19 Accommodation and High-Risk Accommodation and Response program-Housing*.<sup>12</sup>

In 2022–23 grants and other transfers are budgeted as \$1.4 billion, a decrease of \$1.9 billion (58.2%) compared to the 2021–22 revised budget.<sup>13</sup> This is explained by higher estimated contributions to the NDIS as payments to the 'National Disability Insurance Agency will be made from DFFH's administered entity from 2022–23 onwards'.<sup>14</sup>

### 7.3 Capital spend

In 2022–23 DFFH's capital program comprises \$81.7 million in new projects and \$129.4 million in existing projects, representing 0.3% of the general government capital program. DFFH's new capital projects also represent 1.4% of all new projects in the general government capital program in the 2022–23 Budget.<sup>15</sup>

7 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 197.

8 Payments on Behalf of the State are administered items. Administered items do not form part of a department's outputs, and in the case of administered expenses, funding is provided under a separate appropriation. Source: Department of Treasury and Finance, *Financial Reporting Operations Framework: For Victorian Government Departments*, Melbourne, 2017, p. 14; Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 41.

9 DFFH's PBOS increased to \$2.7 billion in 2022–23 from \$69.1 million in the 2021–22 revised budget. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 197, 198.

10 *Ibid.*, pp. 38, 43.

11 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 197 (Committee calculation).

12 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 207.

13 Department of Treasury and Finance, *Budget Paper No. 5: 2022–23 Statement of Finances*, Melbourne, 2022, p. 91 (Committee calculation).

14 Department of Treasury and Finance, *Budget Paper No. 5: 2022–23 Statement of Finances*, Melbourne, 2022, p. 90; Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 41.

15 Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 62, 63 (Committee calculation).



DFFH's three new projects with the highest total estimated investment (TEI) in the 2022–23 Budget are:

- Refuge and crisis accommodation—TEI of \$26.8 million. Funding is provided for various capital projects including construction of two new core and cluster<sup>16</sup> family violence refuges and the purchase of six new Crisis Accommodation Program properties.
- Investing to make homelessness rare, brief and non-recurring—TEI of \$24 million. Funding is provided to reform elements of the homelessness service system and to deliver an uplift in case management and data collection tools.
- High-rise fire upgrade program—TEI of \$22.1 million. Funding is provided to complete fire safety upgrades to 19 high-rise public housing buildings.<sup>17</sup>

Outside of DFFH's general government sector, DFFH's Homes Victoria division,<sup>18</sup> which is classified as a Public Non-Financial Corporation, received \$449.7 million TEI in new projects in the 2022–23 Budget. This is on top of \$4.2 billion TEI in existing projects, for a total of \$4.7 billion.<sup>19</sup> The largest new project is the *Homes Victoria Ground Lease Model Project 2* with a TEI of \$259.8 million.<sup>20</sup> Under the *Big Housing Build* (BHB) program this project aims to replace 502 existing public housing dwellings with up to 1,400 social, affordable and market rental dwellings. Some of this accommodation will be specialist disability accommodation.<sup>21</sup>

## 7.4 Housing portfolio: key issues

The Minister for Housing is responsible for the Housing Assistance output (funding in 2022–23: \$821.1 million).<sup>22</sup> The Committee notes that the overall funding for this output in the 2022–23 Budget decreased by 19.5% since 2021–22.<sup>23</sup> The 2022–23 budget papers explain this 'primarily reflects the lapsing of the Building Works stimulus package',<sup>24</sup> which was part of the Government's COVID-19 stimulus package.<sup>25</sup>

<sup>16</sup> Core and cluster family violence refuges refer to the model where residential units (cluster) and the administrative office (core) are located on the same property. Source: Hon Gabrielle Williams MP, *A Wimmera Safe Haven for Aboriginal Families*, media release, 11 May 2021.

<sup>17</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 45, 46, 47, 52, 53.

<sup>18</sup> Homes Victoria manages the delivery of the *Big Housing Build* and works to deliver housing growth. It also maintains the existing responsibilities of the Director of Housing. Source: Department of Families, Fairness and Housing, *Our structure*, 20 April 2022, <<https://www.dffh.vic.gov.au/our-structure>> accessed 21 May 2022.

<sup>19</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 130–131.

<sup>20</sup> *Ibid.*, p. 130.

<sup>21</sup> *Ibid.*, p. 19.

<sup>22</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 197; Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 145.

<sup>23</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 197.

<sup>24</sup> *Ibid.*, p. 216.

<sup>25</sup> Department of Health and Human Services, *COVID-19 Housing economic stimulus package: Questions and Answers, 2020*, <<https://www.dhhs.vic.gov.au/covid-19-social-housing-economic-stimulus-package>> accessed 26 July 2022, p. 1.

## 7.4.1 Big Housing Build

At the hearings, the Minister for Housing described the \$5.3 billion *Big Housing Build* (BHB) as one of the portfolio's key priorities in 2022–23.<sup>26</sup> The Minister advised that under the BHB the Government will:

deliver more than 12 000 new homes across the state, with 9300 new social housing properties and 2900 affordable properties. The program commenced delivery in 2021–22 and will be completed by the 2026–27 financial year, generating an estimated \$6.7 billion in economic activity and 10 000 jobs per year.<sup>27</sup>

Regarding growing Victoria's housing stock, the Minister advised that more than 1,100 dwellings have been purchased, including 590 in shovel-ready developments and 514 already built.<sup>28</sup> Concerning improving the condition of existing stock, the Minister explained that the Government is redeveloping some of Victoria's oldest estates, including Brighton, Flemington and Prahran.<sup>29</sup>

At the hearings, the Committee sought information about how BHB programs to increase numbers and conditions of dwellings were tracking against the targets set for budget paper performance measures.<sup>30</sup> DFFH confirmed that the BHB program commenced 1,174 new homes in 2020–21, above the target of 1,100 and that:

- 1,300 homes have been completed as of 30 April 2022
- 3,383 homes are currently under construction as of 30 April 2022
- by 30 June 2022, at least 6,300 homes will have been completed or will be underway
- there will be an additional 5,000 new homes commenced by 30 June 2023 and an additional 1,200 new homes commenced by 30 June 2024.<sup>31</sup>

DFFH also advised that the Public Housing Renewal Program is on target to deliver approximately 1,200 new dwellings with the social housing components to be completed by 2024, and the initial *Ground Lease Model* project is on track to build 1,100 new dwellings by 2024.<sup>32</sup> Table 7.1 shows the total number of new homes completed/commenced by 2024 under the BHB.

<sup>26</sup> Hon Richard Wynne MP, Minister for Housing, 2022–23 Budget Estimates (Housing) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 2; Hon Richard Wynne MP, 2022–23 Budget Estimates hearing presentation: *Housing*, supplementary evidence received 23 May 2022, pp. 2, 5.

<sup>27</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 2.

<sup>28</sup> *Ibid.*

<sup>29</sup> *Ibid.*

<sup>30</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Housing) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 12.

<sup>31</sup> Hon Richard Wynne MP, Minister for Housing, 2022–23 Budget Estimates hearing, response to questions on notice received 7 June 2022, pp. 4–5.

<sup>32</sup> *Ibid.*, p. 4.

**Table 7.1** Total number of new homes completed/commenced by 2024 under the Big Housing Build

Date	By 30 June 2022	By June 2023	By 2024	By 2024 (Total)
Number of homes completed/commenced	6,300	5,000	1,200	<b>12,500</b>

Note: This table does not include the number of new homes to be completed/commenced under the Public Housing Renewal Program and Ground Lease Model Project as these are not part of the Big Housing Build.

Source: Hon Richard Wynne MP, Minister for Housing, 2022–23 Budget Estimates hearing, response to questions on notice received 7 June 2022, p. 4 (Committee calculation).

Notwithstanding the Government’s significant investment in this space, in 2020–21 Victoria spent \$40.67 less on social housing per person in the population than the national average;<sup>33</sup> and in March 2022, the number of households on Victoria’s social housing waitlist rose to 64,304 from 59,078 in March 2021.<sup>34</sup> Of this waitlist more than half (36,237 applicants) are on the priority access list, meaning their housing needs are urgent.<sup>35</sup>

At the hearing the change in the targets for the performance measure ‘Total number of social housing dwellings’ from 87,515 in 2020–21 to 85,969 in 2021–22 was discussed.<sup>36</sup> DFFH explained that the difference of 1,546 in the target number of dwellings was due to leases being handed back and properties being upgraded, demolished, or redeveloped.<sup>37</sup> While the target for this performance measure has increased to 89,832 in 2022–23 (2,317 higher than the 2020–21 target), there remains a shortfall between the total expected number of social housing dwellings in 2022–23 and demand.

**FINDING 61:** The Victorian Government’s \$5.3 billion investment in housing programs will see 12,500 new homes commenced or completed by 2024. In 2020–21 Victoria spent \$40.67 less on social housing per person in the population than the national average. In March 2022, the number of households on Victoria’s social housing waitlist was 64,304, of which 36,237 were priority access.

The Minister advised that around \$1.3 billion (or 25%) of BHB funding will be delivered in regional Victoria, with 25% of maintenance and upgrade funding also allocated for works in regional areas to support jobs in these communities.<sup>38</sup> The Minister explained that a designated regional grants round of the *Social Housing Growth Fund* (SHGF)

<sup>33</sup> Victoria’s net current expenditure per person in the population on social housing in 2020–21 is \$134.06 and the national average is \$174.73 per person. Source: Productivity Commission, Table 18A.1, *Housing – Housing data tables, 2022*, <<https://www.pc.gov.au/research/ongoing/report-on-government-services/2022/housing-and-homelessness/housing>> accessed 20 July 2022 (Committee calculation).

<sup>34</sup> Homes Victoria, *Applications on the Victorian Housing Register (VHR)*, 30 May 2022, <<https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr>> accessed 1 July 2022.

<sup>35</sup> Ibid.

<sup>36</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Housing) hearing, *Transcript of evidence*, p. 12; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 215.

<sup>37</sup> Mr Ben Rimmer, Chief Executive Officer, Homes Victoria, Department of Families, Fairness and Housing, 2022–23 Budget Estimates (Housing) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 15.

<sup>38</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 13.

will provide up to \$300 million to community housing organisations to deliver over 1,000 homes in regional areas.<sup>39</sup> The Minister estimated this will generate close to 4,800 jobs in regional Victoria.<sup>40</sup> The SGHF is administered by the Department of Treasury and Finance, and in line with the investment in the fund, a new quantity performance measure is included in the 2022–23 Budget to provide insight into the BHB’s ‘impact on economic recovery and achievement of housing outcomes’.<sup>41</sup> It assesses the number of social housing dwellings committed by the SHGF grants program and has a target of 500 in 2022–23.<sup>42</sup>

The Committee notes that the BHB website includes useful information about the various projects related to the program and that the budget paper performance measures regarding total numbers of public, social and affordable housing dwellings assist to assess the outcomes achieved by the BHB.<sup>43</sup> However, it remains difficult to identify the net gain of homes across the State delivered under the BHB.

**RECOMMENDATION 46:** The Department of Families, Fairness and Housing publish on the Big Housing Build website the net gain of public, social and affordable housing dwellings delivered each financial year under the program, including how the Government is tracking to meet the 25% commitment in regional Victoria.

### Challenges in affordable housing delivery

Speaking to challenges in delivering dwellings under the BHB and other programs, the Minister explained that a briefing had been provided by Master Builders regarding supply shortage issues that continue to effect the entire building sector, for example with roof trusses, doors, insulation, and gyprock.<sup>44</sup> The Minister noted that these challenges are not unique to Victoria, and the cost of materials used in housing construction increased by 4.2% during the March 2022 quarter and 15.4% in the past year across Australia.<sup>45</sup>

DFFH advised that it maintains constant communication with its approximately 80 builders, who have indicated challenges in terms of supply chains and the availability of materials.<sup>46</sup> Regarding the management of these challenges and any flow on effects to the BHB’s estimated costs,<sup>47</sup> DFFH advised:

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 361.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid., p. 215; Homes Victoria, *Big housing build*, 13 March 2022, <<https://www.homes.vic.gov.au/big-housing-build>> accessed 20 July 2022.

<sup>44</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 4.

<sup>45</sup> Ibid.

<sup>46</sup> Mr Ben Rimmer, Chief Executive Officer, Homes Victoria, Department of Families, Fairness and Housing, 2022–23 Budget Estimates (Housing) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, pp. 3–4.

<sup>47</sup> Ibid., p. 8.

there continues to be close and careful monitoring of the current conditions impacting the construction and building industries, however it should be noted that the likely trends driving the supply chain disruptions are difficult to predict.<sup>48</sup>

In response to a question at the hearing regarding the insolvency of Australian home building company, Metricon, the Minister confirmed that through BHB and other projects, the Victorian Government is a major customer of the company.<sup>49</sup> The Minister added that the Victorian Government has engaged Metricon in projects amounting to \$195 million over 610 properties and that all its trade creditors have been paid in full and on time, which Metricon expects to continue to do.<sup>50</sup>

**FINDING 62:** Builders that the Victorian Government works with to deliver the *Big Housing Build* and other projects have indicated challenges in terms of supply chains and the availability of materials. While the Department of Families, Fairness and Housing continues to monitor the conditions, supply chain trends and any flow on cost impacts are difficult to predict.

**RECOMMENDATION 47:** The 2022–23 Budget Update and future budget papers include analysis of the potential fiscal risks to the *Big Housing Build* and other projects caused by supply chain trends.

7

### Affordable Housing Rental Scheme

The *Affordable Housing Rental Scheme* (the Scheme) was launched on 1 April 2022 as the Government’s response to the growing disparity in housing affordability and supply for low to moderate income households.<sup>51</sup> As part of the \$5.3 billion allocated to the BHB, the Scheme aims to deliver an initial 2,400 affordable rental homes to address affordability pressures in metropolitan Melbourne and regional city centres, as well as supply issues in regional Victoria.<sup>52</sup>

A new performance measure, ‘Total number of affordable housing dwellings’, has been introduced to the 2022–23 Budget with a target of 340 dwellings to reflect government priorities regarding the Scheme.<sup>53</sup> However, details of the specific amount of funding allocated to the Scheme were not easily identified in the 2022–23 budget papers.

<sup>48</sup> Hon Richard Wynne MP, Minister for Housing, response to questions on notice received 7 June 2022, p. 2.

<sup>49</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 3; ABC News, ‘Metricon meets with Victorian government amid insolvency rumours’, *ABC News*, 19 May 2022, <<https://www.abc.net.au/news/2022-05-19/metricon-denies-insolvency-issues-will-meet-victorian-government/101079810>> accessed 14 July 2022.

<sup>50</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 3.

<sup>51</sup> Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 164; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 215.

<sup>52</sup> Homes Victoria, *Affordable Housing Rental Scheme*, 30 May 2022, <<https://www.homes.vic.gov.au/affordable-housing-rental-scheme#what-is-the-victorian-governments-affordable-housing-rental-scheme>> accessed 14 July 2022.

<sup>53</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 215.

Requests for tender for tenancy management opened on 26 May 2022 and closed on 11 July 2022.<sup>54</sup> It is anticipated that affordable housing renters will move into homes in regional Victoria, specifically Ballarat, Greater Geelong and Bendigo, and Metropolitan Melbourne from December 2022 with most properties becoming available in 2025.<sup>55</sup>

Rental agreements will be fixed term of at least three years and based on specific income eligibility criteria.<sup>56</sup> The Minister advised that the income thresholds are defined by the bands in the *Planning and Environment Act 1987* (Vic).<sup>57</sup> Essential government funded service delivery workers such as nurses, police, teachers and care workers will also be eligible in areas of workforce shortages in regional Victoria, and eligible households on the Victorian Housing Register may also apply for relevant properties.<sup>58</sup>

The Minister explained that the Scheme is capped so that renters in metropolitan Melbourne will pay at least 10% less than the median market rental price for the area and rent will be capped at 30% of the median income. In regional Victoria, where supply is a challenge, the cap will be set at the median market rental price for the area.<sup>59</sup>

**FINDING 63:** As part of the \$5.3 million *Big Housing Build*, the *Affordable Housing Rental Scheme* aims to provide 2,400 affordable rental homes throughout metropolitan Melbourne and regional areas to address housing affordability and supply. The majority of the homes will be available in 2025.

**RECOMMENDATION 48:** The 2022–23 Budget Update should clearly identify the amount of funding allocated to the *Affordable Housing Rental Scheme*.

## 7.4.2 Homelessness

The 2022–23 Budget provides \$51.3 million in output funding and \$24 million in asset funding to the new initiative, *Investing to make homelessness rare, brief and non-recurring*.<sup>60</sup> This initiative is part of the *Early Intervention Investment Framework* and aims to reform elements of the homelessness service system and instil ‘a delivery model that provides tailored support and is focused on prevention, early intervention and sustainable housing’.<sup>61</sup>

The priorities for homelessness reform in 2022–23 are to provide ongoing support for those impacted by COVID-19 and enduring reform to the homelessness system

<sup>54</sup> Homes Victoria, *Affordable Housing Rental Scheme*.

<sup>55</sup> Ibid.

<sup>56</sup> Ibid.

<sup>57</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 7.

<sup>58</sup> Ibid.

<sup>59</sup> Ibid., pp. 7–8.

<sup>60</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 38, 52 (Committee calculation).

<sup>61</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 47.

building on the *Homelessness to a Home* (H2H) initiative.<sup>62</sup> The Minister explained the \$75.3 million in 2022–23 will use the learnings of the effective previous years and ‘build on the successful outcomes of the [H2H] program and reform elements of the homelessness service system’.<sup>63</sup> This includes:

- \$22.8 million for the high-rise fire upgrade program to complete fire safety upgrades to 19 high-rise public housing buildings<sup>64</sup>
- \$13 million investment in a thriving North Richmond, to improve access to health and support services and public amenities, and safety and security in the North Richmond estate (in collaboration with the Department of Health)<sup>65</sup>
- \$12.4 million for community isolation accommodation for individuals with COVID-19<sup>66</sup>
- \$11.5 million invested in a COVID isolation and recovery facility operated by Launch Housing, St Vincent’s Hospital and the Brotherhood of St Laurence (an Aboriginal homelessness access point to provide culturally appropriate front-door assistance)<sup>67</sup>
- \$9.4 million for sustained support and improved housing outcomes to continue the 24/7 Homelessness After Hours Service.<sup>68</sup>

The H2H initiative was launched in February 2021 in response to the COVID-19 pandemic to ‘provide 1,845 households with access to stable medium- and long-term housing and support packages to people experiencing homelessness who are residing in emergency accommodation’.<sup>69</sup> The 2020–21 Budget allocated \$84.5 million to the H2H initiative in 2020–21,<sup>70</sup> with the total package being \$150 million.<sup>71</sup>

The Minister advised that approximately 1,850 households had received safe and secure long-term housing as a result of the program.<sup>72</sup> In the context of why funding to H2H had not been renewed in the 2022–23 Budget, the Minister outlined that the program was deemed to be a direct response to COVID-19 and support for homeless Victorians was continuing through a strong homeless intervention budget.<sup>73</sup> However, the

<sup>62</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 2; Hon Richard Wynne MP, *2022–23 Budget Estimates hearing presentation: Housing*, supplementary evidence received 23 May 2022, p. 5.

<sup>63</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 5; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 38, 52 (Committee calculation).

<sup>64</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 2.

<sup>65</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 38, 54, 60.

<sup>66</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 2.

<sup>67</sup> *Ibid.*

<sup>68</sup> Hon Richard Wynne MP, *2022–23 Budget Estimates hearing presentation: Housing*, supplementary evidence received 23 May 2022, p. 2.

<sup>69</sup> Department of Families, Fairness and Housing, *From Homelessness to a Home initiative*, November 2021, <<https://fac.dffh.vic.gov.au/news/homelessness-home-initiative>> accessed 14 July 2022.

<sup>70</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Financial and Performance Outcomes*, April 2022, p. 58.

<sup>71</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 4; Department of Premier and Cabinet, *Homes For Homeless Victorians During Pandemic And Beyond*, 28 July 2020, <<https://www.premier.vic.gov.au/homes-homeless-victorians-during-pandemic-and-beyond>> accessed 14 July 2022 (Committee calculation).

<sup>72</sup> Hon Richard Wynne MP, Minister for Housing, *Transcript of evidence*, p. 14.

<sup>73</sup> *Ibid.*, p. 6.



Committee notes that subsequent to the hearing on June 7, the Government identified further funding and extended the H2H program for another year.<sup>74</sup> The Committee was unable to identify the amount and source of the funding allocated to H2H in 2022–23.

**FINDING 64:** While the *Homelessness to a Home* (H2H) program was not renewed in the 2022–23 Budget, the Government has since extended the program. The amount and source of the funding allocated to the H2H program in 2022–23 is unclear.

**RECOMMENDATION 49:** The Government publish the amount and source of the funding allocated to *Homelessness to a Home* in the 2022–23 Budget Update.

### Homelessness After Hours Service

As detailed above, the 2022–23 Budget provides \$9.4 million to continue the *Homelessness After Hours Service* (the Service) through 2023–24.<sup>75</sup> This Service is run by the Salvation Army and is the only state-wide crisis entry point service operating outside business hours every day of the year.<sup>76</sup> DFFH considers the Service as essential infrastructure to the homelessness system, as it focuses on mitigating immediate risk factors experienced by highly vulnerable individuals and locates short-term or emergency accommodation.<sup>77</sup> In 2021–22 it provided emergency accommodation for thousands of Victorians in need.<sup>78</sup>

DFFH's 2021–22 evaluation of the Service notes that on average, 133 requests for assistance were unmet each day and that demand for assistance outside business hours increased by 35% between 2019–20 and 2020–21.<sup>79</sup> In line with its objective, the Service provided short-term temporary accommodation to 83% of individuals (8,489 households) with an identified need.<sup>80</sup> Based on Homelessness Data Collection (HDC), in 2019–20 and 2020–21 a total of 13,209 people aged 18 to 21 were assisted by Victorian homelessness services, of which 12% identified as Aboriginal or Torres Strait Islander.<sup>81</sup> DFFH notes the strong link between homelessness under the age of 24 and longer term negative social and economic outcomes.<sup>82</sup>

74 Sumeyya Ilanbey, 'Funding cut reversed for 'brilliant' program that houses the homeless', *The Age*, 7 June 2022, <<https://www.theage.com.au/politics/victoria/funding-cut-reversed-for-brilliant-program-that-houses-the-homeless-20220606-p5argh.html>> accessed 14 July 2022.

75 Hon Richard Wynne MP, *2022–23 Budget Estimates hearing presentation: Housing*, supplementary evidence received 23 May 2022, p. 2.

76 Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 82.

77 Ibid., pp. 81–82.

78 Department of Treasury and Finance, *Homes for Victorians*, 3 May 2023, <<https://www.budget.vic.gov.au/homes-for-victorians>> accessed 14 July 2022.

79 Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 82.

80 Ibid.

81 Ibid., p. 81.

82 Ibid.



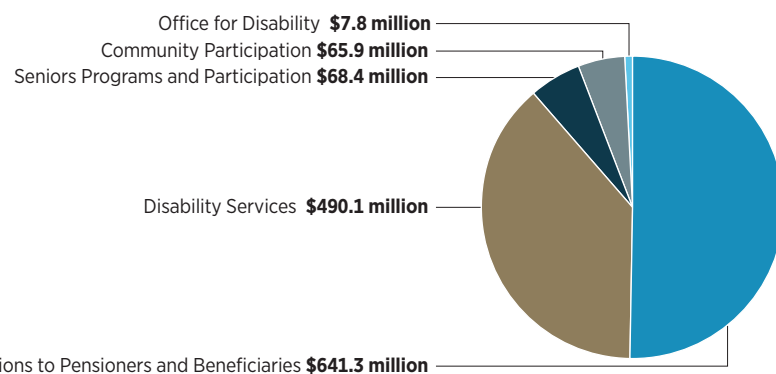
**FINDING 65:** The *Homelessness After Hours Service* is funded through 2023–24 and is the only state-wide crisis service that provides an entry point to short-term or emergency accommodation for vulnerable people. The Service is especially important to contributing to positive social and economic outcomes for individuals under the age of 24.

**RECOMMENDATION 50:** The Department of Families, Fairness and Housing consider providing ongoing funding to the *Homelessness After Hours Service* and introduce performance measures to report on the outcomes achieved by the Service.

## 7.5 Disability, Ageing and Carers portfolio: key issues

The Minister for Disability, Ageing and Carers is responsible for five outputs, with a total funding allocation of \$1.3 billion in 2022–23.<sup>83</sup> The allocation of funding across the five outputs is illustrated in Figure 7.1.

**Figure 7.1** Disability, Ageing and Carers portfolio—funding by output, 2022–23



Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 197.

### 7.5.1 State Disability Plan

The 2022–23 Budget allocates \$15.1 million over two years to roll out Victoria’s new *Inclusive Victoria: State Disability Plan*.<sup>84</sup> The *Disability Act 2006* (Vic) requires a State Disability Plan to be prepared every four years (s 37(1)(b))<sup>85</sup> with the purpose being to ‘establish goals to assist in furthering the objectives and principles’ specified in

<sup>83</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 197; Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 146 (Committee calculation).

<sup>84</sup> Hon Anthony Carlines MP, Minister for Disability, Ageing and Carers, 2022–23 Budget Estimates (Disability, Ageing and Carers) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, pp. 1–2; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 38.

<sup>85</sup> *Disability Act 2006* (Vic) s 37(1)(b).

the *Disability Act* (s 37(3)).<sup>86</sup> Consultations on this new plan began in 2019 with the expectation that the new plan would start in 2021.<sup>87</sup> However, consultations continued through 2021 and it was not released until March 2022.<sup>88</sup>

While the new plan notes that the COVID-19 pandemic disrupted progress on parts of the previous disability plan, *Absolutely Everyone—State Disability Plan 2017–2020*,<sup>89</sup> it remains unclear to the Committee why the release of the new plan was delayed. The new plan observes that the response to COVID-19 resulted in more accessible emergency communications such as the Disability Liaison Officers (DLO) health services program. This program improved access and provided practical support to people with disability to get vaccinated and tested for COVID-19, and to access other health services.<sup>90</sup> The Minister for Disability, Ageing and Carers explained to the Committee that the DLO program has helped over 10,740 Victorians living with a disability to book a COVID-19 vaccination that meets their needs and confirmed that the new plan continues the DLO program.<sup>91</sup>

Funding for the new plan in 2022–23 provides for the construction of an additional 30 new fully accessible public toilet facilities as part of the extension of the *Changing Places* initiative. At the hearing the Minister described how these facilities allow people with high support needs to ‘fully participate in the community’ as ‘they provide height-adjustable adult-sized change tables, a constant charging ceiling track hoist system, a centrally located peninsular toilet and circulation spaces as defined in the design specifications’.<sup>92</sup> DFFH advised that 20 of these facilities will be located in Local Government areas and 10 at popular tourism locations.<sup>93</sup>

The 2022–23 Budget also includes \$1 million over two years to deliver phase 2 of the *Change Your Reactions* campaign, a public education campaign to improve community understanding of people with autism.<sup>94</sup> At the hearings the Minister advised that lack of community understanding was one of the main barriers that can lead to people with autism missing out on opportunities in life. The campaign responds to this by encouraging Victorians to ‘recognise some of those challenges autistic people face and to understand those impacts of community actions and reactions’.<sup>95</sup> This campaign is part of the *Victorian Autism Plan* which sits under the new *State Disability Plan*.<sup>96</sup>

<sup>86</sup> *Disability Act 2006* (Vic) s 37(3).

<sup>87</sup> Department of Families, Fairness and Housing, *Inclusive Victoria: State Disability Plan 2022–2026*, Melbourne, 2022, p. 15; Department of Health and Human Services, *Absolutely Everyone: State Disability Plan 2017–2020*, Melbourne 2016, p. 60.

<sup>88</sup> Department of Families, Fairness and Housing, *State Disability Plan 2022–2026*, pp. 33, 77.

<sup>89</sup> *Ibid.*, p. 18.

<sup>90</sup> *Ibid.*

<sup>91</sup> Hon Anthony Carbines MP, Minister for Disability, Ageing and Carers, *Transcript of evidence*, p. 2.

<sup>92</sup> *Ibid.*, p. 6.

<sup>93</sup> Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 32.

<sup>94</sup> Hon Anthony Carbines MP, Minister for Disability, Ageing and Carers, *Transcript of evidence*, p. 8; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 44.

<sup>95</sup> Hon Anthony Carbines MP, Minister for Disability, Ageing and Carers, *Transcript of evidence*, p. 8.

<sup>96</sup> Department of Families, Fairness and Housing, *State Disability Plan 2022–2026*, p. 9.

Measuring progress on the new plan will occur formally through a review and a report after the first two years.<sup>97</sup> As a part of their *State Disability Plan* reporting requirements, departments will report on how they are implementing the actions under each of the priority areas as well as the commitments from the six systemic reform areas.<sup>98</sup> The six reform areas are: co-design with people with disability; Aboriginal self-determination; intersectional approaches; accessible communications and universal design; disability confident and inclusive workforces; and effective data and outcomes reporting.<sup>99</sup>

The structure of the new plan shows that a current review of the *Disability Act* is being undertaken to ‘modernise Victoria’s legislated disability inclusion framework to support the vision of a barrier-free Victoria’.<sup>100</sup> Noting the legislative review may change ‘the way inclusion planning and accountability for outcomes works over the life of the [new] plan’, it prefaces that this will ‘form part of the midway refresh process’.<sup>101</sup>

While DFFH advised that responsibility for most disability service provision has now transitioned to the National Disability Insurance Scheme (NDIS), it continues to work towards achieving better outcomes for people with disability in Victoria. In this regard, the Committee notes that ‘[t]his includes the approximately 90 per cent of people with disability in Victoria who are not eligible for an NDIS package’.<sup>102</sup> At the hearing the Minister advised:

As of 31 March [2022] the NDIS is supporting some 137 891 Victorian participants, with a further 4747 people determined eligible, who are undergoing preplanning on their first plan. Of those participants, we know that for nearly 64 000—64 000 to 70 000, around that number—it is the first time they have received disability supports ...<sup>103</sup>

Acknowledging the evolution of the NDIS and the challenges for many people with disabilities to navigate the scheme, the Minister described DFFH’s continued investment (\$116.6 million over 2022–23 and 2023–24) to support Victoria’s interface with the NDIS, as well as for those who are not eligible for the NDIS.<sup>104</sup> The new plan also identifies ‘Supporting a high quality NDIS’ as a priority area in which DFFH ‘will work with people with disability to ensure the scheme is responsive, sustainable and delivers outcomes’.<sup>105</sup>

<sup>97</sup> Ibid., p. 71.

<sup>98</sup> Ibid., p. 24.

<sup>99</sup> Ibid., p. 80.

<sup>100</sup> Ibid., p. 25.

<sup>101</sup> Ibid., p. 71.

<sup>102</sup> Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 32.

<sup>103</sup> Hon Anthony Carbines MP, Minister for Disability, Ageing and Carers, *Transcript of evidence*, p. 13.

<sup>104</sup> Ibid., pp. 2, 13.

<sup>105</sup> Department of Families, Fairness and Housing, *State Disability Plan 2022–2026*, p. 49.

**FINDING 66:** Consultations on Victoria's new State Disability Plan began in 2019 with the expectation that the new plan would start in 2021. However, consultations continued through 2021 and the new *Inclusive Victoria: State Disability Plan 2022–2026* was released in March 2022. The Department of Families, Fairness and Housing will review and report on the progress of the new plan in making Victoria's community inclusive and accessible after March 2024.

**FINDING 67:** Responsibility for most disability service provision has now transitioned to the National Disability Insurance Scheme (NDIS). Approximately 90% of people with a disability in Victoria are not eligible for a NDIS package.

## 7.5.2 Supported residential services

Supported residential services (SRS) facilities and the number of pension-level beds available in SRS in Victoria were discussed at the hearing.<sup>106</sup> SRS are privately owned and operated businesses that provide accommodation and support for people who need help with everyday activities, including those with a disability, psychosocial conditions, frail older people, people with drug and alcohol related support needs and other vulnerable Victorians.<sup>107</sup>

As at May 2022 there were 117 SRS facilities throughout Victoria, with 70 of these receiving viability funding through the Supporting Accommodation for Vulnerable Victorians Initiative (SAVVI) and Pension Level Projects.<sup>108</sup> However, between 2021 and May 2022, six SRS facilities that received SAVVI funding closed, resulting in 128 pension-level supported beds being no longer available. The SRS facilities that closed were located in Fairfield, Dandenong North, Bentleigh, Wendouree and Dandenong.<sup>109</sup>

DFFH advised that all of the closures involved leases of SRS sites not being renewed by property owners and that 'SRS proprietors make independent decisions regarding continued operations of their business, including closure[s]'.<sup>110</sup> DFFH explained how they work with the proprietors and local services where a SRS facility is sold or closes, to ensure residents are re-located to alternative, suitable accommodation.<sup>111</sup>

The reduction of SRS facilities between 2021 and May 2022 raises concerns about their future sustainability and the current service delivery and funding model. It is also unclear to the Committee how the quality of SRS are measured and whether there are sufficient SRS pension level supported places to meet demand.

<sup>106</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Disability, Ageing and Carers) hearing, *Transcript of evidence*, p. 8.

<sup>107</sup> Hon Anthony Carbin MP, Minister for Disability, Ageing and Carers, response to questions on notice received 31 May 2022, 2022, p. 2.

<sup>108</sup> *Ibid.*, pp. 2–3.

<sup>109</sup> *Ibid.*

<sup>110</sup> *Ibid.*, p. 2.

<sup>111</sup> *Ibid.*

**FINDING 68:** Between 2021 and May 2022 there has been a reduction of supported residential services (SRS) facilities because their leases were not renewed. The Department of Families, Fairness and Housing rehomed all affected residents to alternative, suitable accommodation. However, it is unclear if relocating residents to other accommodation will be viable in the long term, especially given the rate of closures of SRS facilities.

**RECOMMENDATION 51:** The Department of Families, Fairness and Housing review the service delivery and funding models for supported residential services facilities to, where possible, prevent the loss of further facilities.

**RECOMMENDATION 52:** The Department of Families, Fairness and Housing develop budget paper performance measures to report on demand for, and availability of, supported residential services (SRS) pension-level supported places, the quality of SRS provided and whether they meet client needs.

## 7.6 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 2022–23: \$1.8 billion).<sup>112</sup>

### 7.6.1 Foster and kinship care sector

The 2022–23 Budget allocates \$5.8 million for the establishment of a carer support help desk as part of the *Responding to demand for child protection and family services* initiative. The help desk aims to streamline supports for children in care and their kinship and foster carers and reduce the administrative role of the child protection workforce.<sup>113</sup> The help desk aims to remove barriers for foster carers to access critical documentation for children in their care, including identity and health documents. It also supports carers with school and childcare enrolment and access to cultural and community activities.<sup>114</sup>

During the hearing the Minister for Child Protection and Family Services explained that the establishment of the help desk responds to the goals of the *Strong Carers, Stronger Children* strategy, launched in 2019.<sup>115</sup> This strategy outlines six goals aimed at transforming kinship, foster and permanent carers' experiences to achieve improved

<sup>112</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 197.

<sup>113</sup> Hon Anthony Carabine MP, Minister for Child Protection and Family Services, *Transcript of evidence*, pp. 4, 11–12.

<sup>114</sup> *Ibid.*, pp. 11–12.

<sup>115</sup> *Ibid.*, p. 4.

outcomes for children and young people in care.<sup>116</sup> The Minister advised the Committee that kinship care was the predominant type of out-of-home care placement in Victoria, accounting for 75% of placements.<sup>117</sup> Foster carers currently account for 18% of home-based care, 'with roughly 1000 foster care households in Victoria'.<sup>118</sup>

Several performance measures for the Child Protection and Family Services output are outlined in the budget papers, including the daily average number of:

- Children in care placements—target in 2022–23 of 10,625 representing a 9% increase from the 2021–22 expected outcome
- Children in foster care—target in 2022–23 of 1,773 representing a 11% increase from the 2021–22 expected outcome.<sup>119</sup>

The budget papers explain that the higher targets for 2022–23 reflect 'a new methodology of target setting aligned with capacity, as opposed to projected demand'.<sup>120</sup> The Committee was unable to determine how placement and carer capacity compares to current or projected demand.

Victoria's care allowance framework came into effect in July 2016 and there are five care allowance levels reflecting the different needs of children and young people in care.<sup>121</sup> At the hearing the Minister for Child Protection noted that carers of children with additional needs may seek additional supports and an additional care allowance.<sup>122</sup>

In 2020, DFFH collected baseline demographic and attitudinal data in Victoria's first 'home-based carer census' of foster, kinship and permanent carers.<sup>123</sup> The census reported, among other things, that as of 23 November 2020 there were:

- 4,723 kinship carers in Victoria of which 40% were unlikely or very unlikely to continue caring and 66% were regularly using their own funds to pay for expenses such as medical, dental, and therapies<sup>124</sup>
- 1,066 foster carers in Victoria of which 20% were unlikely or very unlikely to continue caring and 59% were regularly using their own funds to pay for expenses such as medical, dental, and therapies.<sup>125</sup>

116 The *Strong Carers, Stronger Children* strategy considers the three main types of carers in Victoria: kinship carers, being family members and non-family members who are well-known to the child and family, other than the parents of the child; foster carers, being volunteers who provide care for children or young people when a suitable kinship carer cannot be found; and permanent carers who are either from kinship or foster care arrangements. Source: Department of Families, Fairness and Housing, *Strong Carers, Stronger Children*, Melbourne, 2019, pp. 5, 10–12.

117 Hon Anthony Carbines MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 11.

118 Ibid.

119 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 200 (Committee calculation).

120 Ibid.

121 Department of Families, Fairness and Housing, *Support for home based carers in Victoria*, 6 May 2022, <<https://services.dffh.vic.gov.au/support-home-based-carers-victoria>> accessed 18 July 2022.

122 Hon Anthony Carbines MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 5.

123 Department of Families, Fairness and Housing, *Strong carers, stronger children*, <<https://www.dffh.vic.gov.au/publications/strong-carers-stronger-children>> accessed 7 July 2022.

124 Ernst & Young, *Carer census infographic summary*, 2021, <<https://www.dffh.vic.gov.au/sites/default/files/documents/202109/Carer-census-infographics..pdf>> pp. 1–2.

125 Ibid., p. 4.

In terms of foster carer needs and support, the carer census report outlined that 55% of foster carers found navigating the child protection system to be a challenge, and 59% found there was lack of consistency in support.<sup>126</sup>

**FINDING 69:** While the target numbers for fostering places and carers increased in the 2022–23 Budget to reflect capacity, the Committee is unable to determine how this compares to current and projected demand.

**FINDING 70:** The Department of Families, Fairness and Housing’s 2020 ‘home-based carer census’ reports that 40% of kinship carers and 20% of foster carers are unlikely or very unlikely to continue caring and that 66% of kinship carers and 59% of foster carers are regularly using their own funds to pay for expenses.

**RECOMMENDATION 53:** The Department of Families, Fairness and Housing develop budget paper performance measures to report on demand for kinship and foster carers and retention periods of these types of carers.

**RECOMMENDATION 54:** The Department of Families, Fairness and Housing review both the 2016 care allowance framework and carer support systems to ensure they provide adequate funding and support for the sector.

## 7.6.2 Supporting self-determination and self-management for Aboriginal children and families

The 2022–23 Budget invests \$7.2 million over two years for advancing Aboriginal self-determination and the national *Closing the Gap* agreement—which includes a target to reduce the rate of representation of Aboriginal children in care by 45% by 2031.<sup>127</sup>

The *Wungurilwil Gagapduir: Aboriginal Children and Families Agreement* was created in 2018 between the Victorian Aboriginal community, the Government and community service organisations.<sup>128</sup> It supports the Government’s aim to increase Aboriginal self-determination and support Aboriginal children and young people to be safe and thrive in culturally rich and strong Aboriginal families and communities.<sup>129</sup> At the

<sup>126</sup> Ibid., p. 4

<sup>127</sup> Hon Anthony Carbines MP, Minister for Child Protection and Family Services, *Transcript of evidence*, pp. 3, 7.

<sup>128</sup> The *Wungurilwil Gagapduir: Aboriginal Children and Families Agreement* outlines a strategic direction to reduce the number of Aboriginal children in out-of-home care by building their connection to culture, Country and community. Source: Department of Families, Fairness and Housing, *Wungurilwil Gagapduir Aboriginal Children and Families Agreement*, 2022, <<https://www.dffh.vic.gov.au/publications/wungurilwil-gagapduir-aboriginal-children-and-families-agreement>> accessed 6 July 2022.

<sup>129</sup> Ibid.; Hon Anthony Carbines MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 2.



hearing, the Minister outlined that 217 Aboriginal children and young people were supported by the *Aboriginal Children in Aboriginal Care* initiative, which was ‘on track to meet the target of 252 children and young people by 30 June 2022’.<sup>130</sup>

The Minister explained that the \$7.2 million provided in the 2022–23 Budget also contributes to reforming out-of-home care services and enabling the continued transition of case management and care of Aboriginal children and young people to Aboriginal Community Controlled Organisations (ACCOs).<sup>131</sup> \$3.3 million of the \$7.2 million will support the continuation of the Aboriginal Children and Families Innovation and Learning Fund as well as nine additional senior cultural advisers and four internal Aboriginal cultural support and awareness advisers in child protection offices.<sup>132</sup> The Minister also advised that at least \$4.7 million over three years would be provided to ACCOs to meet growing demand for family services generally.<sup>133</sup>

The 2022–23 Budget includes a new quantity performance measure—‘Number of intensive support services provided to Aboriginal families’—which aims to ‘reflect Government priorities regarding family supports provided to Aboriginal families to prevent entry to care or support reunification’. The target for this measure has been set at 839.<sup>134</sup> Two other budget paper performance measures also provide insights into supports provided for Aboriginal Families:

- Number of family services cases provided to Aboriginal families
- Proportion of Aboriginal children placed with relatives/kin, other Aboriginal carers or in Aboriginal residential care—which has a higher target of 77% in 2022–23, compared to 75% in 2021–22, to reflect ‘reforms to the range of services and an improved approach ensuring Aboriginal children are placed with family’.<sup>135</sup>

While these measures go some way in demonstrating the advancement of Aboriginal self-determination and how the Government is supporting Aboriginal children and young people and their families, *Closing the Gap* data shows that the rate of Aboriginal and Torres Strait Islander children aged 0–17 years in out-of-home care in Victoria has increased for both males and females from 2019 to 2021.<sup>136</sup> The Committee acknowledges DFFH’s previous advice that the number of Aboriginal children in care is captured and reported through other state and national frameworks,<sup>137</sup> but considers reporting performance against budget outputs and spending to be important.

<sup>130</sup> Hon Anthony Carbines MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 3.

<sup>131</sup> *Ibid.*, p. 7.

<sup>132</sup> Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 27, 47.

<sup>133</sup> Hon Anthony Carbines MP, Minister for Child Protection and Family Services, *Transcript of evidence*, p. 7; Hon Anthony Carbines MP, Minister for Child Protection and Family Services, response to questions on notice received 31 May 2022, p. 2 (Committee calculation).

<sup>134</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 200.

<sup>135</sup> *Ibid.*, pp. 200–201.

<sup>136</sup> Males: 55.1 in 1000 children in 2019 to 58 in 1000 children in 2021. Females: 53.2 in 1000 children in 2019 to 57 in 1000 children in 2021. Current national average is 57.6 per 1000 children. Source: Productivity Commission, *Closing the Gap – Socioeconomic outcome area 12*, 30 June 2022, <<https://www.pc.gov.au/closing-the-gap-data/dashboard/socioeconomic/outcome-area12>> accessed 7 July 2022.

<sup>137</sup> Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2021–22 Budget Estimates*, 8 March 2022, p. 10.



**RECOMMENDATION 55:** The 2023–24 Budget include a performance measure that reports on the proportion of Aboriginal children in out-of-home care managed by Aboriginal Community Controlled Organisations.

## 7.7 Prevention of Family Violence portfolio: key issues

The Minister for the Prevention of Family Violence is responsible for two outputs: Family Violence Service Delivery (funding in 2022–23: \$585.9 million) and Primary Prevention of Family Violence (funding in 2022–23: \$27.1 million).<sup>138</sup>

### 7.7.1 Refuge and crisis accommodation

*Refuge and crisis accommodation* is one of five new initiatives under the Family Violence Service Delivery output in 2022–23. The budget allocates \$42.2 million over the forward estimates to the initiative, with an additional \$26.8 million in TEI towards capital projects over the same period.<sup>139</sup> The initiative aims to expand core and cluster refuges and crisis accommodation options for victim-survivors as well as provide an uplift to existing properties to expand their capacity.<sup>140</sup>

In 2021–22 the expected outcome for the performance measure ‘Number of family violence victims who receive a refuge response’ was 800, against a target of 1,061. This target will remain at 1,061 in 2022–23.<sup>141</sup> Family Safety Victoria (FSV) explained that the refuge redevelopment program will increase the ‘number of households that can stay in refuge accommodation across the state by 73 family spaces’ and by the time it is completed ‘197 households on any one night will be able to access refuge accommodation’.<sup>142</sup>

During the hearing access to refuges and emergency accommodation was discussed. Safe Steps reported that in 2020–21 approximately 30% of women were referred to homelessness services due to a lack of refuges.<sup>143</sup> The Committee notes that the COVID-19 public health restrictions impacted the number of families that could be accommodated in communal refuges and crisis accommodation.<sup>144</sup> While welcoming the Government’s continued investment in this space, Safe Steps noted that it ‘falls short’ of the existing demand for refuges to keep women and children safe and protected from the experiences of family violence.<sup>145</sup>

<sup>138</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 197.

<sup>139</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 38, 52 (Committee calculation).

<sup>140</sup> Hon Gabrielle Williams MP, Minister for Prevention of Family Violence, 2022–23 Budget Estimates (Prevention of Family Violence) hearing, Melbourne, 6 June 2022, *Transcript of evidence*, p. 3.

<sup>141</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 215.

<sup>142</sup> Ms Eleri Butler, Deputy Secretary and Chief Executive Officer, Family Safety Victoria, 2022–23 Budget Estimates (Prevention of Family Violence) hearing, Melbourne, 6 June 2022, *Transcript of evidence*, p. 10.

<sup>143</sup> Safe Steps: Family Violence Response Centre, *Annual Report 2020–21*, Melbourne, 2021, p. 15.

<sup>144</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 215.

<sup>145</sup> Safe Steps: Family Violence Response Centre, *Welcome Investment in Family Violence Responses, However More Refuges Needed*, media release, 4 May 2022.

The Minister advised that as refuge accommodation is only part of the overall family violence system, victim-survivors and their families may be accessing other forms of support, such as flexible support packages or crisis brokerage.<sup>146</sup> FSV advised that in addition to refuges there are 63 crisis properties across Victoria that can accommodate 60 households.<sup>147</sup> The Committee has been unable to determine the current percentage of individuals who unsuccessfully seek refuge or crisis accommodation.

At the hearings, when asked about the number of women considered ‘high-priority’ on the public housing waitlist and associated wait times, the Minister advised that the Family Violence and Protection portfolio is responsible ‘for the refuges and the crisis accommodation properties that are specifically targeting women and children escaping family violence’.<sup>148</sup> The Minister explained that the Minister for Housing has responsibility for social and public housing properties and the Victorian Housing Register.<sup>149</sup>

The Committee notes that two performance measures under the Housing Assistance output relate to refuge responses and accommodation. They are:

- Number of family violence victims who receive a refuge response
- Number of nights of refuge accommodation provided to victims of family violence.<sup>150</sup>

However, no performance measures under the Family Violence Service Delivery output appear to relate directly to refuge responses and accommodation.<sup>151</sup> The inclusion of a performance measure that considers the proportion of people seeking a refuge or crisis accommodation who are granted this support would assist in ensuring DFFH’s refuge and crisis accommodation response for victim-survivors seeking support is sufficient.

**RECOMMENDATION 56:** The Department of Families, Fairness and Housing create a performance measure under the Family Violence Service Delivery output that reports on the proportion of people seeking a refuge or crisis accommodation who are granted this support.

<sup>146</sup> Hon Gabrielle Williams MP, Minister for Prevention of Family Violence, *Transcript of evidence*, p. 9.

<sup>147</sup> Ms Eleri Butler, Deputy Secretary and Chief Executive Officer, Family Safety Victoria, *Transcript of evidence*, p. 10.

<sup>148</sup> Hon Gabrielle Williams MP, Minister for Prevention of Family Violence, *Transcript of evidence*, p. 4.

<sup>149</sup> *Ibid.*, p. 4.

<sup>150</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 215.

<sup>151</sup> *Ibid.*, pp. 202–204.

## 7.8 Performance measures

### 7.8.1 Department wide: analysis of new performance measures

DFFH added seven new performance measures in the 2022–23 Budget, four of which replaced discontinued measures.<sup>152</sup> Thirty-four of DFFH’s existing performance measures were modified in the 2022–23 Budget.<sup>153</sup>

Table 7.2 summarises the issues that the Committee identified with one of DFFH’s new performance measures by relevant output.

**Table 7.2** Issues with new performance measures in 2022–23

Output	Performance measures	Issues identified by the Committee
Office for Disability (Timeliness)	Departments report progress to Office for Disability on state disability plan responsibilities within agreed time frames	<p>This measure replaces the 2021–22 measure ‘Annual reporting against the State disability plan within agreed timeframes’. The Committee notes that as of July 2022, reporting against the 2019 and 2020 State disability plan does not appear to have been published.</p> <p>In addition to creating State disability plans, reporting against them is a fundamental part of the accountability process.</p> <p>The new measure seeks to ‘report progress’ to the Office of Disability on responsibilities within agreed timeframes. While reporting on progress is a good measure, it is vague in contrast to the prior measure that was a clear, quantifiable task.</p> <p>The Committee suggests the Department of Families, Fairness and Housing consider reinstating the previous measure, or improve clarity by specifying the plan responsibilities and agreed reporting time frames.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 207; Victorian Government, *Victorian State Disability Plan – Previous plans and initiatives*, 2022, <<https://www.statedisabilityplan.vic.gov.au/previous-plans-and-initiatives>> accessed 20 July 2022.

**RECOMMENDATION 57:** The Department of Families, Fairness and Housing address the shortcomings identified by the Committee in the performance measure under the Office for Disability output—Departments report on progress to Office for Disability on state disability plan responsibilities within agreed timeframes—in the 2023–24 Budget.

### 7.8.2 Department wide: analysis of performance measures proposed to be discontinued

DFFH identified seven performance measures for discontinuation in the 2022–23 Budget.<sup>154</sup>

The Committee supports DFFH’s rationale for the discontinuation in all cases.

<sup>152</sup> Ibid., pp. 196–218.

<sup>153</sup> Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 114–132.

<sup>154</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 397–398.



# 8

## Department of Jobs, Precincts and Regions

### 8.1 Overview

The Department of Jobs, Precincts and Regions' (DJPR) mission is 'focused on growing our State's economy and ensuring it benefits all Victorians—by creating more jobs for more people, building thriving places and regions, and supporting inclusive communities'.<sup>1</sup>

DJPR supports 15 portfolios: Agriculture; Business Precincts; Community Sport; Creative Industries; Employment; Industry Support and Recovery; Local Government; Trade; Innovation, Medical Research and the Digital Economy; Racing; Regional Development (and Cross Border Coordination); Resources; Small Business; Suburban Development; and Tourism, Sport and Major Events.<sup>2</sup>

In 2022–23 DJPR's objectives are:

- create and maintain jobs
- foster a competitive business environment
- be a globally connected economy
- build prosperous and liveable regions and precincts
- grow vibrant, active and creative communities
- promote productive and sustainably used natural resources.<sup>3</sup>

The key issues section of this chapter focuses on matters relevant to five portfolios that were identified during the estimates hearings.

### 8.2 Financial analysis

In 2022–23 DJPR has the sixth largest budget of all Victorian Government departments, representing 4.4% of total government output.<sup>4</sup>

In 2022–23 DJPR is allocated \$3.1 billion to fund its outputs, an increase of \$367.1 million (13.3%) compared to the 2021–22 Budget.<sup>5</sup>

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 245.

2 Ibid.

3 Ibid., pp. 246–248.

4 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 139 (Committee calculation).

5 Ibid., p. 249 (Committee calculation).

DJPR's output appropriations are budgeted as \$2.9 billion for 2022–23, a decrease of \$7.8 billion (73%) from the 2021–22 revised budget of \$10.6 billion.<sup>6</sup> DJPR explained the decrease is because of services and initiatives DJPR led in response to COVID-19 in the 2021–22 year, such as the *Business Costs Assistance Program*, the *Licensed Venue Hospitality Fund* and the *Small Business COVID Hardship Fund*.<sup>7</sup>

The 2022–23 Budget allocates \$88.3 million in grants revenue for 2022–23, a decrease of \$85.3 million (49.1%) compared to the 2021–22 revised budget.<sup>8</sup> DJPR stated the decrease in the 2022–23 year is due to initiatives that were completed in 2021–22.<sup>9</sup>

The 2022–23 Budget allocates \$508 million in employee benefits for 2022–23, a decrease of \$72 million (12.4%) compared to the 2021–22 revised budget.<sup>10</sup> DJPR advised this was due to higher expenditure in 2021–22 for COVID-19 related expenses and base review savings.<sup>11</sup>

DJPR's grants and other transfers are budgeted as \$1.9 billion for 2022–23, a decrease of \$7.7 billion (80.2%) compared to the 2021–22 revised budget.<sup>12</sup> This variation is also due to increased expenditure in 2021–22 for COVID-19 related services and initiatives.<sup>13</sup>

## 8.2.1 Enhancing transparency of government funding to third party organisations

During the Tourism, Sport and Major Events portfolio hearing, funding provided to *Always Live* to stage concerts and music festivals in Victoria was discussed.<sup>14</sup> Referring specifically to a Foo Fighters concert staged by *Always Live* and held in Geelong in March 2022, the Committee asked how much funding the Government had provided to the concert.<sup>15</sup>

The Minister for Tourism, Sport and Major Events advised that *Always Live* was provided with \$14 million in funding in the 2019–20 Budget and that any government contributions to the Foo Fighters concert would have come from this funding.<sup>16</sup> The Secretary of DJPR took on notice how much Government funding was used for the

<sup>6</sup> Ibid., p. 250 (Committee calculation).

<sup>7</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 11 May 2022, pp. 17, 79–98.

<sup>8</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 250 (Committee calculation).

<sup>9</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 17.

<sup>10</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 106 (Committee calculation).

<sup>11</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 17.

<sup>12</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 106 (Committee calculation).

<sup>13</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 17.

<sup>14</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Tourism, Sport and Major Events) hearing, Melbourne, 17 May 2022, *Transcript of evidence*, pp. 2–3; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, p. 71.

<sup>15</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Tourism, Sport and Major Events) hearing, *Transcript of evidence*, p. 2.

<sup>16</sup> *Always Live* was first named *Victoria Live* in the 2019–20 Budget. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2019–20*, p. 68; Hon Martin Pakula MP, Minister for Tourism, Sport and Major Events, 2022–23 Budget Estimates (Tourism, Sport and Major Events) hearing, Melbourne, 17 May 2022, *Transcript of evidence*, p. 3.

Foo Fighters concert and who received the money.<sup>17</sup> In response to this question and further requests from the Committee for additional information, DJPR advised they were unable to determine the actual amount of government funding provided to the Foo Fighters concert, as DJPR is ‘not a party to the contractual agreements that Always Live Limited enters into directly with promoters to secure content for the Always Live festival’.<sup>18</sup>

An important part of any Committee hearing is the opportunity for witnesses to take questions on notice. While most questions are responded to during the hearing, on occasion information will not be available, or too detailed of a nature to be provided during the time available. If witnesses take questions on notice or agree to provide additional information to the Committee at the hearing and then fail to do so, it limits the Committee’s ability to fully discharge its responsibilities to provide the appropriate level of scrutiny expected by the Parliament.

The Committee notes that funding for *Always Live* as part of the 2019–20 Budget was provided for the years 2018–19 to 2021–22 and has now ended<sup>19</sup> and the budget papers include one quantity performance measure to assess the outcomes of the funding provided to *Always Live*—Always Live events held.<sup>20</sup>

To enhance the understanding of the actual outcomes of the funding provided to *Always Live*, the Committee suggests DJPR report on the activities of *Always Live* in its next annual report, including a cost/benefit analysis of the funding provided and the actual economic activity generated by funded activities. Where DJPR provides funding to third parties, consideration should be given to publishing the specific costs and outcomes where Government funding is used by third parties for large events.

**FINDING 71:** The Department of Jobs Precincts and Regions (DJPR) does not know how much government funding was utilised by *Always Live* to stage the Foo Fighters concert in Geelong in March 2022. DJPR is not a party to the contractual agreements *Always Live* enters into with promoters.

**RECOMMENDATION 58:** The Department of Jobs, Precincts and Regions (DJPR) describe the activities of *Always Live* that used Government funding in its next annual report, including a cost/benefit analysis of those activities and the economic activity they generated. DJPR consider publishing the specific costs and outcomes where Government funding is used by *Always Live* for large events.

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- 17 Mr Simon Phemister, Secretary, Department of Jobs, Precincts and Regions, 2022–23 Budget Estimates (Tourism, Sport and Major Events) hearing, Melbourne, 17 May 2022, *Transcript of evidence*, p. 3.
- 18 Mr Simon Phemister, Secretary, Department of Jobs, Precincts and Regions, 2022–23 Budget Estimates hearings, response to questions on notice received 25 July 2022.
- 19 Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 68; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20*, p. 68.
- 20 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 270.

## 8.3 Capital spend

In 2022–23 DJPR's capital program comprises \$14.3 million in new projects and \$2.2 billion in existing projects, representing 3.3% of the general government capital program in the 2022–23 Budget.<sup>21</sup> DJPR's new capital projects also represent 0.2% of all new projects in the general government capital program in the 2022–23 Budget.<sup>22</sup>

The 2022–23 Budget outlines \$12 million in total estimated investment (TEI) for the *Horsham alternative proteins glasshouse complex and incubation hub*—DJPR's largest new project.<sup>23</sup> This project funds a 'research glasshouse complex and incubation hub at the Horsham Grains Innovation Precinct' to 'deliver crop and pasture innovations for traditional and alternative proteins'.<sup>24</sup>

The Committee notes that in Budget Paper No. 3: Service Delivery, there are four new asset initiatives introduced under DJPR.<sup>25</sup> However, Budget Paper No. 4: State Capital Program lists two of these capital programs under DJPR and two under other Public Non-Financial Corporations (PNFC) without an explanation as to why.<sup>26</sup> The details of DJPR's capital projects and where they are accounted for in the 2022–23 budget papers are shown in Table 8.1.

**Table 8.1** Department of Jobs, Precincts and Regions, asset initiatives, 2022–23 Budget

Output name	Total asset investment (\$ million)	2022–23 budget paper reference		
		Budget paper 3 DJPR	Budget paper 4 DJPR	Budget paper 4 PNFC
Horsham alternative proteins glasshouse complex and incubation hub	12.0	✓	✓	✗
Creative industries portfolio agencies recovery	2.3	✓	✓	✗
Sporting trusts support	9.8	✓	✗	✓
Emerald Tourist Railway	2.7	✓	✗	✓

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 88; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 Capital Program*, Melbourne, 2022, pp. 73–74, 200.

The 2022–23 budget papers do not provide an explanation for listing the *Sporting trusts support* and *Emerald Tourist Railway* projects under PNFCs in Budget Paper No. 4. It is also unclear which agency has responsibility for delivering these two projects. The budget papers could be enhanced by outlining these responsibilities.

<sup>21</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 73–74 (Committee calculation).

<sup>22</sup> Ibid., pp. 65–72 (Committee calculation).

<sup>23</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 88.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid.; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 200.



**FINDING 72:** The 2022–23 Budget outlines four new asset initiatives under the Department of Jobs, Precincts and Regions (DJPR). Two are listed under DJPR’s capital projects while two are to be delivered by Public Non-Financial Corporations (PNFCs). The budget papers do not explain why two projects will be delivered by PNFCs and which agency will be responsible for their delivery.

**RECOMMENDATION 59:** The Department of Jobs, Precincts and Regions and the Department of Treasury and Finance outline in future budget papers the reasoning for listing a new asset initiative relevant to a department under Public Non-Financial Corporations in Budget Paper No. 4: State Capital Program and which agency is responsible for delivering the project.

## 8.4 Creative Industries portfolio: key issues

The Minister for Creative Industries is responsible for three outputs: Creative Industries Portfolio Agencies (funding in 2022–23: \$427.3 million), Cultural Infrastructure and Facilities (funding in 2022–23: \$72 million) and Creative Industries Access, Development and Innovation (funding in 2022–23: \$55.3 million).<sup>27</sup>

### 8.4.1 Creative State 2025 strategy

In July 2021 DJPR launched Victoria’s *Creative State 2025* strategy to address challenges facing the creative industries and ‘to grow their contribution’ to Victoria’s society, economy and culture.<sup>28</sup> \$288 million was provided in the 2021–22 Budget to support the strategy over four years.<sup>29</sup>

The strategy’s objective is to build on the strengths of Victoria’s creative industries, tackle systemic challenges in the industry and identify areas for future collaboration and investment.<sup>30</sup> To achieve this, the strategy identified five objectives, including better job opportunities and pathways, industry stability and growth and equitable access to the creative industries.<sup>31</sup> These objectives are to be implemented by 25 actions.<sup>32</sup> A clear focus of the strategy is recovery from the impacts of the COVID-19 pandemic and the significant impact public health restrictions had on the industry in 2020 and 2021.<sup>33</sup>

<sup>27</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 150; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 249.

<sup>28</sup> Creative Victoria, *Creative State 2025*, 12 July 2021, <<https://creative.vic.gov.au/major-initiatives/creative-state/2025>> accessed 19 July 2022; Creative Victoria, *Creative State 2025*, Department of Jobs, Precincts and Regions, Melbourne, 2021, p. 5.

<sup>29</sup> Creative Victoria, *Creative State 2025*; Creative Victoria, *Budget delivers \$288 million boost to the creative state*, 11 May 2021, <[https://creative.vic.gov.au/news/2021/budget-delivers-\\$228-million-boost-to-the-creative-state](https://creative.vic.gov.au/news/2021/budget-delivers-$228-million-boost-to-the-creative-state)> accessed 21 July 2022.

<sup>30</sup> Creative Victoria, *Creative State 2025*, p. 6.

<sup>31</sup> *Ibid.*, p. 7.

<sup>32</sup> *Ibid.*, p. 6.

<sup>33</sup> *Ibid.*, pp. 8–9.

The Minister for Creative Industries told the Committee that the 2022–23 Budget builds on investment into the *Creative State 2025* strategy by providing \$245.8 million in funding to support creative activities, such as attractions and events, regional touring products and circuits, and facilities and workspaces.<sup>34</sup>

Creative Victoria reports on the outcomes of the *Creative State 2025* strategy through its Creative Impact Framework.<sup>35</sup> While this framework includes the publication of useful information to measure the overall impact of the creative sector on Creative Victoria's website, some of the data is dated, including for exports which shows 2016–17 data as the most recent.<sup>36</sup> The framework also measures the impact and value of the Victorian creative sector as a whole, rather than reporting on the impact of or outcomes achieved by specific government funding or programs. This makes aligning the objectives as published by Creative Victoria with the outcomes and actions in the *Creative State 2025* strategy difficult.<sup>37</sup>

**RECOMMENDATION 60:** Creative Victoria update, a minimum of once per year where possible, the data presented on its website as part of its Creative Impact Framework that is used to measure the overall impact of the creative sector.

**RECOMMENDATION 61:** The Department of Jobs, Precincts and Regions and Creative Victoria report on the impact of government investment in relation to the *Creative State 2025* strategy, aligning investment and outcomes achieved to the objectives and actions outlined in the strategy.

## 8.4.2 Creative spaces and places

The 2022–23 Budget allocates \$6 million over two years to the *Creative spaces and places* initiative to respond to the demand for affordable creative industry spaces by:

- helping creatives secure spaces in vacant and underutilised accommodation
- delivering infrastructure projects to make existing community spaces appropriate for creative programming
- partnering with local government and non-government organisations to unlock unused or under-utilised spaces.<sup>38</sup>

<sup>34</sup> Hon Danny Pearson MP, Minister for Creative Industries, 2022–23 Budget Estimates (Creative Industries) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 2.

<sup>35</sup> Creative Victoria, *Creative Impact Framework*, 5 December 2019, <<https://creative.vic.gov.au/research/creative-impact-framework>> accessed 19 July 2022.

<sup>36</sup> Creative Victoria, *Economic impact*, 5 December 2019, <<https://creative.vic.gov.au/research/creative-impact-framework/economic-impact>> accessed 19 July 2022; Creative Victoria, *Exports*, 5 December 2019, <<https://creative.vic.gov.au/research/creative-impact-framework/economic-impact/exports>> accessed 19 July 2022.

<sup>37</sup> Creative Victoria, *Creative State 2025*, pp. 7, 13–21.

<sup>38</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 72, 76.

During the hearing the Minister advised that this initiative responds to Action 13 of the *Creative State 2025* strategy—‘Support and strengthen Victoria’s creative neighbourhoods with secure and accessible workspaces and facilities for creatives, strategic policy reform to unlock creative spaces and by fostering vibrant creative hubs’.<sup>39</sup> The Minister explained how the initiative would deliver fit for purpose spaces for creative works, through refurbishment or the use of under-utilised spaces, in turn bringing benefits to creatives and growing and vitalising surrounding neighbourhoods.<sup>40</sup>

DJPR advised that they had primarily been working with council to secure underutilised spaces but added that private spaces were also in scope.<sup>41</sup>

### 8.4.3 VicScreen strategy

In May 2021 the Minister for Creative Industries launched Victoria’s first screen strategy in 10 years, *VicScreen*.<sup>42</sup> Provided with \$120.7 million in the 2021–22 Budget, the four-year *VicScreen* strategy aims to transform Victoria’s screen industry and establish Victoria as a ‘world-leading player for screen’.<sup>43</sup> Through investment in four key priority areas, the *VicScreen* strategy aims to grow the screen industry in scale and volume, which in turn will contribute to the Victorian economy and create jobs. The *VicScreen* strategy aligns with the *Creative State 2025* strategy.<sup>44</sup>

#### NBCUniversal Partnership

The partnership with NBCUniversal (NBCU) and how it contributes to the *VicScreen* strategy was discussed at the hearings.<sup>45</sup> The 2022–23 Budget includes \$38.9 million in funding for the *NBCUniversal Partnership* initiative.<sup>46</sup> During the hearing the Minister advised that as part of the partnership, NBCU would be developing the biggest screen project ever produced in Victoria, a TV series named *Metropolis*.<sup>47</sup> This project is expected to generate \$126 million in economic activity for the State, create 5,580 jobs and benefit approximately 600 businesses.<sup>48</sup> Production activity is set to take place from 2022 to 2027.<sup>49</sup> The production was attracted to Victoria through a *VicScreen Victorian Screen Incentive Grant*.<sup>50</sup>

<sup>39</sup> Creative Victoria, *Creative State 2025*, p. 17; Hon Danny Pearson MP, Minister for Creative Industries, *Transcript of evidence*, pp. 6–7.

<sup>40</sup> Hon Danny Pearson MP, Minister for Creative Industries, *Transcript of evidence*, pp. 6–7.

<sup>41</sup> Ms Claire Febey, Deputy Secretary and Chief Executive Officer, Creative Victoria, Department of Jobs, Precincts and Regions, 2022–23 Budget Estimates (Creative Industries) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 7.

<sup>42</sup> Creative Victoria, *VICSCREEN—Victoria’s Screen Industry Strategy 2021–2025*, Department of Jobs, Precincts and Regions, Melbourne, 2021, p. 2.

<sup>43</sup> *Ibid.*, p. 3.

<sup>44</sup> *Ibid.*, pp. 2–3.

<sup>45</sup> Hon Danny Pearson MP, Minister for Creative Industries, *Transcript of evidence*, pp. 4–6.

<sup>46</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 72.

<sup>47</sup> Hon Danny Pearson MP, Minister for Creative Industries, *Transcript of evidence*, p. 5.

<sup>48</sup> *Ibid.*

<sup>49</sup> *Ibid.*

<sup>50</sup> *VicScreen, Victoria lands its biggest even screen production, metropolis*, 14 April 2022, <<https://vicscreen.vic.gov.au/news/victoria-lands-biggest-screen-production-metropolis>> accessed 19 July 2022.

Another key area of the partnership with NBCU as outlined by the Minister is the development and delivery of virtual production infrastructure at Docklands Studios Melbourne, for use in the production of *Metropolis*.<sup>51</sup> As part of the investment two permanent ‘LED volumes’—a digital screen that can display realistic background environments and visual effects—will be built.<sup>52</sup> It is expected that once established, this infrastructure will attract other high value productions to Victoria.<sup>53</sup>

**FINDING 73:** As part of the Government’s partnership with NBCUniversal, a large-scale TV project will be produced in Victoria. It is expected the production will generate \$126 million in economic activity, create 5,580 jobs and benefit approximately 600 businesses.

Under the *VicScreen* strategy, several useful performance indicators have been introduced to track the progress of achieving the outcomes outlined in the strategy. Indicators and measures include assessing the economic contribution to the State, employment in the industry and Victorian-led screen activity.<sup>54</sup> These measures are useful in determining the outcomes of the strategy and will include contributions made by the NBCU partnership.

While the *VicScreen* strategy states reporting against the performance indicators will happen annually, the Committee suggests this information also be included in DJPR’s annual report.<sup>55</sup> Performance through the budget papers is tracked through strong performance measures relating to job creation and the value of productions supported by *VicScreen*.<sup>56</sup> However, the understanding of outcomes could be enhanced with further performance measures associated with investment in the strategy and in the NBCU partnership. For example, performance measures and targets could be developed around the *VicScreen* strategy’s four priorities, including the actual economic activity generated by government investment in the screen industry.<sup>57</sup>

**RECOMMENDATION 62:** The Department of Jobs, Precincts and Regions publish performance indicators associated with the *VicScreen* strategy in its annual report.

**RECOMMENDATION 63:** The Department of Jobs, Precincts and Regions develop new performance measures that assess the outcomes of the investment in the screen industry, including around the *VicScreen* strategy’s four priorities and actual economic activity generated by government investment.

51 Hon Stuart Robert MP, Hon Paul Fletcher MP and Hon Danny Pearson MP, *Joint media release: State-of-the-art infrastructure boosts screen industry*, media release, 14 April 2022; Hon Danny Pearson MP, Minister for Creative Industries, *Transcript of evidence*, p. 5.

52 Hon Stuart Robert MP, Hon Paul Fletcher MP and Hon Danny Pearson MP, *Joint media release: State-of-the-art infrastructure boosts screen industry*, media release.

53 Ibid.

54 Creative Victoria, *VICSCREEN*, p. 16.

55 Ibid.

56 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 264–265.

57 Creative Victoria, *VICSCREEN*, p. 7.

## 8.5 Employment portfolio: key issues

The Minister for Employment is responsible for one output: Jobs (funding in 2022–23: \$389.3 million).<sup>58</sup> Responsibility for the Jobs output is shared with the Minister for Workplace Safety.<sup>59</sup>

### 8.5.1 Jobs Victoria

Jobs Victoria supports people looking for work and connects employers with staff. Jobs Victoria aims to support people who have been affected by the COVID-19 pandemic and who face barriers joining the labour force, while supporting employers to find staff for their businesses. It provides several services, such as an online vacancies hub, a hotline for employees and employers and personalised support such as advocates, mentors and careers counsellors.<sup>60</sup>

As part of the 2020–21 Budget, Jobs Victoria was scaled up to assist more people to become employed in the context of labour market challenges and economic recovery associated with the COVID-19 pandemic.<sup>61</sup> During the hearing the Minister for Employment informed the Committee about the progress and outcomes of Jobs Victoria.

The Minister advised that through Jobs Victoria 13,500 people had been supported into secure employment, 5,500 jobs were subsidised, 1,500 businesses had been supported and 55,000 people had interactions with Jobs Victoria advocates.<sup>62</sup> In this context, the Minister reported that DJPR was confident that Jobs Victoria would meet its target of 10,000 job subsidies through the Jobs Victoria Fund.<sup>63</sup>

The Minister told the Committee that the emerging challenge of labour shortages in Victoria had become a focus for Jobs Victoria services.<sup>64</sup> The Minister stated that Jobs Victoria is advised of workforce shortages through industry stakeholders and data. Shortages are then targeted through the jobs fund wage subsidies to match individuals with businesses who are experiencing shortages.<sup>65</sup> The Committee was provided with examples of this process, including a partnership with Box Hill TAFE hair, beauty and hospitality and projects in caravan manufacturing.<sup>66</sup>

<sup>58</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 249; Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 152.

<sup>59</sup> According to DJPR, it supports the Secure Work Pilot for the Minister for Workplace Safety. See Chapter 5 Section 5.71. Source: Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 158.

<sup>60</sup> Jobs Victoria, *Who we are, what we do*, 27 April 2022, <<https://jobs.vic.gov.au/about-jobs-victoria/who-we-are-what-we-do>> accessed 19 July 2022.

<sup>61</sup> Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, Melbourne, 2021, p. 190.

<sup>62</sup> Hon Jaala Pulford MLC, Minister for Employment, 2022–23 Budget Estimates (Employment) hearing, Melbourne, 17 May 2022, *Transcript of evidence*, pp. 6–4.

<sup>63</sup> *Ibid.*, pp. 6–7.

<sup>64</sup> *Ibid.*, p. 1.

<sup>65</sup> *Ibid.*, p. 6.

<sup>66</sup> *Ibid.*

In March and May 2022 funding was announced for hospitality and tourism traineeships to create employment and target workforce shortages.<sup>67</sup> DJPR also reported that the industries attracting subsidies through Jobs Victoria tracked with those that were experiencing workforce shortages. The following industries received the highest number of subsidies: professional services, accommodation and retail, transport, healthcare and social assistance, tourism and recreational services.<sup>68</sup>

Regarding support for disadvantaged job seekers and priority cohorts, the Minister advised that Jobs Victoria provides specialist mentor services including for culturally and linguistically diverse (CALD) jobseekers, young jobseekers and Aboriginal jobseekers, support for people exiting the corrections system, women experiencing family violence and people experiencing challenges with mental illness.<sup>69</sup>

Job subsidies have predominantly been provided to cohorts most affected by the impacts of the COVID-19 pandemic, such as women and older and younger Victorians.<sup>70</sup> The Minister advised that 63% of subsidies had been provided to women, from a target of 60%.<sup>71</sup> Forty per cent had been provided to people over 45, while 29% had been provided to women over 45.<sup>72</sup> A smaller proportion were provided to CALD and migrant communities. Newly arrived migrants from non-English speaking backgrounds received 8% of all subsidies, while refugees and people seeking asylum received 1%.<sup>73</sup>

DJPR has several useful budget paper performance measures to track the achievements of Jobs Victoria, including proportional targets relating to disadvantaged jobseekers and women.<sup>74</sup> However, these performance measures could be enhanced by the inclusion of measures that report on:

- investments made to target workforce shortages, such as the partnerships and funding for hospitality and tourism jobs outlined above
- Jobs Victoria services provided to priority cohorts, including what percentage of selected priority cohorts have found sustainable employment.

Noting that DJPR holds useful data on subsidised jobs by priority cohorts,<sup>75</sup> the Committee considers that performance reporting on the impact of investment and the success of placing priority cohorts in sustainable employment could be enhanced.

67 Hon Jaala Pulford MLC, *Serving up more hospitality jobs in regional Victoria*, media release, 11 May 2022; Hon Jaala Pulford MLC, *500 trained jobseekers to ease hospo staff shortages*, media release, 29 March 2022.

68 Ms Lisa Buckingham, Deputy Secretary, Jobs Victoria, Secure Work and Inclusion Group, Department of Jobs, Precincts and Regions, 2022–23 Budget Estimates (Employment) hearing, Melbourne, 17 May 2022, *Transcript of evidence*, p. 11.

69 Hon Jaala Pulford MLC, Minister for Employment, *Transcript of evidence*, p. 10.

70 Hon Jaala Pulford MLC, 2022–23 Budget Estimates hearing, response to questions on notice received 14 June 2022, pp. 2–3; Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government's Response to the COVID-19 Pandemic*, February 2021, pp. 90–91.

71 Hon Jaala Pulford MLC, Minister for Employment, *Transcript of evidence*, p. 5; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 252.

72 Hon Jaala Pulford MLC, response to questions on notice received 14 June 2022, p. 3.

73 Ibid.

74 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 251–252.

75 Hon Jaala Pulford MLC, response to questions on notice received 14 June 2022, p. 3.

For example, by breaking down the existing measure 'Proportion of disadvantaged jobseekers who achieve sustainable employment (minimum number of 26 weeks) with the support of Jobs Victoria Services' into the specific cohorts that Jobs Victoria is targeting, such as women, young and older Victorians.<sup>76</sup>

**RECOMMENDATION 64:** The Department of Jobs Precincts and Regions develop further performance measures related to Jobs Victoria, including measures demonstrating the outcomes of investments in industries experiencing workforce shortages and in providing support to specific priority cohorts, for example women, young and older Victorians.

## 8.6 Regional Development portfolio: key issues

The Minister for Regional Development is responsible for one output: Regional Development (funding in 2022–23: \$176.2 million).<sup>77</sup>

### 8.6.1 Regional Jobs and Infrastructure Fund

The 2022–23 Budget includes \$30 million to continue the Regional Jobs and Infrastructure Fund (RJIF).<sup>78</sup> RJIF is a long running program administered by Regional Development Victoria (RDV) that provides grants to support economic growth and development in rural and regional Victoria.<sup>79</sup> Since its inception in 2015, \$700 million has been invested into the RJIF's three streams—the Regional Infrastructure Fund, Regional Jobs Fund and the Investment Fast-Track Fund.<sup>80</sup>

The RJIF aims to create and retain jobs, leverage private sector investment, grow diversity in the regional economy, grow regional populations and improve liveability and economic and social outcomes for regional Victorians.<sup>81</sup> RJIF has five strategic objectives:

- drive long-term regional growth through support of key economic development projects and the delivery of community-led responses to social and economic challenges
- support regions and industries to recover from the COVID-19 pandemic, economic transition and natural disasters by leveraging opportunities to create jobs of the future and diversify the regional employment base

<sup>76</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 251.

<sup>77</sup> Ibid., p. 249; Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 155.

<sup>78</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 73.

<sup>79</sup> Ibid., p. 84.

<sup>80</sup> Ibid.; Hon Mary-Anne Thomas MP, Minister for Regional Development, 2022–23 Budget Estimates (Regional Development) hearing, Melbourne, 19 May 2022, *Transcript of evidence*, p. 4; Victorian Auditor-General's Office, *Outcomes of Investing in Regional Victoria*, Melbourne, 2019, p. 7.

<sup>81</sup> Regional Development Victoria, *Regional Jobs and Infrastructure Fund*, 12 July 2022, <<https://www.rdv.vic.gov.au/about-rdv/regional-jobs-and-infrastructure-fund>> accessed 2 July 2022.



- catalyse and increase private sector project investment in regional Victoria and respond to market failures that prevent high quality and transformative economic projects in the regions from reaching the shovel-ready investment stage
- improve productivity and enhance long-term competitiveness of regional Victoria through innovation and transition to new growth opportunities
- improve the liveability of Victorian cities, centres and towns to attract and retain families and young people to live and work.<sup>82</sup>

Each stream of the fund also has its own objectives.<sup>83</sup> During the hearing the Minister for Regional Development advised the most recent round of RJIF funding had provided 110 grants and in total the fund was on track to create more than 1,700 jobs and support 52 infrastructure projects.<sup>84</sup> The Minister outlined several funded projects and their actual and expected outcomes, including the Portland foreshore redevelopment, the Mildura riverfront precinct and investment at Sea Lake to build a visitor information centre.<sup>85</sup>

DJPR and RDV publish different types of information regarding the spending and outcomes of the RJIF. RDV publishes a list of grant recipients and the funding amounts provided<sup>86</sup> as well as success stories of selected projects, which include some detail about the project's economic impact and jobs generated.<sup>87</sup> There are also five budget paper performance measures that assess elements of the RJIF's performance more generally across jobs facilitated, new investment created and projects supported.<sup>88</sup>

Notwithstanding the publication of the information listed above, comprehensive reporting on the projects receiving grant funding under the RJIF and their expected and actual outcomes would enhance transparency of the fund. Noting the investment in the RJIF since 2015, DJPR and RDV should consider publishing summary information about funded projects when grants are allocated and evaluating and publishing the actual outcomes achieved by funded projects to demonstrate their alignment with the objectives of the RJIF and the funding stream the grant has been awarded under.

<sup>82</sup> Ibid.

<sup>83</sup> Regional Development Victoria, *Regional Infrastructure Fund*, 18 May 2022, <<https://www.rdv.vic.gov.au/grants-and-programs/regional-infrastructure-fund>> accessed 20 July 2022; Regional Infrastructure Victoria, *Regional Jobs Fund*, 23 November 2021, <<https://www.rdv.vic.gov.au/grants-and-programs/regional-jobs-fund>> accessed 20 July 2022; Regional Development Victoria, *Investment Fast-Track Fund*, 4 April 2022, <<https://www.rdv.vic.gov.au/grants-and-programs/investment-fast-track-fund>> accessed 20 July 2022.

<sup>84</sup> Hon Mary-Anne Thomas MP, Minister for Regional Development, 2022–23 Budget Estimates (Regional Development) hearing, Melbourne, 19 May 2022, *Transcript of evidence*, p. 4; Hon Mary-Anne Thomas MP, *2022–23 Budget Estimates hearings presentation: Regional Development*, supplementary evidence received 19 May 2022, p. 4.

<sup>85</sup> Hon Mary-Anne Thomas MP, Minister for Regional Development, *Transcript of evidence*, p. 5.

<sup>86</sup> Many of the actual funding amounts for projects are listed as commercial in confidence. Source: Regional Development Victoria, *Funded Projects*, 27 April 2022, <<https://www.rdv.vic.gov.au/grants-and-programs/funded-projects>> accessed 20 July 2022.

<sup>87</sup> Ibid.; Regional Development Victoria, *Success stories*, 11 August 2021, <<https://www.rdv.vic.gov.au/grants-and-programs/success-stories>> accessed 20 July 2022; Regional Development Victoria, *Annual Report 2020–21*, Melbourne, 2021, pp. 36–57.

<sup>88</sup> The performance measures are: Actual export sales generated for regional businesses as a result of participation in government programs, Economic development and service delivery projects supported, Jobs in regional Victoria resulting from government investment facilitation services and assistance, New investment in regional Victoria resulting from government facilitation services and assistance, Participant satisfaction with implementation of Regional Development Victoria programs. Source: Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 51.



The Committee notes that other governmental grants programs, such as grants provided by Community Crime Prevention, require an evaluation of higher value grants within 12 months. These evaluations report on common indicators and are published on the Crime Prevention website.<sup>89</sup> Considering the volume at which grants are provided by RDV, undertaking evaluations for high-value projects above \$1 million would allow for a better understanding of what the RJIF and funded projects are achieving in regional Victoria.

**RECOMMENDATION 65:** Regional Development Victoria publish on their website summary details and expected outcomes of all projects that are receiving grant funding through the Regional Jobs and Infrastructure Fund.

**RECOMMENDATION 66:** Regional Development Victoria conduct evaluations of the actual outcomes of high-value projects that receive grant funding of above \$1 million. These evaluations should be publicly available and outline how the outcomes of projects align with the objectives of the Regional Jobs and Infrastructure Fund and the relevant funding stream.

## 8.7 Industry Support and Recovery portfolio: key issues

The Minister for Industry Support and Recovery is responsible for two outputs: Industry, Innovation, Medical Research and Small Business (shared with the Minister for Innovation, Medical Research and Digital Economy and the Minister for Small Business) (funding in 2022–23: \$473.2 million) and Jobs (shared with the Minister for Employment and the Minister for Workplace Safety) (funding in 2022–23: \$389.3 million).<sup>90</sup>

### 8.7.1 Supporting Victorian Manufacturing–Victorian Industry Investment Fund

The improvements identified in Section 8.6.1 in relation to the RJIF can similarly be applied to the new DJPR initiative funded in the 2022–23 Budget, *Supporting Victorian Manufacturing–Victorian Industry Investment Fund* (VIIF).<sup>91</sup> Receiving \$40 million in funding over two years under the responsibility of the Industry Support and Recovery portfolio, the VIIF will provide grants to fast growing and expanding businesses in key sectors including health, food production and advanced manufacturing.<sup>92</sup>

<sup>89</sup> Community Crime Prevention, *Guide to evaluating your community safety project*, 15 September 2021, <<https://www.crimeprevention.vic.gov.au/resources/guide-to-evaluating-your-community-safety-project>> accessed 25 July 2022; Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2021–22 Budget Estimates*, 8 March 2022, p. 7; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 67.

<sup>90</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 147, 152–153, 158; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 249.

<sup>91</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 72.

<sup>92</sup> Ibid., pp. 72, 80; Hon Martin Pakula MP, Minister for Industry Support and Recovery, 2022–23 Budget Estimates (Industry Support and Recovery) hearing, Melbourne, 17 May 2022, *Transcript of evidence*, p. 2.

Through grants, companies will be assisted to develop products, create jobs and boost sales, driving growth and economic resilience.<sup>93</sup> The VIIF is expected to lead to the creation of 2,500 direct jobs and \$1 billion in private sector investment over two years.<sup>94</sup>

Full details of the program and how businesses will be chosen is yet to be disclosed. As a grant program, it would be beneficial for DJPR to release public information regarding the value of each grant when allocated, the details of the project receiving funding, the expected outcomes of the project and the actual outcomes and how they align to the VIIF's strategic objectives.

**RECOMMENDATION 67:** Once allocated, the Department of Jobs, Precincts and Regions publish information about grants provided under the Victorian Industry Investment Fund (VIIF). This should include the size of the grant, a summary of the project proposed for funding, the expected outcomes of the project and an evaluation of the outcomes of the grant and how they align with the VIIF's strategic objectives.

## 8.7.2 Business stimulus package

The 2022–23 Budget includes \$196.2 million in funding for the stimulus package, *Supporting small and medium business through the pandemic*, with \$164.7 million allocated retrospectively for 2021–22.<sup>95</sup> The package aims to encourage economic activity and spending for impacted industries<sup>96</sup> and 'support Victorian businesses impacted by the Omicron variant of COVID-19 over the summer of 2021–22'.<sup>97</sup> The Committee notes that while some of the programs delivered under the package are the responsibility of the Minister for Small Business, the following initiatives are the responsibility of the Minister for Industry Support and Recovery:

- Midweek Melbourne Money—\$10 million in funding
- Victorian Dining and Entertainment Program—\$60 million in funding
- Travel Voucher Scheme (including seniors round)—\$30 million in funding.<sup>98</sup>

Midweek Melbourne Money was jointly funded by the Victorian Government and the City of Melbourne through the \$200 million Melbourne City Revitalisation Fund.<sup>99</sup> The program gave individuals the ability to claim a 25% rebate of a minimum spend of \$40 at eligible dining venues across Melbourne's central business district (CBD)

<sup>93</sup> Hon Martin Pakula MP, Minister for Industry Support and Recovery, *Transcript of evidence*, p. 4.

<sup>94</sup> Ibid.

<sup>95</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 72.

<sup>96</sup> Hon Martin Pakula MP, *2022–23 Budget Estimates hearings presentation: Industry Support and Recovery*, supplementary evidence received 17 May 2022, p. 4.

<sup>97</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 79.

<sup>98</sup> Hon Martin Pakula MP, *2022–23 Budget Estimates hearings presentation: Industry Support and Recovery*, p. 4; Hon Martin Pakula MP, Minister for Industry Support and Recovery, *Transcript of evidence*, p. 2.

<sup>99</sup> City of Melbourne, *Midweek Melbourne Money—information for businesses*, 2022 <<https://www.melbourne.vic.gov.au/business/Pages/melb-money-dining.aspx>> accessed 22 July 2022.

during the week, up to the value of \$125 for each round, until the funding was exhausted.<sup>100</sup> The program ran three rounds between June 2021 and April 2022.<sup>101</sup> DJPR advised that more than 442,667 successful claims were made on Midweek Melbourne Money Rounds 2 (November 2021) and 3 (March to April 2022).<sup>102</sup> Midweek Melbourne Money received funding through Treasurer's Advances and output appropriations and estimated expenditure on the program for 2021–22 is \$10 million.<sup>103</sup>

At the hearing, the impact of Midweek Melbourne Money on generating economic activity was discussed.<sup>104</sup> In response to a question taken on notice, DJPR outlined that they use multiple data sources to track economic activity and explained:

The Midweek Melbourne Money data is sourced from claims and survey results collected by the City of Melbourne as part of the Midweek Melbourne Money program. Amount spent is a customer input through the survey questions.<sup>105</sup>

Survey results from the City of Melbourne suggest that the program has had 'a positive flow on effect to other sectors with more than 160,000 diners saying they engaged in other activities like shopping, attending sporting events, museums and live music events during their visit'.<sup>106</sup> DJPR also estimates that the program brought \$60 million in economic activity to the City of Melbourne.<sup>107</sup>

The Victorian Dining and Entertainment Program ran from 29 March 2022 and offered a 25% rebate up to \$125 of combined purchases on eligible dining and entertainment expenditure such as theatre, live music, museums and galleries across the State.<sup>108</sup> From 1 July 2021 to 30 April 2022, 385,233 applications under the program were approved for \$12 million in rebates, which is 25% of the total consumer spend at Victorian entertainment and dining providers.<sup>109</sup> The funding allocation for this program is now exhausted and it closed on 30 June 2022.<sup>110</sup> The Victorian Dining and Entertainment Program received funding through Treasurer's Advance<sup>111</sup> and the outcomes it achieved do not appear to have been assessed and reported on.

<sup>100</sup> City of Melbourne, *City businesses reap rewards of Melbourne Money*, media release, 30 April 2022.

<sup>101</sup> Ibid.

<sup>102</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 88 (Committee calculation).

<sup>103</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 88.

<sup>104</sup> Hon Martin Pakula MP, Minister for Industry Support and Recovery, *Transcript of evidence*, pp. 11–12.

<sup>105</sup> Mr Simon Phemister, Secretary, Department of Jobs, Precincts and Regions, 2022–23 Budget Estimates hearing, response to questions on notice received 25 May 2022, p. 4.

<sup>106</sup> Ibid.; City of Melbourne, *Midweek Melbourne Money—information for businesses, 2022* <<https://www.melbourne.vic.gov.au/business/Pages/melb-money-dining.aspx>> accessed 22 July 2022.

<sup>107</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 88.

<sup>108</sup> Victorian Government, *Victorian Dining and Entertainment Program*, July 2022 <<https://www.vic.gov.au/victorian-dining-and-entertainment-program>> accessed 22 July 2022.

<sup>109</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 82–83.

<sup>110</sup> Victorian Government, *Victorian Dining and Entertainment Program*.

<sup>111</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 82–83.

The Travel Voucher Scheme provided eligible Victorians an incentive to explore the State through \$200 vouchers on a minimum spend of \$400 on eligible costs of accommodation, tourism attractions or tours.<sup>112</sup> The scheme comprised the Victorian Travel Voucher Scheme (VTVS), and Seniors Travel Voucher Scheme (STVS) that provided an additional dedicated 10,000 vouchers through a ballot system for senior Victorians. As at 30 April 2022, a total of 143,359 travel vouchers had been issued.<sup>113</sup>

At the hearings DJPR explained that a number of rounds for the Travel Voucher Scheme had been held including ‘a CBD, a regional and a statewide round’ and that unclaimed vouchers from previous rounds had been rolled over.<sup>114</sup> DJPR advised that the VTVS received funding through Treasurer’s Advance and output appropriation and that estimated expenditure on the VTVS for 2021–22 is \$30.2 million.<sup>115</sup> In response to a question on notice, DJPR advised that \$20.7 million has been paid through the previous completed Regional Travel Voucher Scheme rounds, and \$2.7 million has been paid through the Metropolitan Travel Voucher Scheme.<sup>116</sup> The Committee notes this brings the total amount of funding allocated under the Travel Voucher Scheme to \$53.6 million.

While the VTVS program has closed to new applicants and all successful applicants have been issued with vouchers, at the time of submitting its response to the Committee’s questionnaire, DJPR noted it was ‘too early to measure outcomes ahead of the conclusion of the claims period’ on 14 June 2022.<sup>117</sup> The Committee notes that to date, there has been no tracking or reporting of the outcomes achieved by the Travel Voucher Scheme beyond the number of vouchers issued.

While the Minister is working closely with the City of Melbourne in terms of tracking the outcomes of the work related to the general revitalisation of the CBD,<sup>118</sup> there are no specific performance measures in the 2022–23 Budget or other public reporting that tracks the outcomes achieved by the various programs under the stimulus package.<sup>119</sup> An evaluation of the programs delivered under the package would be beneficial to the administering departments, stakeholders and the broader community. Sharing the lessons learnt from delivering the stimulus package would inform future government responses to challenges faced by COVID-19 recovery as well as future rebate and voucher schemes.

112 Victorian Government, *Victorian Travel Voucher Scheme*, March 2022, <<https://www.vic.gov.au/victorian-travel-voucher-scheme>> accessed 22 July 2022.

113 Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 91.

114 Mr Simon Phemister, Secretary, Jobs, Innovation and Business Engagement, Department of Jobs, Precincts and Regions, 2022–23 Budget Estimates (Industry Support and Recovery) hearing, Melbourne, 17 May 2022, *Transcript of evidence*, pp. 6–7.

115 Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 89.

116 Hon Martin Pakula MP, Minister for Industry Support and Recovery, 2022–23 Budget Estimates (Industry Support and Recovery) hearing, response to questions on notice received 25 May 2022, p. 1.

117 Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 91.

118 Hon Martin Pakula MP, Minister for Industry Support and Recovery, *Transcript of evidence*, pp. 2–3, 12.

119 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 251–256.

**FINDING 74:** The City of Melbourne undertook analysis from various sources to evaluate and publicly report on the success of the Midweek Melbourne Money program. The Department of Jobs, Precincts and Regions estimates that the program brought \$60 million in economic activity to the City of Melbourne. This type of evaluation and reporting has not yet been applied to the Victorian Dining and Entertainment Program and Travel Voucher Scheme.

**RECOMMENDATION 68:** The Department of Jobs, Precincts and Regions publish a report evaluating the success of the Victorian Government's rebate and voucher schemes implemented in response to COVID-19 which include total program expenditure and outcomes achieved and document the lessons learnt from administering the stimulus package.

## 8.8 Tourism, Sport and Major Events portfolio: key issues

The Minister for Tourism, Sport and Major Events is responsible for two outputs: Sport, Recreation and Racing (shared with the Minister for Racing and the Minister for Community Sport) (funding in 2022–23: \$407.2 million) and Tourism and Major Events (funding in 2022–23: \$298.4 million).<sup>120</sup>

### 8.8.1 2026 Commonwealth Games

In April 2022 it was confirmed that Victoria would host the 2026 Commonwealth Games.<sup>121</sup> The 2022–23 Budget includes \$2.6 billion over the forward estimates for the 2026 *Victorian Commonwealth Games* initiative, to enable the organisation and hosting of the Games.<sup>122</sup> The Committee notes the budget papers state that 'additional funding of \$51.527 million in 2026–27 is beyond the forward estimates'<sup>123</sup> and that the outlined funding includes Commonwealth and Local Government contributions, and that 'costs may be updated to reflect the final athletic program'.<sup>124</sup>

When asked by the Committee how this funding would be divided between operational expenses and funding to build or upgrade infrastructure, the Minister for Tourism, Sport and Major Events advised that while a large portion of the funds have been provided for sporting infrastructure and housing, how the funding would be broken down would be determined at a later date.<sup>125</sup> The Minister explained that once the sports program was

<sup>120</sup> Ibid., p. 249; Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 148–150, 154.

<sup>121</sup> Hon Daniel Andrews MP, *Regional Victoria hosting 2026 Commonwealth Games*, media release, 12 April 2022.

<sup>122</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 73, 85 (Committee calculation).

<sup>123</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 73.

<sup>124</sup> Ibid., pp. 73, 85.

<sup>125</sup> Hon Martin Pakula MP, Minister for Tourism, Sport and Major Events, 2022–23 Budget Estimates (Tourism, Sport and Major Events) hearing, Melbourne, 17 May 2022, *Transcript of evidence*, p. 5.

finalised at the end of 2022 a better assessment about infrastructure could be made, and once the funding had been expended further analysis would be possible.<sup>126</sup>

Considering the scope of the Games, the amount of funding to be expended and the potential scale of required infrastructure projects, it will be important for the Government to demonstrate publicly its accounting and budgeting on a regular basis. There are several ways this could be accomplished, such as reporting on spending through a dedicated website and through the mid-cycle Budget Update. Infrastructure projects for the Commonwealth Games could also be reported on a dedicated website and include the status of the project, estimated and revised costs and delivery dates and explanations for any changes.

**RECOMMENDATION 69:** The Victorian Government regularly report on a dedicated website the actual costs related to the 2026 Commonwealth Games divided into output and asset funding.

**RECOMMENDATION 70:** The Victorian Government regularly report on a dedicated website the status of infrastructure projects related to the 2026 Commonwealth Games, including estimated costs and delivery dates and, if required, explanations for any changes.

Victoria will be hosting a new, multi-city model for the Commonwealth Games. Sporting hubs will be created in four regional locations—Geelong, Bendigo, Ballarat and Gippsland—with each hosting its own sporting program and athlete’s village. Additionally, it is expected Shepparton will host sporting and cultural events.<sup>127</sup> The Minister advised that the four hubs were chosen through mutual agreement of the Government, the Commonwealth Games Federation and the Commonwealth Games Association. Selections were made based on existing infrastructure and facilities, the ability to house athletes and what updates would be required.<sup>128</sup>

An expression of interest process is currently open to capture interest in holding activities from different segments of the community including peak bodies, Traditional Owners and businesses, while local councils can also register their interest. The Minister stated that locations beyond the hubs may be involved depending on the sports selected.<sup>129</sup> It would be beneficial as part of the process for DJPR to publish how the hubs were, and any further locations are, selected.

**RECOMMENDATION 71:** The Department of Jobs, Precincts and Regions publish detailed information regarding how the four regional hubs and any additional locations for the 2026 Commonwealth Games were determined.

<sup>126</sup> Ibid.

<sup>127</sup> Hon Daniel Andrews MP, *Regional Victoria hosting 2026 Commonwealth Games*, media release, 12 April 2022.

<sup>128</sup> Hon Martin Pakula MP, Minister for Tourism, Sport and Major Events, *Transcript of evidence*, p. 4.

<sup>129</sup> Ibid.

It is anticipated that the Games will make a significant positive impact on the State. DJPR expects \$3 billion to be contributed to the Victorian economy, while also creating '600 full-time equivalent jobs before the games, nearly 4,000 during the games and 3,000 jobs ongoing past the closing ceremony'.<sup>130</sup> The selected host regions are expected to benefit economically and socially throughout the process.<sup>131</sup>

Following the Games, the athletes' villages in all four hubs are also expected to become, at least in part, social and affordable housing.<sup>132</sup> The Minister advised there would be approximately 800 to 1,200 homes built across the regional hubs and 'a portion of them...will ultimately become social and affordable housing but some might ultimately become key worker housing or get sold on the open market'.<sup>133</sup> The number of homes to be converted to social and affordable housing was yet to be determined, but DJPR confirmed they are consulting with Homes Victoria regarding available land.<sup>134</sup>

Benefits to cities hosting the Commonwealth Games are well documented. Regarding the legacy of the 2006 Commonwealth Games hosted in Melbourne, new sporting venues were created and a number were updated. Sporting equipment was provided to 260 Victorian clubs and associations and an independent study suggested the Games positively impacted Gross State Product by \$1.6 billion.<sup>135</sup> To ensure the Victorian public has a better understanding of how benefits of hosting the Games are determined and to measure the Government's success in delivering the Games, DJPR should publish its methodology for determining the benefits and costs of hosting the Games in 2026, including the cost/benefit ratio and the social, cultural and sports tourism impacts.

**RECOMMENDATION 72:** The Department of Jobs, Precincts and Regions publish its methodology for determining the benefits and costs associated with hosting the 2026 Commonwealth Games in Victoria, including the cost/benefit ratio and the social, cultural and sports tourism impacts.

<sup>130</sup> Ibid., p. 2.

<sup>131</sup> Ibid., p. 4.

<sup>132</sup> Victorian Government, *Victoria 2026 Commonwealth Games*, 11 July 2022, <<https://www.vic.gov.au/victoria-2026-commonwealth-games>> accessed 20 July 2022.

<sup>133</sup> Hon Martin Pakula MP, Minister for Tourism, Sport and Major Events, *Transcript of evidence*, p. 11.

<sup>134</sup> Ibid.; Mr Simon Phemister, Secretary, Department of Jobs, Precincts and Regions, 2022–23 Budget Estimates (Tourism, Sport and Major Events) hearing, Melbourne, 17 May 2022, *Transcript of evidence*, p. 11.

<sup>135</sup> Victorian Government, *Commonwealth Games legacy*, 2 May 2017, <<https://sport.vic.gov.au/our-work/events/commonwealth-games-legacy>> accessed 20 July 2022.



## 8.9 Performance measures

### 8.9.1 Department wide: analysis of new performance measures

DJPR added nine new performance measures in the 2022–23 Budget, two of which replaced three discontinued measures.<sup>136</sup> Twenty-nine of DJPR’s existing performance measures were modified in the 2022–23 Budget.<sup>137</sup>

Table 8.2 summarises the issues the Committee identified with one of DJPR’s new performance measures by relevant output.

**Table 8.2** Issues with new performance measures in 2022–23

Output	Performance measures	Issues identified by the Committee
Industry, Innovation, Medical Research and Small Business (Quantity)	Strategic priority businesses engaged on investment and growth	This measure combines two performance measures from the 2021–22 Budget—‘Engagements with businesses’ and ‘Businesses whose growth and productivity issues are resolved by the Department’—to create a measure that is targeted at businesses Government determines as key or ‘strategic priority’.  However, it is unclear from this performance measure alone which businesses are classified as ‘strategic priority’. The Committee suggests the Government provide guidelines or further information to explain what businesses are classified as ‘strategic priority’ to add meaning to this performance measure.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 255.

**RECOMMENDATION 73:** The Department of Jobs, Precincts and Regions address the shortcomings identified by the Committee in the performance measure under the Industry, Innovation, Medical Research and Small Business output—Strategic priority businesses engaged on investment and growth—in the 2023–24 Budget.

### 8.9.2 Department wide: analysis of performance measures proposed to be discontinued

DJPR identified four performance measures for discontinuation in the 2022–23 Budget.<sup>138</sup>

The Committee supports DJPR’s rationale for the discontinuation in all cases.

<sup>136</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 254–278.

<sup>137</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 113–129.

<sup>138</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 400.



# 9 Department of Environment, Land, Water and Planning

## 9.1 Overview

The Department of Environment, Land, Water and Planning (DELWP) supports four portfolios: Energy, Environment and Climate Change, Solar Homes, Water, and Planning.<sup>1</sup>

DELWP's mission is 'to shape and support liveable, inclusive and sustainable communities, and thriving natural environments across Victoria'.<sup>2</sup>

In 2022–23 DELWP's objectives are:

- net zero emission, climate-ready economy and community
- healthy, resilient and biodiverse environment
- reliable, sustainable and affordable energy services
- productive and effective land management
- safe and sustainable water resources
- a safe and quality built environment
- reduced impact of major bushfires and other emergencies on people, property and the environment.<sup>3</sup>

The key issues section of this chapter focuses on matters relevant to each of DELWP's four portfolios that were identified during the estimates hearings.

## 9.2 Financial analysis

In 2022–23 DELWP has the seventh largest budget of all Victorian Government departments, representing 4.2% of total government output.<sup>4</sup>

In 2022–23 DELWP is allocated \$3 billion to fund its outputs, an increase of \$78.1 million (2.7%) compared to the 2021–22 Budget.<sup>5</sup> However, compared to the 2021–22 revised budget, the 2022–23 Budget represents a decrease of \$507.6 million (14.6%) in funding.<sup>6</sup>

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 165.

2 Ibid.

3 Ibid., pp. 165–167.

4 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 135–392 (Committee calculation).

5 Ibid., p. 168 (Committee calculation).

6 Ibid., (Committee calculation).

The funding allocation for all of DELWP's outputs in 2022–23 has declined compared to the 2021–22 revised budget, with three exceptions: Energy increased by 31.8%; Parks Victoria increased by 3.9%; and Effective Water Management and Supply increased by 2.9%.<sup>7</sup>

DELWP's output appropriations are budgeted at \$2.3 billion for 2022–23, a decrease of \$103.2 million (4.3%) compared to the 2021–22 revised budget.<sup>8</sup> This variance was 'primarily due to additional funding received in 2021–22 for the *Melbourne Strategic Assessment* program' and the coordination of 'storm and flood emergency works'.<sup>9</sup>

DELWP's employee expenses increased from \$705 million in the 2021–22 revised budget to \$728 million in the 2022–23 Budget.<sup>10</sup> Although this \$23 million increase (3.3%) is not substantial, the 2022–23 Budget represents a considerable increase of \$120 million (19.7%) when compared to the \$608 million allocated to employee expenses in the 2021–22 Budget.<sup>11</sup> The Committee understands the variation between the 2021–22 Budget and the 2021–22 revised budget as 'primarily due to additional funding received to support the coordination efforts of the 2021–22 storm and flood emergency works'.<sup>12</sup> However, it is unclear what drives the continued and increased employee expenses in the 2022–23 Budget when compared to the 2021–22 Budget.<sup>13</sup>

The department's expenditure on 'Grants and other transfers' in 2022–23 is budgeted at \$1.4 billion.<sup>14</sup> While \$12 million (0.9%) lower than the 2021–22 Budget, the 2022–23 Budget represents a \$302 million (18.2%) decrease compared to the 2021–22 revised budget.<sup>15</sup> DELWP attributes this to 'increased grant payments in 2021–22 for various initiatives through the *Growth Areas Infrastructure Contribution* fund [GAIC]'.<sup>16</sup> Although the 2022–23 Budget does not commit any funds from the GAIC, the Committee notes that this fund is expected to operate until 2040.<sup>17</sup>

7 Ibid., (Committee calculation).

8 Ibid., p. 169 (Committee calculation).

9 Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 10 May 2022, p. 30.

10 Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 31 (Committee calculation).

11 Ibid., pp. 30–31 (Committee calculation).

12 Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 30.

13 Ibid., pp. 30–31.

14 Ibid., p. 30.

15 Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 30–31 (Committee calculation).

16 Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 31.

17 Department of Environment, Land, Water and Planning, *Growth Areas Infrastructure Contribution Fund*, 4 July 2022, <<https://www.planning.vic.gov.au/policy-and-strategy/growth-areas-infrastructure-contribution-fund>> accessed 15 July 2022; Department of Environment, Land, Water and Planning, *Growth Areas Infrastructure Contribution Fund: Policy Statement*, <[https://www.planning.vic.gov.au/\\_data/assets/pdf\\_file/0036/496773/GAIC-19-20-Policy-Statement.pdf](https://www.planning.vic.gov.au/_data/assets/pdf_file/0036/496773/GAIC-19-20-Policy-Statement.pdf)> accessed 15 July 2022, p. 1.

## 9.2.1 Changes to output structure

In 2022–23 DELWP made two changes to its output structure. Solar Homes has been renamed as Solar Victoria ‘to reflect the expansion of deliverables within the portfolio’.<sup>18</sup> Planning, Building and Heritage has been disaggregated into two outputs—Planning and Heritage, and Building—to ‘enhance transparency’.<sup>19</sup> The Committee welcomes these changes to enhance clarity and enable further accountability over the Planning portfolio, however, it is unclear why Planning, Building and Heritage was not disaggregated into three outputs.

## 9.3 Capital spend

In 2022–23 DELWP’s capital program comprises \$136.9 million in new projects and \$717.9 million in existing projects, representing \$854.8 million (1.3%) of the general government capital program in the 2022–23 Budget.<sup>20</sup> DELWP’s new capital projects also represent 2.4% of all new projects in the 2022–23 Budget’s general government capital program.<sup>21</sup>

The 2022–23 Budget allocates \$44.4 million in total estimated investment (TEI) to *Bendigo mine-impacted groundwater long-term management*—DELWP’s largest new project—representing 32.4% of the department’s new capital program.<sup>22</sup>

Among its existing capital projects, two projects comprise 50.2% of DELWP’s TEI:

- Suburban Parks Program (Creating a Ring of New Parkland) (metropolitan): TEI of \$191.7 million
- National Water Infrastructure Development Fund—National Partnership Agreement (regional various): TEI of \$168.9 million.<sup>23</sup>

In addition to DELWP’s capital projects, the 2022–23 Budget lists 18 public non-financial water corporations with a TEI capital spend of \$22.4 billion.<sup>24</sup> This includes \$5.4 billion in TEI towards new capital projects, and \$2.4 billion estimated expenditure on new and existing projects in 2022–23.<sup>25</sup>

<sup>18</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, p. 167.

<sup>19</sup> Ibid.

<sup>20</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 57–59.

<sup>21</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, pp. 33–104 (Committee calculation).

<sup>22</sup> Ibid., p. 57 (Committee calculation).

<sup>23</sup> Ibid., pp. 58–59 (Committee calculation).

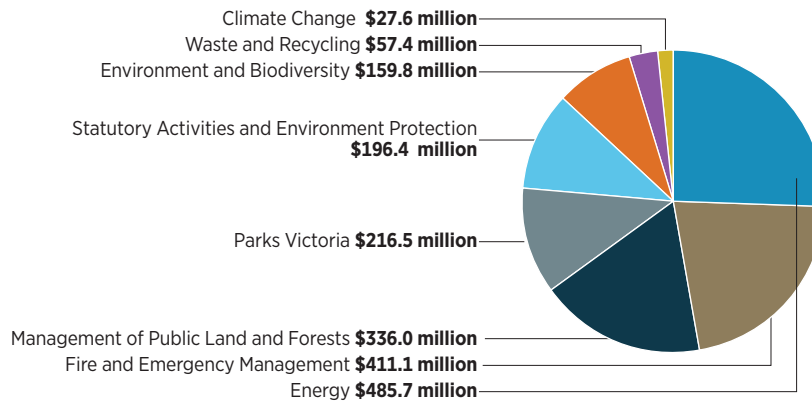
<sup>24</sup> Ibid., pp. 105–203 (Committee calculation).

<sup>25</sup> Ibid., pp. 105–199 (Committee calculation).

## 9.4 Energy, Environment and Climate Change portfolio: key issues

The Minister for Energy, Environment and Climate Change is responsible for eight outputs with a total funding of \$1.9 billion in 2022–23.<sup>26</sup> The allocation of funding across the eight outputs is illustrated in Figure 9.1.

**Figure 9.1** Energy, Environment and Climate Change portfolio—funding by output, 2022–23



Source: Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 10 May 2022, p. 105; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 168 (Committee calculation).

### 9.4.1 Victorian energy market

At the hearing, the Minister for Energy, Environment and Climate Change advised that the 2022–23 Budget includes \$303 million for ‘a cleaner, cheaper and stronger energy system for all Victorians’.<sup>27</sup> Of this funding, \$260.2 million (85.8%) appears to be directed towards ‘cheaper’ energy and \$43.1 million (14.2%) appears to be directed towards delivering a ‘cleaner and stronger’ energy system.<sup>28</sup>

<sup>26</sup> The Energy, Environment and Climate Change portfolio was renamed the Energy, Environment and Climate Action portfolio on 25 June 2022. To ensure consistency with the 2022–23 Budget, it will be referred to in this report as the Energy, Environment and Climate Change portfolio. Source: Hon Daniel Andrews MP, *Statement on new ministry*, media release, 25 June 2022; Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 105; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 168 (Committee calculation).

<sup>27</sup> Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change, 2022–23 Budget Estimates (Energy, Environment and Climate Change) hearing, Melbourne, 19 May 2022, *Transcript of evidence*, pp. 1–2.

<sup>28</sup> The Committee considers ‘cheaper’ energy initiatives to refer to the \$250 Power Saving Bonus, *Cheaper electricity for Victorians* and *Driving down gas bills for businesses and households* output initiatives; and ‘cleaner and stronger’ initiatives to refer to the remaining output initiatives related to renewable energy, energy resilience and safety. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 26, 28–29 (Committee calculation).

## Energy affordability

Retail charges have accounted for a significant proportion of price increases to energy bills since the deregulation of the Victorian electricity market in 2009.<sup>29</sup> Although the Victorian Default Offer (VDO)<sup>30</sup> has reduced retail margins in Victoria,<sup>31</sup> ‘shopping around’ is still promoted as the best way for consumers to get the cheapest energy deals.<sup>32</sup> During the hearings, the Minister for Energy, Environment and Climate Change advised that seven out of every ten users of the Victorian Energy Compare (VEC)<sup>33</sup> website could save \$330 per annum on average, simply by comparing and switching energy retailers.<sup>34</sup>

In May 2022, the Essential Services Commission (ESC) raised the VDO by around 5% across Victoria for 2022–23, an increase that primarily reflects surges in wholesale electricity prices.<sup>35</sup> While only a small proportion of Victorians are on standing electricity price offers,<sup>36</sup> the VDO acts as a reference price that retailers must use to advertise the discounts on their market offers, which can help customers find the market offer that will give them the best value.<sup>37</sup> Regardless of whether consumers are on standing or market offers, as Victorian power bills are expected to be higher in 2022–23,<sup>38</sup> ‘shopping around’ is even more important.

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- 29 The Australian Competition and Consumer Commission found that retail costs and retail margins in Victoria increased by 49% and 32% respectively between 2007–08 and 2017–18. Source: Australian Competition and Consumer Commission, *Restoring electricity affordability and Australia’s competitive advantage*, Canberra, June 2018, p. 10; John Thwaites, Patricia Faulkner, and Terry Mulder, *Independent review of the electricity and gas retail markets in Victoria*, Melbourne, 2017, pp. vii–ix.
- 30 The Victorian Default Offer (VDO) is a regulated price for electricity that is set by the Essential Services Commission each year. The VDO is based on several factors and varies across distribution zones to reflect unique costs of providing electricity services in each area. Source: Department of Environment, Land, Water and Planning, *The Victorian Default Offer*, 9 April 2021, <<https://www.energy.vic.gov.au/victoriandefaultoffer>> accessed 20 June 2022.
- 31 Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change, *Transcript of evidence*, p. 11; Australian Competition and Consumer Commission, *Inquiry into the National Electricity Market: November 2021 Report*, Canberra, November 2021, p. 7.
- 32 Essential Services Commission, *Wholesale prices drive price rise in Victorian electricity default offer*, 24 May 2022, <<https://www.esc.vic.gov.au/media-centre/wholesale-prices-drive-price-rise-victorian-electricity-default-offer>> accessed 14 June 2022; Australian Energy Regulator, *AER sets energy price cap to protect consumers*, 26 May 2022, <<https://www.aer.gov.au/news-release/aer-sets-energy-price-cap-to-protect-consumers>> accessed 14 June 2022; Thwaites, Faulkner, and Mulder, *Independent review of the electricity and gas retail markets in Victoria*, pp. 20–22.
- 33 The Victorian Energy Compare (VEC) website is the Victorian Government’s free and independent energy price comparison tool. Users can compare what they are currently paying for energy with other generally available gas, electricity and solar offers available from energy retailers. Source: Department of Environment, Land, Water and Planning, *Compare energy offers*, 3 May 2022, <<https://www.victorianenergysaver.vic.gov.au/get-the-best-energy-deal/compare-energy-offers>> accessed 10 June 2022.
- 34 Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change, *Transcript of evidence*, p. 10; Department of Environment, Land, Water and Planning, *Compare energy offers*.
- 35 The Essential Services Commission (ESC) reports that rising wholesale energy prices accounts for two-thirds of the increase to the Victorian Default Offer. Source: Essential Services Commission, *Wholesale prices drive price rise in Victorian electricity default offer*.
- 36 ‘Standing offers’ are default energy contracts that have basic terms and conditions and are provided at the Victorian Default Offer price, whereas competitive deals that are offered by retailers are known as ‘market offers’. Source: Department of Environment, Land, Water and Planning, *The Victorian Default Offer*; Australian Energy Regulator, *AER sets energy price cap to protect consumers*.
- 37 Essential Services Commission, *Wholesale prices drive price rise in Victorian electricity default offer*.
- 38 Australian Competition and Consumer Commission, *Inquiry into the National Electricity Market: Addendum to the May 2022 report*, Canberra, June 2022, p. 1.

**FINDING 75:** While the Victorian Default Offer has significantly reduced the energy retail margins in Victoria, rising wholesale electricity prices mean that Victorian power bills are expected to be higher in 2022–23. Most households can realise cost-savings by using the Victorian Energy Compare website to compare energy offers and switch energy retailers.

The 2022–23 Budget allocates \$250 million in 2022–23 to the *\$250 Power Saving Bonus* (PSB), representing 55.5% of DELWP’s total new output initiative expenditure for 2022–23.<sup>39</sup> The PSB program offers a one-off payment for households who use the VEC website.<sup>40</sup> This is the third iteration of the PSB program and total investment in the program since it was introduced in the 2018–19 Budget is \$429.4 million.<sup>41</sup>

The PSB program aims to ease cost-of-living pressures and promote cost-savings by encouraging consumers to use the VEC website.<sup>42</sup> DELWP advised the Committee that they surveyed applicants after receiving the bonus to gauge how the PSB program had been received.<sup>43</sup> Of these, 60% of respondents found the bonus helped to reduce financial stress, while 80% of respondents would use VEC to compare energy offers in the future.<sup>44</sup> Of the 10,800 VEC website users who completed a survey of the website in 2020–21, 55% reported they planned to switch energy offers based on the information provided by the website.<sup>45</sup>

Considering that valuable data about the PSB and VEC is available to DELWP, the budget paper performance measure—‘Users of the Victorian Energy Compare website who report a better understanding of their usage costs after using the website’<sup>46</sup>—could be enhanced to provide a more holistic assessment of the PSB over the long-term. While the Committee recognises that VEC partly functions as an educational tool to improve consumer understanding of energy usage costs,<sup>47</sup> it primarily operates to improve fairness in the energy market and to assist consumers to realise cost-savings. The introduction of performance measures to assess these outcomes would assist in tracking the effectiveness of the PSB and VEC. For example, performance measures could report on the total volume of online traffic to the VEC website, the proportion of recurring VEC users, or the proportion of VEC users who report cost-savings after using the website.

<sup>39</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 26–27 (Committee calculation).

<sup>40</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 28.

<sup>41</sup> The first iteration of the Power Saving Bonus was introduced in the 2018–19 Budget with \$47.8 million in output funding allocated to provide a \$50 payment to Victorian households who use the Victorian Energy Compare website. The second iteration of the Power Saving Bonus followed in the 2020–21 Budget with \$83.2 million and \$48.4 million in output funding allocated in 2020–21 and 2021–22 to provide a one-off payment of \$250 to Victorian households with at least one JobSeeker, youth allowance recipient or pensioner, who use the Victorian Energy Compare website. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 26, 28; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, pp. 49, 53; Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, Melbourne, 2018, pp. 59, 63 (Committee calculation).

<sup>42</sup> Victorian Energy Compare, *What is the \$250 Power Saving Bonus for Victorian households?*, July 2022, <<https://compare.energy.vic.gov.au/psb-faq>> accessed 12 July 2022.

<sup>43</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 49.

<sup>44</sup> Ibid.

<sup>45</sup> Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, Melbourne, 2021, p. 43.

<sup>46</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 179.

<sup>47</sup> Ibid.

**FINDING 76:** The Power Saving Bonus (PSB) aims to ease cost-of-living pressures and encourage consumers to realise cost-savings by comparing energy offers via the Victorian Energy Compare (VEC) website. The total investment in the PSB program from 2018–19 to 2022–23 is \$429.4 million. The introduction of budget paper performance measures that assess the success of the PSB and the VEC website to improve fairness in the energy market and to assist consumers to realise cost-savings would assist in tracking the outcomes achieved.

**RECOMMENDATION 74:** The Department of Environment, Land, Water and Planning develop budget paper performance measures that holistically assess the long-term benefits of the *Power Saving Bonus* program, for example, reporting on the total volume of traffic to the Victorian Energy Compare (VEC) website, the proportion of recurring VEC users, or the proportion of VEC users who report cost-savings after using the website.

The 2022–23 Budget invests \$9 million over two-years in the *Cheaper electricity for Victorians* initiative.<sup>48</sup> This funding supports the operation of the VEC website and continues the Energy Assistance Program to support vulnerable energy customers to navigate the energy market.<sup>49</sup>

The Committee acknowledges the current energy affordability challenges facing vulnerable Victorians, with DELWP reporting that ‘approximately 200,000 plus residential electricity and gas customers...are currently receiving hardship assistance from their retailer under Victoria’s Payment Difficulty Framework’.<sup>50</sup>

The Committee commends DELWP’s efforts to engage with vulnerable Victorian energy consumers by delivering various support programs.<sup>51</sup> In 2020–21 and 2021–22, the actual and expected outcomes for the number of ‘Vulnerable Victorian energy consumers reached through consumer support programs’ exceeded DELWP’s targets by double.<sup>52</sup> DELWP has also raised its target for 2022–23, reflecting ‘specific targeting of hard-to-reach energy consumers who have not engaged recently with the energy retail market’ and the continuation of the PSB.<sup>53</sup>

<sup>48</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 26 (Committee calculation).

<sup>49</sup> The Energy Assistance Program assists eligible Victorians with energy issues including difficulty paying energy bills, assistance with financial hardship, and difficulty understanding energy bills. Source: Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 37; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 28; Brotherhood of St Laurence, *Introducing our new Energy Assistance Program*, <<https://www.bsl.org.au/get-involved/building-better-lives-together/introducing-our-new-energy-assistance-program>> accessed 14 June 2022.

<sup>50</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 49.

<sup>51</sup> The Department of Environment, Land, Water and Planning reported these support programs include ‘outreach programs for community groups, not-for-profit organisations, and members of parliament; Victorian Energy Compare presentations; and external events where consumers can interact and receive support to reduce their energy costs’. Source: Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 78; Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change, *Transcript of evidence*, p. 11.

<sup>52</sup> The 2021–22 expected outcome is 25,000 and the 2020–21 actual outcome is 20,573. The target for 2021–22 and 2020–21 was 10,000. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 178.

<sup>53</sup> The target for 2022–23 is 50,000. Source: Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 78; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 178.



**FINDING 77:** The Department of Environment, Land, Water and Planning exceeded its targets for the number of ‘Vulnerable Victorian energy consumers reached through consumer support programs’ in 2020–21 and 2021–22. The target for this performance measure has been raised in 2022–23 to reflect further investments to support vulnerable energy consumers.

## Renewable energy sources

Victoria’s transition to renewable energy sources was discussed at the hearings.<sup>54</sup> With regard to the speed of this transition, the Minister for Energy, Environment and Climate Change was confident the State would ‘overshoot’ its target of 50% renewable energy by 2030.<sup>55</sup> The Minister stated, ‘we [Victoria] had a 2020 target of 25 per cent, and we met that in 2019 and we achieved...32.5 per cent in 2020’.<sup>56</sup> The Committee notes the Clean Energy Council’s *Clean Energy Australia Report 2021* found renewable energy accounted for 27.7% of all energy generated in Victoria in 2020.<sup>57</sup> The 2022–23 Budget provides \$4.2 million to maintain State engagement in national energy market decision-making and to deliver the second Victorian Renewable Energy Target auction.<sup>58</sup>

In March 2022, the Victorian Government set the target of reaching four gigawatts (GW) of offshore wind capacity by 2035 and nine GW by 2040.<sup>59</sup> The 2022–23 Budget invests \$6.8 million over two years in the *Unlocking offshore wind, renewable hydrogen and new energy manufacturing to create jobs* initiative to help reach this target.<sup>60</sup> This initiative aims to ‘investigate regulatory arrangements and development pathways to deliver offshore wind, as well as supporting hydrogen development in Victoria’.<sup>61</sup> DELWP explained the benefits of this funding will be realised by 2032.<sup>62</sup>

The 2022–23 Budget also allocates \$11.8 million over four-years to *Decarbonising freight with hydrogen* to provide for a ‘renewable hydrogen refuelling network demonstration project for freight vehicles between Melbourne and Sydney’.<sup>63</sup> This initiative will be co-delivered alongside the New South Wales Government, with a separate memorandum of understanding being signed with the Queensland Government to form the basis for

54 Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change, *Transcript of evidence*, pp. 2, 6, 14, 26.

55 *Ibid.*, p. 26.

56 *Ibid.*

57 Clean Energy Council, *Clean Energy Australia Report 2021*, Australia, 2021, p. 10.

58 The second Victorian Renewable Energy Target Auction (VRET2) aims to bring 600 megawatts of renewable energy capacity to Victoria. VRET2 projects are also expected to create 2,000 new jobs, attract \$1 billion in capital expenditure, and help reduce power bills for Victorian households and businesses. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 26, 29; Department of Environment, Land, Water and Planning, *VRET2*, 7 March 2022, <<https://www.energy.vic.gov.au/renewable-energy/vret2>> accessed 15 July 2022.

59 Department of Environment, Land, Water and Planning, *Offshore Wind: Policy Directions Paper*, Melbourne, March 2022, p. 10.

60 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 26, 29; Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change, *Transcript of evidence*, p. 6 (Committee calculation).

61 Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 124.

62 *Ibid.*

63 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 26, 28 (Committee calculation).



future collaboration on a potential east coast renewable hydrogen refuelling network.<sup>64</sup> DELWP aims to deliver at least 10 refuelling hydrogen stations by 2030.<sup>65</sup>

**FINDING 78:** The 2022–23 Budget invests \$22.8 million in renewable energy sources and programs, including offshore wind, hydrogen and the second Victorian Renewable Energy Target auction, to help reach the State’s target of 50% renewable energy by 2030.

## 9.4.2 Protecting the environment and biodiversity

Several matters relating to protecting the environment and biodiversity were discussed during the hearings, including: the responsible management of national parks,<sup>66</sup> the ethical control and management of feral deer and horse populations,<sup>67</sup> and the establishment of two new air quality precincts.<sup>68</sup>

The Minister for Energy, Environment and Climate Change advised that the Victorian Government had invested more than \$400 million in biodiversity, including specific funding targeting ecosystem deterioration and species decline, since the release of *Protecting Victoria’s Environment – Biodiversity 2037* in 2017.<sup>69</sup> The Committee notes that \$828.9 million in funding has been allocated to new Biodiversity and Environment output initiatives since the 2017–18 Budget.<sup>70</sup> However, it is difficult to identify which of these relate to biodiversity and target ecosystem deterioration and species decline. While appreciating the challenges of identifying every initiative that contributes to protecting biodiversity, transparency in this area could be improved by the budget papers identifying those initiatives that contribute to biodiversity conservation.

The Committee notes that the Legislative Council Environment and Planning Committee’s *Inquiry into Ecosystem Decline in Victoria* tabled in December 2021<sup>71</sup> and the Victorian Auditor-General’s Office’s report *Protecting Victoria’s Biodiversity* made a

64 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 28; Department of Environment, Land, Water and Planning, *Hume Hydrogen Highway*, 2022, <<https://www.energy.vic.gov.au/grants/hume-hydrogen-highway>> accessed 15 July 2022.

65 Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 21.

66 Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change, *Transcript of evidence*, pp. 8–9.

67 *Ibid.*, pp. 9, 19–20; Mr. Matthew Jackson, Chief Executive Officer, Parks Victoria, Department of Environment, Land, Water and Planning, 2022–23 Budget Estimates (Energy, Environment and Climate Change) hearing, Melbourne, 19 May 2022, *Transcript of evidence*, pp. 18–20.

68 Hon Lily D’Ambrosio MP, Minister for Energy, Environment and Climate Change, *Transcript of evidence*, p. 10.

69 *Ibid.*, p. 9; Department of Environment, Land, Water and Planning, *Protecting Victoria’s Environment – Biodiversity 2037*, Melbourne, 2017.

70 This calculation includes any initiative which contributes to the Environment and Biodiversity output between 2017–18 and 2022–23, including whole of government initiatives. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 3, 26, 34; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 36; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, pp. 3, 49, 60; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, pp. 6, 39–40; Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, p. 59; Department of Treasury and Finance, *Budget Paper No. 3: 2017–18 Service Delivery*, Melbourne, 2017, p. 65 (Committee calculation).

71 Parliament of Victoria, Legislative Council Environment and Planning Committee, *Inquiry into ecosystem decline in Victoria*, December 2021.

series of recommendations regarding environmental monitoring and data collection.<sup>72</sup> The Committee considers that implementation of these recommendations would allow for better scrutiny and assessment of DELWP's performance in protecting Victoria's biodiversity and threatened species.

**FINDING 79:** Since the 2017–18 Budget, \$828.9 million in funding has been allocated to new Environment and Biodiversity output initiatives. The Minister for Energy, Environment and Climate Change advised that more than \$400 million has been invested in biodiversity initiatives between 2017–18 and 2022–23.

**RECOMMENDATION 75:** The Department of Environment, Land, Water and Planning identify the new output initiatives in the 2023–24 Budget that contribute to biodiversity conservation.

## 9.5 Solar Homes portfolio: key issues

The Minister for Solar Homes is responsible for one output, Solar Victoria (funding in 2022–23: \$204.7 million).<sup>73</sup>

The Committee notes that funding for the Solar Victoria output in 2022–23 has decreased by 36.5% from the 2021–22 Budget.<sup>74</sup> The Minister explained this was due to 'the difficulties of being able to undertake works because of COVID settings'.<sup>75</sup>

### 9.5.1 Rebates and interest-free loans

The 2022–23 Budget allocates \$26.3 million in funding for 2022–23 to the *Solar Homes Boost* output initiative 'to provide rebates to eligible households, including renters, to install solar panels and battery storage systems on their homes'.<sup>76</sup> This initiative forms part of DELWP's Solar Homes program<sup>77</sup> and makes interest-free loans available to support eligible households.<sup>78</sup> The budget papers state that over ten years, the Solar Victoria output will 'provide 778 500 households with either solar panel energy

<sup>72</sup> The Victorian Auditor-General's Office's audit was of how well DELWP is acquitting its responsibilities under the *Flora and Fauna Guarantee Act 1988* and in *Protecting Victoria's Environment—Biodiversity 2037* to better protect threatened species. Source: Victorian Auditor-General's Office, *Protecting Victoria's Biodiversity*, Melbourne, October 2021, pp. 2–13; Parliament of Victoria, Legislative Council Environment and Planning Committee, *Inquiry into ecosystem decline in Victoria*, pp. 445–479.

<sup>73</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 112; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 168.

<sup>74</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 168.

<sup>75</sup> Hon Lily D'Ambrosio MP, Minister for Solar Homes, 2022–23 Budget Estimates (Solar Homes) hearing, Melbourne, 19 May 2022, *Transcript of evidence*, p. 3.

<sup>76</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 27, 32.

<sup>77</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 123.

<sup>78</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 32.

systems, solar hot water systems, or battery storage for homes with existing solar energy systems'.<sup>79</sup>

DELWP advised that the Solar Homes program is expected to support 5,500 jobs in the renewable energy industry as well as:

- generate 15% of Victoria's 40% renewable energy target by 2025 (37.5% of all renewable energy produced) and 20% of Victoria's 50% renewable energy target by 2030 (40% of all renewable energy produced)
- by 2027–28, reduce Victorian electricity sector emissions by around 1.8 million tonnes of carbon dioxide equivalent per year and reduce National Electricity Market emissions as a whole by around 3 million tonnes of carbon dioxide equivalent per year, below what they would otherwise have been.<sup>80</sup>

At the hearings, the Minister for Solar Homes explained how the Solar Homes program 'is reaching working families that are looking for ways to take control of their energy bills and improve their standard of living'.<sup>81</sup> Given recent increases to energy bills (discussed in Section 9.4.1), solar panels offer Victorians cost-savings as an energy source, as well as the opportunity for users to sell unused energy to the grid.<sup>82</sup> The Minister advised that as of May 2022, the Solar Homes program is saving customers who have installed Solar Photovoltaic (PV) systems an average of \$1,073 per year on their bill.<sup>83</sup> Table 9.1 below shows rebate application approvals by type over the life of Solar Victoria's programs as of 20 May 2022, which total 220,404.

**Table 9.1** Total rebate application approvals over the life of Solar Victoria's programs as of 20 May 2022

Type of rebate	Solar PV (Owner Occupier)	Solar PV (Rental)	Battery	Solar Hot Water	Solar PV (Business)	Heating Upgrades	Zero Emission Vehicle Subsidy	Total
Application approvals	187,844	2,644	9,307	1,505	1,660	12,337	5,107	<b>220,404</b>

Source: Hon Lily D'Ambrosio MP, Minister for Solar Homes, response to questions on notice received 27 May 2022, pp. 2–17 (Committee calculation).

The 2022–23 target for the performance measure—'Applications for Solar PV rebates for owner-occupied and rental households approved'—is 64,000. This is 11,000 lower than the 2021–22 target of 75,000.<sup>84</sup> DJPR explained that the lower target 'reflects

<sup>79</sup> Ibid., pp. 166, 179.

<sup>80</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 123 (Committee calculation).

<sup>81</sup> Hon Lily D'Ambrosio MP, Minister for Solar Homes, *Transcript of evidence*, p. 5.

<sup>82</sup> Solar Victoria, *Solar Panel (PV) Buyers guide*, October 2020, <<https://www.solar.vic.gov.au/solar-panel-pv>> accessed 25 July 2022.

<sup>83</sup> Hon Lily D'Ambrosio MP, Minister for Solar Homes, *Transcript of evidence*, p. 2.

<sup>84</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 179.

the number of rebates available, in line with the phasing of the program'.<sup>85</sup> While rebates and loans under the Solar Homes program are part of the same application and approved simultaneously,<sup>86</sup> the quantity performance measures under the Solar Victoria output that report the various types of rebate applications approved do not provide a breakdown of the number of rebates per household type (owner-occupier or rental).<sup>87</sup>

In its *Report on the 2021-22 Budget Estimates* the Committee recommended DELWP introduce a performance measure that reflects annual targets for installing solar technologies in rental properties.<sup>88</sup> DELWP supported this recommendation in principle, noting that they will consider further measures for the Solar Victoria output regarding rebates for rental households and that rental households are not eligible for solar hot water and battery installations.<sup>89</sup>

The number of interest-free loans that are approved each year under the Solar Homes program also do not appear to be publicly available. Noting that the interest-free loans are provided by DELWP and administered by State Trustees on behalf of DELWP,<sup>90</sup> transparency around the program could be improved by publication of the number of interest-free loans approved by household type and the proportion of those loans that are paid within the required four years.<sup>91</sup>

**FINDING 80:** As of 20 May 2022, 220,404 rebate applications have been approved over the life of Solar Victoria's programs. Given recent increases to energy bills, the Government's continued investment in the 2022-23 Budget in the Solar Homes program provides owner-occupier and rental households the ability to apply for rebates for solar panels which provide an opportunity for cost-savings as an energy source.

**RECOMMENDATION 76:** In the 2023-24 Budget the Department of Environment, Land, Water and Planning outline the amount of funding allocated for owner-occupier and rental households relevant to any new output initiatives that form part of the Solar Homes program.

<sup>85</sup> Department of Environment, Land, Water and Planning, *Response to the 2022-23 Budget Estimates General Questionnaire*, p. 79.

<sup>86</sup> Solar Victoria, *FAQs: Loans for Solar PV*, 6 April 2022 <<https://www.solar.vic.gov.au/interest-free-loans-solar-pv>> accessed 25 July 2022.

<sup>87</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022-23*, pp. 179-180.

<sup>88</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021-22 Budget Estimates*, October 2021, p. 122.

<sup>89</sup> Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2021-22 Budget Estimates*, 8 March 2022, p. 14.

<sup>90</sup> Solar Victoria, *FAQs: Loans for Solar PV*.

<sup>91</sup> Solar Victoria, *Solar Homes Program - Loans: Fact sheet*, 10 April 2020, <[https://www.solar.vic.gov.au/sites/default/files/2020-07/Fact%20Sheet\\_Loans\\_10.06.20.pdf](https://www.solar.vic.gov.au/sites/default/files/2020-07/Fact%20Sheet_Loans_10.06.20.pdf)> accessed 25 July 2022.

**RECOMMENDATION 77:** The Department of Environment, Land, Water and Planning report on the number of interest-free loans approved under the Solar Homes program each year by household type (owner-occupier and rental) and the proportion of those loans that are paid within the required four years.

## 9.6 Water portfolio: key issues

The Minister for Water is responsible for one output, Effective Water Management and Supply (funding in 2022–23: \$332.8 million).<sup>92</sup>

### 9.6.1 Central and Gippsland Region Sustainable Water Strategy

The 2022–23 Budget commits \$56.6 million over two years to the *Implementation of the Central and Gippsland Region Sustainable Water Strategy* (SWS) initiative to deliver several projects commencing in 2022–23.<sup>93</sup> This funding is apportioned as follows:

- \$39 million to boost recycled water and stormwater projects
- \$10 million to improve the health of waterways and catchments in Lower Latrobe, Maffra, Moorabool and Werribee
- \$6 million to strengthen water resources and deliver actions under the Water Cycle Adaptation Action Plan
- \$1.6 million to improve urban water security.<sup>94</sup>

During the hearings, integrated water management (IWM)<sup>95</sup> and recycled water and stormwater were discussed at length.<sup>96</sup> The Minister for Water noted the importance of recycled water and treated stormwater to improving the resilience of the water sector against the challenges of population growth and climate change.<sup>97</sup> The Central and Gippsland Region SWS Discussion Draft also recognises that as the reliability of rivers

<sup>92</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 115; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 168.

<sup>93</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 26, 28.

<sup>94</sup> Department of Environment, Land, Water and Planning, *Budget 2022–23*, May 2022, <<https://www.delwp.vic.gov.au/our-department/budget-2022-23>> accessed 13 July 2022; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 28.

<sup>95</sup> Integrated Water Management (IWM) can be defined as a collaborative approach to water planning, bringing together stakeholders that influence the water cycle to consider how the delivery of water, wastewater and stormwater services can contribute to water security, public and environmental health, and urban amenity. Source: Victorian Auditor-General, *Supplying and Using Recycled Water*, Melbourne, November 2021, p. 4; Department of Environment, Land, Water and Planning, *Integrated Water Management Program*, 4 July 2022, <<https://www.water.vic.gov.au/liveable/integrated-water-management-program>> accessed 13 July 2022.

<sup>96</sup> Recycled water is wastewater (residential sewage and industrial trade waste) treated and disinfected to a safe standard for beneficial reuse. Stormwater is water that runs off surfaces and into drains. Source: Barwon Water, *Recycled Water*, 2022, <<https://www.barwonwater.vic.gov.au/water-and-waste/recycled-water>> accessed 25 July 2022; Environmental Protection Authority, *About stormwater*, 6 March 2020, <<https://www.epa.vic.gov.au/for-community/environmental-information/water/stormwater/about-stormwater>> accessed 20 July 2022; Hon Lisa Neville MP, Minister for Water, 2022–23 Budget Estimates (Water) hearing, Melbourne, 18 May 2022, *Transcript of evidence*, pp. 2–4, 6–7.

<sup>97</sup> Hon Lisa Neville MP, Minister for Water, *Transcript of evidence*, p. 7.

and groundwater sources declines, manufactured water sources will be relied on more frequently to meet growing needs.<sup>98</sup>

On top of the \$39 million identified above to boost recycled water and stormwater projects,<sup>99</sup> the 2022–23 Budget outlines approximately \$230.9 million TEI towards new recycled water and treated stormwater-related capital projects by public non-financial water corporations.<sup>100</sup> The Committee acknowledges DELWP's continued effort to identify greater opportunities for the use of recycled water and treated stormwater.<sup>101</sup> However, the Committee understands that while increases in the volume of wastewater produced between 2009–10 and 2019–20 was consistent with Victoria's population growth, the volume of wastewater recycled did not increase at the same rate.<sup>102</sup> Moving forward, it will be important for DELWP to continue to engage with the community to overcome the barriers to recycled water uptake<sup>103</sup> and with stakeholders to deliver both further and larger IWM capital projects.<sup>104</sup>

During the hearings, the Minister for Water clarified that funding to improve waterway and catchment health would support ongoing work begun through the *Yarra Strategic Plan*, the *Waterways of the West Action Plan* and the *Rivers of the Barwon Action Plan*.<sup>105</sup> This includes implementing weeding, amenity and other community-desired improvements to river and waterway health.<sup>106</sup>

In response to the Committee's questionnaire, DELWP explained that the implementation of the *Water Cycle Adaptation Action Plan* would increase the resilience of water resources in the Central and Gippsland region to the effects of climate change.<sup>107</sup> Initial actions from this plan include updating water supply planning and using guidelines to increase greater stormwater and recycled water uptake, trialling a blue-green algae management framework and solutions to prevent or mitigate outbreaks, and linking waterway health and other on-ground benefits with co-benefits for climate change mitigation.<sup>108</sup>

<sup>98</sup> Department of Environment, Land, Water and Planning, *Central and Gippsland Region Sustainable Water Strategy: Discussion Draft*, Melbourne, 2021, pp. 11, 13, 40–42, 119–120, 125.

<sup>99</sup> Department of Environment, Land, Water and Planning, *Budget 2022–23*; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 28.

<sup>100</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, pp. 105–201 (Committee calculation).

<sup>101</sup> Victorian Auditor-General's Office, *Supplying and Using Recycled Water*, pp. 5–6.

<sup>102</sup> *Ibid.*, p. 14.

<sup>103</sup> *Ibid.*, pp. 2–4.

<sup>104</sup> *Ibid.*, p. 6.

<sup>105</sup> Hon Lisa Neville MP, Minister for Water, *Transcript of evidence*, p. 5.

<sup>106</sup> *Ibid.*; Melbourne Water, *Yarra Strategic Plan (Burndap Birrarung burndap umarkoo)*, Melbourne, February 2022; Department of Environment, Land, Water and Planning, *Waterways of the West: Action Plan*, Melbourne, 2021; Department of Environment, Land, Water and Planning, *Rivers of the Barwon (Barre Warre Yulluk): Action Plan*, Melbourne, 2021.

<sup>107</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 121.

<sup>108</sup> *Ibid.*

**FINDING 81:** The 2022–23 Budget makes significant investments in strengthening water resources, improving waterway health, and boosting recycled water and stormwater projects. However, the volume of wastewater recycled in Victoria in recent years has not increased at the same rate as population growth and the volume of wastewater produced. It is important that the Department of Environment, Land, Water and Planning continue its efforts to overcome barriers to increase recycled water and stormwater use through community engagement and further capital funding.

**RECOMMENDATION 78:** The Department of Environment, Land, Water and Planning publish in its annual report collated data on the volume of recycled water and treated stormwater used in Victoria against its objective of ensuring the State has ‘safe and sustainable water resources’.

## 9.6.2 Desalinated water

The Victorian Government’s order for desalinated water in 2022–23 was discussed at the hearings.<sup>109</sup> In March 2022, Melbourne Water released its *2022/23 Desalinated Water Order Advice*, which recommended an order of 15 gigalitres (GL) for 2022–23 and forecast that non-binding orders of 75 GL for 2023–24 and 2024–25 would be appropriate.<sup>110</sup> On 1 April 2022, the Minister for Water announced the Victorian Government would place an order for 15 GL for 2022–23.<sup>111</sup> By comparison, an order of 125 GL had been placed each year in the three years before 2022–23.<sup>112</sup>

This decreased order for desalinated water would have typically resulted in household water bills being around \$27 lower in 2022–23.<sup>113</sup> However, on 30 June 2022, the ESC announced that average household water bills for owner-occupier households would rise by approximately \$10 in Melbourne and \$45 in regional Victoria in 2022–23, primarily due to inflation and other price adjustments.<sup>114</sup>

The 2022–23 Budget allocates \$671 million to payments made on behalf of the State to the Victorian Desalination Project, representing an increase of \$35 million compared to the 2021–22 revised budget.<sup>115</sup> During the hearings the Minister for Water explained that the 2022–23 Budget reflected a predicted desalinated water order of 150 GL, which DELWP expected at the time they were required to submit budget paper data to the

<sup>109</sup> Hon Lisa Neville MP, Minister for Water, *Transcript of evidence*, pp. 2, 7, 9.

<sup>110</sup> Melbourne Water, *2022/23 Desalinated Water Order Advice: Technical Analysis*, Melbourne, March 2022, pp. 20–21.

<sup>111</sup> Department of Environment, Land, Water and Planning, *Desalination*, 27 April 2022, <<https://www.water.vic.gov.au/water-grid-and-markets/desalination>> accessed 13 July 2022.

<sup>112</sup> Melbourne Water, *Desalination*, 3 June 2022, <<https://www.melbournewater.com.au/water-data-and-education/water-facts-and-history/why-melbournes-water-tastes-great/water-0>> accessed 13 July 2022.

<sup>113</sup> Department of Environment, Land, Water and Planning, *Desalination*, 27 April 2022.

<sup>114</sup> Essential Services Commission, *Water bills to rise below inflation for most Victorian households*, 30 June 2022, <<https://www.esc.vic.gov.au/media-centre/water-bills-rise-below-inflation-most-victorian-households>> accessed 13 July 2022.

<sup>115</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2022–23 Statement of Finances*, Melbourne, 2022, p. 88 (Committee calculation).



Department of Treasury and Finance.<sup>116</sup> The Minister for Water advised that the 2022–23 desalinated water order would only cost around \$11 million, which would reduce the total payments to the Victorian Desalination Project in 2022–23 to \$571 million.<sup>117</sup>

**FINDING 82:** The Victorian Government placed an order for 15 gigalitres (GL) of desalinated water for 2022–23. While substantially lower than the 125 GL ordered in 2021–22, household water bills are expected to rise in 2022–23, primarily due to inflation.

**FINDING 83:** The 2022–23 Budget reflects an incorrect forecast for payments made on behalf of the State to the Victorian Desalination Project in 2022–23. This estimate reflected a predicted desalinated water order of 150 gigalitres which the Department of Environment, Land, Water and Planning expected when they were required to submit budget paper data to the Department of Treasury and Finance.

**RECOMMENDATION 79:** The 2022–23 Budget Update reflect the correct payments made on behalf of the State to the Victorian Desalination Project in 2022–23.

## 9.7 Planning portfolio: key issues

The Minister for Planning is responsible for three outputs with a total funding of \$540.3 million in 2022–23:<sup>118</sup>

- Land Use Victoria (funding in 2022–23: \$273.2 million)
- Planning and Heritage (funding in 2022–23: \$160.3 million)
- Building (funding in 2022–23: \$106.8 million).<sup>119</sup>

### 9.7.1 Regional population growth

In 2020–21, the population of Greater Melbourne decreased by 1.2%.<sup>120</sup> By contrast, of the 10 local government areas experiencing the highest population growth in Australia in 2020–21, five were in regional and peri-urban Victoria.<sup>121</sup> The Minister advised that in

<sup>116</sup> Hon Lisa Neville MP, Minister for Water, *Transcript of evidence*, p. 7.

<sup>117</sup> Ibid.

<sup>118</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 113; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 168 (Committee calculation).

<sup>119</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 168.

<sup>120</sup> Greater Melbourne's population decrease is mostly attributable to a net overseas migration loss of 54,400 people. The natural increase of 27,400 people was also offset by a net internal migration loss of 33,500 people. Source: Australian Bureau of Statistics, *Regional population: Victoria*, 29 March 2022, <<https://www.abs.gov.au/statistics/people/population/regional-population/2020-21#victoria>> accessed 19 July 2022.

<sup>121</sup> The population of the Surf Coast grew by 4.4%, the Bass Coast by 3.7%, Baw Baw grew by 3.1%; Melton grew by 3.9%; and Mitchell grew by 3.3%. Source: Australian Bureau of Statistics, Table no. 1–7, *Regional population, 2020–21: Population estimates and components by LGA, 2020 to 2021*, 29 March 2022, <<https://www.abs.gov.au/statistics/people/population/regional-population/2020-21#data-download>> accessed 19 July 2022 (Committee calculation).



2021 the population of Geelong grew by 2.3%, the population of Ballarat grew by 1.7% and the population of Bendigo grew by 1.6%.<sup>122</sup>

In 2019, DELWP predicted that Victoria would require an additional 2.3 million dwellings to house the State's population by 2056, with 1.9 million dwellings required in Greater Melbourne and over 400,000 dwellings required in Victoria's regions.<sup>123</sup> The Committee notes that DELWP's *Victoria in Future 2019* forecasts preceded COVID-19<sup>124</sup> and recognises that projections may need to be updated to reflect COVID-19-related demographic changes.

In response to the Committee's questionnaire, DELWP acknowledged population growth as one of the most significant strategic issues that influenced the development of the department's estimates in 2022–23, noting it would update key demographic products, including *Victoria in Future* projections, with analysis from the 2021 Census and other data sources.<sup>125</sup> To this effect, the 2022–23 Budget invests \$1.6 million in the *Delivering sustainable growth for a resilient Victoria* initiative, to update regional growth plans and develop a framework for planning consistency in metropolitan Melbourne that will meet the objectives of the *Plan Melbourne 2017–2050* strategy.<sup>126</sup>

Given the population growth of regional and peri-urban Victoria, the Committee recognises the importance of ensuring land supply is sufficient in these areas to meet housing demand. The 2022–23 Budget allocates \$6 million to the *Unlocking new communities and affordable housing* initiative (UNCAH), which will enable the Victorian Planning Authority (VPA) 'to continue to support precinct planning for high-priority areas to maintain the pipeline of land supply in metropolitan Melbourne and regional Victoria'.<sup>127</sup>

This program was set to lapse in 2022–23<sup>128</sup> but was extended and will respond to three demand pressures:

- the ongoing need to provide affordable housing and jobs for a growing Melbourne and Victoria, particularly in a post-pandemic economic recovery setting
- the need to facilitate a whole of government response to complex strategic land use planning and infrastructure coordination challenges that exist in outer Melbourne and Regional Victoria

122 Hon Richard Wynne MP, Minister for Planning, 2022–23 Budget Estimates (Planning) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 2; The Committee notes that on 26 July 2022, the Australian Bureau of Statistics released updated statistics about the population of Australia's capital cities and regions, based on the 2021 Census, which focuses on population change between 2011 and 2021. Source: Australian Bureau of Statistics, *Regional population: Victoria*, 26 July 2022, <<https://www.abs.gov.au/statistics/people/population/regional-population/latest-release#victoria>> accessed 26 July 2022.

123 Department of Environment, Land, Water and Planning, *Victoria in Future 2019*, Melbourne, July 2019, p. 8.

124 Department of Environment, Land, Water and Planning, *Victoria in Future*, 25 June 2021, <<https://www.planning.vic.gov.au/land-use-and-population-research/victoria-in-future>> accessed 20 July 2022.

125 Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 28.

126 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 27, 32; Department of Environment, Land, Water and Planning, *Plan Melbourne 2017–2050*, 6 October 2021, <<https://www.planning.vic.gov.au/policy-and-strategy/planning-for-melbourne/plan-melbourne>> accessed 24 July 2022.

127 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 27, 32.

128 The 2021–22 Budget allocated \$7 million to *Unlocking new communities and affordable housing*. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 37.

- to respond to, accommodate, and plan for the growth expected in Victoria's regional cities and peri-urban towns, especially with the increased interest post-COVID.<sup>129</sup>

During the hearings, the chief executive officer of the VPA advised that UNCAH had delivered land for 50,000 new homes in Greater Melbourne and created 32,000 new jobs in 2021–22.<sup>130</sup> DELWP reported a further three new projects were initiated in regional Victoria in 2021–22 and are forecast to deliver 6,300 new homes and 6,220 jobs.<sup>131</sup> Of the funding assigned to UNCAH in 2022–23, \$4 million will be allocated to structure plans in Melbourne's growth corridors and \$2 million to projects in regional Victoria.<sup>132</sup> It is expected that this funding will expedite planning and approvals for more than 95,000 residential lots in Melbourne and 44,000 lots in regional cities and towns.<sup>133</sup>

**FINDING 84:** The Department of Environment, Land, Water and Planning will update its demographic products in 2022–23 to reflect recent changes, including population growth in metropolitan, peri-urban and regional Victoria during and after COVID-19. This will inform future funding decisions for services, infrastructure and planning across the State.

**RECOMMENDATION 80:** The Department of Environment, Land, Water and Planning ensure that funding for new initiatives in the Planning portfolio is commensurate with up-to-date demographic changes and population trends, such as increased growth rates in regional and peri-urban Victoria.

## 9.8 Performance measures

### 9.8.1 Department wide: analysis of new performance measures

DELWP added 13 new performance measures in the 2022–23 Budget, seven of which replaced discontinued measures. Forty-six of DELWP's existing performance measures were modified in the 2022–23 Budget.<sup>134</sup> The Committee identified weaknesses with three of the new measures. Table 9.1 below summarises the issues with these measures by the relevant output.

<sup>129</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 43–44.

<sup>130</sup> The Department of Environment, Land, Water and Planning's response to the Committee's questionnaire reported these projects were forecast to deliver 50,602 jobs and 32,399 jobs. Source: Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 44; Mr Stuart Moseley, Chief Executive Officer, Victorian Planning Authority, Department of Environment, Land, Water and Planning, 2022–23 Budget Estimates (Planning) hearing, Melbourne, 23 May 2022, *Transcript of evidence*, p. 16.

<sup>131</sup> Department of Environment, Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 44.

<sup>132</sup> Mr Stuart Moseley, Chief Executive Officer, Victorian Planning Authority, Department of Environment, Land, Water and Planning, *Transcript of evidence*, p. 16.

<sup>133</sup> Hon Richard Wynne MP, *A Boost For Housing Supply, Jobs and Communities*, media release, 3 May 2022.

<sup>134</sup> Department of Environment, Land, Planning and Water, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 62–92; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 165–195.

**Table 9.2** Issues with new performance measures in 2022–23

Output	Performance measures	Issues identified by the Committee
Energy (Quantity)	Microgrids established	This measure aims to quantify the delivery of energy resilience solutions. Microgrids <sup>a</sup> include solar panels, batteries and/or generators for residential or commercial premises, virtual power plants and community scale battery storage solutions. Although installing and establishing microgrids is an important step in developing reliable renewable energy, a more meaningful performance measure would report on how microgrids contributed to energy security, cost savings and sustainability.
Solar Victoria (Quantity)	Applications for Zero Emissions Vehicle subsidies approved	This measure aims to quantify the eligibility applications for Zero Emissions Vehicle subsidies that are approved by the Department of Environment, Land, Water and Planning. The Committee commends this new measure but notes that the Committee's <i>Report on the 2021–22 Budget Estimates</i> recommended the addition of a performance measure for annual electric vehicle (EV) sales and the progress towards the department's long-term target of EVs comprising 50% of Victorian light vehicle sales by 2030.  The Committee notes that this performance measure neither tracks the annual EV sales nor the department's progress towards its 2030 target.
Land Use Victoria (Quality)	Successful objection rate for rating authority valuations	This measure aims to reflect the quality of the rating and taxing valuation service in line with the International Valuation Standards (IVS) benchmark.  The Committee was unable to determine the benchmark related to 'objection rate' in IVS.

- a. A microgrid is a subset of the broader electricity network with all the necessary components to operate independently. Microgrids are typically developed for three main reasons – energy security, cost savings and sustainability. The environmental appeal is it can be 'off the grid' and largely operate on renewable energy, enabling community power needs to be met by local generation. Source: Department of Environment, Land, Water and Planning, *Microgrids Fact Sheet*, 2019, <[https://www.energy.vic.gov.au/\\_data/assets/pdf\\_file/0026/441566/Microgrids\\_Factsheet.pdf](https://www.energy.vic.gov.au/_data/assets/pdf_file/0026/441566/Microgrids_Factsheet.pdf)> accessed 9 May 2022.

Source: Department of Environment, Land, Planning and Water, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 10 May 2022, p. 65; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 178, 180, 182; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 119; International Valuation Standards, *Standards - What are International Valuation Standards*, 2021, <<https://www.ivsc.org/standards>> accessed 9 May 2022; International Valuation Standards Council, *International Valuation Standards (IVS)*, 2021, United Kingdom.

**RECOMMENDATION 81:** The Department of Environment, Land, Water and Planning address the shortcomings in the three new performance measures introduced in 2022–23 and identified by the Committee through further, or altered, performance measures in the 2023–24 Budget.

## 9.8.2 Department wide: analysis of performance measures proposed to be discontinued

DELWP identified 16 performance measures for discontinuation in the 2022–23 Budget.<sup>135</sup>

<sup>135</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 394–396.

The Committee supports DELWP's rationale for the discontinuation of 11 measures. Table 9.2 summarises the issues that the Committee identified with the remaining five performance measures proposed to be discontinued by relevant output.

**Table 9.3** Issues with performance measures proposed to be discontinued in 2022–23

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Statutory Activities and Environment Protection (Quality)	EPA prosecutions are selected using a risk-based approach, focused on environmental outcomes and are successful	This measure is proposed to be discontinued as the activity is reflected through a new departmental objective indicator 'Environment Protection Authority (EPA) prosecutions result in a finding of guilt or a clarification of the law'. The Committee notes that converting the performance measure to an objective indicator may risk losing information about EPA prosecutions in the budget papers. The Committee notes that output performance measures enable meaningful comparisons and benchmarking over time and recommends that the Department of Environment, Land, Water and Planning (DELWP) retain the performance measure to report on how the EPA's prosecutions align with the EPA's objectives.
Waste and Recycling (Quantity)	Proportion of waste diverted away from landfill	This measure is proposed to be discontinued as the activity is reflected by a new departmental objective indicator 'Increase in diversion of municipal and industrial waste from landfill'. The Committee notes this may risk losing critical information about the success of recycling methods in Victoria in the budget papers. The Committee recommends that DELWP consider the proposed objective indicator as a performance measure to demonstrate improvements in recycling methods and waste diversion in Victoria.
Planning, Building and Heritage (Quantity)	<p>Building inspections undertaken by the Victoria Building Authority to identify use of noncompliant cladding materials</p> <p>Building audits undertaken by the Victoria Building Authority to identify use of noncompliant cladding materials</p> <p>In-scope government buildings that have commenced cladding rectification works</p>	<p>These three measures are proposed to be discontinued as the cladding rectification works program will be completed in 2021–22. The initiative was introduced as an asset initiative in the 2018–19 Budget with a total estimated investment of \$10 million. The 2019–20 Budget further allocated \$165.3 million over five years as output funding to the initiative (ending in 2022–23). The 2019–20 Budget also allocated \$4.5 million in 2019–20 to the <i>Transforming Victoria's building system</i> initiative, to continue the Victorian Building Authority's work to meet inspections of 10% of building permits, as committed to in the response to the Victorian Cladding Taskforce Interim Report.</p> <p>As the <i>Cladding Safety Victoria's Strategic Plan 2021–25</i> was released in November 2021 and spans four years, the Committee considers the discontinuation of these measures to be premature and recommends that they be reinstated.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, Melbourne, 2019, p. 86; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, pp. 40, 46–47; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, pp. 40, 46–47, 208; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 195; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 394–395; Cladding Safety Victoria, *Strategic Plan 2021–25*, Melbourne, 2021.

**RECOMMENDATION 82:** The Department of Environment, Land, Water and Planning review the five discontinued performance measures outlined by the Committee.

# 10 Court Services Victoria

## 10.1 Overview

Court Services Victoria (CSV) is an independent statutory body that provides administrative services and facilities to support Victorian courts,<sup>1</sup> the Victorian Civil and Administrative Tribunal (VCAT), the Judicial College of Victoria and the Judicial Commission of Victoria.<sup>2</sup>

CSV ‘serves the Victorian community through the efficient and effective delivery of court and tribunal services, thereby supporting Victoria’s system of responsible government and the rule of law’.<sup>3</sup>

The Attorney-General has portfolio responsibility for CSV. The mission of Victoria’s courts and tribunals is to safeguard and maintain the rule of law through the fair, timely and efficient dispensing of justice.<sup>4</sup> Similarly, CSV supports Victoria’s courts and tribunals by providing services that assist them to fulfil their aims of:

- providing equal access to justice
- ensuring fairness, impartiality and independence in decision making
- following processes that are transparent, timely and certain
- striving for leadership and best practice in court administration
- strengthening links with the community.<sup>5</sup>

## 10.2 Financial analysis

In 2022–23 CSV has the eighth largest budget of all Victorian Government departments, representing 1.2% of total government output.<sup>6</sup>

In 2022–23 CSV is allocated \$815.8 million to fund its outputs, an increase of \$60.6 million (8%) compared to the 2021–22 Budget.<sup>7</sup>

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1 This includes Victoria’s Supreme, County, Magistrates’, Children’s and Coroners Courts. Source: Court Services Victoria, *Delivering excellence in Court and Tribunal Administration: Annual Report 2020–21*, Melbourne, 2021, p. 6.

2 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 386.

3 Court Services Victoria, *Delivering excellence in Court and Tribunal Administration: Annual Report 2020–21*, p. 6.

4 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 386.

5 Ibid.

6 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 386 (Committee calculation).

7 Ibid.

CSV's output appropriations are budgeted as \$576 million for 2022–23, an increase of \$32 million (5.9%) compared to the 2021–22 revised budget.<sup>8</sup>

In the 2022–23 Budget the following three programs received the largest output funding:

- Helping Courts respond to the impacts of the pandemic—\$41 million over four years<sup>9</sup> (discussed further in Section 10.4.1)
- Operationalising Bendigo Law Courts—\$19.7 million over four years (discussed further in Section 10.4.2)
- Expanding the Assessment and Referral Court—\$14.5 million over four years.<sup>10</sup> (discussed further in Section 10.4.2).

## 10.3 Capital spend

In 2022–23 CSV's capital program comprises \$13.8 million in new projects and \$637.4 million in existing projects, representing \$651.2 million of the general government capital program in the 2022–23 Budget.<sup>11</sup> CSV's new capital projects also represent less than 1% of all new projects in the general government capital program in the 2022–23 Budget.<sup>12</sup>

CSV has two new asset initiatives as outlined in the 2022–23 Budget:

- Keeping courts open—total estimated investment (TEI) of \$10 million. This initiative will provide asset maintenance, repairs and renewal works to court buildings
- New federal jurisdiction matters in the Magistrates' Court of Victoria (MCV)—TEI of \$3.8 million. Funding is provided to support the MCV's transition to hearing federal jurisdiction matters previously heard by VCAT.<sup>13</sup>

### 10.3.1 Delivery of capital projects

Delays in the delivery of digital infrastructure capital projects that enable online services in the court system to process a higher volume of matters and reduce backlogs were discussed at the hearing.<sup>14</sup> In this context it was noted that the timeframe for delivery of the \$29 million *VCAT digital service transformation* capital project was revised from

<sup>8</sup> Court Services Victoria, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 5 May 2022, pp. 17, 19 (Committee calculation).

<sup>9</sup> This is in addition to \$11 million allocated over two-years to the same initiative delivered by the Department of Justice and Community Safety. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 90 (Committee calculation).

<sup>10</sup> This is in addition to \$5.9 million allocated over three-years to the same initiative delivered by the Department of Justice and Community Safety. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 90, 130 (Committee calculation).

<sup>11</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 Capital Program*, Melbourne, 2022, pp. 94–96 (Committee calculation).

<sup>12</sup> *Ibid.*, (Committee calculation).

<sup>13</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 131–132.

<sup>14</sup> Ms Jaclyn Symes MLC, Attorney-General, 2022–23 Budget Estimates (Attorney-General) hearing, Melbourne, 18 May 2022, *Transcript of evidence*, p. 17.

quarter three of 2023–24 to quarter four of 2024–25, due to project scope and schedule changes.<sup>15</sup>

The Attorney-General advised the Committee that the revisions encompassed the rephrasing of capital funding and did not impact the overall project delivery date:

delivery of the project is underway with the enablement of e-filing and automation of some manual processes that started in the residential tenancies list earlier this month. It is only the capital funding that has been re-phased, meaning that this change is technical only and does not actually change the overall project's duration.<sup>16</sup>

The Committee notes the following revisions to the estimated completion dates of other CSV and Department of Justice and Community Safety (DJCS) capital projects:

- Courts case management system enhancing access to justice through improved information sharing and court processes at the Magistrates' and Children's Courts of Victoria—delivery date revised from quarter four of 2020–21 to quarter four of 2022–23 due to project scope changes resulting from COVID-19 impacts<sup>17</sup>
- Addressing COVID-related delay in the justice sector establishing a virtual court support program—\$1.8 million capital appropriation rephased from 2021–22 to 2022–23.<sup>18</sup>

The timely delivery of capital projects to decrease delays in the Magistrates', Children's and County Courts of Victoria is important given the significant increase in backlogs in these jurisdictions and across Victoria's court system (discussed further in Section 10.4.1).

**FINDING 85:** The timeframes for the delivery of three Court Services Victoria and the Department of Justice and Community Safety's capital projects implemented to reduce backlogs across Victoria's court system were extended in the 2022–23 Budget.

## 10.4 Key issues

CSV is responsible for one budget output: Courts (funding in 2022–23: \$815.8 million).<sup>19</sup>

At the hearings, the Committee focused on the post-COVID-19 pandemic recovery of Victoria's courts, the delivery of services at pre-pandemic levels, and improved access to justice.<sup>20</sup>

<sup>15</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 95; Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Attorney-General) hearing, Melbourne, 18 May 2022, *Transcript of evidence*, p. 17.

<sup>16</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 17.

<sup>17</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 94; Department of Treasury and Finance, *Budget Paper No. 4: 2019–20 Capital Program*, Melbourne, 2019, p. 88; Court Services Victoria, *Case Management System Project*, 19 April 2022, <<https://www.courts.vic.gov.au/projects/case-management-system-project>> accessed 19 July 2022.

<sup>18</sup> Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 13 May 2022, p. 34.

<sup>19</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 386.

<sup>20</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Attorney-General) hearing, *Transcript of evidence*, pp. 3–4, 6–11, 15–18, 20.



### 10.4.1 Helping courts respond to the impact of the COVID-19 pandemic

The Attorney-General advised that since the beginning of the COVID-19 pandemic, the Victorian Government has invested \$340 million in output initiatives to support justice recovery and reduce delays across Victoria's courts and VCAT.<sup>21</sup>

In its *Report on the Inquiry into the Victorian Government's Response to the COVID-19 pandemic* the Committee found that no Victorian Court met the national benchmarks for processing matters in a timely manner in 2020.<sup>22</sup>

To assess the effectiveness of initiatives aimed at reducing court delays, the Committee conducted an analysis of the overall increase in pending matters (backlogs) across Victorian jurisdictions between 2020 and 2021 (Table 10.1) and compared this data to backlogs across each Australian court jurisdiction (Table 10.2).

**Table 10.1 Victorian court backlogs in each court jurisdiction by division as at June 2021**

Jurisdiction	2019–2020 (number)	2020 % of total cases	2020–2021 (number)	2021 % of total cases	2020 to 2021 change (%)
<b>Supreme Court of Victoria</b>					
<b>Court of Appeal (Crime)</b>	<b>210</b>		<b>227</b>		<b>7.5 ↑</b>
Cases older than 12 months	35	16.7	43	18.9	18.6 ↑
Cases older than 24 months	8	3.8	6	2.6	-33.3 ↓
<b>Trial Division (Crime)</b>	<b>88</b>		<b>142</b>		<b>38.0 ↑</b>
Cases older than 12 months	22	25	38	26.8	42.1 ↑
Cases older than 24 months	11	12.5	8	5.6	-37.5 ↓
<b>Court of Appeal (Civil)</b>	<b>276</b>		<b>301</b>		<b>8.3 ↑</b>
Cases older than 12 months	56	20.3	68	22.6	17.6 ↑
Cases older than 24 months	7	2.5	17	5.6	58.8 ↑
<b>Trial Division (Civil)</b>	<b>4,536</b>		<b>4,520</b>		<b>-0.4 ↓</b>
Cases older than 12 months	1592	35.1	1836	40.6	13.3 ↑
Cases older than 24 months	750	16.5	768	17	2.3 ↑
<b>Total</b>	<b>5,110</b>		<b>5,190</b>		<b>1.5 ↑</b>

(Continued)

21 Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 1. Several reports by the Public Accounts and Estimates Committee have discussed output initiative spending on reducing backlogs in Victorian courts and tribunals, including: Parliament of Victoria, Public Account and Estimates Committee, *Inquiry into the 2020–21 Budget Estimates*, April 2021, pp. 231–233; Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2019–20 Financial and Performance Outcomes*, May 2021, pp. 141–144.

22 The national benchmark for the Magistrates' and Children's Courts is no more than 10% of lodgements pending completion are to be more than six months old in both criminal and civil cases. The national benchmark for the Supreme and District/County Courts is no more than 10% of lodgements pending completion are to be more than 12 months old. Source: Productivity Commission, *Report on Government Services 2022: 7 Courts*, 2022, <<https://www.pc.gov.au/research/ongoing/report-on-government-services/2022/justice/courts>> accessed 15 July 2022; Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Government's Response to the COVID-19 pandemic*, February 2021, p. 279.



Jurisdiction	2019–2020 (number)	2020 % of total cases	2020–2021 (number)	2021 % of total cases	2020 to 2021 change (%)
<b>County Court of Victoria</b>					
<b>Appeal (Crime)</b>	<b>540</b>		<b>457</b>		<b>-18.2 ↓</b>
Cases older than 12 months	66	12.2	86	18.8	23.3 ↑
Cases older than 24 months	13	2.4	26	5.7	50.0 ↑
<b>Trial Division (Crime)</b>	<b>2,039</b>		<b>2,670</b>		<b>23.6 ↑</b>
Cases older than 12 months	662	32.5	874	32.7	24.3 ↑
Cases older than 24 months	106	5.2	327	12.2	67.6 ↑
<b>Appeal (Civil)</b>	<b>2</b>		<b>4</b>		<b>50.0 ↑</b>
Cases older than 12 months	1	50	1	25	0.0
Cases older than 24 months	1	50	1	25	0.0
<b>Trial Division (Civil)</b>	<b>6,896</b>		<b>7,061</b>		<b>2.3 ↑</b>
Cases older than 12 months	2,091	30.3	2,598	36.8	19.5 ↑
Cases older than 24 months	721	10.5	918	13	21.5 ↑
<b>Total</b>	<b>9,477</b>		<b>10,192</b>		<b>7.0 ↑</b>
<b>Magistrates' Court of Victoria</b>					
<b>Pending matters (Criminal)</b>	<b>83,260</b>		<b>101,787</b>		<b>18.2 ↑</b>
Cases older than 6 months	29,152	35	57,470	56.5	49.3 ↑
Cases older than 12 months	9,299	11.2	28,802	28.3	67.7 ↑
<b>Pending matters (Civil)</b>	<b>21,978</b>		<b>26,015</b>		<b>15.5 ↑</b>
Cases older than 6 months	8,220	37.4	12,869	49.5	36.1 ↑
Cases older than 12 months	4,798	21.8	7,936	30.5	39.5 ↑
<b>Total</b>	<b>105,238</b>		<b>127,802</b>		<b>17.7 ↑</b>
<b>Children's Court of Victoria</b>					
<b>Pending matters (Criminal)</b>	<b>5,358</b>		<b>4,644</b>		<b>-15.4 ↓</b>
Cases older than 6 months	889	16.6	1,951	42	54.4 ↑
Cases older than 12 months	141	2.6	909	19.6	84.5 ↑
<b>Pending matters (Civil)</b>	<b>4,385</b>		<b>3,822</b>		<b>-14.7 ↓</b>
Cases older than 6 months	1,661	37.9	1,441	37.7	-15.3 ↓
Cases older than 12 months	551	12.6	625	16.4	11.8 ↑
<b>Total</b>	<b>9,743</b>		<b>8,466</b>		<b>-15.1 ↓</b>
<b>Coroners Court of Victoria</b>					
<b>Pending Matters</b>	<b>4,602</b>		<b>5,189</b>		<b>11.3 ↑</b>
Cases older than 12 months	1,569	34.1	2,033	39.2	22.8 ↑
Cases older than 24 months	545	11.8	840	16.2	35.1 ↑

Note: The Magistrates' Court of Victoria's Annual Report does not identify the number of pending matters for Family Violence Intervention Orders.

Source: Productivity Commission, Table 7A.20-7A.21, *Report on Government Services 2022: 7A Courts – Data tables contents*, 2022, <<https://www.pc.gov.au/research/ongoing/report-on-government-services/2022/justice/courts>> accessed 21 July 2022 (Committee calculation).

Table 10.1 demonstrates that between 2019–2020 and 2020–2021 across its criminal divisions, the Supreme Court of Victoria (SCV) was able to finalise more matters older than 24 months, while the number of matters over 12 months old grew. Whereas across the same time period, the number of cases older than 24 months in the SCV Trial Division (Civil) grew and more than doubled in the SCV Court of Appeal (Civil).

By comparison, between 2019–2020 and 2020–2021 the County Court of Victoria's (CCV) total number of pending cases grew by 7%. While the total number of cases older than 12 and 24 months increased significantly across all CCV divisions, the total number of pending Appeal (Criminal) cases decreased by 18.2%. The Committee notes that in the CCV's Trial Division (Crime), the number of cases older than 24 months grew by 67.6%.<sup>23</sup>

The MCV deals with most legal disputes in Victoria and was the Victorian court jurisdiction with the largest number of pending matters as at 30 June 2021. Across all divisions where data was available, cases older than six and 12 months increased in the MCV. In the MCV's Criminal division, cases older than 12 months grew by 67.7% between 2020 and 2021 and cases older than six months grew by 49.3%.<sup>24</sup>

The most significant percentage increase in pending matters between 2019–2020 and 2020–2021 across all Victorian court jurisdictions was in the Criminal division of the Children's Court of Victoria, with a 54.4% increase in cases older than six months and an 84.5% increase in cases older than 12 months.<sup>25</sup>

While noting the inherent challenge in comparing court delays across Australian jurisdictions due to differences in population size and public health directions in response to the COVID-19 pandemic, Table 10.2 below shows that, like other jurisdictions, Victorian courts did not meet national backlog benchmarks in 2021.<sup>26</sup>

<sup>23</sup> This is outlined in Table 10.1. Productivity Commission, Table 7A.20-7A.21, *Report on Government Services 2022: 7A Courts – Data tables contents*, 2022, <<https://www.pc.gov.au/research/ongoing/report-on-government-services/2022/justice/courts>> accessed 21 July 2022 (Committee calculation).

<sup>24</sup> This is outlined in Table 10.1. Victorian Legal Aid, *Victoria's courts and tribunals*, 11 May 2022, <<https://www.legalaid.vic.gov.au/victorias-courts-and-tribunals>> accessed 21 July 2022; Productivity Commission, Table 7A.20-7A.21, *Report on Government Services 2022: 7A Courts – Data tables contents* (Committee calculation).

<sup>25</sup> Productivity Commission, Table 7A.20-7A.21, *Report on Government Services 2022: 7A Courts – Data tables contents* (Committee calculation).

<sup>26</sup> Productivity Commission, *Report on Government Services 2022: 7 Courts* (Committee calculation).

**Table 10.2 Court backlogs in each Australian court jurisdiction as at June 2021**

Jurisdiction	Vic (%)	NSW (%)	Qld (%)	WA (%)	SA(%)	Tas (%)	ACT (%)	NT (%)
<b>Supreme Court</b>								
Criminal cases older than 12 months	22.0	17.2	12.5	23.4	14.6	44.0	22.8	25.1
Criminal cases older than 24 months	3.8	5.7	2.2	6.7	2.9	15.8	2.7	12.4
Civil cases older than 12 months	39.5	39.4	29.7	41.8	33.8	42.5	28.7	44.2
Civil cases older than 24 months	16.3	17.0	8.8	14.7	12.0	23.3	5.6	12.2
<b>District/County Court</b>								
Criminal cases older than 12 months	30.7	14.4	20.7	24.2	21.1	N/A	N/A	N/A
Criminal cases older than 24 months	11.3	5.0	5.5	4.0	4.6	N/A	N/A	N/A
Civil cases older than 12 months	36.8	19.5	27.3	43.1	55.0	N/A	N/A	N/A
Civil cases older than 24 months	13.0	4.2	5.8	16.9	29.1	N/A	N/A	N/A
<b>Magistrates' Court</b>								
Criminal cases older than 6 months	56.5	21.8	40.4	39.8	39.4	44.0	36.9	29.2
Criminal cases older than 12 months	28.3	4.7	19.2	16.5	17.2	19.3	13.8	9.6
Civil cases older than 6 months	49.5	20.1	34.6	32.5	33.3	36.9	26.4	67.2
Civil cases older than 12 months	30.5	3.7	14.0	8.0	14.6	16.0	6.2	12.2
<b>Children's Court</b>								
Criminal cases older than 6 months	42.0	19.7	23.6	25.7	31.5	21.1	31.4	29.4
Criminal cases older than 12 months	19.6	4.5	9.6	8.0	12.3	5.4	6.6	10.8
Civil cases older than 6 months	37.7	36.8	46.2	42.9	43.0	34.4	33.0	54.6
Civil cases older than 12 months	16.4	3.6	19.8	17.3	18.4	3.1	13.0	6.5
<b>Coroners Court</b>								
Cases older than 12 months	39.2	29.3	35.9	25.9	44.3	44.3	31.1	30.0
Cases older than 24 months	16.2	12.1	14.2	7.7	13.6	20.0	21.7	22.7

Source: Productivity Commission, Table 7A.20-7A.21, *Report on Government Services 2022: 7A Courts – Data tables contents, 2022*, <<https://www.pc.gov.au/research/ongoing/report-on-government-services/2022/justice/courts>> accessed 21 July 2022 (Committee calculation).

The Committee notes that States and Territories across Australia experienced varying COVID-19 impacts on their court systems during 2020–21, which may have contributed to the results across jurisdictions for this time period.

Victoria and New South Wales (NSW) share comparable<sup>27</sup> performance in the number of pending cases in the Supreme Court, in civil cases older than six months in the Children’s Court, and in cases older than 24 months in the Coroners Court. However, across the other jurisdictions, Victoria’s pending matters range from double to eight times that of NSW.

While the Attorney-General urged caution in relation to the comparisons of jurisdictions, advising that not all jurisdictions include all matters in their numbers, it was also acknowledged that court delays existed in Victoria prior to the pandemic and continue to be a challenge.<sup>28</sup>

Advising of the improvements achieved as a result of specific investments to reduce backlogs, the Attorney-General provided the following snapshot:

- Between 2021 and 2022, 590 criminal matters were completed through the new Courts Case Management System, with 60% of cases resolved, discontinued or remitted to the MCV.<sup>29</sup>
- Between February and March 2022, following the resumption of in-person hearings, the MCV experienced the largest reduction in pending criminal matters in 15 years (5%). This was supported through by establishment of the *Online Magistrates’ Court* and the appointment of two new Magistrates, hearing 729,375 listings across the state since 1 July 2020.<sup>30</sup>
- As at May 2022, 160 juries have been empanelled with 90 trials completed to verdict across the state (66 in metropolitan Melbourne, and 28 in regional Victoria).<sup>31</sup>
- From July 2021 to April 2022, case backlogs decreased by 5% across Victorian courts and VCAT.<sup>32</sup>

The Committee heard that the total number of pending matters is returning to pre-pandemic levels, with Victorian courts and VCAT processing as many cases as they are receiving and clearance rates expected to reach 100% in most court jurisdictions by the end of 2021–22.<sup>33</sup> CSV has increased the targets for three performance measures

<sup>27</sup> A difference of 5% or less.

<sup>28</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 16.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid., p. 2; Ms. Jaclyn Symes MLC, Attorney-General, *2022–23 Budget Estimates hearings presentation: Attorney-General*, supplementary evidence received 18 May 2022, p. 3.

<sup>31</sup> Ibid.

<sup>32</sup> Ms Jaclyn Symes MLC, Attorney-General, *2022–23 Budget Estimates hearings presentation: Attorney-General*, supplementary evidence, p. 2; Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, pp. 1–2.

<sup>33</sup> Ms Jaclyn Symes MLC, Attorney-General, *2022–23 Budget Estimates hearings presentation: Attorney-General*, supplementary evidence, p. 2; Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, pp. 1–2, 16.

related to the MCV's case clearance rates in response to anticipated benefits from 2022–23 budget decisions, which are expected to reduce backlogs in this court.<sup>34</sup>

Table 10.3 outlines case clearance rate trends across each Victorian court jurisdiction since 2013–14, alongside the expected rate for 2021–22.<sup>35</sup>

**Table 10.3** Victorian court case clearance rates (%)

Jurisdiction	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22 expected
<b>Supreme Court</b>									
Civil	102.1	98	103	100.6	100.2	100	100.9	98.3	100
Criminal	101.6	102	106	97.3	96.5	93.2	104.4	92.9	100
<b>County Court</b>									
Civil	100.8	102	111	97	100.1	95.4	89.1	94.6	92
Criminal	101.7	105	99	94.2	91.6	99.4	108.2	83.4	87
<b>Magistrates' Court</b>									
Civil	111.3	91	91	91.2	92.4	93	80.2	87.4	100
Criminal	108.7	111.5	124	119	99.4	97	81.6	80	100
<b>Children's Court</b>									
Criminal	106.7	103.3	108.6	111.4	103.4	100	79	107.2	108
Family	87	85.2	95.5	92.8	91.6	87	87.7	103	102
<b>Family Violence Intervention Orders (Magistrates' and Children's courts)</b>									
				new measure (nm)	92.9	96	79.9	84	100
<b>Coroners Court</b>									
	116	108.6	104.6	100.6	97.9	89	93	93.4	100
<b>VCAT</b>									
	102	99	102	98.2	97.9	97	94.8	81.8	83

Note: The case clearance rate is calculated as the number of cases disposed divided by the number of cases initiated.

Source: Department of Treasury and Finance, *Court Services Victoria: Output Performance Measures 2022–23*, 24 May 2022, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 19 July 2022.

**FINDING 86:** Court Services Victoria expects the clearance rates of the Supreme Court, the Magistrates' Court, the Children's Court and the Coroners' Court to reach 100% by the end of 2021–22. The case clearance rate of the County Court is expected to reach 92% in the civil division and 87% in the criminal division in 2021–22, and the case clearance rate of the Victorian Civil and Administrative Tribunal is expected to reach 83% in 2021–22.

<sup>34</sup> Court Services Victoria, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 37–40.

<sup>35</sup> The Committee notes that targets for case clearance rates in Victorian courts and tribunals range from 90% to 104% in 2022–23. Source: Department of Treasury and Finance, *Court Services Victoria: Output Performance Measures 2022–23*, 24 May 2022, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 19 July 2022.

## County Court of Victoria

The Committee was advised that following the return to jury trials in 2021, the number of pending matters in the CCV decreased from 1,532 in September 2021 to 1,428 in April 2022, with 78% of all criminal cases in the CCV expected to be finalised within 12 months of being lodged.<sup>36</sup> Initiatives to reduce backlogs in the CCV during the pandemic included the resolution of matters out of court, judge-alone trials for criminal cases, early replacement of four CCV judges and COVID-safe upgrades to courtrooms.<sup>37</sup>

Prior to 2022–23, the CCV had been provided with less funding than other Victorian court jurisdictions to reduce delays in response to the pandemic.<sup>38</sup> CSV has modified down two performance measure targets related to case clearance rates and on time case processing in the CCV, in part due to a significant increase in pending matters and court resourcing.<sup>39</sup> The Committee’s analysis of case clearance rates (Table 10.3) suggests that the CCV is not currently clearing cases as quickly as other Victorian courts.

**FINDING 87:** The targets for two of the County Court of Victoria’s (CCV) performance measures have been modified down in the 2022–23 Budget due to a significant increase in pending matters and court resourcing. CCV’s case clearance rates suggest that the Court is not performing as well as other jurisdictions.

**RECOMMENDATION 83:** 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.

## Victorian Civil and Administrative Tribunal

Efforts to reduce delays across VCAT Lists<sup>40</sup> have centred on the digital transformation of processes.<sup>41</sup> The Committee was advised that the Planning and Environment List has been fully digitalised, and the lessons learned during this transformation will be used to guide the digitalisation of the Residential Tenancies List.<sup>42</sup>

<sup>36</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 2.

<sup>37</sup> *Ibid.*, pp. 1–2.

<sup>38</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2021–22 Budget Estimates*, October 2021, pp. 148–149.

<sup>39</sup> Court Services Victoria, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 37–38.

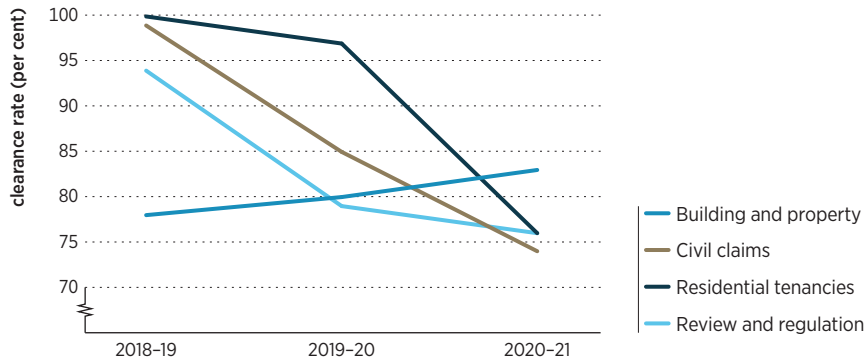
<sup>40</sup> List is the name given to sections of VCAT that hear and decide specific types of cases. As at the time of publishing their 2020–21 Annual Report VCAT had nine Lists: Legal Practice, Review and Regulation, Civil Claims, Building and Property, Owners Corporations, Guardianship, Human Rights, Planning and Environment, and Residential Tenancies. The Committee has based its analysis below on the Lists included in the 2020–21 Annual Report. Source: Victorian Civil and Administrative Tribunal, *Annual Report 2020–21*, Melbourne, 2021, p. 13.

<sup>41</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2021–22 Budget Estimates*, pp. 146, 148–149.

<sup>42</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 17.

Figure 10.1 shows trend data for the four VCAT Lists with the lowest clearance rates in 2022–21 and Figure 10.2 outlines the number of remaining pending cases from 2018–19 to 2020–21 across all VCAT Lists.

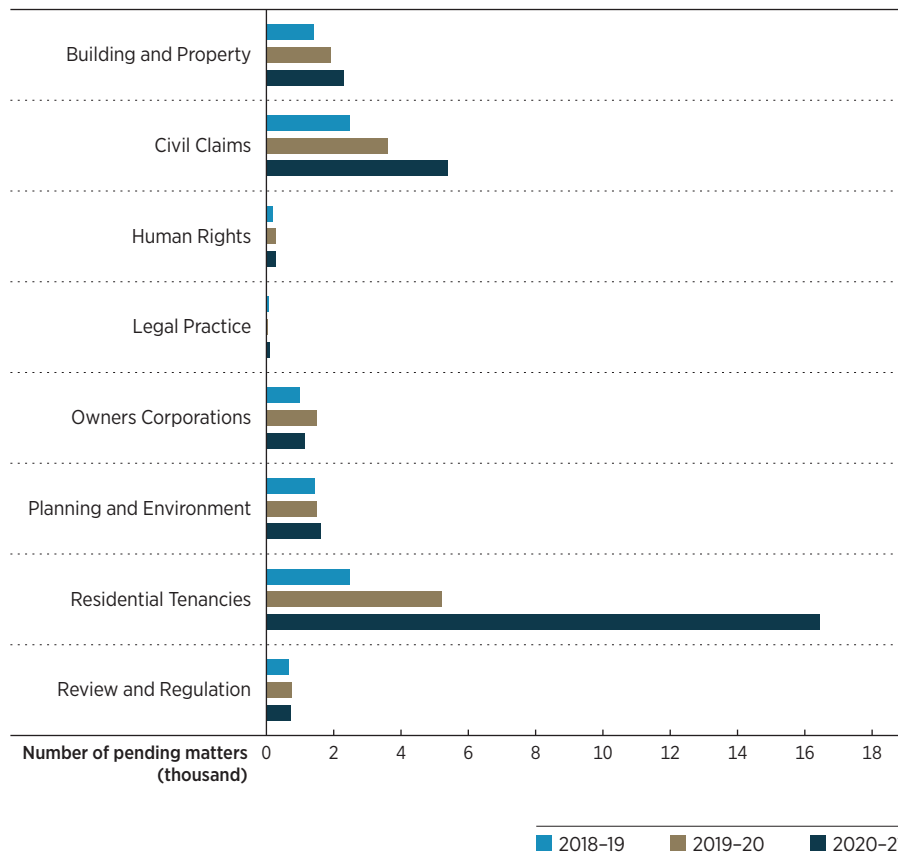
**Figure 10.1 VCAT Lists—lowest clearance rates in 2020–21**



Note: The figure outlines trend data for the four VCAT Lists with the lowest clearance rates in 2020–21. It does not include trend data for VCATs Human Rights, Planning and Environment, Legal Practice, Owners Corporations and Guardianship Lists.

Source: Victorian Civil and Administrative Tribunal, *Delivering Justice in a Time of Change: Annual Report 2020–21*, Melbourne, 2021, pp. 62, 64, 69, 72, 76, 81, 85, 90, 97 (Committee calculation).

**Figure 10.2 VCAT Lists—number of pending matters 2018–19 to 2020–21**



Note: VCAT did not report on the number of pending matters in the Guardianship List.

Source: Victorian Civil and Administrative Tribunal, *Delivering Justice in a Time of Change: Annual Report 2020–21*, Melbourne, 2021, pp. 62, 64, 69, 72, 76, 81, 85, 90, 97 (Committee calculation).

The Attorney-General advised that addressing delays in the Residential Tenancies List was a priority for the Government,<sup>43</sup> given that tenancy matters make up the highest volume of VCAT cases, pending matters have risen due to the pandemic, and the significant impact these matters have on the lives of Victorians.<sup>44</sup> At the hearing the Attorney-General informed the Committee about the Dispute Settlement Centre of Victoria established by the Government to deal with increased demand for disputes, such as fencing, trees and neighbourhood issues, by conducting case audits and providing referrals to mediation.<sup>45</sup>

Part of the Government's \$41 million investment in the 2022–23 Budget to help Victoria's courts and VCAT respond to the impacts of the pandemic includes funding for additional VCAT members to assist in the resolution and reduction of backlogs across priority lists, including the Residential Tenancies List.<sup>46</sup> It is unclear how much of the \$41 million is allocated to new VCAT members, how many positions will be created, how many will be allocated to each VCAT list and what specific results this is expected to deliver in terms of reducing delays.

**FINDING 88:** Addressing delays in the Victorian Civil and Administrative Tribunal (VCAT) Residential Tenancies List is a priority for the Government. It is unclear how much of the \$41 million investment in the 2022–23 Budget to help Victoria's courts and VCAT respond to the impacts of the pandemic is allocated for additional VCAT members to assist in the resolution and reduction of backlogs across priority lists, including the Residential Tenancies List.

The Committee notes that the \$41 million investment also includes funding to support:

- development of the MCV Court Service Centre pilot to: manage digital public enquiries through the centralisation of processes; provide contact centre services and case triaging; improve the user experience through online access and automation; reduce pressure on in-person services at individual court locations allowing staff to focus on case management of complex matters; and increase court operations to expand service availability
- continuation of the Supreme Court's eCourt program to increase efficiency and accessibility
- provision of additional resources for the County Court's Active Case Management program.<sup>47</sup>

**FINDING 89:** The 2022–23 Budget continues to invest in measures to reduce court and tribunal backlogs in response to the impacts of the COVID-19 pandemic.

<sup>43</sup> Ibid., pp. 2, 16–17.

<sup>44</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2019–20 Financial and Performance Outcomes*, p. 145; Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, pp. 7, 16.

<sup>45</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, pp. 7, 16.

<sup>46</sup> Ibid., pp. 6, 10; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 130–131 (Committee calculation).

<sup>47</sup> Ibid.



## Whole of justice system initiatives to reduce court delays

At the hearing the Attorney-General advised of further whole of justice system initiatives funded in the 2022–23 Budget, in addition to those allocated to CSV, to assist in the reduction of backlogs. This includes \$11 million to relieve pressure on courts through:

- continuation of the MCV’s Pre-Court Engagement Service pilot to aid the resolution of family violence matters out of court, reduce the number of adjournments and facilitate efficient verdicts through the provision of early legal assistance to parties
- piloting a specialist Office of Public Prosecutions (OPP) CCV Team to facilitate early resolution of matters and reduce the CCV’s backlog of jury trials
- continuation of Victoria Legal Aid’s Help Before Court program to increase capacity for summary crime offence matters to be resolved at their first hearing.<sup>48</sup>

The 2022–23 Budget provides \$21.7 million to the *Delivery of prosecution services* initiative to ‘assist the OPP to adopt a modern electronic document and records management system and upgrade its audio-visual systems, which will increase the OPP’s productivity and streamline evidence production, reducing court delays’.<sup>49</sup>

The Attorney-General also informed the Committee about other justice system investments in the 2022–23 Budget that contribute to reducing court delays, including:

- \$6.5 million for community legal centres to improve access to justice
- \$1.6 million to support LGBTIQ+ specialist legal services and the provision of legal advice and assistance to sex workers.<sup>50</sup>

**FINDING 90:** In addition to the funding provided for Court Services Victoria’s output initiatives, the 2022–23 Budget provides further funding for whole-of-justice-system initiatives to reduce backlogs in the Victorian courts and tribunal.

Through measures implemented in response to delays arising from the pandemic, it is anticipated that the Victorian court system will redevelop to a position where it can deal with matters with greater efficiency than pre-pandemic.<sup>51</sup> The Attorney-General advised:

By picking up and integrating or embedding the lessons that we have learned, my hope is that we are better than pre pandemic [sic] levels because of the position that we have been forced into.<sup>52</sup>

<sup>48</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, pp. 6–7, 9–10; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 90, 99 (Committee calculation).

<sup>49</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 90, 99, 101 (Committee calculation).

<sup>50</sup> Ms Jaclyn Symes MLC, Attorney-General, *2022–23 Budget estimates hearings presentation: Attorney-General*, supplementary evidence, p. 4.

<sup>51</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 16.

<sup>52</sup> *Ibid.*, p. 6.

The Committee notes the outcomes of initiatives aiming to reduce the number of pending matters is not reported in Victoria. The Committee considers it important there is transparency around actual outcomes achieved from the significant investments in initiatives to reduce Victorian court and tribunal backlogs.

**RECOMMENDATION 84:** 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.

## 10.4.2 Bendigo law courts

The Victorian Government’s Bendigo Law Courts (BLC) project seeks to deliver on the recommendations of the Royal Commissions into Family Violence and Victoria’s Mental Health System through the development of a multi-jurisdictional regional headquarter court facility for the wider Loddon Mallee region.<sup>53</sup> The new law courts will service VCAT, the Magistrates’ and Children’s Courts of Victoria, as well as the County and Supreme Courts of Victoria and the Federal Circuit Court on a circuit basis.<sup>54</sup>

A total of \$164.4 million in capital investment for land acquisition and redevelopment has been provided to the project across the 2018–19 to 2023–24 Budgets.<sup>55</sup> The Attorney-General advised that the BLC will feature nine courtrooms, two hearing rooms, two mediation suites and include remote hearing and witness facilities and interview rooms for service providers.<sup>56</sup>

The design of the BLC project was prepared in consultation with the traditional owners of the land, the Dja Dja Wurrung people, and seeks to minimise adverse environmental impacts.<sup>57</sup> The design provides secure entrances and separate sections for judicial staff, vulnerable people, people in custody and operational staff, as well as safe waiting areas.<sup>58</sup> The Committee was advised of the technological infrastructure that will be available at the BLC to facilitate the timely resolution of matters, including new services such as digital evidence display, videoconferencing and live streaming.<sup>59</sup>

<sup>53</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, pp. 14–15; Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 18; Hon Daniel Andrews MP, *New Bendigo Court on track to deliver responsive justice*, media release, 21 February 2022.

<sup>54</sup> Hon Daniel Andrews MP, *New Bendigo Court on track to deliver responsive justice*, media release.

<sup>55</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2018–19 Capital Program*, Melbourne, 2018, p. 78; Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, Melbourne, 2018, p. 113; Department of Treasury and Finance, *Budget Paper No. 4: 2019–20*, pp. 87–88; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 Capital Program*, Melbourne, 2021, p. 115; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 94 (Committee calculation).

<sup>56</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 17.

<sup>57</sup> Ibid.

<sup>58</sup> Hon Daniel Andrews MP, *New Bendigo Court on track to deliver responsive justice*, media release.

<sup>59</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 18.

The BLC is expected to open in early 2023 and it is anticipated the construction of the facility will generate 390 local jobs.<sup>60</sup> At the hearings, the Committee heard that the BLC project aims to build a stronger connection between the Bendigo community and the courts and justice support agencies who assist court applicants and responders, while encouraging efficiency of matters by providing support and capacity for case resolution, advice and external support referrals.<sup>61</sup> It is intended that the BLC will relieve expected future demand pressures and improve court services by bringing together a range of specialist court programs in a modern and inclusive facility.<sup>62</sup>

The 2022–23 Budget supports the operationalisation of the BLC, specialist court services and access to justice of vulnerable people through an investment of \$19.7 million from 2022–23 to 2025–26, including:<sup>63</sup>

- Koori Court: symbolically located on the top floor, it aims to facilitate self-determination through use of therapeutic justice to address systemic disadvantage and over-representation of Indigenous peoples in the Victorian Justice System<sup>64</sup>
- Family Violence Court: brings together teams of specially trained magistrates, operational staff, family violence practitioners, partner agencies and other court-based services to deliver a coordinated response<sup>65</sup>
- Drug Court: judicially supervises drug, alcohol and substance dependant offenders to address the underlying factors that contribute to offending and provides participants with the opportunity to receive treatment rather than a sentence<sup>66</sup>
- Assessment and Referral Court: provides intensive pre-sentence support and judicial supervision for accused persons with a mental illness and/or cognitive impairment to address underlying factors that contribute to offending behaviours.<sup>67</sup> It allows for separation of victims and perpetrators so evidence may be given safely and enables court users to exit if necessary<sup>68</sup>
- Children’s Court: hears and determines cases involving children and young people including criminal, child protection and intervention order matters.<sup>69</sup>

<sup>60</sup> Ibid., pp. 2, 17; Hon Daniel Andrews MP, *Bendigo’s New Court to celebrate culture and country*, media release, 22 April 2021.

<sup>61</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 17.

<sup>62</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2018–19*, p. 113; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20*, p. 15; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 131.

<sup>63</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, pp. 17–18; Hon Daniel Andrews MP, *New Bendigo Court on track to deliver responsive justice*, media release; Hon Daniel Andrews MP, *Bendigo’s new court to celebrate culture and country*, media release; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 130–131 (Committee calculation).

<sup>64</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 18.

<sup>65</sup> Hon Daniel Andrews MP, *Delivering Victoria’s first dedicated family violence court*, media release, 9 October 2019.

<sup>66</sup> Hon Daniel Andrews MP, *Drug court expanded to regional Victoria* media release, 18 March 2020.

<sup>67</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 130.

<sup>68</sup> The 2022–23 Budget provides \$20.4 million in total to DJCS and CSV to fund the expansion of the Assessment and Referral Court across Victoria from 2022–23 to 2025–26. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 90, 130; Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 18 (Committee calculation).

<sup>69</sup> Children’s Court of Victoria, *A specialist court for children and young people*, 2021, <<https://www.childrenscourt.vic.gov.au>> accessed 19 July 2022.

The funding also provides for an additional Magistrate and Judicial registrar.<sup>70</sup>

The Attorney-General also provided information about additional support for vulnerable court users. The Attorney-General advised that \$3.1 million was provided to DJCS in the 2022–23 Budget and across the forward estimates to support the provision of dedicated Aboriginal legal services at the BLC by the Victorian Aboriginal Legal Service.<sup>71</sup> The Committee also heard that eligible BLC users will be supported through the provision of affordable legal representation and advice by Victoria Legal Aid.<sup>72</sup>

It is unclear how the outcomes of the significant investment into the development, construction and operationalisation of the BLC and the services it delivers will be assessed.

**FINDING 91:** The Bendigo Law Courts will house five specialist courts for the Koori community, drug and mental health matters, family violence matters, and matters concerning Victorian children, to assist vulnerable court users and increase access to justice. The Bendigo Law Courts are expected to open in 2023.

**RECOMMENDATION 85:** Court Services Victoria perform a review of the Bendigo Law Courts project and publicly report on learnings to inform future law court projects. The report should include assessment of the project’s development, construction and operationalisation stages and how the project has relieved demand pressures and improved the court services it delivers.

## 10.5 Performance measures

The quantitative, qualitative and timeliness performance measures for the Courts output remain unchanged from the previous financial year. There are three types of performance measures broken down by Court and type of matter. The performance measures are:

- Quantitative: Average cost per case and case clearance rate
- Qualitative: Court file integrity—availability, accuracy and completeness
- Timeliness: On time case processing.<sup>73</sup>

CSV has previously advised the Committee that it is reviewing its budget paper objective indicators and performance measures.<sup>74</sup> In its *Report on the 2020–21 Budget Estimates* the Committee recommended CSV establish new performance measures

<sup>70</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 17.

<sup>71</sup> *Ibid.*, p. 8; Court Services Victoria, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 24.

<sup>72</sup> Ms Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 18.

<sup>73</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 389–392.

<sup>74</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, pp. 239–240.

to track the clearance of pending matters related to the COVID-19 pandemic and to monitor the outcomes of several initiatives put in place to reduce these pending matters.<sup>75</sup>

In response to this recommendation, CSV advised that it is continuing to review its performance measures as a key strategic priority. As part of the implementation of the recommendation, CSV explained it has undertaken a thorough review of the literature regarding court performance measurement and will consider additional indicators from these frameworks.<sup>76</sup> Similarly, consultation with stakeholders including the Victorian courts and tribunals, the Department of Treasury and Finance and the Attorney-General is planned.<sup>77</sup>

**FINDING 92:** Court Services Victoria's (CSV) quantitative, qualitative and timeliness performance measures in the 2022-23 Budget are unchanged from the previous year. CSV is reviewing its performance measures as a key strategic priority and considering the inclusion of additional indicators for future budget papers.

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75 Ibid., pp. 235-236.

76 Court Services Victoria, *Response to the 2022-23 Budget Estimates General Questionnaire*, p. 58.

77 Ibid.



# 11 Department of Premier and Cabinet

## 11.1 Overview

The Department of Premier and Cabinet (DPC) supports four ministerial portfolios: Premier, Aboriginal Affairs, Government Services and Industrial Relations.<sup>1</sup>

DPC's 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
- promoting collaboration across government to drive performance and improve outcomes.<sup>2</sup>

The key issues section of this chapter focuses on matters relevant to three portfolios that were identified during the inquiry and the estimates hearings.

## 11.2 Financial analysis

In 2022–23 DPC has the third smallest budget of all Victorian Government departments, representing 0.9% of total government output.<sup>3</sup>

In 2022–23 DPC is allocated \$608.1 million to fund its outputs, an increase of \$94.9 million (18.5%) compared to the 2021–22 Budget.<sup>4</sup>

DPC's output appropriations are budgeted as \$490.2 million for 2022–23, a decrease of \$66.2 million (11.9%) compared to the 2021–22 revised budget.<sup>5</sup> DPC explained this decrease was due to 'large once-off COVID-19 related initiatives funded as part of [the] 2021–22 revised budget' including *COVID-19 Campaigns and Communications*.<sup>6</sup>

In response to the Committee's questionnaire, DPC acknowledged that responding to COVID-19 remains one of its most significant strategic issues in 2022–23.<sup>7</sup> Noting that

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1 The Aboriginal Affairs portfolio was renamed the Treaty and First Peoples portfolio on 25 June 2022. To ensure consistency with the 2022–23 Budget, it will be referred to in this report as the Aboriginal Affairs portfolio. Source: Hon Daniel Andrews MP, *Statement on New Ministry*, media release, 25 June 2022; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 311.

2 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 311.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 313 (Committee calculation).

4 Ibid., (Committee calculation).

5 Ibid., p. 314 (Committee calculation).

6 Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 5 May 2022, p. 18.

7 The Department of Premier and Cabinet provides strategic oversight and coordination of COVID-19 campaigns across government. Source: Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 15–16.

messaging is required to ‘cut through and counter misinformation in the public domain on COVID-19’, DPC anticipates there will be a need to outline ‘shifting settings, including readily available vaccinations, information on any new variants, and the ongoing safe management of COVID-19 in the community’.<sup>8</sup> DPC’s budget allocation for COVID-19 related advertising in 2021–22 was \$28.8 million.<sup>9</sup> In response to the Committee’s questionnaire, DPC did not outline the actual cost of COVID-19 related advertising as at 30 April 2022.<sup>10</sup> In 2022–23, \$3.9 million is allocated to DPC’s *Effective public sector management of COVID-19 communications* with no funding allocated across the forward estimates.<sup>11</sup>

**FINDING 93:** The Department of Premier and Cabinet (DPC) considers responding to COVID-19 to be one of its most significant strategic issues in 2022–23. DPC was allocated \$28.8 million for COVID-19 related advertising in 2021–22 and the 2022–23 Budget invests a further \$3.9 million to continue DPC’s management of COVID-19 communications in 2022–23. No funding has been allocated to DPC across the forward estimates for COVID-19 related advertising or communications.

DPC’s special appropriations for 2022–23 are budgeted at \$117.9 million, \$66 million (127.2%) higher than the 2021–22 revised budget.<sup>12</sup> This variation is primarily explained by costs for the upcoming 2022 State election.<sup>13</sup>

DPC’s three largest new output initiatives in the 2022–23 Budget are:

- Progressing Victoria’s historic treaty process with First Peoples—\$151.4 million over the next four years
- Service Victoria—enhancing customer experience with more digital services for Victorians—\$86.5 million over the next two years
- Boosting capacity and addressing demand in the Aboriginal cultural heritage system—\$35.7 million over the next two years.<sup>14</sup>

In 2022–23 DPC’s capital program comprises \$13.3 million to fund one new capital project—*Service Victoria—enhancing customer experience with more digital services for Victorians*—and \$103.8 million for existing capital projects.<sup>15</sup>

<sup>8</sup> Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 15–16.

<sup>9</sup> The Department of Premier and Cabinet’s allocated budget for advertising costs related to COVID-19 includes \$27.165 million and \$1.677 million in contingency. Source: Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 63 (Committee calculation).

<sup>10</sup> Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 63.

<sup>11</sup> Ibid.; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 104.

<sup>12</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 314 (Committee calculation).

<sup>13</sup> Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 18.

<sup>14</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 3, 104 (Committee calculation).

<sup>15</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, p. 27.



## 11.2.1 Changes to output structure

DPC has made several changes to its output structure in 2022–23. The previous outputs, Government-wide Leadership, Reform and Implementation, and Strategic Advice and Government Support, have been disaggregated into four new outputs.<sup>16</sup> The new outputs are:

- Social Policy Advice and Intergovernmental Relations
- Economic Policy Advice and Support
- Executive Government Advice and Services (which also incorporates the previous output, Advice and Support to the Governor)
- Digital Strategy and Transformation.<sup>17</sup>

DPC explained these changes ‘more accurately reflect service delivery, improve accountability and better align with standard practice across government’.<sup>18</sup> The Committee notes these changes enhance transparency and accountability for the Premier’s portfolio in distinguishing between the forms of policy advice provided to key stakeholders.

Aboriginal Policy, Strengthening Aboriginal Cultural Heritage and Communities has been disaggregated into two new outputs for the same reason.<sup>19</sup> The new outputs are:

- Self-Determination Policy and Reform Advice and Programs
- Traditional Owner Engagement and Cultural Heritage Management Programs.<sup>20</sup>

The Committee notes this change more accurately reflects the objectives and functions of the Aboriginal Affairs portfolio, and enhances understanding of the portfolio’s advisory, program and service delivery roles.

Two previous outputs have also been renamed to ‘more accurately reflect service delivery’.<sup>21</sup> Digital Government and Communications has been renamed Digital Strategy and Transformation, and Public Administration Advice and Support has been renamed Public Sector Administration Advice and Support.<sup>22</sup>

**FINDING 94:** Changes made to the Department of Premier and Cabinet’s output structure for 2022–23 enhance transparency and accountability for the Premier’s portfolio and more accurately reflect the objectives and functions of the Aboriginal Affairs portfolio.

<sup>16</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 312.

<sup>17</sup> Ibid.

<sup>18</sup> Ibid.

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

## 11.3 Aboriginal Affairs portfolio: key issues

The Minister for Aboriginal Affairs is responsible for two outputs: Self-Determination Policy and Reform Advice and Programs (funding in 2022–23: \$75.1 million) and Traditional Owner Engagements and Cultural Heritage Management Programs (funding in 2022–23: \$36.6 million).<sup>23</sup>

### 11.3.1 Victoria's Treaty with First Peoples

The 2022–23 Budget invests \$151.4 million over four years to *Progressing Victoria's historic treaty process with First Peoples*, representing 48.3% of DPC's new output initiative funding in the 2022–23 Budget.<sup>24</sup> This brings the total investment in Victoria's treaty process with First Peoples to \$256.3 million since 2017–18.<sup>25</sup>

This funding is provisioned 'for the state to progress key obligations...as required under the *Advancing the Treaty Process with Aboriginal Victorians Act 2018* [(Vic)]' (Treaty Act).<sup>26</sup> During the hearings the Minister for Aboriginal Affairs clarified this investment will be held in contingency and pending the outcomes of the treaty framework negotiations, will support the joint finalisation of the self-determination fund and the Treaty Authority.<sup>27</sup>

The treaty process is structured into three phases:

- Phase 1—Establishing an Aboriginal Representative Body<sup>28</sup>
- Phase 2—Developing a treaty framework<sup>29</sup>
- Phase 3—Negotiating treaties.<sup>30</sup>

<sup>23</sup> Ibid., p. 313.

<sup>24</sup> \$55.7 million is allocated to 2022–23, and \$46.2 million, \$39.5 million, and \$10.0 million to 2023–24, 2024–25, and 2025–26 respectively. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 3 (Committee calculation).

<sup>25</sup> Since the 2017–18 Budget, funds have been allocated to the treaty process through a number of output initiatives including *Self-determination and treaty*, *Treaty and self-determination*, *Treaty and self-determination for Aboriginal Victorians*, *Delivering Treaty for Victoria*, and *Delivering the State's commitment to Treaty for Victoria*. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2017–18 Service Delivery*, Melbourne, 2017, p. 3; Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, Melbourne, 2018, p. 3; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, p. 3; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 10; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 3; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 3 (Committee calculation).

<sup>26</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 6.

<sup>27</sup> Hon Gabrielle Williams MP, Minister for Aboriginal Affairs, 2022–23 Budget Estimates (Aboriginal Affairs) hearing, Melbourne, 6 June 2022, *Transcript of evidence*, p. 5.

<sup>28</sup> This involved the passage of the *Advancing the Treaty Process with Aboriginal Victorians Act 2018* (Vic) (Treaty Act) and the establishment of the First Peoples' Assembly of Victoria, the entity recognised as Victoria's Aboriginal Representative Body as required under the Treaty Act. Source: Department of Premier and Cabinet, *Advancing the Victorian Treaty Process: Annual Report 2020–21*, Melbourne, 2021, p. 10.

<sup>29</sup> This involves negotiations between the State and the Assembly on the necessary foundations to support future treaty negotiations. Also known as the 'treaty elements', these include a dispute resolution process, a Treaty Authority, a treaty negotiation framework, and a self-determination fund. All four treaty elements are required under the *Advancing the Treaty Process with Aboriginal Victorians Act 2018* (Vic). Source: Department of Premier and Cabinet, *Advancing the Victorian Treaty Process*, p. 10; *Advancing the Treaty Process with Aboriginal Victorians Act 2018* (Vic) ss 27–40.

<sup>30</sup> This involves negotiations and agreement on treaty or treaties between the State and Aboriginal negotiating parties. Source: Department of Premier and Cabinet, *Advancing the Victorian Treaty Process*, p. 10.

During the hearings the Minister noted they expect negotiations regarding the treaty elements to be finalised later in 2022, concluding Phase 2 of the treaty process.<sup>31</sup> It is anticipated that Phase 3 will commence in late 2022 or early 2023.<sup>32</sup>

Considering the significant investment to ensure the State fulfils and progresses its statutory obligations under the Treaty Act, it is important that DPC report on the outcomes achieved within the expected timeframes. The Treaty Act requires the Minister for Aboriginal Affairs and the First Peoples' Assembly of Victoria (Assembly) to prepare annual reports outlining the progress of the treaty process.<sup>33</sup> However, the budget papers include only one performance measure—'Number of Assembly and/or State-Assembly meetings held'—and do not include for example, measures that report on compliance with statutory obligations.<sup>34</sup>

**FINDING 95:** The 2022–23 Budget allocates \$151.4 million to *Progressing Victoria's historic treaty process with First Peoples*, bringing total investment in the treaty process to \$256.3 million since 2017–18. This contingent funding will support the outcomes of the treaty framework negotiations, which are expected to be finalised later in 2022. It is anticipated that treaty negotiations will commence in late 2022 or early 2023.

**FINDING 96:** The 2022–23 Budget includes one performance measure relating to the treaty process, which quantifies the number of Assembly and/or State-Assembly meetings held.

**RECOMMENDATION 86:** The 2023–24 Budget include performance measures that assess the progress and effectiveness of treaty negotiations between the State and Aboriginal negotiating parties, and the compliance of the First Peoples' Assembly of Victoria and the Victorian Government with key statutory obligations.

## The self-determination fund and the Treaty Authority

The Treaty Act requires the establishment of a self-determination fund—an independent source of funding to support Traditional Owners and Aboriginal Victorians to carry out 'fair and equitable' negotiations with the State.<sup>35</sup> This fund will also provide a financial resource to empower First Peoples to build 'capacity, wealth and prosperity'.<sup>36</sup>

<sup>31</sup> Hon Gabrielle Williams MP, Minister for Aboriginal Affairs, *Transcript of evidence*, p. 4.

<sup>32</sup> *Ibid.*, p. 6; Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 13.

<sup>33</sup> *Advancing the Treaty Process with Aboriginal Victorians Act 2018* (Vic) ss 41–42.

<sup>34</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 321.

<sup>35</sup> *Advancing the Treaty Process with Aboriginal Victorians Act 2018* (Vic) ss 35–37; Department of Premier and Cabinet, *Advancing the Victorian Treaty Process*, pp. 16–17.

<sup>36</sup> Department of Premier and Cabinet, *Advancing the Victorian Treaty Process*, pp. 16–17; Hon Gabrielle Williams MP, Minister for Aboriginal Affairs, *Transcript of evidence*, p. 6.

Although negotiations between the State and the Assembly regarding the design of the fund are currently underway,<sup>37</sup> the Assembly has previously stated that options could include:

sourcing funding directly from the State budget, from a State revenue source (for example, a percentage of Land Tax or the Environmental Contribution Levy) and possibly bolstering State funds with charitable donations.<sup>38</sup>

The Treaty Act also requires the establishment of a Treaty Authority—an independent body tasked with administering the treaty negotiation framework, facilitating and overseeing treaty negotiations and resolving disputes arising during treaty negotiations.<sup>39</sup> On 7 June 2022, the Minister for Aboriginal Affairs introduced the *Treaty Authority and Other Treaty Elements Bill 2022 (Vic)* (Treaty Authority Bill), which, if passed, will enable the establishment of the Treaty Authority.<sup>40</sup> The Treaty Authority Bill proposes funding to support the Treaty Authority’s operations and capital expenditure to be appropriated from the consolidated fund.<sup>41</sup>

Once negotiations and agreements are finalised, the Committee considers it important that DPC detail the proportion and source of funding allocated to the self-determination fund and the Treaty Authority.

**FINDING 97:** Once the final design of the self-determination fund and the Treaty Authority are finalised, the amount and source of funds allocated to both treaty elements should be published to ensure transparent accounting.

**RECOMMENDATION 87:** The Department of Premier and Cabinet’s annual report detail the proportion and source of funding allocated to support the operations and capital expenditure of the self-determination fund and the Treaty Authority, including the opening and closing balance of both treaty elements at the end of each financial year.

## 11.4 Government Services portfolio: key issues

The Minister for Government Services is responsible for seven outputs with total funding of \$406.5 million in 2022–23.<sup>42</sup> The allocation of funding across the seven outputs is illustrated in Figure 11.1.

<sup>37</sup> Department of Premier and Cabinet, *Advancing the Victorian Treaty Process*, p. 10.

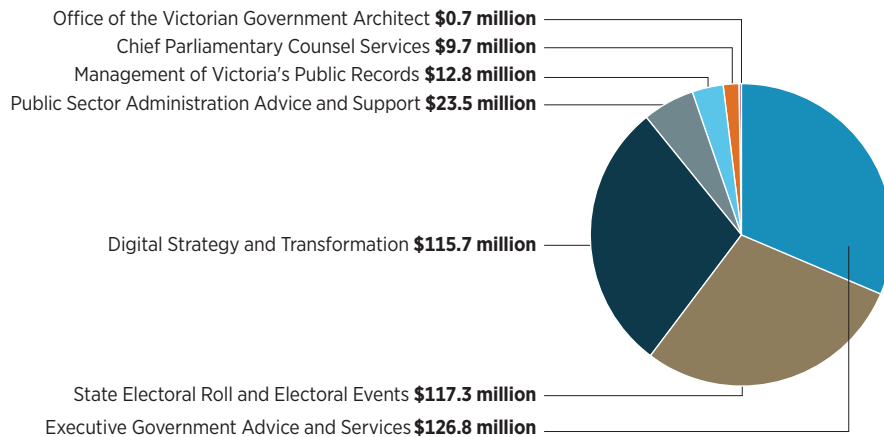
<sup>38</sup> First Peoples’ Assembly of Victoria, *Designing a self-determination fund: community consultation factsheet, 2020*, <<https://www.firstpeoplesvic.org/wp-content/uploads/2020/12/Self-Determination-Fund-Committee-Factsheet-for-Community-Consultations.pdf>> accessed 2 June 2022, p. 2.

<sup>39</sup> *Advancing the Treaty Process with Aboriginal Victorians Act 2018 (Vic)* ss 27–29.

<sup>40</sup> *Treaty Authority and Other Treaty Elements Bill 2022 (Vic)* s 1.

<sup>41</sup> *Treaty Authority and Other Treaty Elements Bill 2022 (Vic)* s 16.

<sup>42</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 313 (Committee calculation).

**Figure 11.1 Government Services portfolio—funding by output, 2022–23**

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 313; Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 5 May 2022, pp. 69–70.

### 11.4.1 Service Victoria

The 2022–23 Budget allocates \$99.8 million, including \$13.3 million in capital funding, to Service Victoria over 2022–23 and 2023–24.<sup>43</sup> This represents the largest injection of funding to the entity since its establishment in May 2015, bringing the total investment in Service Victoria from 2015–16 to 2023–24 to \$364 million.<sup>44</sup>

Service Victoria delivers digital government services, designed to improve customer experience, cost savings, and compliance with government policy and regulations.<sup>45</sup> DPC explained that the 2022–23 Budget will continue Service Victoria's operations and 'improve public access to services by creating new channels for simple, faster, high-volume transactions'.<sup>46</sup>

#### Performance measures

The 2022–23 Budget introduces two quantitative performance measures which track the total volume and average cost of activities delivered by Service Victoria.<sup>47</sup> DPC has set a target of 25 million activities delivered by Service Victoria in 2022–23, at an average cost of \$4.00 per activity.<sup>48</sup> By comparison, Service Victoria delivered

<sup>43</sup> Funds are allocated to Service Victoria through the *Service Victoria—Enhancing customer experience with more digital services for Victorians* initiative. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 104, 108 (Committee calculation).

<sup>44</sup> Comprises \$156.9 million as at 30 June 2020, \$40.4 million in the 2020–21 Budget, \$66.9 million in the 2021–22 Budget and \$99.8 million in the 2022–23 Budget. Source: Victorian Auditor-General's Office, *Service Victoria—Digital Delivery of Government Services*, Melbourne, March 2021, p. 2; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 115, 126; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, pp. 102–103, 106; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 104, 108 (Committee calculation).

<sup>45</sup> Service Victoria, *Who we are*, 2022, <<https://service.vic.gov.au/about-us/our-story>> accessed 2 June 2022; Victorian Auditor-General's Office, *Service Victoria*, p. 18.

<sup>46</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 105.

<sup>47</sup> *Ibid.*, p. 318.

<sup>48</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 318 (Committee calculation).

1.13 million transactions, excluding 1.44 million QR scan and poster transactions, at an average cost of \$18.39 per activity between 1 July and 31 December 2020.<sup>49</sup>

DPC acknowledges that these new measures do not differentiate between the types of activities delivered by Service Victoria.<sup>50</sup> The Committee notes that heavily automated, high-volume transactions such as QR check-ins and poster generations may account for a large proportion of the activities tracked by these performance measures. Compared to services that incur high costs to government—such as VicRoads' licensing and registration services or Victoria Police applications—largely automated services involve low costs to government per transaction, substantially reducing the average cost per activity.<sup>51</sup>

In 2015 DPC lodged a business case proposal for 'improving the efficiency and effectiveness of Victorian Government transactional services', leading to the establishment of Service Victoria.<sup>52</sup> In addition to improving customer satisfaction and increasing the effectiveness of government policy and regulations, DPC estimated that Service Victoria could deliver substantial annual savings through improvements in the productivity of government departments and agencies.<sup>53</sup>

While the Committee recognises that the volume of activities delivered by Service Victoria is useful in assessing the entity's value-for-money, it would be more meaningful if DPC distinguished between the types of activities that Service Victoria delivers.

**FINDING 98:** The Department of Premier and Cabinet has included new performance measures in the 2022–23 Budget for Service Victoria, including the total volume and average cost of activities it delivers. Performance measures that differentiated between the types of activities delivered by Service Victoria or disclosed what type of activities were included in the measures would be more meaningful in providing insights into cost savings and/or productivity improvements.

**RECOMMENDATION 88:** The Department of Premier and Cabinet should consider including footnote disclosures or additional commentary in the budget papers to detail the types of activities delivered by Service Victoria that are included in its performance measures.

The 2022–23 Budget also introduces one quantitative performance measure that tracks the number of new services delivered by Service Victoria.<sup>54</sup> During the hearings the Minister for Government Services stated that over 80 services are available through

<sup>49</sup> Victorian Auditor-General's Office, *Service Victoria*, p. 10.

<sup>50</sup> Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 46–47.

<sup>51</sup> Victorian Auditor-General's Office, *Service Victoria*, pp. 6–10, 31–33, 46–47.

<sup>52</sup> *Ibid.*, pp. 2–5.

<sup>53</sup> *Ibid.*, pp. 4–5, 10.

<sup>54</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 318.

the Service Victoria platform.<sup>55</sup> This figure includes end-to-end transactions—where customers complete an entire transaction through the Service Victoria platform—and hyperlinks to other agency and department websites and platforms.<sup>56</sup> While DPC has a target of 20 new services delivered by Service Victoria in 2022–23, the Committee is uncertain what proportion of these will be end-to-end transactions.<sup>57</sup>

The Committee notes the addition of new end-to-end services represents a substantial return on investment for Service Victoria. The Committee understands that developing end-to-end services may involve building new technological infrastructure and developing formal agreements with key stakeholders. However, it considers that the optimisation and centralisation of high-value end-to-end transactions through the Service Victoria platform may also result in lower operating expenditure compared to if the same transactions were delivered in-person or via high-cost information and communication technology systems or customer service centres operated independently by other departments or agencies.<sup>58</sup>

**FINDING 99:** The 2022–23 Budget sets a target of 20 new services delivered by Service Victoria in 2022–23. These services may include both end-to-end transactions and hyperlinks to agency and department websites and platforms. The optimisation and centralisation of high-value end-to-end transactions through the Service Victoria platform has the potential to produce cost savings for the Government.

**RECOMMENDATION 89:** The Department of Premier and Cabinet should distinguish between end-to-end services and hyperlinks to other agency and department websites and platforms when reporting on the number of new services delivered by Service Victoria annually.

## Digital driving licenses

Digital driving licenses are currently offered in New South Wales and South Australia and are being trialled in Queensland with a state-wide rollout planned for 2023.<sup>59</sup>

55 Hon Danny Pearson MP, Minister for Government Services, 2022–23 Budget Estimates (Government Services) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 5.

56 Service Victoria, *Transport and driving*, 2022, <<https://service.vic.gov.au/find-services/transport-and-driving>> accessed 2 June 2022; Service Victoria, *Personal*, 2022, <<https://service.vic.gov.au/find-services/personal>> accessed 2 June 2022; Service Victoria, *Personal*, 2022, <<https://www.service.vic.gov.au/business>> accessed 2 June 2022; Service Victoria, *Work and volunteering*, 2022, <<https://www.service.vic.gov.au/find-services/work-and-volunteering>> accessed 2 June 2022; Service Victoria, *Outdoor and recreation*, 2022, <<https://www.service.vic.gov.au/find-services/outdoor-and-recreation>> accessed 2 June 2022; Service Victoria, *Housing and property*, 2022, <<https://www.service.vic.gov.au/find-services/housing-and-property>> accessed 2 June 2022; Service Victoria, *Crime and the law*, 2022, <<https://www.service.vic.gov.au/find-services/crime-and-the-law>> accessed 2 June 2022; Victorian Auditor-General's Office, *Service Victoria*, p. 21.

57 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 318.

58 Victorian Auditor-General's Office, *Service Victoria*, pp. 31–32, 76.

59 Service NSW, *Digital licenses—statistics*, 26 May 2022, <<https://www.service.nsw.gov.au/performance-dashboard/digital-licenses-statistics>> accessed 2 June 2022; Government of South Australia, Attorney-General's Department, *Validating digital licences and proof of age passes—CBS news*, 25 March 2019, <<https://www.cbs.sa.gov.au/news/validating-digital-licenses-and-proof-of-age-passes-cbs-news>> accessed 2 June 2022; Queensland Government, *Digital Licence App*, 24 February 2022, <<https://www.qld.gov.au/transport/projects/digital-licence/digital-licence>> accessed 2 June 2022.



During the hearings the Committee inquired about a digital platform for Victorian driving licenses.<sup>60</sup> The Minister for Government Services advised that discussions between Service Victoria and the Department of Transport and other departments and agencies regarding a 'range of matters' were underway.<sup>61</sup> The Minister stated, 'if you gaze forward into the future in terms of over coming years, you will have more and more of these transactions onboarded, including a digital drivers licence'.<sup>62</sup>

In DPC's business case proposal for the establishment of Service Victoria, it predicted that onboarding the full scope of VicRoads' license and registration services could result in \$17.6 million in projected benefits per year.<sup>63</sup> As of December 2020, Service Victoria delivered 3% of VicRoads' digital 12-month vehicle registration renewals and 53% of VicRoads' registration checks to customers but it did not deliver any VicRoads' licensing services.<sup>64</sup>

**FINDING 100:** Service Victoria delivers a proportion of VicRoads' license and registration services, but this does not currently include digital driving licenses. In 2015, the Department of Premier and Cabinet forecast \$17.6 million in annual benefits from the provision of VicRoads' license and registration services by Service Victoria.

**RECOMMENDATION 90:** The Department of Premier and Cabinet publish an update on Service Victoria's website about when digital driving licenses will be available in Victoria.

## 11.4.2 Jobs and Skills Exchange

The focus of the Jobs and Skills Exchange (JSE) platform has shifted away from promotional activities to support the Victorian Public Service (VPS) to enhance mobility and development opportunities for public servants and reduce expenditure on labour hire arrangements and consultants.<sup>65</sup>

Responses to the Committee's questionnaire demonstrate that 9,438 jobs (47.4%) out of a total 19,929 jobs advertised on the JSE platform were successfully filled in

<sup>60</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Government Services) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 4.

<sup>61</sup> Hon Danny Pearson MP, Minister for Government Services, *Transcript of evidence*, p. 4.

<sup>62</sup> Ibid.

<sup>63</sup> Victorian Auditor-General's Office, *Service Victoria*, p. 6.

<sup>64</sup> Ibid., pp. 6, 77.

<sup>65</sup> The Jobs and Skills Exchange (JSE) is a recruitment platform available solely to Victorian Public Service (VPS) employees that allows for exclusive visibility of job vacancies and skill development opportunities, and priority access to job opportunities across the VPS. Source: Jobs and Skills Exchange Victoria, *What is the Jobs and Skills Exchange (JSE)?*, 14 April 2022, <<https://support.jse.vic.gov.au/hc/en-au/articles/360036838994-What-is-the-Jobs-and-Skills-Exchange-JSE->> accessed 2 June 2022; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Financial and Performance Outcomes*, April 2022, pp. 158–159.



2020–21.<sup>66</sup> However, it should be noted that the Department of Health’s (DH) response included only roles that were exclusively advertised through the JSE,<sup>67</sup> whereas DPC’s response included jobs advertised concurrently on both the JSE and other external platforms.<sup>68</sup> The remaining departments and agencies did not clarify their reporting methodology.<sup>69</sup>

In response to the Committee’s questionnaire, the Department of Families, Fairness and Housing (DFFH), the Department of Jobs, Precincts and Regions (DJPR), the Department of Transport (DoT), and the Suburban Rail Loop Authority (SRLA) were the only departments and agency to provide estimated savings realised by the JSE.<sup>70</sup> The total estimated savings for these departments and agency was \$573,121.50 in 2020–21.<sup>71</sup> However, the Committee notes that DFFH’s savings calculation appears to be inconsistent with that used by DJPR, DoT, and SRLA.<sup>72</sup> The remaining departments and agencies did not provide the Committee with estimated savings achieved as a result of the JSE because the data was not available, not recorded or ‘not easily quantifiable’.<sup>73</sup>

<sup>66</sup> Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 5 May 2022, p. 101; Department of Environment Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 10 May 2022, p. 98; Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, p. 138; Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, p. 116; Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 13 May 2022, pp. 112–115; Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 11 May 2022, pp. 136–137; Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 59; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, pp. 98–99; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 9 May 2022, p. 58 (Committee calculation).

<sup>67</sup> Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 116.

<sup>68</sup> Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 59.

<sup>69</sup> Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 101; Department of Environment Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 98; Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 138; Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 112–115; Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 136–137; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 98–99; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 58.

<sup>70</sup> Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 138; Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 136–137; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 98–99.

<sup>71</sup> *Ibid.*, (Committee calculation).

<sup>72</sup> DFFH based its estimation (\$451,687) on the number of jobs filled through the JSE (1,095) and the cost of an individual job advertisement on *SEEK Premium* (\$375 + GST), while also reporting that it utilised several other methods when filling jobs that were unsuccessful on the JSE (including industry specific external job boards such as *Ethical Jobs*, *Koori Mail*, and *Family violence jobs*) that would likely incur different costs to *SEEK Premium*. Source: Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 138; Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 136–137; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 98–99; Koori Mail, *Advertise with us*, 2022, <<http://koorimail.com/advertise-with-us>> accessed 2 June 2022; Ethical Jobs, *Services & Prices*, 2022, <<https://www.ethicaljobs.com.au/services>> accessed 2 June 2022; Family Violence Jobs Talent Community, *Employer Guide*, 2022, <<https://jobs.familyviolence.vic.gov.au/employer-guide>> accessed 2 June 2022 (Committee calculation).

<sup>73</sup> Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 101; Department of Environment Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 98; Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 116; Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 115; Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 59; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 99.

In response to the Committee's questionnaire, DFFH, the Major Transport Infrastructure Authority (MTIA) and SRLA were the only department and agencies who reported on the number of jobs advertised on the JSE and awarded to contractors, consultants, or labour hire arrangements after they could not be filled through the JSE.<sup>74</sup> It is unclear from responses to the Committee's questionnaire whether jobs awarded to consultants or labour hire arrangements were factored into SRLA, DoT or DJPR's estimations of the savings realised by the JSE, especially considering DoT and DJPR did not report on this information.<sup>75</sup> The Committee notes that DFFH's savings estimate does not appear to be informed by reduced labour hire usage or consultancy expenditure, as mentioned above.<sup>76</sup> Between MTIA, SRLA and DFFH it was reported that 69 jobs in total were unsuccessfully advertised on the JSE and awarded to contractors, consultants or labour hire arrangements.<sup>77</sup> Other departments and agencies did not provide these figures to the Committee because the data was not available, 'not captured at this level', 'not centrally track[ed]' or 'not currently collect[ed]'.<sup>78</sup>

**FINDING 101:** At least 9,438 jobs across the Victorian Public Service were advertised on, and successfully filled through the Jobs and Skills Exchange (JSE) in 2020–21. During this period, at least 19,929 jobs were advertised on the JSE platform. The Committee did not receive an accurate estimate of the savings achieved by all departments and agencies as a result of the JSE.

**FINDING 102:** In response to its questionnaire, the Committee did not receive an accurate estimate of the number of jobs awarded to contractors and consultants or under labour hire arrangements after being unsuccessfully advertised on the Jobs and Skills Exchange (JSE), nor an estimate of the savings realised by the JSE through reduced contractor, consultant and labour hire usage.

**FINDING 103:** The Committee notes the importance of ensuring high quality data is collected from departments and agencies with respect to whole-of-government savings initiatives to ensure an accurate assessment can be made of the initiatives' outcomes.

<sup>74</sup> Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 138; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 98–99.

<sup>75</sup> Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 136–137; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 98–99.

<sup>76</sup> Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 138.

<sup>77</sup> Department of Families, Fairness and Housing, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 138; Department of Transport, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 98–99 (Committee calculation).

<sup>78</sup> Department of Education and Training, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 101; Department of Environment Land, Water and Planning, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 98; Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 116; Department of Justice and Community Safety, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 112–115; Department of Jobs, Precincts and Regions, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 136–137; Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 59; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 58.

**RECOMMENDATION 91:** All government departments and agencies publish in their annual reports the number of jobs successfully filled through the Jobs and Skills Exchange (JSE), the number of jobs awarded to contractors, consultants or under labour hire arrangements after being unsuccessfully advertised on the JSE, and the total estimated savings realised as a result of the JSE.

### 11.4.3 Public service working from home arrangements

During the hearings the importance of cybersecurity and data security controls associated with ongoing working from home arrangements across the public service were discussed.<sup>79</sup> The Chief Executive Officer (CEO) of Digital Victoria advised that remote work is as safe as onsite work due to consistent security controls and virtual private network (VPN) access to secure networks.<sup>80</sup>

The Committee inquired as to whether additional training was required and whether further information technology (IT) costs are incurred because of public servants working from home.<sup>81</sup> The CEO of Digital Victoria advised no additional training was required and there were no additional costs.<sup>82</sup>

**FINDING 104:** For the Victorian Public Service, cyber security and data protection when working from home is as safe as working onsite due to consistent security controls and virtual private network access to secure networks.

## 11.5 Industrial Relations portfolio: key issues

The Minister for Industrial Relations is responsible for one output: Industrial Relations (funding in 2022–23: \$35.7 million).<sup>83</sup>

### 11.5.1 Wage Inspectorate Victoria

The 2020–21 Budget allocated \$17.5 million to establish the Wage Inspectorate in accordance with the *Wage Theft Act 2020* (Vic).<sup>84</sup> The 2022–23 Budget allocates a

<sup>79</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Government Services) hearing, *Transcript of evidence*, p. 2.

<sup>80</sup> Mr Michael McNamara, Chief Executive Officer, Digital Victoria, 2022–23 Budget Estimates (Government Services) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 2.

<sup>81</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Government Services) hearing, *Transcript of evidence*, p. 3.

<sup>82</sup> Mr Michael McNamara, Chief Executive Officer, Digital Victoria, *Transcript of evidence*, p. 3; Mr Michael McNamara, Chief Executive Officer, Digital Victoria, 2022–23 Budget Estimates (Government Services) hearing, response to questions on notice received 30 May 2022, p. 1.

<sup>83</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 313, 320.

<sup>84</sup> The 2020–21 Budget allocated \$13.5 million in output initiative funding and \$4 million in asset initiative funding in 2020–21 and 2021–22 to *New laws to criminalise wage theft*, a new initiative to establish the Wage Inspectorate Victoria as a Statutory Authority to enforce the *Wage Theft Act 2020*. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 115, 120, 126 (Committee calculation).

further \$6 million in output initiative funding to continue the Wage Inspectorate's wage theft compliance, enforcement and education activities.<sup>85</sup>

Although the funding allocated to the Wage Inspectorate in the 2020–21 Budget was set to lapse in 2021–22, the Committee welcomes its continued funding in the 2022–23 Budget, recognising that systematic underpayment and non-payment of employee entitlements remains a deep-rooted issue in Australia.<sup>86</sup> DPC acknowledged that without ongoing funding the Wage Inspectorate would be unable to continue its crucial operations of enforcing Victoria's wage theft laws in accordance with the *Wage Theft Act 2020* (Vic) from 2022–23 onwards.<sup>87</sup> However, it should be noted that no new output initiative funding has been allocated over the forward estimates in the 2022–23 Budget.<sup>88</sup>

While two existing budget paper performance measures relate to the Wage Inspectorate's compliance and enforcement of the *Child Employment Act 2003* (Vic) and the *Long Service Leave Act 2018* (Vic), no measures relevant to its wage theft operations are included in the 2022–23 Budget. DPC stated it is currently in discussion with the Department of Treasury and Finance (DTF) regarding revised budget paper performance measures.<sup>89</sup> However, the Committee notes that valuable data already appears to be available to the department, with DPC reporting that the Wage Inspectorate has responded to 325 wage theft inquiries and assessed 260 wage theft reports since commencing its operations on 1 July 2021.<sup>90</sup>

**FINDING 105:** Ongoing funding for the Wage Inspectorate Victoria is required to continue essential operations targeting systematic underpayment and non-payment of employee entitlements. Although funding has been extended through an additional \$6 million in 2022–23, no new output initiative funding is allocated over the forward estimates in the 2022–23 Budget. Budget paper performance measures related to the Wage Inspectorate's wage theft operations have not yet been developed.

**RECOMMENDATION 92:** The Department of Premier and Cabinet develop and introduce new performance measures to report on the Wage Inspectorate's wage theft operations in the 2023–24 Budget.

<sup>85</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 104, 106.

<sup>86</sup> Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 25–26; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 115, 126.

<sup>87</sup> Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 25–26.

<sup>88</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 104.

<sup>89</sup> Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 26.

<sup>90</sup> *Ibid.*, pp. 25–26.

## 11.5.2 Public sector wage growth and inflation

Industrial Relations Victoria (IRV) oversees public sector enterprise bargaining policies and processes and assists with bargaining negotiations across the VPS.<sup>91</sup> At the hearings the Minister for Industrial Relations advised the Committee that in 2021–22, IRV’s public sector division finalised approximately 70 public sector enterprise agreements.<sup>92</sup>

Nominal wage growth in the VPS is primarily driven by enterprise bargaining agreements, which are moderated by the Government’s wages policy.<sup>93</sup> Under the *Wages Policy 2022*, increases in VPS wages and conditions are capped at an annual growth rate of 1.5%, with additional, negotiable changes to allowances and other conditions restricted to 0.5% of the salary base during the bargaining process.<sup>94</sup>

General government sector employee expenses (including superannuation) are the State’s largest expense in the 2022–23 Budget and are budgeted at \$37.5 billion in 2022–23.<sup>95</sup> By 2025–26, employee expenses are forecast to reach \$40.1 billion, representing an average growth of 2.2% annually over the forward estimates.<sup>96</sup> The employee expenses forecasts are determined by wage growth and the number of employees, so nominal wage growth across the public sector may be less than 2.2% annually.<sup>97</sup>

**FINDING 106:** Nominal wage growth in the Victorian Public Service is primarily driven by enterprise bargaining agreements, which are moderated by the Government’s wages policy. The *Wages Policy 2022* currently caps public sector wage growth to 1.5% annually, allowing for the negotiation of an additional 0.5% increase during bargaining. The 2022–23 Budget forecasts employee expenses to increase by 2.2% annually over the forward estimates, from \$37.5 billion in 2022–23 to \$40.1 billion in 2025–26.

In the 2022–23 Budget, DTF predicts inflation to reach 3.0% on average in 2021–22, and to ease to 2.5% on average in 2022–23.<sup>98</sup> As of August 2022, the Reserve Bank of Australia (RBA) forecasts the consumer price index (CPI) to peak at an average of 7.75% over the 2022 calendar year, returning to an average of 3.0% over 2024.<sup>99</sup>

<sup>91</sup> Department of Premier and Cabinet, *Department of Premier and Cabinet: Annual Report 2020–21*, Melbourne, 2021, pp. 13–14.

<sup>92</sup> Mr Tim Pallas, Minister for Industrial Relations, 2022–23 Budget Estimates (Industrial Relations) hearing, Melbourne, 13 May 2022, *Transcript of evidence*, p. 1.

<sup>93</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, Melbourne, 2022, p. 72.

<sup>94</sup> Victorian Government, *Moving to the New Wages Policy 2022*, April 2022, <<https://www.vic.gov.au/moving-new-wages-policy-2022>> accessed 6 June 2022.

<sup>95</sup> See Section 2.2.3 for additional details about the State’s expenses and CPI. Source: Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, pp. 60 (Committee calculation).

<sup>96</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23*, pp. 60, 64 (Committee calculation).

<sup>97</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2022–23 Strategy and Outlook*, p. 72.

<sup>98</sup> *Ibid.*, p. 32.

<sup>99</sup> The Committee notes these forecasts are rounded to the nearest quarter point. Source: Reserve Bank of Australia, *Statement by Philip Lowe, Governor: Monetary Policy Decision*, media release, 2 August 2022.

The Committee notes that under the *Wages Policy 2022*, nominal income growth for the VPS is restricted at a lower rate than the CPI forecast of both DTF and the RBA. Given current predictions by the RBA, this means that if current public sector wage caps remain in place, workers could experience reductions in real wages until after 2024 at the earliest.<sup>100</sup>

During the hearings the Treasurer reminded the Committee that the *Wages Policy 2022* will be reviewed as part of the next term of government ‘in order to ensure that our workforce get a reasonable return on their labour, which is valued by the State.’<sup>101</sup> When asked why the Government is continuing the *Wages Policy 2022*, given current increases to the CPI, the Treasurer explained that altering the policy prior to scheduled reviews would disadvantage those under existing enterprise agreements.<sup>102</sup> The Treasurer also drew attention to the importance of viewing the public sector wage strategy in the context of the Government’s commitment to fiscal repair.<sup>103</sup>

**FINDING 107:** Based on the Government’s *Wages Policy 2022* and the forecast inflation rate, nominal wage growth in the Victorian public sector will not exceed inflation in 2022–23, resulting in a reduction in real wages. The *Wages Policy 2022* will be reviewed during the next term of government.

## 11.6 Performance measures

### 11.6.1 Department wide: analysis of new performance measures

DPC added 16 new performance measures in the 2022–23 Budget, seven of which replaced discontinued measures.<sup>104</sup> DPC has modified the targets for nine of its existing performance measures in the 2022–23 Budget.<sup>105</sup> The Committee has identified weaknesses with six of DPC’s new measures. Table 11.1 below summarises the issues with these measures by the relevant output.

<sup>100</sup> Victorian Government, *Moving to the New Wages Policy 2022*; Reserve Bank of Australia, *Statement by Philip Lowe, Governor: Monetary Policy Decision*, media release.

<sup>101</sup> Mr Tim Pallas, Treasurer, 2022–23 Budget Estimates (Treasurer) hearing, Melbourne, 13 May 2022, *Transcript of evidence*, p. 14.

<sup>102</sup> Ibid.

<sup>103</sup> Ibid.

<sup>104</sup> Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 42–49.

<sup>105</sup> Ibid., pp. 50–53.



**Table 11.1** Issues with new performance measures in 2022–23

Output	Performance measures	Issues identified by the Committee
Self-determination Policy and Reform Advice and Programs	Completion of an Aboriginal-led evaluation and review of government performance under the Victorian Aboriginal Affairs Framework 2018–2023 and the National Agreement on Closing the Gap (Quality)	While the Committee commends the department for progressing self-determination through ensuring the delivery of an Aboriginal-led evaluation of government performance under the Victorian Aboriginal Affairs Framework 2018–2023 and the National Agreement on Closing the Gap, it notes that this measure does not track Victoria's progress or outcomes realised regarding these frameworks. The Committee recommends the department develop additional measures to track the Government's progress in meeting its annual objectives and commitments under these agreements.
	Delivery of a public report on outcomes for Aboriginal Victorians to be tabled in parliament by 30 June each financial year (Timeliness)	The Department of Premier and Cabinet (DPC) states this measure will 'determine the Victorian Government's progress in meeting its commitments to improving outcomes for and with Aboriginal Victorians'. However, the Committee notes that a timeliness measure does not track actual commitments realised, nor outcomes delivered or improved upon for Aboriginal Victorians.  DPC acknowledged a shortcoming of this performance measure being that some measures included in the public report could not be updated annually due to data reporting schedules. Without including these in the public report, the Committee notes that the department cannot measure whether they met or failed to meet the relevant commitments to improving outcomes for Aboriginal Victorians.  The Committee recommends that DPC develop additional measure/s that assess the outcomes improved upon and delivered for Aboriginal Victorians by the department.
Traditional Owner Engagement and Cultural Heritage Management Programs (Quality)	The service provision of the Office of the Victorian Aboriginal Heritage Council enables the Victorian Aboriginal Heritage Council to undertake its statutory responsibilities	The Committee notes the conflict of interest between DPC administering the qualitative survey, as the Victorian Aboriginal Heritage Council is a portfolio agency that is dependent on funding from DPC for its ongoing operation. The Committee notes the difficulty of assessing the quality of DPC's service provision but considers alternate quality performance measures could be introduced based on data it can collect.
Digital Strategy and Transformation (Quantity)	Number of new services Service Victoria delivers  Volume of activities delivered by Service Victoria  Average cost per activity delivered by Service Victoria	DPC acknowledges that these measures are quantitative and do not differentiate between different types of services delivered by Service Victoria. The Committee recommends that the department consider additional performance measures as outlined in Section 11.4.1.

Source: Department of Premier and Cabinet, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 5 May 2022, pp. 43–44, 46.

**RECOMMENDATION 93:** The Department of Premier and Cabinet address the shortcomings in the six new performance measures introduced in 2022–23 and identified by the Committee through further, or altered, performance measures in the 2023–24 Budget.

## 11.6.2 Department wide: analysis of performance measures proposed to be discontinued

DPC identified twelve performance measures for discontinuation in the 2022–23 Budget.<sup>106</sup>

The Committee supports DPC’s rationale for the discontinuation of these measures in all cases:

- Ten of these measures are proposed to be replaced by twelve new measures, some of which are addressed in Table 11.1.
- Two measures related to initiatives or programs which are no longer funded.<sup>107</sup>

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<sup>106</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 403–404.

<sup>107</sup> Ibid.



# 12 Department of Treasury and Finance

## 12.1 Overview

The Department of Treasury and Finance (DTF) supports four ministerial portfolios: Treasurer, Economic Development, Assistant Treasurer and Regulatory Reform.<sup>1</sup>

DTF's mission is to provide economic, commercial, financial and resource management advice to help the Victorian Government deliver its policies.<sup>2</sup>

In 2022–23 DTF's departmental objectives are to:

- optimise Victoria's fiscal resources
- strengthen Victoria's economic performance
- improve how the Government manages its balance sheet, commercial activities and public sector infrastructure
- deliver strategic and efficient whole of government common services.<sup>3</sup>

The key issues section of this chapter focuses on matters relevant to DTF's four portfolios that were identified during the inquiry and at the estimates hearings.

## 12.2 Financial analysis

In 2022–23 DTF has the second smallest budget of all Victorian Government departments, representing 0.8% of total government output.<sup>4</sup>

In 2022–23 DTF is allocated \$574.5 million to fund its outputs, a decrease of \$34 million (5.6%) compared to the 2021–22 Budget.<sup>5</sup>

DTF's output appropriations are budgeted as \$564.5 million for 2022–23, an increase of \$5.9 million (1.1%) compared to the 2021–22 revised budget.<sup>6</sup> Revenue from grants is budgeted as \$9.6 million for 2022–23, an increase of \$1.5 million (18.5%) compared to

1 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 353.

2 Ibid.

3 Ibid., pp. 353–354.

4 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 354 (Committee calculation).

5 Ibid., (Committee calculation).

6 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 355 (Committee calculation).

the 2021–22 revised budget.<sup>7</sup> This increase primarily reflects higher grant revenue expected to be collected by the Office of Projects Victoria (OPV) from other government departments.<sup>8</sup>

Grants and other transfers are budgeted as \$161 million for 2022–23, an increase of \$79 million (96%) compared to 2021–22 revised budget. DTF explained this increase as reflecting rephasing of Invest Victoria’s grant expense for various projects from the previous year and expenditure from new initiatives such as *Maintaining Victoria’s competitive position in the FDI* (Foreign Direct Investment) *market* and *Supporting Economic Recovery*.<sup>9</sup>

DTF’s three largest new output initiatives in the 2022–23 Budget over the forward estimates are:

- Supporting Victorian Manufacturing–International investment attraction—\$40 million
- Business Acceleration Fund—\$10 million
- Victorian Government Trade and Investment Network resourcing—\$5 million.<sup>10</sup>

In 2022–23 DTF’s capital program comprises \$4.1 million for one new project and \$238.4 million in existing projects.<sup>11</sup> The new capital project, *Supporting better customer protections in essential services (statewide)*, provides funding to the Essential Services Commission (ESC) to improve protections for participants in the Victorian Energy Upgrade and support ESC’s regulatory oversight of the Port of Melbourne, including compliance with a new port customer charter.<sup>12</sup>

### 12.3 Treasurer’s portfolio: key issues

The Treasurer is responsible for five outputs. Two are shared with the Assistant Treasurer (Budget and Financial Advice and Commercial and Infrastructure Advice) and one is shared with the Minister for Regulatory Reform (Economic and Policy Advice).<sup>13</sup> Funding allocated according to the Treasurer’s outputs in 2022–23 is illustrated in Figure 12.1.

7 Ibid., (Committee calculation).

8 Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 9 May 2022, p. 21.

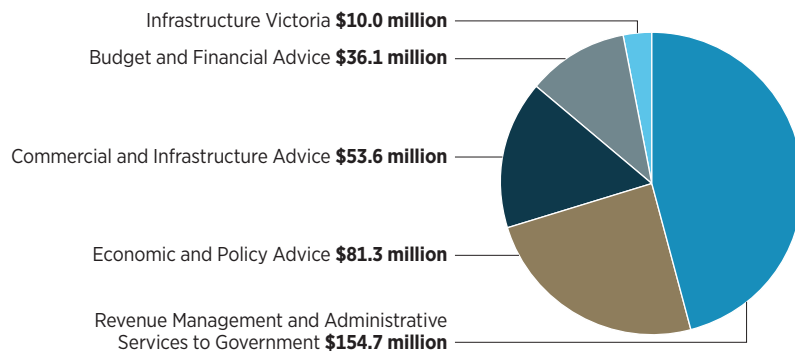
9 Ibid., p. 22.

10 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 122 (Committee calculation).

11 Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 90–91.

12 Ibid., p. 90; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 124.

13 Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 67–84.

**Figure 12.1 Treasurer’s portfolio—funding by output, 2022–23**

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 354; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 5 May 2022, pp. 67–84.

### 12.3.1 Gender Responsive Budgeting

The 2022–23 Budget allocates \$1.1 million to the *Embedding gender responsive budgeting in Victoria’s legislation* initiative ‘to secure the practice across all public sector entities’.<sup>14</sup> This initiative contributes to the Budget and Financial Advice output and will be funded by an internal reprioritisation of funds.<sup>15</sup>

This initiative also implements the recommendation made by the Committee in its *Inquiry into Gender Responsive Budgeting (GRB)*:

Recommendation 4: The Victorian Government, the Department of Treasury and Finance and public administrative institutions provide a high-level commitment to Gender Responsive Budgeting (GRB) through legislative change, placing requirements on future governments to administer and continue GRB policies and processes.<sup>16</sup>

In its response to the Committee’s questionnaire DTF advised that since the \$1 million funding in the 2021–22 Budget to implement GRB in Victoria, it has established a small GRB Unit within DTF and has supported government agencies and departments to conduct Gender Impact Assessments (GIAs).<sup>17</sup>

<sup>14</sup> Gender responsive budgeting (GRB) is a tool used to ensure that public financial management contributes to gender equality. GRB analyses the impact of a budget on gender equality and provides a process for adapting budgetary decision making and priority setting. GRB can help assess whether policies proposed in a budget will benefit or disadvantage individuals based on their gender and guide reform in the interest of supporting more gender equitable outcomes. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into Gender Responsive Budgeting*, March 2022, p. 2; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 122.

<sup>15</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 122; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 28.

<sup>16</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into Gender Responsive Budgeting*, p. 29.

<sup>17</sup> A gender impact assessment (GIA) assesses the effects that a policy, program or service may have on people of different genders and explains how the policy, program or service will be changed to better support Victorians of all genders and promote gender equality. Source: Commission for Gender Equality in the Public Sector, *Gender impact assessments, 2022*, <<https://www.genderequalitycommission.vic.gov.au/gender-impact-assessments>> accessed 20 June 2022; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 133.

Since 31 March 2021, all Government agencies and departments are required to conduct GIAs on all new policies, programs or services with a direct and significant impact on the public, as well as those coming up for review.<sup>18</sup> This included relevant 2022–23 budget submissions, which DTF supported by providing updated resources and conducting workshops with relevant public service staff.<sup>19</sup> However, in response to the Committee’s questionnaire, the Department of Health (DH) identified that GIAs had not been undertaken for asset initiatives funded through the 2022–23 State Budget.<sup>20</sup>

The Committee notes that the *Gender Equality Act 2020* (Vic) and explanatory memorandum specify that GIAs are required to be undertaken:

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 [emphasis added].<sup>21</sup>

While this does not appear to require GIAs to be undertaken in relation to asset initiatives, any policies to be administered that involve capital assets that also have a direct and significant impact on the public would require a GIA. The Committee understands that DH is working with the Gender Equality Office on relevant asset initiatives to ‘identify an approach to include Gender Impact Assessments as key milestones in its program management process’.<sup>22</sup>

DTF’s GRB Unit ‘will be tracked against the implementation plan approved by the Treasurer’ which focuses on three key areas:

- monitoring and assessing impact and progress of GRB on gender equality
- the budget process, including templates and central agency analysis and briefings
- informing decision makers’ policy development and decision making, including ministers and their departments, ranging from problem identification, solutions development, policy or service delivery proposals and business cases through to Expenditure Review Committee submissions and decisions.<sup>23</sup>

No performance measures related to the implementation of GRB are included in the 2022–23 budget papers. While the Committee acknowledges some lead time may be required to develop performance measures related to GRB, it considers tracking the implementation of legislative change and the outcomes achieved by GRB to be important.

<sup>18</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 133; Commission for Gender Equality in the Public Sector, *List of defined entities under the Gender Equality Act, 2022*, <<https://www.genderequalitycommission.vic.gov.au/list-defined-entities>> accessed 22 June 2022.

<sup>19</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 133.

<sup>20</sup> Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, received 16 May 2022, p. 141.

<sup>21</sup> *Gender Equality Act 2020* (Vic) s 9; Explanatory Memorandum, Gender Equality Bill 2019 (Vic), p. 5.

<sup>22</sup> Department of Health, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 141.

<sup>23</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 134.

**FINDING 108:** The Department of Treasury and Finance (DTF) has responded to the Committee’s March 2022 recommendation that it provide a high-level commitment to Gender Responsive Budgeting through legislative change. It has done so through the introduction of the *Embedding gender responsive budgeting in Victoria’s legislation* output initiative. The Committee commends DTF for its quick response in implementing this recommendation.

**FINDING 109:** No performance measures relating to embedding Gender Responsive Budgeting through legislative change and the outcomes this will achieve are included in the 2022–23 budget papers.

**RECOMMENDATION 94:** The Government introduce performance measures in the 2023–24 Budget to track the progress made toward embedding Gender Responsive Budgeting (GRB) in Victoria’s legislation as well as the outcomes achieved by GRB.

## 12.4 Assistant Treasurer’s portfolio: key issues

The Assistant Treasurer is responsible for the Services to Government output (funding in 2022–23: \$53.1 million) and the Economic Regulatory Services output (funding in 2022–23: \$35.7 million).<sup>24</sup> As discussed above, the Assistant Treasurer also shares responsibility with the Treasurer for the Budget and Financial Advice output (funding in 2022–23: \$36.1 million) and the Commercial and Infrastructure Advice output (funding in 2022–23: \$53.6 million).<sup>25</sup>

### 12.4.1 Centralised Accommodation Management program

The Assistant Treasurer is responsible for the Centralised Accommodation Management (CAM) program, which contributes to the Services to Government output.<sup>26</sup>

Under the CAM program, the Shared Service Provider (SSP) delivers shared services to 28 government departments and agencies.<sup>27</sup> The SSP provides office accommodation management services in partnership with Jones Lang Lasalle.<sup>28</sup> The services include facilities, real estate and project and security management and are provided under a six-year contract that commenced in 2017.<sup>29</sup>

<sup>24</sup> Ibid., pp. 67–84; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 354.

<sup>25</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 364; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 67–84.

<sup>26</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 10.

<sup>27</sup> The SSP delivered services in office accommodation management, library and car pool services. Source: Hon Danny Pearson MP, *2022–23 Budget Estimates hearings presentation: Assistant Treasurer*, supplementary evidence received 16 May 2022, p. 2.

<sup>28</sup> Ibid.

<sup>29</sup> Hon Danny Pearson MP, Assistant Treasurer, 2022–23 Budget Estimates (Assistant Treasurer) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, pp. 1–2.

At the hearing, the Assistant Treasurer advised that the SSP ‘continues to improve the quality and the efficiency of services delivered across the public sector’ including through:

- aggregated buying power
- effective vendor procurement and contract management
- centralised strategy development and implementation for common shared services.<sup>30</sup>

DTF also advised that in the last year SSP has finalised most of a refreshed Occupancy Agreement to cover the period from 1 July 2021 to 30 June 2023.<sup>31</sup>

The Accommodation Management Efficiency Program (AMEP) is a component of CAM that aims to generate savings in the State’s managed office accommodation portfolio.<sup>32</sup> DTF advised ‘recruitment has commenced with new staff supporting the program, and that further recruitment [was] to be undertaken during Q4 [quarter 4] 2021–22’.<sup>33</sup> In response to the Committee’s questionnaire, DTF explained that savings under CAM AMEP of \$34.4 million are on track for being achieved by 30 June 2023.<sup>34</sup>

The Committee notes that the 2022–23 Budget includes the following performance measures to assess the outcomes achieved by the implementation of CAM:

- Total accommodation cost—target of \$397 per square metre (sqm), which achieved \$389 per sqm in 2020–21 and has an expected outcome of \$419 per sqm in 2020–21. DTF explained the expected outcome is due to its managed portfolio having a large proportion of onboarded properties located in the Central Business District which have a higher sqm cost and a reduction in regional sites, which generally carry a lower sqm cost<sup>35</sup>
- Workspace ratio—target of 12 sqm per full time equivalent employee (FTE) which achieved 13.7 sqm per FTE in 2020–21 and has an expected outcome of 13 sqm per FTE in 2021–22. DTF explained that the new space management system’s maturation and validation meant more space was included which was previously excluded.<sup>36</sup> DTF also advised that following full implementation of return to the office and the ongoing transition towards hybrid and flexible working, it is expected that future workspace ratio results will progressively fall to the target 12 sqm per FTE.<sup>37</sup>

<sup>30</sup> Ibid., p. 1; Hon Danny Pearson MP, *2022–23 Budget Estimates hearings presentation: Assistant Treasurer*, supplementary evidence, p. 2.

<sup>31</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 10.

<sup>32</sup> Ibid., pp. 10–11.

<sup>33</sup> Ibid.

<sup>34</sup> Ibid., p. 10.

<sup>35</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 369.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

While these performance measures provide useful information about the impact of the CAM and SSP on reducing the cost and size of workspaces across the whole of government per sqm, they do not provide insight into the total savings realised because of the program. DTF also does not publish this information in its annual report.<sup>38</sup>

**FINDING 110:** A key focus of the Department of Treasury and Finance’s (DTF) Centralised Accommodation Management (CAM) program is generating cost savings to government. While the 2022–23 budget papers include useful performance measures to assess the impact of the CAM program on reducing the cost and size of government workspaces per square metre, DTF does not publish the total cost savings realised through the program.

**RECOMMENDATION 95:** The Department of Treasury and Finance publish the total cost savings to Government achieved through the Centralised Asset Management program.

## 12.4.2 Social Procurement Framework

Social procurement helps position organisations to use buying power to generate social value beyond the value of the goods, services or construction being procured.<sup>39</sup> Victoria’s Social Procurement Framework (SPF) came into effect on 1 September 2018.<sup>40</sup> It operates with two broad approaches:

- the ‘direct’ approach—where goods and services are purchased from Victorian social enterprises, Victorian Aboriginal businesses and other social benefit suppliers such as Victorian Australian Disability Enterprises
- the ‘indirect’ approach—which involves using the invitation to supply process and clauses in contracts with the private sector to seek social and sustainable outcomes for Victorians.<sup>41</sup>

The 2020–21 Budget allocated funding of \$4 million split equally across each financial year from 2020–21 to 2023–24 to DTF to strengthen support for and compliance with the SPF.<sup>42</sup> At the hearings the Assistant Treasurer drew attention to DTF’s role in supporting the SPF through its Social Procurement Assurance Team who provide advisory services in relation to the SPF.<sup>43</sup>

<sup>38</sup> Department of Treasury and Finance, *Annual Report 2020–21*, Melbourne, 2021, p. 64.

<sup>39</sup> Buying for Victoria, *Social procurement - Victorian Government approach*, 2022, <<https://www.buyingforvic.gov.au/social-procurement-victorian-government-approach>> accessed 2 June 2022.

<sup>40</sup> Hon Danny Pearson MP, Assistant Treasurer, *Transcript of evidence*, p. 2.

<sup>41</sup> Buying for Victoria, *Social procurement - Victorian Government approach*.

<sup>42</sup> Hon Danny Pearson MP, Assistant Treasurer, *Transcript of evidence*, p. 1; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, 2020, p. 137.

<sup>43</sup> Hon Danny Pearson MP, Assistant Treasurer, *Transcript of evidence*, p. 1; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 15.

Since 1 January 2022 the Social Procurement Assistance Team has been responsible for the *Building Equality Policy* (BEP).<sup>44</sup> The BEP ‘seeks to disrupt the existing gender stereotypes, norms and roles in the construction sector’ through social procurement.<sup>45</sup> The BEP applies to all entities defined as either a public body or a department under Section 3 of the *Financial Management Act 1994* (Vic), as well as all publicly funded construction projects valued at \$20 million or more.<sup>46</sup> The BEP requires suppliers to:

- meet project-specific gender equality targets
- engage women as apprentices and trainees
- implement Gender Equality Action Plans.<sup>47</sup>

The 2022–23 Budget also introduces a new performance measure in relation to the Social Procurement Assurance Team—‘Number of state procurement high value engagements supported’.<sup>48</sup> This performance measure is discussed further in Section 12.7.1. This performance measure should, by design, capture publicly funded construction projects valued at \$20 million or more which are covered by the BEP.

**FINDING 111:** The Department of Treasury and Finance’s Social Procurement Assurance Team’s responsibilities have been expanded with new responsibility for the *Building Equality Policy* which applies to all entities defined as either a public body or a department under Section 3 of the *Financial Management Act 1994* (Vic), as well as all publicly funded building projects valued at \$20 million or more.

### 12.4.3 Greener Government Buildings program

The Greener Government Buildings (GGB) program aims to increase the energy efficiency of existing government buildings through combinations of: lighting upgrades, heating, ventilation and cooling upgrades, solar panels and building automation and controls.<sup>49</sup> The program uses Energy Performance Contracts (EPCs), which require contractors to design, implement, verify and guarantee the savings from the upgrade projects.<sup>50</sup> EPCs target a ‘5-year simple payback period’, meaning that the projects must pay for themselves with the savings achieved over five years.<sup>51</sup> The savings realised through the program are reinvested in a fund to pay for future projects.<sup>52</sup>

44 Hon Danny Pearson MP, Assistant Treasurer, *Transcript of evidence*, p. 1.

45 Victorian Government, *Building Equality Policy*, 23 May 2022, <<https://www.vic.gov.au/building-equality-policy>> accessed 3 June 2022.

46 Ibid.

47 Ibid.

48 Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 47.

49 Department of Treasury and Finance, *Greener Government Buildings*, 12 December 2020, <<https://www.dtf.vic.gov.au/funds-programs-and-policies/greener-government-buildings>> accessed 9 June 2022.

50 Ibid.

51 Ibid.

52 Hon Danny Pearson MP, Assistant Treasurer, *Transcript of evidence*, p. 9.



The 2020–21 Budget included \$59.9 million in capital funding for the *Greener Government Buildings (Melbourne)* asset initiative.<sup>53</sup> This total estimated investment is reflected in the 2022–23 Budget, which shows estimated expenditure on the initiative as \$20.9 million in 2022–23, with \$39 million remaining.<sup>54</sup>

During the hearings, the Assistant Treasurer outlined the successes of the GGB initiatives, including:

- spending of \$300 million on energy efficient upgrades across 48 projects at large venues, including the Melbourne Cricket Ground, Federation Square, Melbourne Sports and Aquatic Centre (MSAC) and a number of Technical and Further Education (TAFE) facilities
- reductions in greenhouse gas emissions of approximately 6.3%
- ongoing savings of more than \$44 million per year through reduced energy and maintenance expenditure.<sup>55</sup>

The Committee notes that DTF also publishes information about the achievements of the GGB program on its website. It states:

Since its establishment in 2009, GGB has facilitated over \$200 million in energy efficiency and renewable energy projects across 35 projects. Combined, these projects are estimated to achieve annual savings of \$27 million and abate over 132,000 tonnes of GHG [greenhouse gas emissions] per year.<sup>56</sup>

The 2022–23 budget papers do not include performance measures to demonstrate the cost savings and environmental outcomes achieved by the GGB program.<sup>57</sup>

**FINDING 112:** The 2022–23 budget papers do not include performance measures to demonstrate the cost savings and environmental outcomes achieved by the Greener Government Buildings program.

**RECOMMENDATION 96:** The Department of Treasury and Finance include performance measures under the Commercial and Infrastructure Advice output in the 2023–24 Budget that measure both the estimated cost savings and greenhouse gas emission abatements realised through the Greener Government Buildings program.

<sup>53</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 141.

<sup>54</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 90.

<sup>55</sup> Hon Danny Pearson MP, Assistant Treasurer, *Transcript of evidence*, p. 9.

<sup>56</sup> Department of Treasury and Finance, *Greener Government Buildings*.

<sup>57</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 353–369.

## 12.5 Economic Development portfolio: key issues

The Minister for Economic Development is responsible for the Invest Victoria output (funding in 2022–23: \$150 million).<sup>58</sup>

### 12.5.1 Investment attraction

The 2022–23 Budget introduces three new output initiatives for Invest Victoria to encourage investment in the Victorian economy:

- \$40 million across 2022–23 and 2023–24 for Supporting Victorian Manufacturing–International investment attraction. This initiative is designed to attract strategic investments that are aligned with the Government’s International Investment Strategy to enhance the future prosperity of the Victorian economy including through domestic supply chain capability<sup>59</sup>
- \$5 million across 2022–23 and 2023–24 for Victorian Government Trade and Investment Network resourcing. This initiative is designed to support the continued operations of the Network in strategic markets to stimulate foreign direct investment flows and talent attraction in key sectors of the Victorian economy<sup>60</sup>
- \$1.8 million between 2022–23 and 2025–26 for Supporting Victorian Manufacturing–Equity investment attraction. This initiative will establish a \$20 million equity investment pilot fund to attract Victorian, interstate and international companies that ‘align with Victoria’s priority strengths, bolstering the State’s start-up ecosystem and supporting sovereign manufacturing capabilities’.<sup>61</sup>

At the hearings, the Minister for Economic Development spoke to Invest Victoria’s successes and the related tangible benefits, including:

- in 2021 the Victorian government-supported investments from Europe and the United States of America are expected to generate \$1.2 billion in capital expenditure and 2,190 FTE jobs in Victoria, up from \$420 million and 1,450 FTE in 2020<sup>62</sup>
- the global game studio Keywords will establish its headquarters and development studio in Victoria creating 130 new high-skilled jobs within three years<sup>63</sup>
- the Singaporean tech firm NCS will establish its NEXT Cloud Centre of Excellence in Melbourne, which should create 500 new digitally skilled jobs and will focus on innovation, technology advancement and artificial intelligence, among other technologies.<sup>64</sup>

<sup>58</sup> Ibid., p 354; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 77.

<sup>59</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 122, 124.

<sup>60</sup> Ibid.

<sup>61</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 122, 124 (Committee calculation).

<sup>62</sup> Mr Tim Pallas MP, Minister for Economic Development, 2022–23 Budget Estimates (Economic Development) hearing, Melbourne, 13 May 2022, *Transcript of evidence*, p. 1.

<sup>63</sup> Ibid.; Australian Trade and Investment Commission, *Investor Updates*, 2021, <<https://www.austrade.gov.au/international/invest/investor-updates/2021/singapore-s-ncs-sets-up-new-cloud-centre-of-excellence-in-australia>> accessed 20 June 2022.

<sup>64</sup> Mr Tim Pallas MP, Minister for Economic Development, *Transcript of evidence*, p. 1.

**FINDING 113:** The 2022–23 Budget introduces three new output initiatives for Invest Victoria aimed at continuing to encourage investment in the Victorian economy. This includes \$40 million across 2022–23 and 2023–24 for the *Supporting Victorian Manufacturing–International investment attraction* initiative that is aligned with the Government’s *International Investment Strategy* to enhance the future prosperity of the Victorian economy including through domestic supply chain capability.

## 12.6 Regulatory Reform portfolio: key issues

The Minister for Regulatory Reform is responsible for the Economic and Policy Advice output (funding in 2022–23: \$81.3 million).<sup>65</sup> As discussed above, this responsibility is shared with the Treasurer.<sup>66</sup> The 2022–23 Budget for the output represents a decrease of \$15.5 million (16%) from the 2021–22 Budget.<sup>67</sup>

### 12.6.1 Loans and guarantees to support more housing

The 2022–23 Budget includes \$2.3 million over the forward estimates for the *Unlocking the potential of loans and guarantees to support more housing* initiative which contributes to the Economic and Policy Advice output.<sup>68</sup> In relation to this initiative, the 2022–23 Budget states:

Up to a further \$1 billion will be made available in low interest loans and government guarantees to community housing agencies to deliver social and affordable housing. This will facilitate up to 6,000 new social and affordable housing dwellings, providing accommodation for some of the most vulnerable Victorians as well as key workers.<sup>69</sup>

The Committee is unable to determine where the ‘up to a further \$1 billion’ in low interest loans and guarantees is accounted for in the 2022–23 Budget. In this context, the Committee notes the importance of clearly accounting for the costs or financial risks linked to government initiatives in the budget papers.

**FINDING 114:** With reference to the *Unlocking the potential of loans and guarantees to support more housing* initiative, the 2022–23 Budget states that ‘[u]p to a further \$1 billion will be made available in low interest loans and government guarantees to community housing agencies’. However, the Committee is unable to determine where the up to a further \$1 billion in loans and guarantees is accounted for in the budget papers.

<sup>65</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 74–75.

<sup>66</sup> *Ibid.*, p. 75.

<sup>67</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 354 (Committee calculation).

<sup>68</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 122, 123.

<sup>69</sup> *Ibid.*, p. 123.

**RECOMMENDATION 97:** In its 2022–23 Budget Update the Department of Treasury and Finance clearly account for the up to \$1 billion that will be made available for low interest loans and government guarantees to community housing agencies.

DTF's response to the departmental questionnaire advised that in response to previous recommendations by the Committee it is introducing two new performance measures related to the *Big Housing Build*:

- Home purchases settled through the Victorian Homebuyer Fund; and
- Social housing dwellings committed by the Social Housing Growth Fund Grants Program.<sup>70</sup>

The Committee welcomes the introduction of these measures that will provide insight into the *Big Housing Build's* impact on economic recovery and achievement of housing outcomes.<sup>71</sup> However, the Committee notes that these measures do not appear to capture the number of new social and affordable housing dwellings facilitated by the *Unlocking the potential of loans and guarantees to support more housing* initiative.

**FINDING 115:** In response to a previous recommendation by the Committee, the 2022–23 Budget introduces performance measures that will provide insight into the *Big Housing Build's* impact on economic recovery and achievement of housing outcomes. However, the budget papers do not include performance measures to assess the number of social and affordable dwellings facilitated as a result of the *Unlocking the potential of loans and guarantees to support more housing* initiative.

**RECOMMENDATION 98:** The 2022–23 Budget include performance measures that provide insight into the number of new social and affordable housing dwellings facilitated as part of the low interest loans and government guarantees to community housing agencies.

## 12.6.2 Business Acceleration Fund

The 2022–23 Budget includes \$10 million for the Business Acceleration Fund (BAF).<sup>72</sup> The BAF is a rebranding of the former Regulatory Reform Incentive Fund (RRIF).<sup>73</sup>

The BAF's objective is to 'lower the overall regulatory burden on business by modernising and streamlining regulatory processes, replacing cumbersome paper-based processes with digital processes and reducing duplicate requests for

<sup>70</sup> Both performance measures are considered below in Section 12.7.1 Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, p. 253; Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 93.

<sup>71</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 93.

<sup>72</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 122.

<sup>73</sup> *Ibid.*, p. 123.

information by enabling business to tell government once'.<sup>74</sup> The expanded program aims to '[support] the economic recovery by making it easier for businesses to interact with the government in relation to regulatory requirements'.<sup>75</sup>

The BAF will involve a 'fast track' review unit undertaking reviews of regulatory issues that are significantly impacting businesses. In advising the Committee about the work of the unit, the Minister for Regulatory Reform provided an example of their work with the City of Casey, reviewing outdoor fitness trainer licensing approvals resulting in reduced wait times for permits.<sup>76</sup>

In response to a question taken on notice, the Minister for Regulatory Reform advised that the process for prioritising funding for projects through the BAF is similar to the process for the RRIF and that:

- DTF has commenced engaging with departments, regulators and councils about the BAF
- departments, agencies and councils will be requested to submit proposals to DTF, and DTF will assess the proposals to ensure alignment with the BAF's objectives and value for money and
- funding will be approved by a relevant Cabinet committee.<sup>77</sup>

The 2022–23 Budget introduces a new performance measure relating to the BAF—'Benefit to business as a ratio of red tape savings delivered by the Business Acceleration Fund'—which sets a target ratio of 2:1.<sup>78</sup> This performance measure is discussed in more detail in Section 12.7.1.

At the hearing, the Minister for Regulatory Reform advised the Committee about the successes of the RRIF, noting that per year it generates around \$200 million in economic benefits to the Victorian economy.<sup>79</sup> The Minister stated:

To date the RRIF has been really successful—\$50 million in, \$200 million out per annum in relation to the benefits—and I have got every confidence that the Business Acceleration Fund will be able to do that, because we want to try and improve the citizen experience and we want businesses to be able to focus on the things that they do best, rather than being bogged down in dealing with those sorts of analog statutory requirements and compliance issues which frankly do not add a lot of value in and of themselves but can take up a significant amount of time.<sup>80</sup>

<sup>74</sup> Hon Danny Pearson MP, Minister for Regulatory Reform, 2022–23 Budget Estimates (Regulatory Reform) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 2.

<sup>75</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, p. 28.

<sup>76</sup> Hon Danny Pearson MP, Minister for Regulatory Reform, *Transcript of evidence*, p. 2.

<sup>77</sup> Hon Danny Pearson MP, Minister for Regulatory Reform, 2022–23 Budget Estimates hearings, response to questions on notice received 3 June 2022, p. 2.

<sup>78</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 362.

<sup>79</sup> Hon Danny Pearson MP, Minister for Regulatory Reform, *Transcript of evidence*, p. 4.

<sup>80</sup> *Ibid.*

**FINDING 116:** The Department of Treasury and Finance estimates the Regulatory Reform Incentive Fund (RRIF) has achieved economic benefits of \$200 million from a \$50 million investment per year. In 2022–23 the RRIF will be rebranded as the Business Acceleration Fund (BAF). The 2022–23 Budget introduced a new performance measure this year to provide insights into the benefits of the BAF.

## 12.7 Performance measures

### 12.7.1 Department wide: analysis of new performance measures

DTF added eight new performance measures in the 2022–23 Budget, one of which replaced a discontinued measure.<sup>81</sup> Four of DTF’s existing performance measures were modified in the 2022–23 Budget.<sup>82</sup> Table 12.1 summarises the issues the Committee identified with four of these performance measures by relevant output.

**Table 12.1** Issues with new performance measures in 2022–23

Output	Performance measures	Issues identified by the Committee
Economic and Policy Advice (Quantity)	Home purchases settled through the Victorian Homebuyer Fund	The Committee supports the introduction of this performance measure but notes performance measures related to the average equity held by the Government/participants through the fund or identifying target average periods of time that home ownership is accelerated for participants in the fund would help to demonstrate its success.
Economic and Policy Advice (Quantity)	Social Housing dwellings committed by the Social Housing Growth Fund Grants Program	The Committee supports the introduction of this performance measure but notes that as there is an expected time lag between commitment of funding and completion of housing projects, a performance measure reporting on the number of houses actually certified for habitation would provide a more outcome focused measure for the application of grants from the program.
Economic and Policy Advice (Quality)	Benefit to business as a ratio of red tape savings delivered by the Business Acceleration Fund	<p>The intent of this performance measure is that it reflects red tape savings for business. The target has been set at a 2:1 ratio on the basis that the Fund should deliver ongoing benefits in time and costs savings for businesses at a 2:1 ratio of the funded amount across initiatives.</p> <p>The Department of Treasury and Finance (DTF) acknowledges that a shortcoming of this performance measure is that the red tape savings to be measured are estimates only. The Committee questions the usefulness of a performance measure that is based solely on estimates of benefits, as such a measure may be perceived as illusory. The Committee notes that measuring the number of ‘red tape’ regulations removed, or even the reductions in funding requirements for government bodies as a result of no longer having to administer ‘red tape’ functions may provide a better measure of performance.</p>

<sup>81</sup> Department of Treasury and Finance, *Response to the 2022–23 Budget Estimates General Questionnaire*, pp. 43–48.

<sup>82</sup> *Ibid.*, pp. 49–52.

Output	Performance measures	Issues identified by the Committee
Services to Government (Quantity)	Number of State procurement high value engagements supported	This performance measure has been introduced to reflect approved budget funding for the Social Procurement Assurance Team and is based on the count of applicable engagements.  DTF acknowledges that a shortcoming of this measure is that the Social Procurement Assurance Team is not yet at a stage to collate meaningful social impact information that results from engagement activities. The Committee considers that once the team reaches this stage, measuring the outcomes achieved by the supported engagements will provide a better measure of performance than the number of engagements supported.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2022-23 Service Delivery*, Melbourne, 2022, pp. 361, 362, 369; Department of Treasury and Finance, *Response to the 2022-23 Budget Estimates General Questionnaire*, received 9 May 2022, pp. 43-47.

The Committee notes that the performance measure 'Number of cost redesign reviews undertaken', which contributes to the Commercial and Infrastructure Advice output, was modified in the 2022-23 Budget.<sup>83</sup> It sets a reduced target of three projects for the 2022-23 year, down from the previous target of nine. DTF stated that the reduced target 'reflects the number of projects proposed to be reviewed for the year'.<sup>84</sup> The Committee has previously expressed the view that the most important outcome of this performance measure is the amount saved due to OPV projects, not the number of projects reviewed.<sup>85</sup> The Committee reiterates that the amount saved in dollars would be a more useful and transparent unit of measurement for this performance measure.

**RECOMMENDATION 99:** The Department of Treasury and Finance address the shortcomings in the four new performance measures introduced in 2022-23 and identified by the Committee with further, or altered, performance measures in the 2023-24 Budget.

## 12.7.2 Department wide: analysis of performance measures proposed to be discontinued

DTF identified three performance measures for discontinuation in the 2022-23 Budget.<sup>86</sup>

The Committee supports DTF's rationale for the discontinuation of two measures. Table 12.2 summarises the issues that the Committee identified with the remaining performance measure proposed to be discontinued by relevant output.

<sup>83</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022-23*, p. 1.

<sup>84</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021-22 Budget Estimates*, p. 168.

<sup>85</sup> Ibid.

<sup>86</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022-23*, p. 407.

**Table 12.2** Issues with performance measures proposed to be discontinued in 2022–23

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Economic Regulatory Services (Quality)	Decisions overturned on review	<p>This performance measure appears to be designed to set a measurable standard for the quality of economic regulatory services by the Essential Services Commission by setting a standard to show that administrative decisions are sound and withstand independent review.</p> <p>The Department of Treasury and Finance (DTF) proposes to discontinue this performance measure due to ‘unavailability of data’. However, the Committee notes that this performance measure was added in the 2021–22 Budget to replace the 2020–21 performance measure ‘Decisions upheld where subject to review, appeal or disallowance’. DTF stated that this was ‘to better measure outcomes of reviews and appeals of Commission decisions’. The Committee is unable to understand this rationale, noting that the data for the new measure is no longer available.</p> <p>If data to support the 2020–21 measure continues to be available to DTF then the Committee considers that this performance measure should be reinstated/an alternative measure should be developed to provide insights into the outcomes of reviews and appeals of Commission decisions.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 357; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 407.

**RECOMMENDATION 100:** The Department of Treasury and Finance review the performance measure under the Economic Regulatory Services output—‘Decisions overturned on review’—that is proposed to be discontinued in 2022–23.



# 13 Parliamentary Departments

## 13.1 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.<sup>1</sup>

The Parliament of Victoria comprises three departments—the Department of Parliamentary Services (DPS), the Legislative Council (LC) and the Legislative Assembly (LA). DPS is responsible for the provision of infrastructure resources and support services to Members of Parliament and the Parliamentary Departments of the LC and the LA.<sup>2</sup>

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 and
- ensure the organisational resilience and efficiency of Parliament.<sup>3</sup>

The Victorian Auditor General’s Office (VAGO) and the Parliamentary Budget Office (PBO) are independent officers of Parliament and are grouped under the Parliament’s outputs in the budget papers.<sup>4</sup> Victoria’s integrity agencies are also listed under Parliament’s outputs.<sup>5</sup> These are the Independent Broad-based Anti-Corruption Commission (IBAC), the Victorian Inspectorate (VI) and the Victorian Ombudsman (VO).<sup>6</sup>

The key issues section of this chapter focuses on matters relevant to the Parliamentary Departments that were identified during the estimates hearings.

## 13.2 Financial analysis

In 2022–23 the Parliamentary Departments, VAGO, the PBO and the integrity agencies represent 0.5% of total government output.<sup>7</sup>

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 370.

2 Department of Parliamentary Services, *Annual Report 2020–21*, Melbourne, 2021, p. 7.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 371.

4 *Ibid.*, pp. 370–371.

5 *Ibid.*

6 *Ibid.*, pp. 370–372.

7 Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 373 (Committee calculation).

In 2022–23 the Parliamentary Departments, VAGO, the PBO and the integrity agencies are allocated \$346.8 million to fund their outputs, an increase of \$8.7 million (2.6%) compared to the 2021–22 Budget.<sup>8</sup>

The Parliamentary Department’s output appropriations are budgeted as \$157.2 million for 2022–23, an increase of \$11 million (7.5%) compared to the 2021–22 revised budget.<sup>9</sup>

### 13.2.1 Funding approach for Parliament

The Parliament requests and receives funding in a similar way to Victorian government departments. It is required to set performance measures and targets each year and receives funding from the Department of Treasury and Finance upon meeting those performance measures and targets, known as the ‘purchaser-provider model’.<sup>10</sup> During the hearings the funding of the LC committees and the general funding approach for Parliament was discussed.<sup>11</sup>

The Clerk of the LC explained that where Parliament needs additional funding, it is required to submit a funding bid to the Expenditure Review Committee (ERC).<sup>12</sup> While acknowledging that Government was responsive to the LC’s ERC bid for additional funding last year, the Clerk of the LC explained:

the difficulty for us is that that expires at June 2023, and I would contend that the need for Council committees will continue well into the future and it goes to a structural problem of the budgeting for the Parliament that we have that sort of uncertainty around the funding base for all the departments, not just the Council—but I guess it is highlighted for the Council in terms of the Council committees.<sup>13</sup>

The Clerk of the LC also drew the Committee’s attention to Parliament’s lack of financial independence from the Executive, as Parliament’s budget is determined by the Executive.<sup>14</sup> The Clerk of the LC told the Committee:

I think it is a very big issue not only for this committee but for the Parliament generally as to what the future of that type of funding approach should be and who is making decisions, rather than the Parliament going cap in hand to the executive for funding, because that really is not what the model should be in a Westminster system.<sup>15</sup>

<sup>8</sup> Ibid.

<sup>9</sup> Parliamentary Departments, *Response to the 2022–23 Budget Estimates questionnaire*, received 6 May 2022, pp. 13–14 (Committee calculation).

<sup>10</sup> Parliamentary Library and Information Service, Parliament of Victoria, *Research Paper: Independence of Parliament*, Melbourne, May 2017, p. 35.

<sup>11</sup> Mr Andrew Young, Clerk of the Legislative Council, Parliament of Victoria, 2022–23 Budget Estimates (Parliamentary Departments) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, pp. 4–5.

<sup>12</sup> The Expenditure Review Committee is a Cabinet Committee. Source: Parliamentary Library and Information Service, Parliament of Victoria, *Research Paper: Independence of Parliament*, pp. 17, 36; Mr Andrew Young, Clerk of the Legislative Council, Parliament of Victoria, *Transcript of evidence*, p. 4.

<sup>13</sup> Mr Andrew Young, Clerk of the Legislative Council, Parliament of Victoria, *Transcript of evidence*, p. 4.

<sup>14</sup> Ibid., p. 5.

<sup>15</sup> Ibid., p. 5.

The Committee notes the importance of the separation of powers principle to all democracies—that is, the three main institutions of government (the Legislature (Parliament), the Executive and the Judiciary) are maintained as separate entities to provide effective checks and balances on each other, preventing power from becoming centralised in any one entity.<sup>16</sup>

**FINDING 117:** The Committee heard of challenges in the way the Parliament of Victoria is currently funded, including funding uncertainty and a concern with the lack of financial independence for Parliament from the Executive.

## 13.3 Parliament: key issues

Parliament is responsible for the following four outputs:

- Legislative Council (funding in 2022–23: \$21.5 million)
- Legislative Assembly (funding in 2022–23: \$41.5 million)
- Parliamentary Services (funding in 2022–23: \$137.3 million)
- Parliamentary Investigatory Committees (funding in 2022–23: \$5.8 million).<sup>17</sup>

Several matters were discussed during the hearing with the Presiding Officers, including Parliament’s community engagement and twinning programs. These topics are outlined in detail below.

Security at Parliament House and electorate offices, and security for Members and their staff was also discussed in detail. This included information regarding funding for a security uplift, the use of security staff contractors and the increase of security incidents during the COVID-19 pandemic.<sup>18</sup>

### 13.3.1 Community engagement

One of the Parliament’s aims as published in the 2022–23 Budget is to inform and engage with the community.<sup>19</sup> During the hearing the Committee asked how Parliament was meeting this objective.<sup>20</sup> The Speaker, President and Clerk of the LA provided details regarding several community engagement projects that had been undertaken in 2021–22 or were continuing into 2022–23.<sup>21</sup>

<sup>16</sup> Parliamentary Library and Information Service, Parliament of Victoria, *Research Paper: Independence of Parliament*, p. 27.

<sup>17</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 373.

<sup>18</sup> Hon Colin Brooks MP, Speaker of the Legislative Assembly, 2022–23 Budget Estimates (Parliamentary Departments) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, pp. 2–4, 9.

<sup>19</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, p. 371.

<sup>20</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Parliamentary Departments) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 5.

<sup>21</sup> Hon Nazih Elasmr MLC, President of the Legislative Council, 2022–23 Budget Estimates (Parliamentary Departments) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 5; Hon Colin Brooks MP, Speaker of the Legislative Assembly, *Transcript of evidence*, pp. 5, 10; Ms Bridget Noonan, Clerk of the Legislative Assembly, Parliament of Victoria, 2022–23 Budget Estimates (Parliamentary Departments) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 10.

The projects outlined included the Aboriginal Change Makers program, developed by the Education Unit to provide histories and learning activities to connect students with stories of Aboriginal leaders who have brought about significant social change.<sup>22</sup> The Speaker advised that the program targeted key priorities for Parliament, including engaging with Aboriginal Victorians and building a better understanding with school students about how Parliament works.<sup>23</sup>

The Committee was also told that the first deaf youth associate had been appointed to the community engagement team. The associate worked on projects to make Parliamentary activities and information more accessible for people who use Auslan.<sup>24</sup> Several Auslan news bulletins were produced as part of this work and a project on parliamentary language in Auslan is also underway.<sup>25</sup>

The Speaker and Clerk of the LA informed the Committee about the continued schools incursion program, run by the LA Tours and Outreach team.<sup>26</sup> The LA began running school incursion tours using remote technology during the COVID-19 pandemic, as schools were unable to visit the parliamentary precinct.<sup>27</sup> Since beginning, the incursion tours have now expanded to provide programs for grades 5 and 6 and all secondary school levels.<sup>28</sup>

The Clerk of the LA noted incursion tours would continue being delivered remotely, as there were several benefits associated with the program. Benefits included better access for regional schools, no attendance restrictions and the ability to swap physical tours for incursions when needed, allowing for added flexibility for staff and schools.<sup>29</sup>

The Clerk of the LA added that a dedicated studio and green screen had been developed to professionalise incursions, and since January 2022, approximately 3,500 incursions had been completed compared to 1,500 in person school tours.<sup>30</sup>

**FINDING 118:** Throughout 2021–22 and continuing in 2022–23 the Parliamentary Departments are delivering several programs to engage with the Victorian community. These include the Aboriginal Change Makers program, making activities and information more accessible for people who use Auslan and the continued delivery of the school incursion tour program.

<sup>22</sup> Hon Nazih Elasmal MLC, President of the Legislative Council, *Transcript of evidence*, p. 5; Hon Colin Brooks MP, Speaker of the Legislative Assembly, *Transcript of evidence*, p. 5; Department of the Legislative Assembly, *Annual Report 2020–21*, Melbourne, 2021, p. 23.

<sup>23</sup> Hon Colin Brooks MP, Speaker of the Legislative Assembly, *Transcript of evidence*, p. 5.

<sup>24</sup> *Ibid.*

<sup>25</sup> *Ibid.*; Hon Nazih Elasmal MLC, President of the Legislative Council, *Transcript of evidence*, p. 5; Department of Parliamentary Services, *Annual Report 2020–21*, p. 46.

<sup>26</sup> Hon Colin Brooks MP, Speaker of the Legislative Assembly, *Transcript of evidence*, p. 10; Ms Bridget Noonan, Clerk of the Legislative Assembly, Parliament of Victoria, *Transcript of evidence*, pp. 10–11.

<sup>27</sup> Department of the Legislative Assembly, *Annual Report 2020–21*, p. 21.

<sup>28</sup> *Ibid.*

<sup>29</sup> Ms Bridget Noonan, Clerk of the Legislative Assembly, Parliament of Victoria, *Transcript of evidence*, pp. 10–11.

<sup>30</sup> *Ibid.*, p. 10.

### 13.3.2 Parliament twinning program

During the hearing the Committee asked whether there was a role for the Victorian Parliament to support younger democracies in the South Pacific, in order to build their capacity and democratic processes.<sup>31</sup>

The Speaker advised the Committee that there was a long running twinning program between parliaments in Australia and New Zealand and parliaments in the South Pacific.<sup>32</sup> The Victorian Parliament is currently paired with the Parliaments of Fiji, Tuvalu and Nauru.<sup>33</sup> The Committee was advised that support is provided to these nations in collaboration with the United Nations Development Program, while the Department of Foreign Affairs allocates funding to the Victorian Parliament for the program.<sup>34</sup>

When asked whether the program was likely to continue, the Clerk of the LC advised there was every indication that it would and noted that the program fit into the overall strategic goals of the Commonwealth Government in relation to the South Pacific.<sup>35</sup>

The Committee was provided with an overview of the type of support the three Parliamentary Departments had provided to Fiji, Tuvalu and Nauru in the context of the twinning program. The Clerk of the LC advised that in recent months six programs had been run with Fiji, including a masterclass on Bill inquiries, training and resources for parliamentary staff managing the COVID-19 pandemic, standing order training for Members and information sharing on annual reporting during the pandemic.<sup>36</sup>

In 2020–21 the Parliamentary Departments provided this support virtually, including training and knowledge sharing in areas such as budget support for the finance team of the Nauruan Parliament, developing a Hansard operational manual with Fiji, and in collaboration with the Tasmanian and South Australian Parliaments, providing masterclasses to Fiji, Tonga and Samoa on multiple areas of parliamentary committee operations.<sup>37</sup>

**FINDING 119:** The Victorian Parliament is twinned with the Parliaments of Fiji, Tuvalu and Nauru to assist in building the smaller nations' capacities and democratic processes. As part of the twinning program the Victorian Parliament has provided various types of support, such as procedural and budgetary support and training, and resources to manage the COVID-19 pandemic in the parliamentary context.

<sup>31</sup> Public Accounts and Estimates Committee, 2022–23 Budget Estimates (Parliamentary Departments) hearing, Melbourne, 16 May 2022, *Transcript of evidence*, p. 6.

<sup>32</sup> Hon Colin Brooks MP, Speaker of the Legislative Assembly, *Transcript of evidence*, p. 6.

<sup>33</sup> *Ibid.*

<sup>34</sup> Mr Andrew Young, Clerk of the Legislative Council, Parliament of Victoria, *Transcript of evidence*, p. 6.

<sup>35</sup> *Ibid.*

<sup>36</sup> *Ibid.*, pp. 6–7.

<sup>37</sup> Department of Parliamentary Services, *Annual Report 2020–21*, p. 44; Department of the Legislative Assembly, *Annual Report 2020–21*, pp. 25–26.

## 13.4 Performance measures

The Parliamentary Departments, VAGO, PBO, IBAC and VO did not add new performance measures in the 2022–23 budget papers.<sup>38</sup> VI added three new performance measures:

- Educational activities delivered and material or tools produced
- Acknowledge receipt of new complaints within 5 business days
- Proportion of standard VI investigations completed within 12 months.<sup>39</sup>

The Committee supports the inclusion of the new performance measures in all cases.

The Committee notes that while the Parliamentary Investigatory Committee output includes budget paper performance measures about Joint Investigatory Committees' inquiries and reports, the LC and LA outputs do not include similar measures about the work of Standing Committees.<sup>40</sup>

**FINDING 120:** The budget papers do not include performance measures that assess the inquiries and reports of the Legislative Council or the Legislative Assembly Standing Committees.

**RECOMMENDATION 101:** The Departments of the Legislative Council and the Legislative Assembly consider including performance measures in the 2023–24 Budget to capture the inquiries and reports produced by their Standing Committees.

**Adopted by the Public Accounts and Estimates Committee  
Parliament of Victoria, East Melbourne  
15 August 2022**

<sup>38</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2022–23*, pp. 375–385.

<sup>39</sup> *Ibid.*, p. 380.

<sup>40</sup> *Ibid.*, pp. 375–377.

# Minority report





# Public Accounts and Estimates Committee – Inquiry into 2022-23 Budget Estimates

## Minority report

The members of the minority support the majority report and note that it has highlighted areas for budget improvement, including around transparency and clarity of reporting.

However, there are two issues that we wish to add to highlight failings of the current government and the public service that operates under it.

These relate specifically to the budget hearings and the evidence provided to the Committee both during the hearings and after.

The minority is concerned at both the denial of facts by Ministers of the Crown and deliberate obfuscation, stonewalling and lack of transparency by the bureaucracy.

## Black and white

The minority is concerned by the propensity of the Premier and his Ministers to simply deny the facts when presented them as written in the budget papers. This trend has grown in recent inquiries.

This occurred a number of times throughout the 2022-23 Budget hearings as evidenced by the following excerpts of the transcript and the relevant sections of the Budget papers.

Firstly, the Premier:

**Mr D O'BRIEN:** Thank you, Chair. Good afternoon, Premier and officials. Premier, can I begin on health, and can I ask you to go to budget paper 3, page 220, which is the output summary by the health department. If you go to the bottom line, literally the bottom line, the total spend on health in this budget, you will see the 2021–22 revised figure is \$27 billion, and the budget is forecasting to spend \$25 billion. When we have got a health crisis, when we have got people dying because they cannot get an ambulance, when we have got elective surgery lists blowing out even further, why is there at \$2 billion cut to the health budget?

**Mr ANDREWS:** There is no cut to the health budget, Deputy Chair. That is a quite ridiculous suggestion.

*Source: PAEC transcript, Friday 13 May, 2022*

Minister, if I can now turn to page 220 of the same document, budget paper 3, which is the health output by your department, and if you go to the bottom line, the total spend by your department, so the health department total, is \$27 billion for the current financial year, dropping to \$25 billion. Why have you cut \$2 billion out of the health department this year?

**Mr FOLEY:** Well, of course we have not, Mr O'Brien.

*Source: PAEC Transcript, Friday 20 May 2022*

And then there is the budget evidence:

## Output summary by departmental objectives

The Department's outputs and funding are provided in the table below. Detailed descriptions of objectives, outputs, together with their key performance indicators are presented in subsequent tables.

	(\$ million)			
	2021-22 budget	2021-22 revised	2022-23 budget	Variation <sup>(a)</sup> %
<b>Victorians are healthy and well</b>				
Admitted Services	12 903.4	15 193.0	14 132.6	9.5
Non-Admitted Services	2 208.8	2 356.1	2 189.7	(0.9)
Emergency Services	838.3	907.7	882.0	5.2
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Small Rural Services – Home and Community Care Services	5.3	5.3		116.2
Small Rural Services – Primary Health	24.5	24.4	24.7	0.7
<b>Total <sup>(b)</sup></b>	<b>23 386.6</b>	<b>27 055.9</b>	<b>25 018.9</b>	<b>7.0</b>

Source: Department of Health

Notes:

(a) Variation between the 2021-22 budget and the 2022-23 budget. Explanations for variations greater than five per cent are included in footnotes to the relevant output cost.

(b) Table may not add due to rounding.

This denial of evidence occurred a number of times throughout the hearings, including with the Minister for Training, Skills and Higher Education:

**Mr D O'BRIEN:** Okay. That is fine. The four are there, yes? Thank you. Can I ask perhaps Dr Booth—no, in fact I should go to the minister on this—Minister, the output for your portfolio has been cut by 4.5 per cent, or \$117 million. How many students will miss out on courses or jobs be cut because of the \$117 million cut?

**Ms TIERNEY:** There has been no cut. There will be no student enrolments cut and there will not be—

**Mr D O'BRIEN:** Sorry, Minister, you are—

**Ms TIERNEY:** No, excuse me, you have asked me a question and I am attempting to answer it.

**Mr D O'BRIEN:** Your answers are required to be relevant to the question.

**Ms TIERNEY:** I am being very relevant.

Source: PAEC transcript, Monday, May 23, 2022

And the budget evidence:

## Output summary by departmental objectives

The Department's outputs and funding are provided in the table below. Detailed descriptions of objectives and outputs, together with their key performance indicators, are presented in subsequent tables.

(\$ millions)

	2021-22 budget	2021-22 expected outcome	2022-23 budget	Variation <sup>(a)</sup> %
Strategy, Review and Regulation	117.8	115.1	110.9	(5.9)
Early Childhood Education	973.4	922.0	984.9	1.2
School Education – Primary	5 765.9	5 504.6	5 942.9	3.1
School Education – Secondary	4 713.1	4 669.1	5 026.9	6.7
<b>Training, Higher Education and Workforce Development</b>	<b>2 599.8</b>	<b>2 598.7</b>	<b>2 482.7</b>	<b>(4.5)</b>
Support Services Delivery	389.1	447.6	440.4	13.2
Support for Students with Disabilities	1 363.6	1 323.9	1 522.3	11.6
<b>Total</b>	<b>15 922.8</b>	<b>15 580.9</b>	<b>16 510.9</b>	<b>3.7</b>

Source: Department of Education and Training

Source: BP3, p 139

The minority acknowledges that of course there is context in everything. In the case of this budget, there were reductions in 2022-23 from Covid-induced highs in 2021-22.

That does not mean reductions in funding for certain outputs were not real, and there were other examples where funding was significantly reduced on certain line items but the facts not accepted by the Government. One such example was a \$24 million reduction in spending on dental services (BP3, p 220) which will result – according the Budget papers themselves - in 44,000 less Victorians receiving dental treatment (BP3, p 239).

### Questions on notice

The second issue of concern to the minority is the ongoing – and increasing – tendency of public servants and Ministers to offer to take questions on notice and then fail to provide an answer remotely relevant to the question.

The minority understands that witnesses cannot possibly have answers to every question at their fingertips (we do note, however, the propensity for witnesses to be unable to answer questions which are repeatedly asked by Committee members year after year and for which witnesses should be prepared).

Taking a question on notice is legitimate to source information not at hand, provide data or ensure that an answer provided to the Committee is accurate.

However, there is an increasing tendency of public servants, including (or especially) departmental secretaries, to offer to take a question on notice as a means to not answer matters that could be politically sensitive or uncomfortable for the bureaucracy.

The following case from the hearings is a perfect example:

**Mr D O'BRIEN:** Thank you, Chair. Secretary, the minister has just gone through some of the events and other things that were funded. Can you tell me how much money the government provided to put on the Foo Fighters concert at Geelong on 4 March?

**Mr PHEMISTER:** I can certainly get that for you, Mr O'Brien, if I have it at hand. I do not know off the top of my head. I have got a description of how great the event was, but ticket sales, no, sorry. I will have to take that question on notice, Mr O'Brien.

**Mr D O'BRIEN:** I was actually after the amount the government put in.

**Mr PHEMISTER:** I do not have that number with me, I am sorry.

**Mr D O'BRIEN:** Okay. Is that number going to be available?

**Mr PAKULA:** Can I indicate we indicated in the 2019–20 budget that we were providing funding of \$14 million in total for Always Live and, unless I am mistaken, the support provided for the Foo Fighters was part of that Always Live initiative, so it was within that—it was significantly less than that.

**Mr D O'BRIEN:** I would hope so, for the richest man in the world, Minister.

**Mr PAKULA:** Yes. I appreciate that, but you could say the same about—most of the major events we support are populated by wealthy sportspeople or wealthy artists. It does not undersell the fact that to get those events here costs money and the economic benefit from them is substantial.

**Mr D O'BRIEN:** Okay, that is fine. Everyone would go to a Foo Fighters concert; they do not need taxpayer support. That is the question I am asking. I just want to know how much was provided. So Secretary, if you can take that on notice. Could we also have on notice who was paid the money—did it go to Frontier Touring?—where it went to. That would be great.

**Mr PHEMISTER:** If there was money, indeed of course I can follow it up.

*Source: PAEC transcript, Tuesday, 17 May 2022*

The Department of Jobs, Precincts and Regions subsequently provided three separate answers to the Committee. The first repeated the information provided by the Minister – that the concert in question was part of the \$14 million “Always Live” program.

In response to Committee attempts to seek a relevant answer to the specific question, the Department twice provided the following:

**Answer:**

As previously advised by the Department of Jobs, Precincts and Regions, the Foo Fighters concert is part of the Always Live festival. The Always Live festival is delivered by Always Live Limited, an **independently operated company** limited by guarantee.

The Department of Jobs, Precincts and Regions does not hold the requested information because it is not a party to the contractual agreements that Always Live Limited enters into directly with promoters to secure content for the Always Live festival. This includes details of the Foo Fighters concert.

Details of payments and contractual agreements made by Always Live Limited with third parties are not provided to, or held by, the Department of Jobs, Precincts and Regions.

The minority offers the following observations on this example. Firstly, this information about Always Live's independent status would surely have been known by the Department at the time it offered to provide an answer on notice.

Secondly, the Department chose not to provide the information about Always Live's independence in its first response to the question on notice – instead it promoted the success of the program. This suggests a deliberate attempt to frustrate the Committee's attempts to elicit information.

And finally, in August the Government issued a media release about the next phase of the "Always Live" program as follows:

**11th Aug 2022**

## **Always Live Is All It Takes – Falling In Love With Victoria Again**

Victoria's biggest celebration of live music is set to boost tourism and businesses right across the state with the reveal of the **Andrews Labor Government's ALWAYS LIVE** program.

Not so independent when there's a good news story to tell? If the Government is going to seek political capital from spending taxpayers' money, it should be prepared to at least say how much.

The minority does not suggest there was no merit in the program. But how could Victorians know? The Committee and the Victorian public cannot judge the merits of public spending without accurate information. This is especially so for a concert with one of the world's biggest bands whom thousands would pay good money to see – and regularly do on a commercial basis.

It is questionable whether taxpayers should support such an event. As it stands, we don't know whether we did or to what extent.

The Committee understands there are often commercial sensitivities, contractual limitations and matters that are argued to be "commercial-in-confidence" (although we suggest this has been over-used by the Government in recent years).

This was the case for another example in the same portfolio, where the Committee sought information on how much money the Government had provided to the AFL to stage a match between the Gold Coast Suns and GWS in Ballarat. Despite offering to provide the answer on notice, the response eventually provided was that the matter was "commercial-in-confidence".

The game attracted a crowd of 2592 people.

Nonetheless, it is clear to us that departments are increasingly using questions on notice as a tactic to avoid answering questions or providing information.

Except in the most sensitive cases, the public has a right to know how the Government is spending its money.

**Danny O'Brien MP**  
Deputy Chair  
Member for Gippsland South

**James Newbury MP**  
Member for Brighton

**Bev McArthur MLC**  
Member for Western Victoria  
Region

