



# Integrity and Oversight Committee

## Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria

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**Inquiry**

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# Committee membership



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# About the Committee

The Integrity and Oversight Committee is a joint investigatory committee constituted under the *Parliamentary Committees Act 2003* (Vic).

## Functions

### 7 Integrity and Oversight Committee

- (1) The functions of the Integrity and Oversight Committee are—
  - (a) to monitor and review the performance of the functions and exercise of the powers of the Information Commissioner; and
  - (b) to consider and investigate complaints concerning the Information Commissioner and the operation of the Office of the Victorian Information Commissioner; and
  - (c) to report to both Houses of Parliament on any matter requiring the attention of Parliament that relates to—
    - (i) the performance of the functions and the exercise of the powers of the Information Commissioner; or
    - (ii) any complaint concerning the Information Commissioner and the operation of the Office of the Victorian Information Commissioner; and
  - (d) to examine the annual report of the Information Commissioner and any other reports by the Information Commissioner and report to Parliament on any matters it thinks fit concerning those reports; and
  - (e) to inquire into matters concerning freedom of information referred to it by the Parliament and to report to Parliament on those matters; and
  - (f) to monitor and review the performance of the duties and functions of Integrity Oversight Victoria, other than those in respect of VAGO officers; and
  - (g) to report to both Houses of the Parliament on any matter connected with the performance of the duties and functions of Integrity Oversight Victoria, other than those in respect of VAGO officers, that require the attention of the Parliament; and
  - (h) to examine any reports made by Integrity Oversight Victoria to the Integrity and Oversight Committee or the Parliament other than reports in respect of VAGO officers; and
  - (i) to consider any proposed appointment of a Chief Integrity Inspector under section 18 of the *Integrity Oversight Victoria Act 2011* and to exercise a power of veto in accordance with that Act; and

- (ia) to receive and assess public interest disclosures about conduct by or in Integrity Oversight Victoria and engage an independent person to investigate any such disclosure that it has assessed to be a public interest complaint; and
- (j) to monitor and review the performance of the duties and functions of the IBAC; and
- (k) to report to both Houses of the Parliament on any matter connected with the performance of the duties and functions of the IBAC that require the attention of the Parliament; and
- (l) to examine any reports made by the IBAC to the Integrity and Oversight Committee or the Parliament; and
- (m) to consider any proposed appointment of a Commissioner under section 20 of the *Independent Broad-based Anti-corruption Commission Act 2011* and to exercise a power of veto in accordance with that Act; and
- (ma) to monitor and review the performance of the duties and functions of the Parliamentary Workplace Standards and Integrity Commission; and
- (mb) to report to both Houses of the Parliament on any matter connected with the performance of the duties and functions of the Parliamentary Workplace Standards and Integrity Commission that require the attention of the Parliament; and
- (mc) to examine—
  - (i) any reports made by the Parliamentary Workplace Standards and Integrity Commission to the Integrity and Oversight Committee; and
  - (ii) the Parliamentary Workplace Standards and Integrity Commission's annual reports to the Parliament; and
- (md) to consider any proposed appointment of a commissioner under section 52 of the *Parliamentary Workplace Standards and Integrity Act 2024* and make decisions under that section; and
- (n) to carry out any other function conferred on the Integrity and Oversight Committee by or under—
  - (i) the *Ombudsman Act 1973*; and
  - (ii) the *Independent Broad-based Anti-corruption Commission Act 2011*; and
  - (iii) the *Integrity Oversight Victoria Act 2011*; and
  - (iv) the *Public Interest Disclosures Act 2012*; and
  - (v) the *Parliamentary Workplace Standards and Integrity Act 2024*.

- (2) Despite anything to the contrary in subsection (1), the Integrity and Oversight Committee cannot—
- (a) reconsider a decision of the Information Commissioner or Public Access Deputy Commissioner in relation to a review of a particular matter; or
  - (b) reconsider any recommendations or decisions of the Information Commissioner or Public Access Deputy Commissioner in relation to a complaint under the *Freedom of Information Act 1982*; or
  - (c) reconsider any findings in relation to an investigation under the *Freedom of Information Act 1982*; or
  - (d) reconsider the making of a public interest determination under the *Privacy and Data Protection Act 2014*; or
  - (e) reconsider the approval of an information usage arrangement under the *Privacy and Data Protection Act 2014*; or
  - (f) reconsider a decision to serve a compliance notice under the *Privacy and Data Protection Act 2014*; or
  - (g) disclose any information relating to the performance of a duty or function or exercise of a power by the Ombudsman, Integrity Oversight Victoria, the IBAC or the Parliamentary Workplace Standards and Integrity Commission which may—
    - (i) prejudice any criminal proceedings or criminal investigations; or
    - (ii) prejudice an investigation being conducted by the Ombudsman, the IBAC or Integrity Oversight Victoria; or
    - (iii) contravene any secrecy or confidentiality provision in any relevant Act; or
  - (h) investigate a matter relating to the particular conduct the subject of—
    - (i) a particular complaint or notification made to the IBAC under the *Independent Broad-based Anti corruption Commission Act 2011*; or
    - (ii) a particular disclosure determined by the IBAC under section 26 of the *Public Interest Disclosures Act 2012* to be a public interest complaint; or
    - (iii) any report made by Integrity Oversight Victoria; or
    - (iv) a particular referral within the meaning of the *Parliamentary Workplace Standards and Integrity Act 2024*; or
  - (i) review any decision by the IBAC under the *Independent Broad-based Anti-corruption Commission Act 2011* to investigate, not to investigate or to discontinue the investigation of a particular complaint or notification or a public interest complaint within the meaning of that Act; or

- (j) review any findings, recommendations, determinations or other decisions of the IBAC in relation to—
    - (i) a particular complaint or notification made to the IBAC under the *Independent Broad-based Anti-corruption Commission Act 2011*; or
    - (ii) a particular disclosure determined by the IBAC under section 26 of the *Public Interest Disclosures Act 2012* to be a public interest complaint; or
    - (iii) a particular investigation conducted by the IBAC under the *Independent Broad-based Anti-corruption Commission Act 2011*; or
  - (k) review any determination by the IBAC under section 26 of the *Public Interest Disclosures Act 2012*; or
  - (l) disclose or share any information that is likely to lead to the identification of a person who has made an assessable disclosure and is not information to which section 53(2)(a), (c) or (d) of the *Public Interest Disclosures Act 2012* applies; or
  - (m) review any decision to investigate, not to investigate, or to discontinue the investigation of a particular complaint made to Integrity Oversight Victoria in accordance with the *Integrity Oversight Victoria Act 2011*; or
  - (n) review any findings, recommendations, determinations or other decisions of Integrity Oversight Victoria in relation to a particular complaint made to, or investigation conducted by, Integrity Oversight Victoria in accordance with the *Integrity Oversight Victoria Act 2011*; or
  - (o) reconsider or review any decision of the Parliamentary Workplace Standards and Integrity Commission to investigate, not to investigate, or to discontinue the investigation of a particular referral in accordance with the *Parliamentary Workplace Standards and Integrity Act 2024*.
- (3) If a member of the Integrity and Oversight Committee has an interest that would conflict with the proper performance of a function of the Committee in respect of the Parliamentary Workplace Standards and Integrity Commission, the member must recuse themselves from the Committee while it is performing that function.

Note

See also Part 8 of the *Public Interest Disclosures Act 2012* and Part VB of the *Ombudsman Act 1973* which set out the functions of the Integrity and Oversight Committee under each of those Acts.

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# Terms of reference

## **Inquiry into the adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria**

### **The Legislative Council agreed to the following Terms of Reference on 4 March 2026:**

That under section 33 of the *Parliamentary Committees Act 2003*, this House requires the Integrity and Oversight Committee to inquire into, consider and report, by 5 May 2026, on the adequacy of the annual budget for the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, and requires the Committee in undertaking and reporting on this inquiry to—

1. hold public hearings with the agencies listed in this referral; and
2. provide advice on what settings are appropriate for the funding of these agencies in the 2026–27 State Budget.



# Chair's foreword

I am pleased to present to the Parliament the Integrity and Oversight Committee's report into the adequacy of the annual budgets of the Independent Broad-based Anti-corruption Commission (IBAC), the Victorian Ombudsman (VO) and Integrity Oversight Victoria (IOV).

These agencies occupy a central position within Victoria's integrity framework. Their functions—investigating corrupt conduct, examining administrative actions, overseeing the exercise of coercive powers, and promoting integrity across the public sector—are essential to maintaining public confidence in government institutions. As Officers of the Parliament, they are intended to operate independently of the Executive and are directly accountable to the Parliament through this Committee.

The Committee received this Inquiry from the Legislative Council on 4 March 2026, consistent with its statutory responsibility to monitor and review the performance of the integrity agencies and consult on their annual plans and budgets. Adequate resourcing is a necessary precondition for the effective performance of statutory functions, and questions regarding the adequacy, transparency and stability of integrity agency funding have been raised consistently over a number of years by the agencies themselves, by academics, and by integrity sector stakeholders.

The Committee consulted with the three integrity agencies identified in the terms of reference; IBAC, the VO, IOV and the Department of Treasury and Finance, who are all to be commended for providing the Committee with helpful responses to the Questions on Notice under significant time pressure. Also, because of the short reporting timeframe, and the recent evidence provided by agencies at public hearings for the Inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25, the Committee determined that further public hearings were not required. This Inquiry has instead drawn on a range of material, including agency reports, responses to Questions on Notice, interjurisdictional comparisons, and relevant domestic and international literature.

The Inquiry highlighted the Committee's lack of access to information about the budget process. While legislation requires consultation with the Committee on agency budgets, long-standing conventions relating to Cabinet-in-Confidence and Executive Privilege prevent the Committee from accessing budget bids, financial modelling, and base review reports that have formed the basis of Cabinet decisions. This includes information relevant to the 2026–27 budget cycle. As a result, the Committee has been unable to form a definitive view as to whether current funding levels are adequate. Instead, the Committee made 18 recommendations on improving transparency, accountability and the processes that govern integrity agency funding. These include recommendations relating to the treatment of budget bids, reasons for funding decisions, the use of Treasurer's Advances, and the need for independent base funding reviews.

Without access to the information that informs funding decisions, parliamentary oversight of integrity agency budgets is constrained. The Committee considers that this has implications not only for transparency, but also for the effective discharge of its own statutory functions.

Notwithstanding these constraints, the evidence before the Committee points to a number of consistent themes. The integrity agencies' legislative mandates have expanded over time, demand for their services has increased, and the matters they deal with have become more complex. At the same time, agencies face ongoing cost pressures, including workforce-related expenses. While agencies have taken steps to manage these pressures within existing resources, the Committee heard evidence that there are limits to the extent to which efficiency measures and internal reprioritisation can offset sustained growth and with increasingly complex complaints and investigations.

The Committee considered broader questions about funding independence and transparency. Integrity agencies are in a distinctive position, in that they are required to seek funding through executive-led processes while performing oversight functions that may directly affect the Executive Government. This structural tension has been the subject of ongoing commentary, including recent joint publications by integrity agencies advocating for reforms to improve transparency and strengthen parliamentary engagement in budget processes.

Interjurisdictional comparisons undertaken as part of this Inquiry indicate that alternative approaches are possible within existing constitutional and budgetary frameworks. In particular, recent reforms in other jurisdictions demonstrate ways in which integrity agency funding processes can be adjusted to provide greater transparency and enhanced parliamentary oversight, without undermining fiscal discipline or Executive responsibility for the Budget.

The Committee also recommended that regular, independent reviews of integrity agencies' base funding would provide a robust and transparent basis for assessing resourcing needs over time. This Inquiry has highlighted structural issues that extend beyond the immediate question of budget adequacy. Importantly, the report is concerned with ensuring that Victoria's integrity agencies are appropriately supported to perform their functions effectively, independently and in accordance with their statutory functions and the expectations of Parliament. I am confident that the report's recommendations will assist in strengthening the funding framework for Victoria's integrity agencies.

I thank my fellow Committee members—Deputy Chair Hon Kim Wells MP, Ryan Batchelor MP, Jade Benham MP, Eden Foster MP, Paul Mercurio MP, Rachel Payne MP, and Belinda Wilson MP—for their contributions to this Inquiry.

I also acknowledge the Committee Secretariat for their efforts in planning and conducting this Inquiry and preparing the report: Sean Coley, Committee Manager; Dr Chloë Duncan, Senior Research Officer; Tom Hvala, Research Officer; Whitney Kapa, Research Assistant; Emma Daniel, Complaints and Research Assistant; Maria Marasco

and Bernadette Pendergast, Committee Administrative Officers, Dr Kathleen Hurley, Financial Analyst with the Parliament's Public Accounts and Estimates Committee, for her excellent data analysis and assistance, and Charlie Paterson, Monash University Law student intern, who provided impressive research briefings and chapter input while on placement with the Committee between 11 February to 22 April 2026.

I commend this report to the Parliament.

A handwritten signature in black ink that reads "Tim Read". The signature is written in a cursive, flowing style.

**Dr Tim Read MP**  
**Chair**



# Recommendations

## 3 Funding of integrity agencies: an interjurisdictional comparison

**RECOMMENDATION 1:** That the Victorian Government consider whether any improvements are needed to the way in which Victorian integrity agencies, including the Victorian Ombudsman (VO), are funded, including any associated budgetary processes, bearing in mind recommendations in the Independent Broad-based Anti-corruption Commission, VO and Victorian Auditor-General's Office's 2022 joint paper, *Budget independence for Victoria's Independent Officers of Parliament*. 33

**RECOMMENDATION 2:** That the Victorian Government seek to establish a specialist integrity agency unit within the Department of Treasury and Finance, for the independent and specialist management of integrity agency budget processes. 34

**RECOMMENDATION 3:** That the Victorian Government enable the Integrity Oversight Committee to review and be provided with the budget bids of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria and any other relevant integrity agency. 34

**RECOMMENDATION 4:** That the Victorian Government seek to legislate that the Treasurer must give written notice of the proposed budget in the next annual Appropriation Act to the heads of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria. If the proposed budget is different to the amount sought for the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria in the budget proposal, the notice must provide reasons for this variation. 37

**RECOMMENDATION 5:** That the Victorian Government seek to legislate that the Treasurer provide a description of budget proposals from the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria and reasons for variations to the Integrity and Oversight Committee. 37

**RECOMMENDATION 6:** That the Independent Broad-based Anti-corruption Commission inform the Integrity and Oversight Committee the particulars of Treasurer’s Advance requests when they are made, and the outcome of the Treasurer’s Advance requests. 40

**RECOMMENDATION 7:** That Integrity Oversight Victoria inform the Integrity and Oversight Committee the particulars of Treasurer’s Advance requests when they are made, and the outcome of the Treasurer’s Advance requests. 40

**RECOMMENDATION 8:** That the Victorian Ombudsman inform the Integrity and Oversight Committee the particulars of Treasurer’s Advance requests when they are made, and the outcome of the Treasurer’s Advance requests. 40

**RECOMMENDATION 9:** That the Victorian Government seek to legislate a formal position that the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria are excluded from efficiency dividends. 41

#### 4 Are Victoria’s integrity agencies adequately resourced to perform their functions?

**RECOMMENDATION 10:** That the Victorian Government, in consultation with the Independent Broad-based Anti-corruption Commission (IBAC), the Victorian Ombudsman (the VO), and Integrity Oversight Victoria (IOV), review and, if necessary, revise the Department Performance Statement quantitative and qualitative assessment targets to ensure their adequacy and fitness for purpose, taking into account the volume and complexity of complaints and notifications handled by IBAC, the VO and IOV. 60

**RECOMMENDATION 11:** That the Independent Broad-based Anti-corruption Commission (IBAC) develop, use and consistently publicly report on key quantitative and qualitative performance indicators (including complexity indicators) for its assessment of complaints and notifications. This will allow for more precise tracking and evaluation of IBAC’s performance across financial years, including its compliance with quality and timeliness standards in making assessments. 60

**RECOMMENDATION 12:** That the Victorian Ombudsman (VO) develop, use and consistently publicly report on key quantitative and qualitative performance indicators (including complexity indicators) for its assessment of complaints and notifications. This will allow for more precise tracking and evaluation of the VO's performance across financial years, including its compliance with quality and timeliness standards in making assessments.

60

**RECOMMENDATION 13:** That Integrity Oversight Victoria (IOV) develop, use and consistently publicly report on key quantitative and qualitative performance indicators (including complexity indicators) for its assessment of complaints and notifications. This will allow for more precise tracking and evaluation of IOV's performance across financial years, including its compliance with quality and timeliness standards in making assessments.

60

**RECOMMENDATION 14:** That the Victorian Government seek amendment of the *Ombudsman Act 1973* (Vic) to grant the Victorian Ombudsman greater powers and flexibility to decide how it handles public interest complaints.

64

**RECOMMENDATION 15:** That the Victorian Government undertake a base funding review for the Victorian Ombudsman in the 2026/27 financial year.

69

**RECOMMENDATION 16:** That the Victorian Government undertake a base funding review for Integrity Oversight Victoria in the 2026/27 financial year.

69

**RECOMMENDATION 17:** That the Victorian Government undertake a base funding review for the Independent Broad-based Anti-corruption Commission in the 2027/28 financial year.

69

**RECOMMENDATION 18:** That the Victorian Government undertake base funding reviews of the Victorian Ombudsman, Integrity Oversight Victoria and the Independent Broad-based Anti-corruption Commission at regular intervals.

69



# Acronyms

|          |   |
|----------|---|
| AI       | artificial intelligence   |
| ACA      | Anti-corruption agencies  |
| BP3      | Victorian Budget Paper No. 3                                    |
| BFC      | Budget and Finance Committee                                    |
| CMS      | Case Management System  |
| DPC      | Department of Premier and Cabinet                               |
| DTF      | Department of Treasury and Finance                              |
| FTE      | full-time equivalent  |
| IBAC     | Independent Broad-based Anti-Corruption Commission              |
| ICAC NSW | Independent Commission Against Corruption, New South Wales      |
| ICAC SA  | Independent Commission Against Corruption, South Australia      |
| ICT      | Information and Communication Technology                        |
| IOC      | Integrity and Oversight Committee, Parliament of Victoria       |
| IOV      | Integrity Oversight Victoria                                    |
| IP       | Internet Protocol   |
| ISP      | internet service provider                                       |
| KPI      | key performance indicator                                       |
| MP       | Member of Parliament  |
| NGO      | Non-government organisation                                     |
| NSW      | New South Wales   |
| OVIC     | Office of the Victorian Information Commissioner                |
| PAEC     | Public Accounts and Estimates Committee, Parliament of Victoria |
| PIC      | public interest complaint                                       |
| PID      | public interest disclosure                                      |
| PWSIC    | Parliamentary Workplace Standards and Integrity Commission      |
| SA       | South Australia   |

## Acronyms

|      |                                      |
|------|--------------------------------------|
| TIA  | Transparency International Australia |
| VAGO | Victorian Auditor-General's Office   |
| VI   | Victorian Inspectorate               |
| VO   | Victorian Ombudsman                  |
| VPS  | Victorian Public Service             |

# Chapter 1

## Introduction

### 1.1 Overview of Victoria's integrity system

#### 1.1.1 The integrity agencies

Accountability and integrity are two key principles underpinning responsible government. Victoria's integrity system is comprised of a number of bodies, which perform important roles in maintaining trust and confidence in public administration. Together, they help protect and advance the integrity of the Victorian public sector.

The Independent Broad-based Anti-corruption Commission (IBAC) is responsible for identifying, exposing and preventing corrupt conduct in the Victorian public sector. Its functions include a focus on overseeing Victoria Police. It is also the central agency for receiving, assessing and investigating disclosures about improper conduct by a public officer or public body (known formally as 'public interest disclosures' (PIDs), and, less formally, as 'whistleblower complaints').

The Victorian Ombudsman (VO) investigates and resolves complaints about the administrative actions of Victorian government agencies, including local councils. It is also empowered to enquire into any administrative action that is incompatible with the *Charter of Human Rights and Responsibilities Act 2006* (Vic).

Integrity Oversight Victoria (IOV) oversees several key integrity agencies, including IBAC, the VO, the Office of the Victorian Information Commissioner (OVIC) and the Parliamentary Workplace Standards and Integrity Commission (PWSIC). It does this through, among other measures, monitoring their compliance with the law, use of coercive powers and compliance with procedural fairness requirements.

These integrity agencies are not subject to the direction or control of the executive government and are directly accountable to the Parliament of Victoria through the Integrity and Oversight Committee (IOC). OVIC and PWSIC are also overseen by IOC, but do not directly fall within the scope of this Inquiry.

## 1.1.2 The Integrity and Oversight Committee

The IOC is a joint investigatory committee of the 60th Parliament of Victoria established under the *Parliamentary Committees Act 2003* (Vic) ('*PC Act 2003* (Vic)'). The IOC is responsible for monitoring and reviewing the performance of the duties and functions of some of Victoria's leading integrity agencies. The IOC performs this oversight role through, among other actions:

- monitoring and reviewing the performance of the duties and functions of IBAC, IOV, OVIC, the PWSIC and the VO
- examining the agencies' reports, including annual reports
- reporting to both Houses of Parliament on any matter requiring the attention of Parliament.<sup>1</sup>

The agencies are required by legislation to perform duties, functions and responsibilities relating to:

- public information, education and prevention
- complaint handling, investigations and reviews of public sector body investigations
- inquiries into public sector bodies (including any consequent recommendations).

In addition to examining agency reports, the Committee exercises oversight by monitoring information about the performance of agencies it has received from complainants, information in the public domain, and information provided by integrity agencies (for example, through correspondence, briefings, submissions and appearances at Committee hearings). Further, the Committee has the power to inquire into matters that have been referred to it by the Parliament of Victoria or which have been self-referred by the Committee under the *PC Act 2003* (Vic).<sup>2</sup>

Under the *PC Act 2003* (Vic) the Committee may investigate complaints about the Information Commissioner and the operation of OVIC.<sup>3</sup> However, it cannot investigate complaints about IBAC, IOV, PWSIC or the VO. While the Committee cannot investigate these kinds of complaints, it can monitor and review them, and seek further information from the integrity agency concerned, where the Committee considers that a complaint has identified a systemic issue that bears on the performance of the agency (for example, its professionalism and timeliness).<sup>4</sup> The *PC Act 2003* (Vic) expressly prohibits the Committee, however, from reconsidering the decisions, findings or recommendations made by IBAC, IOV, OVIC, the PWSIC and the VO.<sup>5</sup>

1 *Parliamentary Committees Act 2003* (Vic) ('*PC Act 2003* (Vic)') s 7(1); *Ombudsman Act 1973* (Vic) ('*VO Act 1973* (Vic)') s 26H(1).

2 *PC Act 2003* (Vic) s 33(1), (3).

3 *PC Act 2003* (Vic) s 7(1)(b).

4 *PC Act 2003* (Vic) s 7(1); Integrity and Oversight Committee (IOC), <<https://www.parliament.vic.gov.au/ioc>> accessed 7 April 2026; IOC, *Information for complainants*, <[https://www.parliament.vic.gov.au/4992a5/contentassets/f6fcfe3fe8634673b04e36e325a4b6b2/ioc\\_info-for-complainants.pdf](https://www.parliament.vic.gov.au/4992a5/contentassets/f6fcfe3fe8634673b04e36e325a4b6b2/ioc_info-for-complainants.pdf)> accessed 7 April 2026.

5 *PC Act 2003* (Vic) s 7(2); *VO Act 1973* (Vic) s 26H(2).

The IOC is authorised to engage an independent investigator to investigate public interest complaints (PICs) about IOV.<sup>6</sup>

The IOC is required to recommend to Parliament the appointment of an independent person to conduct a performance audit of IBAC, IOV and the VO at least once every four years.<sup>7</sup> The independent performance audit must ‘determine’ whether these agencies are achieving their ‘objectives effectively, economically and efficiently and in compliance’ with their governing legislation.<sup>8</sup> The inaugural reports of the independent performance auditor on the performance of IBAC and IOV (formerly the Victorian Inspectorate) were tabled in 2022, and the inaugural report on the VO in 2024.<sup>9</sup>

## 1.2 Funding of the integrity agencies

Under the governing legislation the budget for IBAC, IOV and the VO for each financial year is to be determined in consultation with the IOC and concurrently with the annual plan.<sup>10</sup> Before each financial year commences, each of these agencies must prepare a draft annual plan and submit it to the Committee for its consideration.<sup>11</sup>

In practice, the Committee consults with these agencies on their draft annual plans, and the final annual plans are then transmitted to each House of Parliament. The process currently in place does not allow for the Committee to meaningfully consult with the agencies on their budget bids and the budget determined for the agencies, as the Committee cannot access budget process documents due to Cabinet-in-Confidence provisions.

The governing legislation for OVIC and the PWSIC does not contain the same requirement,<sup>12</sup> so the Committee relies upon the annual reports of these agencies to consider funding as part of its monitoring functions.

Reflective of the Terms of Reference for this Inquiry, this report will focus on the adequacy of the budget for IBAC, IOV and the VO, and will not consider the budgets of OVIC and the PWSIC.

<sup>6</sup> *PC Act 2003* (Vic) s 7(1)(ia); *Public Interest Disclosures Act 2012* (Vic) s 56A(1)(d).

<sup>7</sup> *Independent Broad-based Anti-corruption Commission Act 2011* (Vic) (*‘IBAC Act 2011 (Vic)’*) s 170; *Integrity Oversight Victoria Act 2011* (Vic) (*‘IOV Act 2011 (Vic)’*) s 90D; *VO Act 1973* (Vic) s 24D.

<sup>8</sup> *IBAC Act 2011* (Vic) s 170(4); *IOV Act 2011* (Vic) s 90D(4); *VO Act 1973* (Vic) s 24D(4).

<sup>9</sup> See Parliament of Victoria, IOC, *The independent performance audits of the Independent Broad-based Anti-corruption Commission and the Victorian Inspectorate*, Melbourne, October 2022; O’Connor Marsden, *Performance audit of the Victorian Ombudsman: report to the Integrity and Oversight Committee*, Melbourne, 18 June 2024, in Parliament of Victoria, IOC, *The independent performance audit of the Victorian Ombudsman*, Melbourne, July 2024, Appendix A (hereinafter, *Performance audit of the Victorian Ombudsman*, Melbourne, 2024).

<sup>10</sup> *IBAC Act 2011* (Vic) s 167; *IOV Act 2011* (Vic) s 90A; *VO Act 1973* (Vic) s 24A.

<sup>11</sup> *IBAC Act 2011* (Vic) s 168; *IOV Act 2011* (Vic) s 90B; *VO Act 1973* (Vic) s 24B.

<sup>12</sup> *Freedom of Information Act 1982* (Vic) (*‘FOI Act 1982 (Vic)’*); *Privacy and Data Protection Act 2014* (Vic); *Parliamentary Workplace Standards and Integrity Act 2024* (Vic).

## 1.2.1 The budget process

IBAC, IOV and the VO, alongside the Victorian Auditor-General's Office (VAGO), are funded as Officers of the Parliament, and their budgets are legislated through the annual Appropriations (Parliament) Bill.<sup>13</sup> They are subject to the same budget process required of Government Departments, and their appropriations are included in the State Budget. This process is conducted in accordance with the *Financial Management Act 1994* (Vic) and the Standing Directions 2018, which was revised in 2025.<sup>14</sup>

The Victorian State Budget is prepared on a forward estimates basis, with a 4-year projection.<sup>15</sup> Within the forward estimates, each department or agency has a recurrent base funding amount, sometimes referred to as ongoing funding. The base funding amount is established through the Departmental Funding Model, in which the Government contracts the delivery of goods and services to departments, generally referred to as the department's output.<sup>16</sup> The output prices are indexed so that inflation does not erode the delivery of services over time.<sup>17</sup> Annual budget estimates, including forward estimates, are provided by the agencies in their annual plans.<sup>18</sup>

The Department of Treasury and Finance (DTF) provides the agencies with guidance and timetables for submitting their budget submissions to be considered as part of the State Budget decisions; the budget submissions (often referred to as budget bids) ordinarily include requests for supplementary budget allocations above the base funding for particular projects and needs.<sup>19</sup> The budget bids are then considered by the Budget and Finance Committee (a Cabinet committee).<sup>20</sup> The agencies are advised of their budget allocations by DTF, and can contact DTF to raise questions or seek feedback on the quality of the business case the agency put forward.<sup>21</sup> The budget allocations for the agencies are published when the State Budget is handed down, typically in early May of each year.<sup>22</sup>

### Treasurer's Advances

The agencies may also receive Treasurer's Advances for urgent and unforeseen claims that arise after the annual Budget process has occurred. These payments are

<sup>13</sup> *Appropriation (Parliament 2025–26) Act 2025* (Vic).

<sup>14</sup> *Financial Management Act 1994* (Vic); Department of Treasury and Finance, *Standing Directions 2018 Under the Financial Management Act*, Melbourne, 2018.

<sup>15</sup> Department of Treasury and Finance, *Budget Paper No. 2 – Strategy and Outlook*, Melbourne, 2025, pp. 41–44.

<sup>16</sup> Department of Treasury and Finance, Victorian Government, *Resource Management Framework Part 1 of 2*, 2026, pp. 23–24.

<sup>17</sup> Department of Treasury and Finance, Victorian Government, *Resource Management Framework Part 2 of 2*, 2026, p. 25.

<sup>18</sup> IBAC, *Annual plan 2025/26*, Melbourne, 2025, p. 17; VO, *Annual plan 2025/26*, Melbourne, 2025, p. 18; IOV, *Annual plan 2025/26*, Melbourne, 2025, p. 19.

<sup>19</sup> Department of Treasury and Finance, Victorian Government, *Resource Management Framework Part 1 of 2*, 2026, pp. 51–55; DTF, Inquiry into the adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice, attachment A, received 17 April 2026, p. 3.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

initially made without Parliamentary sanction and are reported to the Parliament in a subsequent year's Annual Appropriations Act (usually up to two years after being accessed).<sup>23</sup>

The VO has a legislative requirement to investigate any Parliamentary Referral it receives,<sup>24</sup> and this is routinely funded through Treasurer's Advances due to the unpredictability of referrals made by Parliament.<sup>25</sup> The agencies may also make applications for Treasurer's Advances for other unforeseen circumstances, such as the differential in pay rates when a new Victorian Public Service Enterprise Agreement is implemented, or to resolve unexpected information technology issues.<sup>26</sup>

An application for a Treasurer's Advance is made either by submitting a letter to the Treasurer or through a policy proposal to the relevant Cabinet committee.<sup>27</sup> If the request is approved, in-principle approval is provided and is then the appropriation is finalised at the end of the financial year.<sup>28</sup> Treasurer's Advance applications can be rejected, and the agency then must work within the budget that was previously approved.<sup>29</sup>

### Base reviews

IBAC underwent a base review in the 2021–22 financial year, which was used to inform future resourcing needs for IBAC.<sup>30</sup> The base review resulted in IBAC submitting a budget bid for an increase to its base funding, and receiving additional funding of \$32 million over 4 years, and \$8.6 million per year thereafter.<sup>31</sup>

In the 2020–21 budget IOV was allocated funding to conduct an independent base review.<sup>32</sup> The base review was conducted by Ernst and Young, who produced a report in September 2021.<sup>33</sup> This resulted in an increase in their base funding, and additional fixed-term funding,<sup>34</sup> however, the increase in funding was lower than the report

<sup>23</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 financial and performance outcomes*, April 2025, pp. 29, 186; Ms Marlo Baragwanath, Victorian Ombudsman, Integrity and Oversight Committee inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25, Public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, pp. 19, 21; Ms Anna Higgs, IBAC, Integrity and Oversight Committee inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25, Public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 6; Department of Treasury and Finance, Victorian Government, *Resource Management Framework Part 1 of 2*, 2026, pp. 87–89.

<sup>24</sup> *VO Act 1973 (Vic)* s 16.

<sup>25</sup> Ms Marlo Baragwanath, Victorian Ombudsman, Integrity and Oversight Committee inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25, Public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, pp. 19, 21.

<sup>26</sup> Ms Anna Higgs, IBAC, Integrity and Oversight Committee inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25, Public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 6; Ms Marlo Baragwanath, Victorian Ombudsman, Integrity and Oversight Committee inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25, Public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 21.

<sup>27</sup> Department of Treasury and Finance, Victorian Government, *Resource Management Framework Part 1 of 2*, 2026, p. 89.

<sup>28</sup> *Ibid.*

<sup>29</sup> Ms Kerryn Ellis, Victorian Ombudsman, Integrity and Oversight Committee inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25, Public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 21.

<sup>30</sup> IBAC, *Annual plan 2021/22*, Melbourne, 2021, p. 17; IBAC, *Annual report 2021/22*, Melbourne, 2022, p. 52.

<sup>31</sup> IBAC, *Annual report 2021/22*, Melbourne, 2022, p. 52.

<sup>32</sup> IOV, Inquiry into the adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 13 April 2026, p. 22.

<sup>33</sup> *Ibid.*

<sup>34</sup> IOV, *Annual report 2022–23*, Melbourne, 2023, p. 22.

recommended.<sup>35</sup> IOV is currently funded for 27.5 full time equivalent (FTE) plus the Chief Integrity Inspector, this is 4.9 FTE below the recommendation in the base review report.<sup>36</sup>

The last base review for the VO was conducted in 2018.<sup>37</sup> Due to the time passed since this review, the base review was not considered in detail.

Additionally, as base review reports have been used as part of budget bids, they are considered Cabinet-in-Confidence and have not been provided to the Committee.

## 1.2.2 Key issues in funding of the integrity agencies

### Budget transparency and independence

Greater budget transparency for Australian integrity agencies has long been a topic of discussion. In a 2005 National Integrity Systems Report, Professor A.J. Brown recommended that all Australian governments collaborate to develop 'more consistent and transparent budget formulae for determining the appropriate levels for recurrent or new funds for core agencies'.<sup>38</sup>

Victoria's integrity agencies have been advocating for reform of their budget processes for some time, with IBAC, the VO and VAGO publishing a joint paper on budget independence in 2022.<sup>39</sup> In 2026, IBAC, the VO and VAGO published another joint paper advocating for budget transparency for Victoria's core integrity agencies.<sup>40</sup>

In the 2026 joint paper, the agencies argue that while their statutory independence is clear, the budget process that determines their funding is opaque.<sup>41</sup> They contend that the current funding structure limits the ability of the agencies and Parliament to scrutinise, correct misunderstandings, and protect functional independence.<sup>42</sup> To address these limitations the agencies recommend reforms in three areas:

- improvements to the agencies' access to information about budget decisions
- increased Committee engagement and Parliamentary oversight
- administrative safeguards.<sup>43</sup>

The agencies propose their funding should be assessed as a share of total government expenditure, not just in nominal dollars, because integrity agencies should be compared

<sup>35</sup> IOV, response to questions on notice received 13 April 2026, p. 22.

<sup>36</sup> Ibid.

<sup>37</sup> VO, *Annual report 2018-19*, Melbourne 2019, p. 85.

<sup>38</sup> Transparency International Australia and Griffith University, *Australia's National Integrity System: The Blueprint for Action - assessment background*, report prepared by A. J. Brown et al., Griffith University, Brisbane, 2020, p. 100.

<sup>39</sup> IBAC, VO and VAGO, *Budget independence for Victoria's Independent Officers of Parliament*, Melbourne, 2022.

<sup>40</sup> IBAC, VO and VAGO, *Advancing budget transparency for Victoria's core integrity agencies*, Melbourne, 2026.

<sup>41</sup> Ibid., pp. 8-9.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid., pp. 13-14.

against the scale of government they are tasked with overseeing. They have endorsed Transparency International Australia's recommended minimum benchmark of 0.15% of government sector expenditure for core integrity agency funding.<sup>44</sup>

In 2022 the agencies argued for a structurally independent funding model with an Independent Commission/Tribunal—instead of the Executive—responsible for budgetary decisions for the agencies.<sup>45</sup> Ms Marlo Baragwanath, the Victorian Ombudsman, has stated that 'it is a bit of an uncomfortable situation where we are seeking funding from those that we actively oversight,' and this distinguishes integrity agencies from other public sector agencies.<sup>46</sup> While the 2026 paper states that those recommendations 'remain highly relevant' and represent the 'ultimate goal', the agencies are currently advocating for process reform that can be implemented within existing frameworks.<sup>47</sup>

This inquiry is focused on the adequacy of the current annual budget allocations for IBAC, IOV and the VO. However, the Committee considers these issues to be of significance when considering the adequacy of agencies' annual budgets. Particularly, as the Committee will be better equipped to engage in these processes if it has increased engagement with DTF and the agencies regarding budgetary decisions.

### IOC's oversight of budget processes

As stated in Section 1.2, the Committee has a legislated consultation function with regard to the budget and annual plans of IBAC, IOV and the VO.<sup>48</sup> This consultation function was introduced through legislative amendment in 2019.<sup>49</sup>

In practice, this consultation process occurs for the agencies' annual plans, but the Committee is not consulted on the agencies' budget bids and budget allocations by the agencies or DTF. As stated by the agencies, 'neither agency's legislation, nor the extraneous materials available, provide further guidance on whether it was intended that the individual agencies or the government were to consult with the Oversight Committee on draft budgets'.<sup>50</sup>

In their joint paper on budget transparency, IBAC, the VO and VAGO have advocated for increased Committee engagement in the budget process.<sup>51</sup> Specifically, they have called for the agencies to be able to provide a summary of their budget requests and

<sup>44</sup> IBAC, VO and VAGO, *Advancing budget transparency for Victoria's core integrity agencies*, Melbourne, 2026, pp. 9-10.

<sup>45</sup> IBAC, VO and VAGO, *Budget independence for Victoria's Independent Officers of Parliament*, Melbourne, 2022, p. 12.

<sup>46</sup> Ms Marlo Baragwanath, Victorian Ombudsman, Integrity and Oversight Committee inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 17.

<sup>47</sup> IBAC, VO and VAGO, *Advancing budget transparency for Victoria's core integrity agencies*, Melbourne, 2026, p. 4.

<sup>48</sup> *IBAC Act 2011* (Vic) s 167; *IOV Act 2011* (Vic) s 90A; *VO Act 1973* (Vic) s 24A.

<sup>49</sup> *Integrity and Accountability Legislation Amendment (Public Interest Disclosures, Oversight and Independence) Act 2019* (Vic).

<sup>50</sup> IBAC, VO and VAGO, *Advancing budget transparency for Victoria's core integrity agencies*, Melbourne, 2026, p. 9.

<sup>51</sup> *Ibid.*, p. 13.

supporting rationale to the Committee, and for the Committee to receive a briefing from the Department on the reasons for accepting or rejecting the budget requests.<sup>52</sup>

The Committee supports this recommendation, and would welcome the opportunity to realise its legislated oversight function regarding the budgets of IBAC, the VO and IOV.

## 1.3 The inquiry process

### 1.3.1 Approach to the Terms of Reference

The Committee has interpreted the Terms of Reference for this Inquiry in relation to its statutory functions, which include monitoring and reviewing the performance of IBAC, the VO and IOV,<sup>53</sup> and reporting to Parliament on the performance of these agencies' duties and functions.<sup>54</sup> Accordingly, the key question for the Committee in this Inquiry is determining whether agencies' budgets are adequate in allowing them to perform their statutory functions and duties.

Parliamentary examination of agencies' budgets is undertaken by the Public Accounts and Estimates Committee (PAEC), the functions of which include inquiring into, considering and reporting to Parliament on matters relating to public administration or public sector finances.<sup>55</sup> As PAEC regularly examines the budgets of IBAC, the VO and IOV and reports on the management of their finances as part of its broader functions, this Inquiry instead considers at a policy level whether IBAC's, the VO's, and IOV's budgets sufficiently empower them to perform their duties and functions, in line with their legislative objectives.

The Parliamentary Budget Office provides ongoing fiscal, economic and financial services to members of the Victorian Parliament, including responding to requests for policy costings.<sup>56</sup> In providing advice on what settings are appropriate for funding agencies in the 2026–27 State Budget, this Inquiry will not provide detailed costings and instead makes recommendations to adjust funding processes for the integrity agencies.

### 1.3.2 Public hearings and evidence

The Legislative Council referred this Inquiry to the Committee on 4 March 2026. At that time the Committee was undertaking its Inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25.

<sup>52</sup> Ibid.

<sup>53</sup> *PC Act 2003* (Vic), s 7(1)(j); *VO Act 1973* (Vic), s 26H(1)(a); *PC Act 2003* (Vic), s 7(1)(f).

<sup>54</sup> *PC Act 2003* (Vic), s 7(1)(k); *VO Act 1973* (Vic), s 26H(1)(b); *PC Act 2003* (Vic), s 7(1)(g).

<sup>55</sup> *PC Act 2003* (Vic), s 14(1)(a)(i).

<sup>56</sup> *Parliamentary Budget Officer Act 2017* (Vic), Part 2 Div 3; Parliamentary Budget Office, *Parliamentary Budget Office*, <<https://pbo.vic.gov.au>> accessed 8 April 2026.

As part of that Inquiry, the Committee held hearings on Monday 16 February and Monday 2 March 2026. IBAC, the VO and IOV provided evidence at the 2 March hearing, including answering questions on resourcing and funding matters.

Given that the agencies had just appeared before the Committee and provided evidence on relevant issues, and considering the short reporting timeframe for this Inquiry, the Committee determined that the hearings for the Inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25 were sufficient to satisfy the Terms of Reference for this Inquiry.

To ensure this Inquiry was supported by a thorough evidence base, the Committee also issued Questions on Notice to IBAC, the VO, IOV and DTF, as described in Section 2.2.1.

### 1.3.3 Limitations due to the IOC's legislative framework and confidentiality requirements

The IOC's functions are set out in Section 7(1) of the *PC Act 2003* (Vic) and Section 26H(1) of the *VO Act 1973* (Vic), as outlined in Section 1.1.2. Limitations on the Committee's functions are outlined in Section 7(2) of the *PC Act 2003* (Vic) and Section 26H(2) of the *VO Act 1973* (Vic). Notably, the legislation specifies that the Committee is prohibited from disclosing any information that may contravene any secrecy or confidentiality provision in any relevant Act.<sup>57</sup>

Cabinet-in-Confidence documents are specified in the Cabinet Handbook, which states that Departmental Cabinet-in-Confidence records include 'submissions, memos and correspondence, which have been passed to the Minister from an agency'.<sup>58</sup> Additionally, Cabinet documents are exempt from Freedom of Information requirements under the *Freedom of Information Act 1982* (Vic), which include in their definition of Cabinet documents, 'a document the disclosure of which would involve the disclosure of any deliberation or decision of the Cabinet, other than a document by which a decision of the Cabinet was officially published'.<sup>59</sup>

Therefore, the agencies are not able to provide to the Committee any documents that are considered Cabinet-in-Confidence, including documents that have been passed to the Minister for consideration of budget requests. As a result, while the Committee has a legislative provision to consult on the budgets of IBAC, the VO and IOV,<sup>60</sup> claims of Executive Privilege and Cabinet-in-Confidence prevent the Committee from accessing the documents required for consultation.

<sup>57</sup> *PC Act 2003* (Vic) s7(2)(g); *VO Act 1973* (Vic) s 26H(2)(d).

<sup>58</sup> Department of Premier and Cabinet, Victorian Government, *Cabinet Handbook*, 2023, p. 33.

<sup>59</sup> *FOI Act 1982* (Vic) s 28(d).

<sup>60</sup> *IBAC Act 2011* (Vic) s 167; *IOV Act 2011* (Vic) s 90A; *VO Act 1973* (Vic) s 24A.

## 1.4 Report structure

This chapter has introduced Victoria’s integrity system and funding arrangements for IBAC, the VO and IOV, and described the process followed for this Inquiry including limitations on the Committee’s jurisdiction.

Chapter 2 outlines how the Committee assessed the adequacy of integrity agencies’ budgets, including the evidence used and how it was analysed.

Chapter 3 provides an interjurisdictional comparison of funding settings between Victoria, New South Wales, Queensland, and South Australia.

Chapter 4 provides an analysis of the current funding of the agencies, their functions and changing demands, and considers evidence regarding whether they are adequately resourced to acquit their functions.

Chapter 5 concludes the report with reflections on the Committee’s recommendations.

# Chapter 2

## How we assessed budget adequacy

### 2.1 Defining ‘budget adequacy’

A key concept underpinning this Inquiry is what constitutes an adequate budget for an integrity agency. It has been observed that ‘[d]efining what counts as “adequate” or “sufficient”, particularly in resource-related principles, is complex’.<sup>1</sup> Based on a review of relevant integrity literature, this Inquiry has taken a multi-dimensional approach to defining adequacy in the context of integrity agencies’ budgets. Assessment of whether the Independent Broad-based Anti-corruption Commission’s (IBAC), the Victorian Ombudsman’s (VO), and Integrity Oversight Victoria’s (IOV) budgets are adequate took into consideration different factors including:

- sufficiency for supporting capacity, workload and organisational effectiveness
- value generated/return on investment
- transparency of budget processes and decisions
- budget independence
- stability—sustainability or security of funding and additional funds.

#### 2.1.1 Sufficiency as linked to capacity, workload and effectiveness

Within the integrity literature, adequacy of integrity agency budgets has often been tied to their mandates, workload and effectiveness. Recent developments in New South Wales (NSW) are of particular relevance to the discussion of budget adequacy due to the breadth of discussion and research presented by NSW agencies and Committees as well as subsequent legal reform. The NSW Public Accountability Committee has stated the importance of ensuring that important integrity work is not prevented by

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<sup>1</sup> U4 Anti-corruption Resource Centre, *Assessing compliance with the Jakarta Principles: A grading framework*, report prepared by Sofie Arjon Schütte and Elizabeth David-Barret, Bergen, p. 3. <<https://www.cmi.no/publications/file/9626-assessing-compliance-with-the-jakarta-principles-a-grading-framework.pdf>> accessed 10 April 2026: they go on to note that ‘proxy indicators like “ACA budget as a percentage of national budget” or “per capita expenditure” are proposed, but these are inevitably imperfect’.

inadequate funding.<sup>2</sup> The NSW Auditor-General also considered whether ‘funding models effectively support integrity agencies to fulfil their legislative mandate’<sup>3</sup> and ‘[f]unding arrangements reflect Parliament’s intent for the agency’s role’.<sup>4</sup>

Subject matter experts have also contributed similar insights. Professor A.J. Brown and Dr Mark Bruerton, who are anti-corruption and public policy experts respectively,<sup>5</sup> also affirm the importance of budget ‘sufficiency and stability’ and its link to capacity.<sup>6</sup> They suggest the use of a benchmark is insightful to compare how integrity agencies are funded compared to overall total expenditure (to compare the size of scrutiny with the size of the government sector) and whether that funding could be considered excessive for that sector.<sup>7</sup> Transparency International Australia (TIA) reiterate that ‘adequacy and sustainability’ is an important concern, discussing domestic examples where funding of an integrity agency had been diminished.<sup>8</sup> In the analogous context of considering funding of Australasian Auditors General, former Western Australian Assistant Auditor-General Peter Wilkins noted that ‘[t]he level of funding should be linked to the workload imposed by the legislation and the priorities of the Parliament’<sup>9</sup> but that ‘it is not straightforward to establish in advance whether the funding provided is adequate’.<sup>10</sup>

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- 2 Parliament of New South Wales, Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, Report 5, March 2020, p. 34, <<https://www.parliament.nsw.gov.au/lcdocs/inquiries/2558/Report%20No%205%20-%20First%20report%20-%20PAC%20-%20Budget%20Process.pdf>> accessed 10 April 2026. Discussion of international best practice also links the adequacy of integrity agency budgets with mandates, workload and effectiveness: Transparency International states that ‘adequate resourcing and staffing ... to carry out their functions’ is recognised in the United National Convention on Corruption, Transparency International, *Anti-corruption agencies in Europe*, report prepared by Jennfier Schöberlein, 2020, p. 11 <[https://knowledgehub.transparencycdn.org/helpdesk/Overview-of-Anti-Corruption-Agencies-in-Europe\\_2020\\_PR.pdf](https://knowledgehub.transparencycdn.org/helpdesk/Overview-of-Anti-Corruption-Agencies-in-Europe_2020_PR.pdf)> accessed 10 April 2026, (citing Samuel De Jaegere, *Principles for Anti-Corruption Agencies: A Game Changer* and OECD, *Specialised anti-corruption institutions – Review of models*, <[https://www.oecd.org/content/dam/oecd/en/publications/reports/2008/01/specialised-anti-corruption-institutions\\_2128619c/caa9bbe8-en.pdf](https://www.oecd.org/content/dam/oecd/en/publications/reports/2008/01/specialised-anti-corruption-institutions_2128619c/caa9bbe8-en.pdf)> accessed 30 April 2026). The importance of examining arrangements due to their ‘direct impact on institutional capacity’ is also emphasized. At the extreme, lack of an adequate budget is fatal to success: United Nations Development Program, *Practitioners’ Guide: Capacity Assessment of Anti-corruption agencies*, 2011, p. 31 <[https://www.undp.org/sites/g/files/zskgk326/files/publications/Practitioners\\_guide-Capacity%20Assessment%20of%20ACAs.pdf](https://www.undp.org/sites/g/files/zskgk326/files/publications/Practitioners_guide-Capacity%20Assessment%20of%20ACAs.pdf)> accessed 10 April 2026.
  - 3 Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, Audit Office of New South Wales, Sydney, 2020, p. 68 <<https://www.audit.nsw.gov.au/sites/default/files/documents/The%20effectiveness%20of%20the%20financial%20arrangements%20and%20management%20practices%20in%20four%20integrity%20agencies.pdf>> accessed 10 April 2026: the four integrity agencies in question for that audit were ‘the Independent Commission Against Corruption (ICAC), the NSW Electoral Commission (NSWEC), the NSW Ombudsman (NSWO) and the Law Enforcement Conduct Commission (LECC)’, p. 10.
  - 4 Ibid.
  - 5 A. J. Brown has contributed 30 years into integrity research including into the national integrity system: Griffith University, *About*, <<https://experts.griffith.edu.au/18540-a-j-brown>> accessed 13 April 2026 and UN Global Compact, *Professor A J Brown*, <<https://unglobalcompact.org.au/speakers/professor-a-j-brown>> accessed 13 April 2026.
  - 6 A. J. Brown and Mark Bruerton, ‘Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing’, *Crime, Law and Social Change*, vol. 68, 2017, p. 342.
  - 7 Ibid., pp. 342, 339, 351; for further discussion of the benchmark, see Transparency International Australia and Griffith University, *Australia’s National Integrity System: The Blueprint for Action*, report prepared by A. J. Brown et al., Griffith University, Brisbane, 2020, <[https://transparency.org.au/wp-content/uploads/2020/11/NIS\\_FULL\\_REPORT\\_Web.pdf](https://transparency.org.au/wp-content/uploads/2020/11/NIS_FULL_REPORT_Web.pdf)> accessed 10 April 2026, p. 10.
  - 8 Transparency International Australia and Griffith University, *Australia’s National Integrity System: The Blueprint for Action*, p. 10.
  - 9 Peter Wilkins, ‘Integrity agency funding: The case of Australasian Auditors General’, *Australasian Parliamentary Review*, vol. 37, no. 1, 2022, p. 107, <<https://www.aspg.org.au/wp-content/uploads/2022/06/Integrity-Agency-Funding.pdf>> accessed 10 April 2026.
  - 10 Ibid.

There is also relevant discussion on what capacity and effectiveness entails. Effectiveness includes the ‘gradual capacity development and improvement of the commission’s operations’.<sup>11</sup> In pursuit of fulfilling the provisions of the *United Nations Convention against Corruption*, ‘in order to operate effectively and free from any undue influence’, anti-corruption agencies should be given ‘the necessary independence, secure and stable funding and specialized staff with professional training’.<sup>12</sup> Further, ‘the adequacy of resources can be assessed by qualitative indicators, such as regular increases in resources, stability of human resources, reliability and integrity of staff members, efficiency of recruitment procedures, etc’.<sup>13</sup> ‘Material resources’ and ‘technological tools’ have also been seen as integral to corruption investigations.<sup>14</sup> Relatedly, in NSW, a review on investigations processes was conducted on the Independent Commission Against Corruption NSW (ICAC NSW) in 2019, ‘to review the end-to-end investigations process and associated caseload to understand the resourcing requirements to effectively and efficiently meet the Commission’s investigative responsibilities’.<sup>15</sup>

### 2.1.2 Value generated and return on investment

Another aspect to determining whether integrity agency budgets are adequate is related to financial assessments. As noted by Peter Wilkins, ‘[i]n addition to assessing the adequacy of resourcing by linking it to workload, another perspective is the value generated’.<sup>16</sup>

Further, it was stated by TIA that

‘[w]hile resources will always be limited and contested, budget allocations to ACAs [anti-corruption agencies], and within ACAs or other relevant integrity agencies, need

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- 11 Transparency International, *Best Practices for Anti-Corruption Commissions*, report prepared by Sofia Wickberg, 2013, p. 4, <<https://knowledgehub.transparencycdn.org/helpdesk/Best-practices-for-anti-corruption-commissions-2013.pdf>> accessed 10 April 2026.
  - 12 *United Nations Convention Against Corruption*, open for signature 31 October 2003, 2349 UNTS 41 (entered into force 14 December 2005); International Association of Anti-Corruption Authorities and Global Alliance of National Human Rights Institutions, *Marrakech Declaration*, Fifth Annual Conference and General Meeting of the International Association of Anti-Corruption Authorities, Marrakech, Morocco, 22-23 October 2011, <[https://ganhri.org/wp-content/uploads/2019/11/Marrakech-Declaration\\_ENG\\_-12102018-FINAL.pdf](https://ganhri.org/wp-content/uploads/2019/11/Marrakech-Declaration_ENG_-12102018-FINAL.pdf)> accessed 10 April 2026; see also *Jakarta Statement on Principles for Anti-Corruption Agencies*, Jakarta, 26-27 November 2012, <[https://www.unodc.org/documents/corruption/WG-Prevention/Art\\_6\\_Preventive\\_anti-corruption\\_bodies/JAKARTA\\_STATEMENT\\_en.pdf](https://www.unodc.org/documents/corruption/WG-Prevention/Art_6_Preventive_anti-corruption_bodies/JAKARTA_STATEMENT_en.pdf)> accessed 10 April 2026; also referenced in A. J. Brown and Mark Bruerton, ‘Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing’, p. 342.
  - 13 European Partners against Corruption, *Common Standards and Best Practice for Anti Corruption Agencies*, 2008 <[https://www.knab.gov.lv/sites/knab/files/article/en\\_6102/epac\\_common\\_standarts.pdf](https://www.knab.gov.lv/sites/knab/files/article/en_6102/epac_common_standarts.pdf)> accessed 10 April 2026, cited in Transparency International, *Best Practices for Anti-Corruption Commissions*, p. 4.
  - 14 Citing KPMG, *Anti-Corruption Commissions: Taking a Serious Approach to Tackling Corruption* in Transparency International, *Best Practices for Anti-Corruption Commissions*, p. 4.
  - 15 KPMG, *Investigations Process and Resource Model Review*, Sydney, 2018, p. 3, <<https://www.parliament.nsw.gov.au/ladocs/other/11421/ICAC%20Attachment%20to%20Answers%20to%20Questions%20on%20Notice%20%201%20June%202018%20%20KPMG%20Report.PDF>> accessed 10 April 2026.
  - 16 Peter Wilkins, ‘Integrity agency funding: The case of Australasian Auditors General’, p. 107.

to reflect the true needs as well as true value—in cost-benefit or return-on-investment terms—of corruption prevention activities.<sup>17</sup>

They went on to propose that there should be a ‘national benchmarking review of integrity expenditure’ by an organisation such as the Productivity Commission, to establish ‘[t]he benefits-to-cost or returns-on-investment ratios of a comprehensive program of corruption prevention, and minimum thresholds for such investment and internal allocations’.<sup>18</sup>

In addition, the NSW investigations review of ICAC by KPMG queried ‘whether the current ICAC structures, resourcing and operational practices enable it to operate in line with better practice and be effective in preventing, detecting and responding in a timely manner to the risk of corruption within and affecting the NSW public sector.’<sup>19</sup>

### 2.1.3 Independence of budget processes from the Executive and setting of funding levels

Multiple experts in Victoria and other jurisdictions have raised independency concerns with integrity agency budget processes.

In 2020, the NSW Auditor-General stated that:

The role of the integrity agencies includes providing independent scrutiny of the Executive Government. Work done by the integrity agencies can potentially have a negative impact on the NSW Government, or individual ministers or senior public servants. As a result, there is a risk that the previous or planned work of the integrity agencies could influence the decisions made about their funding.<sup>20</sup>

The Queensland Economics and Governance Committee, in quoting the *Coaldrake report*,<sup>21</sup> noted the importance of ensuring financial independence of integrity agencies from the Executive, as a key function of integrity agencies is ‘to scrutinise and report upon the actions of the executive government’.<sup>22</sup> The NSW Public Accountability Committee noted that ‘[t]he positioning of the oversight bodies as part of the Premier

17 Transparency International Australia and Griffith University, *Governing for integrity: A blueprint for reform*, report prepared by A. J. Brown et. al, Griffith University, Brisbane, 2019, p. 17, <[https://transparency.org.au/wp-content/uploads/2020/08/Report\\_Governing-for-Integrity-2019.pdf](https://transparency.org.au/wp-content/uploads/2020/08/Report_Governing-for-Integrity-2019.pdf)> accessed 10 April 2026; Transparency International Australia and Griffith University, *Australia’s National Integrity system: The Blueprint for Action*, p. A-11.

18 Transparency International Australia and Griffith University, *Governing for integrity: A blueprint for reform*, p. 35.

19 KPMG, *Investigations Process and Resource Model Review*, p. 4.

20 Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, pp. 5, 20.

21 Peter Coaldrake, *Let the sunshine in: review of culture and accountability in the Queensland public sector*, final report, Brisbane, 2022, (‘*Coaldrake report*’ or ‘*Coaldrake review*’), <<https://www.coaldrakereview.qld.gov.au/assets/custom/docs/coaldrake-review-final-report-28-june-2022.pdf>> accessed 10 April 2026.

22 Focusing on how Parliamentary Committees could be involved in additional funding proposals: Parliament of Queensland, Economics and Governance Committee, *Integrity and Other Legislation Amendment Bill 2023*, September 2023, p. 48, <<https://www.parliament.qld.gov.au/Work-of-the-Assembly/Tabled-Papers/docs/5723t1215/5723t1215-70b2.pdf>> accessed 10 April 2026; the NSW Auditor-General report’s reference to independence was referred to in the Queensland *Coaldrake report*, final report, p. 69.

and Cabinet cluster compromises their independence, creates the appearance that they are subordinate to the Executive Government, and makes it challenging for these bodies to compete against government priorities to receive the funding they require'.<sup>23</sup> Legislative reforms supporting independence have been made in NSW involving exclusion from the Premier's Department and the Cabinet Office financial management processes,<sup>24</sup> exclusion from efficiency dividends<sup>25</sup> and the establishment of a specialist integrity agency unit within Treasury, responsible for providing the integrity agencies with information of funding outcomes.<sup>26</sup>

Peter Wilkins notes that '[i]ndependence is a fundamental feature of audit and it is recognised internationally that to be effective the external public sector function needs to be independent of the Executive' and that 'while these statements suggest a binary situation—-independent or not—it is important in the analysis here to recognise that there are degrees of independence'.<sup>27</sup> It should be noted that likewise, policy suggestions exhibit this spectrum of independence from the Executive such as the more autonomous functioning of a proposed Independent Commission or Tribunal,<sup>28</sup> a specialist integrity agency unit within the Treasury in New South Wales,<sup>29</sup> to the inclusion of parliamentary committee oversight of additional funding in Queensland.<sup>30</sup>

Likewise, Sarah Wyatt, a NSW government lawyer, notes that:

integrity agencies constitute a significant accountability tool to ensure that the government and Members of Parliament act properly and in the public interest. The effectiveness of integrity agencies in discharging this important role may be curtailed where their independence is compromised by government action.<sup>31</sup>

TIA further affirms that 'Australians rely on their core integrity agencies to operate with a high level of political and functional independence.'<sup>32</sup>

<sup>23</sup> Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, p. 37: they went on to say that 'to address these concerns, the committee recommends that the oversight bodies no longer sit under the Premier and Cabinet cluster. They do not belong there'.

<sup>24</sup> *Treasurer's Direction TD24-12: Charter of Independence for NSW integrity agencies*, 6 August 2024, cl. 2.

<sup>25</sup> *Ibid.*, cl. 3.

<sup>26</sup> *Ibid.*, cl. 1 and p. 2.

<sup>27</sup> Peter Wilkins, 'Integrity agency funding: The case of Australasian Auditors General', *Australasian Parliamentary Review*, p. 100.

<sup>28</sup> Victoria Ombudsman (VO), Independent Broad-based Anti-corruption Commission (IBAC), Victorian Auditor-General's Office (VAGO), *Budget independence for Victoria's Independent Officers of Parliament*, Melbourne, 2022, pp. 19–20.

<sup>29</sup> *Treasurer's Direction TD24-12: Charter of Independence for NSW integrity agencies*, 6 August 2024, cl. 1.

<sup>30</sup> *Integrity Act 2009* (Qld) s 85G; *Ombudsman Act 2001* (Qld) s 85C; *Crime Corruption Act 2001* (Qld) s 260C.

<sup>31</sup> Sarah Wyatt, 'Models for safeguarding the independence of integrity agencies', *Australian Institute of Administrative Law*, vol. 102, 2021, p. 38, <<https://search.informit.org/doi/epdf/10.3316/informit.872390046279581>> accessed 10 April 2026.

<sup>32</sup> Transparency International Australia and Griffith University, *Australia's National Integrity System: The Blueprint for Action*, 2020, p. A-08.

## 2.1.4 Transparency of budget processes and decisions

Transparency is an important concern in relation to budget processes generally.<sup>33</sup> Further it has been noted within the literature and by the integrity agencies subject to this Inquiry that the principle of Cabinet-in-Confidence<sup>34</sup> prevents integrity agencies and the public from accessing budget decisions and the underlying financial modelling.<sup>35</sup> However, transparency is of notable importance in relation to integrity agencies as they must report on particular acts of the Executive, and lack of transparency shrouds interference occurring through funding decisions.

As the VO, IBAC and VAGO, submitted in their 2026 joint paper entitled *Advancing budget transparency for Victoria's core integrity agencies*, '[p]rocedural transparency builds trust in the budget process and ensures that agencies are resourced in a way that reflects their statutory mandates and operational risks'.<sup>36</sup> Further, '[t]ransparency, including about how the funding level is set' is a key aspect of resource-related characteristics for the effectiveness of Auditors-General according to Peter Wilkins.<sup>37</sup>

The NSW Auditor-General noted the importance of transparent funding decisions for integrity agencies and 'mechanisms for the agencies to question or challenge decisions made'.<sup>38</sup> They recommended that 'there should be transparency to Parliament and the relevant agency for decisions made about funding for the integrity agencies'.<sup>39</sup>

The NSW Public Accountability Committee noted that 'a high degree of openness in the decision-making process' is expected by the public in relation to integrity agencies.<sup>40</sup> They noted that integrity agencies argued for greater transparency in financial

33 See, for example, VAGO, *Fair Presentation of Service Delivery Performance: 2024*, VAGO, Melbourne, 2024, <<https://www.audit.vic.gov.au/report/fair-presentation-service-delivery-performance-2024?section=34855--3-assessing-service-delivery-performance&show-sections=1#34855--3-assessing-service-delivery-performance>> accessed 10 April 2026; Helen Silver AO, *Independent Review of the Victorian Public Service: Final Report*, Melbourne, 2025, <<https://www.vic.gov.au/sites/default/files/2025-12/Independent-Review-of-the-VPS-Final-Report.pdf>> accessed 10 April 2026.

34 *Freedom of Information Act (Vic)* s 28.

35 Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, pp. 5–8, 11, 15; IBAC, VO and VAGO, *Budget independence for Victoria's Independent Officers of Parliament*, Melbourne, 2022; VO, IBAC, VAGO, *Advancing budget transparency for Victoria's core integrity agencies*, Melbourne, 2026, p. 6; Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, pp. 8, 9, 11, 13, 15; *Coaldrake report* (interim report), p. 16.

36 VO, IBAC, VAGO, *Advancing budget transparency for Victoria's core integrity agencies*, p. 8; they go on to say that '[w]ithout clear visibility into how decisions are made, there is a risk that trust in the funding process is undermined' and that without transparency, integrity agencies 'cannot be truly independent', p. 8.

37 Peter Wilkins, 'Integrity agency funding: The case of Australasian Auditors General', pp. 97, 101.

38 Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*; they go on to say that '[d]ecisions about funding for integrity agencies are not transparent and there are no mechanisms for the agencies to question or challenge decisions made', p. 5. 'Transparency in the decision-making process' was included as a relevant question to whether 'funding models effectively support integrity agencies to fulfil their legislative mandate in that audit', p. 68.

39 *Ibid.*, p. 9.

40 'Experience in other jurisdictions suggests that greater transparency can be achieved without dismantling established conventions of Cabinet confidentiality', the Committee goes on to explore the model of Parliamentary Commissions which independently decides the budget for parliamentary officers: Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, p. 34.

decision-making 'supplemented by more consultation with the independent bodies as part of that process'.<sup>41</sup> They went on to recommend a transparent process including public hearings where the 'parliamentary oversight committee established for each body should be allowed to review the budget submission from each agency'.<sup>42</sup> Legislative reforms supporting transparency that have occurred include examination and reporting by the parliamentary committee on variations to budget proposals,<sup>43</sup> reasons for variations to the amount sought by an integrity agency to be provided by the Treasurer<sup>44</sup> and a specialist integrity agency unit within Treasury, responsible for providing the integrity agencies with information on funding outcomes.<sup>45</sup>

In Queensland, the *Coaldrake report* noted that the NSW Auditor-General report 'recommends expanding Parliament's role in the budget process and ensuring greater transparency to Parliament about funding decisions as well as structured oversight by Parliament'.<sup>46</sup> It went on to recommend that in Queensland, responsibility for financial arrangements should be with a parliamentary committee.<sup>47</sup> The Economics and Governance Committee went on to consider the *Coaldrake report's* recommendation and the role of a Parliamentary Committee in additional funding proposals.<sup>48</sup> Legislative changes were then made to include parliamentary committee oversight in relation to additional funding proposals that has increased transparency.<sup>49</sup>

### 2.1.5 Stability—sustainability or security of funding and additional funds

Another aspect of assessing whether integrity agencies' budgets are sufficient is to evaluate the 'stability of integrity agency resourcing', detecting fluctuations that are not in proportion to the overall government expenditure.<sup>50</sup> An additional factor to consider is the inherent unpredictability of the anti-corruption agencies' work and whether funding should be structured to support it.

41 Ibid., p. 35.

42 Ibid., pp. 35–36.

43 *Government Sector Finance Act 2018* (NSW) s 4.14B(3)–(6).

44 *Government Sector Finance Act 2018* (NSW, s 4.14B(2).

45 *Treasurer's Direction TD24–12: Charter of Independence for NSW integrity agencies*, 6 August 2024, cl. 1 and p. 2.

46 *Coaldrake report, Review of culture and accountability in the Queensland public sector*, interim report, Brisbane, 2022, p. 16, <<https://www.coaldrakereview.qld.gov.au/assets/custom/docs/coaldrake-review-interim-report-21-april-2022.pdf>> accessed 10 April 2026.

47 Ibid., p. 7.

48 Parliament of Queensland, Economics and Governance Committee, *Integrity and Other Legislation Amendment Bill 2023*, Brisbane, September 2023, p. 48, <<https://www.parliament.qld.gov.au/Work-of-the-Assembly/Tabled-Papers/docs/5723t1215/5723t1215-70b2.pdf>> accessed 10 April 2026.

49 *Integrity Act 2009* (Qld) s 85G–H; *Ombudsman Act 2001* (Qld) s 85C–D; *Crime Corruption Act 2001* (Qld) s 260C–D.

50 A. J. Brown and Mark Bruerton, 'Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing', p. 351.

The *NSW ICAC Special Report* noted that '[t]he current funding model does not make adequate provision for the unpredictability of the Commission's work, particularly work on investigations and public inquiries'.<sup>51</sup> ICAC NSW went on to state that '[b]ased on the Commission's experience over at least the last 10 years, it is important that the funding model incorporates two components—a fixed component for core funding and a flexible component to accommodate the unpredictable nature of the Commission's work'.<sup>52</sup> The NSW Public Accountability Committee later accepted 'the argument that ad hoc supplementary funding requests by oversight agencies is an inadequate way to address the unpredictable resource requirements'.<sup>53</sup>

The NSW Auditor-General made queries on whether there was a '[c]hallenge process for discussion of agency assessments of their core funding requirements' and '[f]lexibility to respond to unforeseen increases in expenditure required to deliver their core services'.<sup>54</sup> Legislative reforms have been made in NSW where contingency funding for integrity may be approved upon request<sup>55</sup> while additional funding requests are directed to a parliamentary committee in Queensland followed by a Ministerial response to that parliamentary committee's report.<sup>56</sup>

Peter Wilkins, in noting the importance of 'certainty, both for the year and years ahead' also suggested that additional funding should be provided for 'unforeseen circumstances'.<sup>57</sup> Professor A.J. Brown and Dr Mark Bruerton state that 'stability of integrity agency resourcing' is 'as crucial an issue as sufficiency'.<sup>58</sup> They noted that whether 'evidence of threats to the stability of ACA [anti-corruption agencies] or wider integrity agency resourcing' could be a relevant query to the topic of stability, but went on to note that 'a more serious problem may be general attrition in resources over time, as a result of a wider range of factors'.<sup>59</sup> TIA also states that 'stronger budget processes to address the sustainability and financial independence of core integrity functions for the long term'.<sup>60</sup>

51 New South Wales Independent Commission against Corruption, *The need for a new independent funding model for the ICAC*, Special Report, New South Wales Independent Commission against Corruption, Sydney, 2020, p. 25, <<https://www.parliament.nsw.gov.au/tp/files/77503/Report%20of%20the%20ICAC%20-%20The%20need%20for%20a%20new%20independent%20funding%20model%20for%20the%20ICAC%20-%20May%202020.pdf>> accessed 10 April 2026.

52 Ibid., p. 30.

53 Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, p. 36.

54 Under the question of whether 'funding models effectively support integrity agencies to fulfil their legislative mandate'; Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, p. 68.

55 *Treasurer's Direction TD24-12: Charter of Independence for NSW integrity agencies*, 6 August 2024, cl. 6.

56 *Integrity Act 2009* (Qld) s 85G-H; *Ombudsman Act 2001* (Qld) s 85C-D; *Crime Corruption Act 2001* (Qld) s 260C-D.

57 Peter Wilkins, 'Integrity agency funding: The case of Australasian Auditors General', *Australasian Parliamentary Review*, p. 107.

58 A. J. Brown and Mark Bruerton, 'Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing', p. 351.

59 Ibid.

60 Transparency International Australia and Griffith University, *Australia's National Integrity system: The Blueprint for Action*, p. A-11.

The *Fundamental Principles of Australian Anti-Corruption Commissions*, which are twelve agreed interpretive principles to the *United Nations Convention on Corruption* by all anti-corruption agencies in Australia, includes the principle of a ‘sufficient and predictable budget’.<sup>61</sup> Article 21 of the *Principles on the protection and promotion* also states that ‘[s]ufficient and independent budgetary resources shall be secured to the Ombudsman institution’.<sup>62</sup>

## 2.2 How we assessed agencies’ funding needs

### 2.2.1 Evidence

#### Evidence from hearings for the Inquiry into the Performance of Victoria’s integrity agencies 2023/24 and 2024/25

As part of the ongoing execution of its functions, the Committee reviews the performance of Victoria’s integrity agencies for each financial year. The Committee held hearings for the Inquiry into the Performance of Victoria’s integrity agencies 2023/24 and 2024/25 on Monday 16 February and Monday 2 March 2026.

IBAC, the VO and IOV provided evidence before the Committee on 2 March. Key themes from the hearings in relation to funding, resourcing and the adequacy of their budgets include:

- the effects of unforeseen and extraordinary pressures on resourcing<sup>63</sup>
- increases in service demand agencies have experienced in recent years<sup>64</sup>
- the need to reprioritise funding to meet unforeseen pressures and surges in demand, sometimes meaning resources are diverted from performing legislative functions<sup>65</sup>
- mechanisms integrity agencies have used to deal with funding shortfalls, especially Treasurer’s Advances<sup>66</sup>

<sup>61</sup> *Fundamental Principles of Australian Anti-Corruption Commissions*, Australian Public Sector Anti-Corruption Conference, Darwin, 31 July 2024, <<https://www.ibac.vic.gov.au/anticorruption-chiefs-announce-fundamental-principles-2024>> accessed 10 April 2026.

<sup>62</sup> *Principles on the Protection and Promotion of the Ombudsman Institution* (‘Venice Principles’), Venice Commission, 118th Plenary Session, 15–16 March 2019, Venice, <[https://www.venice.coe.int/files/Publications/Venice\\_Principles\\_eng.pdf](https://www.venice.coe.int/files/Publications/Venice_Principles_eng.pdf)> accessed 10 April 2026.

<sup>63</sup> Ms Anna Higgs, Executive Director, Corporate Services, IBAC, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 6; Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, pp. 18, 19.

<sup>64</sup> Ms Louise Macleod, Chief Integrity Inspector, Integrity Oversight Victoria, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 11; Ms Marlo Baragwanath, Ombudsman, Victorian Ombudsman, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 16.

<sup>65</sup> Ms Marlo Baragwanath, Ombudsman, Victorian Ombudsman, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, pp. 18, 19, 20.

<sup>66</sup> Ms Anna Higgs, Executive Director, Corporate Services, Independent Broad-based Anti-corruption Commission, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 6; Ms Marlo Baragwanath, Ombudsman, Victorian Ombudsman, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, pp. 21, 22.

- organisational improvements agencies have put in place to use resources more efficiently<sup>67</sup>
- agencies' need to be resourced to develop organisational capabilities that support performance of legislative functions<sup>68</sup>
- the importance of budget independence, budget transparency and parliamentary oversight.<sup>69</sup>

Full transcripts of the hearings are available on the Committee's website (<https://www.parliament.vic.gov.au/ioc>).

### Questions on Notice

To supplement evidence from the Inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25 hearings, the Committee addressed comprehensive Questions on Notice to IBAC, the VO and IOV seeking information and data on:

- current and past budget requests
- agencies' funding levels, including supplementary funding received such as Treasurer's Advances
- effects of funding on agencies' performance
- demand for services
- other pressures on agencies' performance
- reprioritisation of funds and service improvements to use resources more efficiently.

Additionally, the Committee addressed Questions on Notice to the Department of Treasury and Finance (DTF) to obtain information on:

- the integrity agencies' current and past budget bids
- the integrity agencies' funding levels, including supplementary funding received such as Treasurer's advances
- the annual budget development process through which DTF engages with the integrity agencies
- opportunities to build feedback mechanisms and parliamentary oversight into the budget development process.

<sup>67</sup> Ms Louise Macleod, Chief Integrity Inspector, Integrity Oversight Victoria, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p 12; Ms Cathy Cato, CEO and General Counsel, Integrity Oversight Victoria, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, pp. 12, 13.

<sup>68</sup> Ms Marlo Baragwanath, Ombudsman, Victorian Ombudsman, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, pp. 21, 24.

<sup>69</sup> Ms Marlo Baragwanath, Ombudsman, Victorian Ombudsman, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, pp. 16, 17.

The Committee acknowledges the short timeframes for this Inquiry, and thanks IBAC, the VO, IOV and DTF for providing timely and comprehensive responses to the Questions on Notice. While the integrity agencies and DTF were very forthcoming in responding, some requested information could not be provided due to constraints related to Executive Privilege. Critical information the Committee could not access because of Cabinet-in-Confidence constraints included:

- budget bids and funding sought by integrity agencies each year, including detailed modelling and analyses in support of budget bids<sup>70</sup>
- initiatives that did not obtain requested funding, amounts of funding sought but not obtained, and initiatives that were funded to a different level than requested<sup>71</sup>
- reasons for funding outcomes<sup>72</sup>
- reports on the reviews of agencies' base funding.<sup>73</sup>

The integrity agencies' and DTF's responses to the Questions on Notice are published on the Committee's website (<https://www.parliament.vic.gov.au/ioc>).

### Australian reviews of budget adequacy

A search on relevant agency and Committee reports in New South Wales, Queensland, and South Australia was undertaken on integrity agency budget 'adequacy' or 'sufficiency'. The research of subject matter experts in integrity including domestic scholars, non-government organisations (NGOs) and international best practice was also reviewed. A keyword search relating to integrity agency 'funding', 'resources', 'capacity' and 'effectiveness' was undertaken across all materials.

After an analysis of the literature, commentary on the key elements of budget adequacy informed the factors the Committee considered in this Inquiry.

Key resources from NSW proved fruitful due to extensive discussion by agencies, Committees and significant legal reform.<sup>74</sup> The NSW Auditor-General's report entitled

<sup>70</sup> IBAC, Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 17 April 2026, p. 11; IOV, Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 13 April 2026, p. 2; VO, Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 13 April 2026, p. 4; Department of Treasury and Finance (DTF), Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 17 April 2026, Attachment A, pp. 1, 2; DTF, response to questions on notice, Attachment B, pp. 1, 2; DTF, response to questions on notice, Attachment C, pp. 1, 2.

<sup>71</sup> IOV, response to questions on notice, p. 2; VO, response to questions on notice, p. 3; DTF, response to questions on notice, Attachment A, pp. 1, 2; DTF, response to questions on notice, Attachment B, pp. 1, 2; DTF, response to questions on notice, Attachment C, pp. 1, 2.

<sup>72</sup> IOV, response to questions on notice, p. 3; VO, response to questions on notice, p. 3; DTF, response to questions on notice, Attachment A, p. 2; DTF, response to questions on notice, Attachment B, p. 2; DTF, response to questions on notice, Attachment C, p. 2.

<sup>73</sup> IOV, response to questions on notice p. 22.

<sup>74</sup> On legal reform, see amendments to the *Government Sector Finance Act 2018* (NSW) and *Treasurer's Direction TD24-12: Charter of Independence for NSW integrity agencies*, 6 August 2024.

*The effectiveness of the financial arrangements and management practices in four integrity agencies*<sup>75</sup> and the NSW Public Accountability Committee inquiry *Budget process for independent oversight bodies and the Parliament of New South Wales*, occurring simultaneously, were key materials.<sup>76</sup>

The Queensland Economics and Governance Committee's inquiry *Integrity and Other Legislation Amendment Bill 2023*, and the *Coaldrake report* were also taken into account.<sup>77</sup> Notably, cross-references to the NSW Auditor-General report were included in both Queensland reports.<sup>78</sup>

The 2022 and 2026 joint papers of the VO, IBAC and VAGO on budget independence and transparency<sup>79</sup> and the work of anti-corruption scholar Professor A.J. Brown and TIA were notable starting points.<sup>80</sup> However, a wider analysis of secondary literature was undertaken.<sup>81</sup>

Best practice discussion from Transparency International and materials related to interpretation of the *United Nations Convention against Corruption* were also considered.<sup>82</sup>

### 2.2.2 Assessing the adequacy of agencies' budgets

The Committee undertook two streams of work to understand whether IBAC, the VO and IOV are adequately funded:

- a comparison of these agencies' funding settings to those of equivalent agencies in other Australian jurisdictions
- an assessment of whether these agencies are sufficiently resourced to undertake activities that fulfill their legislative mandate.

<sup>75</sup> Audit Office of NSW, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, Sydney, 2020.

<sup>76</sup> First report of the Committee is dated 2020, the second report is dated 2021. The Auditor-General report is dated 2020.

<sup>77</sup> Economics and Governance Committee, *Integrity and Other Legislation Amendment Bill 2023; Coaldrake report*, final report.

<sup>78</sup> Economics and Governance Committee, *Integrity and Other Legislation Amendment Bill 2023*, p. 48; the NSW Auditor-General report's references to independence were referred to in Queensland Coaldrake report; Coaldrake Report, final report, p. 69.

<sup>79</sup> IBAC, VO and VAGO, *Budget independence for Victoria's Independent Officers of Parliament*; VO, IBAC and VAGO, *Advancing budget transparency for Victoria's core integrity agencies*.

<sup>80</sup> A.J. Brown and Mark Bruerton, 'Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing'; Transparency International Australia and Griffith University, *Australia's National Integrity System: The Blueprint for Action*.

<sup>81</sup> See, for example, Peter Wilkins, 'Integrity agency funding: The case of Australasian Auditors General'; Sarah Wyatt, 'Models for safeguarding the independence of integrity agencies'.

<sup>82</sup> Transparency International, *Anti-corruption agencies in Europe*; United Nations Development Program, *Practitioners' Guide: Capacity Assessment of Anti-corruption agencies*; Transparency International, *Best Practices for Anti-Corruption Commissions*; International Association of Anti-Corruption Authorities and Global Alliance of National Human Rights Institutions, *Marrakech Declaration, Jakarta Statement on Principles for Anti-Corruption Agencies; Fundamental Principles of Australian Anti-Corruption Commissions*; Venice Commission, *Principles on the Protection and Promotion of the Ombudsman Institution*.

## Interjurisdictional funding comparison

In order to test the adequacy of Victoria's budget processes for its integrity agencies, a comparison with three other jurisdictions was undertaken. The benefits of an interjurisdictional comparison include mapping out of policy and process options and the opportunity to identify the common challenges all integrity agencies face.

Primary sources included relevant legislation, budget papers and annual reports of integrity agencies. Committee and agency reports were also analysed.

Three jurisdictions were focused on due to the limitations of time, and were selected due to general comparability of their size and legal system to Victoria. NSW and Queensland were also chosen due to recent legal developments.<sup>83</sup> It was notable that NSW had the most significant legal reforms, while Queensland had a notable legal change, and SA's budget processes appeared more similar to the current status quo in Victoria.<sup>84</sup> Other jurisdictions were also considered in relation to budget independence as referred to in the literature.

## Does current funding allow agencies to meet required outputs?

A central element of understanding whether integrity agencies' budgets are adequate is assessing whether they are effectively funded to fulfill their legislative mandate in line with Parliament's intent.<sup>85</sup> Agencies' mandates include their legislative functions—their legal duties and responsibilities—and their purpose as an organisation, as defined in law.

Agencies undertake activities for the purpose of performing their functions. For example, under legislation IBAC has education and prevention functions, including to assist the public sector to increase its capacity to prevent corruption and police personnel misconduct by providing advice, training and education services.<sup>86</sup>

As described in Section 2.2.3, this Inquiry faced several constraints related to accessing agencies' budget data. Within these constraints, the Committee undertook the following steps to consider whether agencies' funding settings enable them to perform their functions:

1. **Budget overview.** To give a broad understanding of agencies' financial position, data on agencies' income and expenditure was analysed.
2. **Summary of statutory functions.** Each agency's legislative functions were summarised and key work areas identified. Where an agency's legislation outlined a substantive objective, this was included in the summary.

<sup>83</sup> *Government Sector Finance Act 2018* (NSW) division 4.2A; *Treasurer's Direction TD24-12: Charter of Independence for NSW integrity agencies*, 6 August 2024; *Integrity Act 2009* (Qld) s 85G-H; *Ombudsman Act 2001* (Qld) s 85C-D; *Crime Corruption Act 2001* (Qld) s 260C-D.

<sup>84</sup> See Section 3.1 of this report.

<sup>85</sup> Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, p. 68.

<sup>86</sup> *Independent Broad-based Anti-corruption Commission Act 2011* (Vic), ss 5 and 6(c).

3. **Trends and pressures in service delivery.** Evidence on trends in demand for agencies' services was analysed, and the Committee considered how these trends may have affected the performance of agencies' functions in the context of pressures on resourcing.
4. **Performance challenges.** The Committee considered evidence regarding how agencies' budgets affected performance of their functions in recent years. In addition to the evidence from hearings and responses to Questions on Notice, this analysis drew on agencies' annual reports, evidence from hearings for previous Integrity and Oversight Committee (IOC) inquiries, and analysis in previous IOC reports.

As well as considering these issues in relation to each agency's performance, the Committee identified issues affecting all three agencies.

### 2.2.3 Challenges for the Committee in assessing budget adequacy

As stated in Chapter 1 of this report, the Committee's ability to consult on the budgets of IBAC, the VO and IOV is constrained due to an inability to access documents where Executive Privilege has been claimed, and documents are considered Cabinet-in-Confidence.<sup>87</sup> By extension, when requesting information in the course of this Inquiry, the Committee has not been able to access a range of information due to Executive Privilege. This includes any information which an agency has 'passed to the Minister', and information that may disclose a decision of Cabinet.<sup>88</sup>

The agencies have been unable to provide information regarding their budget bids, and business cases made to support them as the documents are Cabinet-in-Confidence, including any modelling and costing they developed.<sup>89</sup> This has been reinforced by the response to questions on notice received from DTF, which stated that

DTF is unable to release information relating to funding requested as part of budget processes, as DTF expects that in providing such information, DTF would reveal, directly or indirectly, the deliberative processes of Cabinet.<sup>90</sup>

The Cabinet-in-Confidence documents the Committee could not access includes base review reports, which provide information about requests to change the agencies' base funding amounts.<sup>91</sup> For example, while the Committee is aware that IOV was only granted 75% of the funding increase proposed from its 2021 base review, the Committee cannot obtain any information about why this decision was made.<sup>92</sup>

<sup>87</sup> *IBAC Act 2011* (Vic) s 167; *IOV Act 2011* (Vic) s 90A; *VO Act 1973* (Vic) s 24A.

<sup>88</sup> Department of Premier and Cabinet, Victorian Government, *Cabinet Handbook*, 2023, p. 33.

<sup>89</sup> IBAC, response to questions on notice, p. 11; IOV, response to questions on notice, p. 2; VO, response to questions on notice, p. 3.

<sup>90</sup> DTF, response to questions on notice Attachment A, p. 2.

<sup>91</sup> IOV, response to questions on notice, p. 22.

<sup>92</sup> *Ibid.*

While the Committee has been provided with data that is available to the public, and more extensive information regarding Treasurer's Advances,<sup>93</sup> the Committee is not able to access all the relevant information regarding the agencies' budgets. As detailed by the VO '[w]hen even high-level modelling is withheld as Cabinet-in-Confidence, it prevents Parliament from understanding or testing the assumptions behind funding decisions.'<sup>94</sup> The Committee's ability to assess the adequacy of the agencies' budgets has, therefore, been significantly hindered by its inability to access this information.

#### 2.2.4 Measuring the agencies' performance

The Committee considers measuring the performance of the agencies' to be an integral aspect of budget processes, as accountability of funds is equally as important as the adequacy of the budget itself. The Committee recognises that current Budget processes consider the agencies' service delivery against performance measures in its Department Performance Statement (previously in Budget Paper 3 documents). The Committee will consider the agencies' performance measures in detail in its Inquiry into the performance of the Victorian integrity agencies 2023/24 and 2024/25.

The agencies also use internal Key Performance Indicators (KPIs) to measure performance,<sup>95</sup> but due to time constraints, and the limited information available to the Committee, the Committee has not been able to develop a comprehensive understanding of how these KPIs intersect with resourcing. This is discussed further at Section 4.4.1.

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<sup>93</sup> DTF, response to questions on notice, Attachment A, p. 2.

<sup>94</sup> VO, response to questions on notice, p. 3.

<sup>95</sup> Victorian Government, *2025–26 State Budget: Service delivery Budget Paper No. 3, 2025*.



# Chapter 3

## Funding of integrity agencies: an interjurisdictional comparison

### 3.1 Budget processes across jurisdictions

To help in determining appropriate funding settings for Victoria's integrity agencies, this chapter compares budget processes and funding mechanisms for the Independent Broad-based Anti-corruption Commission (IBAC), the Victorian Ombudsman (VO) and Integrity Oversight Victoria (IOV) with those for equivalent agencies in comparator Australian jurisdictions—New South Wales (NSW), Queensland and South Australia (SA). Additionally, this chapter compares total funding for Victoria's integrity agencies with those in comparator jurisdictions, and considers the value of developing a benchmark for integrity agency funding.

#### 3.1.1 Overview of NSW, Queensland and SA integrity agency budget processes

This interjurisdictional comparison compares budget process options while acknowledging the common challenges that integrity agencies encounter across Australian jurisdictions. Due to the limitations of time, three jurisdictions were analysed—NSW, Queensland, and SA. The jurisdictions were selected due to their size and legal systems being comparable to Victoria.

The functions of IBAC, the VO and IOV do not map exactly onto agencies in the integrity systems of comparator jurisdictions. Accordingly, budget processes for the following agencies were examined:

- **In NSW**—the Ombudsman, the Independent Commission Against Corruption (ICAC NSW), the Law Enforcement Conduct Commission and the Inspector of the Independent Commission Against Corruption
- **In Queensland**—the Office of the Queensland Ombudsman, the Crime and Corruption Commission, the Parliamentary Crime and Corruption Commissioner and the Public Interest Monitor<sup>1</sup>
- **In SA**—the Ombudsman, Independent Commission Against Corruption (ICAC SA), Office for Public Integrity and the Office of the Inspector.

<sup>1</sup> Queensland does not have an exact equivalent to the Integrity Oversight Victoria. Instead it has the Parliamentary Crime and Corruption Commissioner and Public Interest Monitor: *Crime and Corruption Act 2001* (Qld) Part 4, *Police Powers and Responsibilities Act 2000* (Qld) ss 740, 742; Crime and Corruption Commission Queensland, *Oversight and accountability*, 2024, <<https://www.ccc.qld.gov.au/about/about-ccc/oversight-and-accountability>> accessed 16 April 2026.

In relation to integrity budget process, there appeared no relevant observable difference between how integrity agencies are treated versus government agencies in SA during the budget process. Queensland had some discussion and one significant legal change, while NSW had the most significant discussion and changes to the law specific to integrity agencies. Jurisdictions outside this sample were considered in relation to recommendations on independence. Findings on jurisdictions have only been included when relevant to context and reasoning of recommendations.

### 3.1.2 Budget allocation processes

In SA, the Ombudsman, ICAC SA, the Office for Public Integrity and the Office of the Inspector<sup>2</sup> are not funded as Officers of Parliament<sup>3</sup> and administered under Appropriation Bills.<sup>4</sup> They sit within the Attorney-General's Department and appear to be considered as part of the South Australian State Budget process.<sup>5</sup> Instructions on the records, content of financial statements, financial administration procedures and other matters are set out by the Treasurer.<sup>6</sup>

In Queensland, the Office of the Queensland Ombudsman, and the Crime and Corruption Commission are Officers of Parliament<sup>7</sup> but their budgets are administered under Appropriation Bills.<sup>8</sup> The Parliamentary Crime and Corruption Commissioner and the Public Interest Monitor serve similar functions to IOV.<sup>9</sup> The Office of the Queensland Ombudsman and the Crime and Corruption Commission's budget is reported under the Department of Justice.<sup>10</sup> How Department finances are managed transparently and efficiently is set out in the *Financial Accountability Act 2009* (Qld), with a *Charter of Fiscal Responsibility* setting out the key financial principles to be delivered by the Government.<sup>11</sup>

<sup>2</sup> Government of South Australia, *State Budget 2025-26: Budget Paper 4 – Volume 1*, Adelaide, 2025, p. 12.

<sup>3</sup> Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, Audit Office of New South Wales, Sydney, 2020, p. 13, <[https://www.audit.nsw.gov.au/sites/default/files/documents/The%20effectiveness%20of%20the%20financial%20arrangements%20and%20management%20practices%20in%20four%20integrity%20agencies\\_1.pdf](https://www.audit.nsw.gov.au/sites/default/files/documents/The%20effectiveness%20of%20the%20financial%20arrangements%20and%20management%20practices%20in%20four%20integrity%20agencies_1.pdf)> accessed 16 April 2026; the South Australian Ombudsman and anti-corruption commissioner are not 'Officers of Parliament'; see also Sarah Wyatt's description on Officers of Parliament, Sarah Wyatt, 'Models for safeguarding the independence of integrity agencies', Australian Institute of Administrative Law, vol. 102, 2021, pp. 41-42, 50-51, <<https://search.informit.org/doi/epdf/10.3316/informit.872390046279581>> accessed 16 April 2026.

<sup>4</sup> *Appropriation Act 2025* (SA).

<sup>5</sup> Government of South Australia, *State Budget 2025-26: Budget Paper 4 – Volume 1*, p. 12: which is responsible for the 'laws and policy that support safety, diversity, fairness and justice in the community'.

<sup>6</sup> *Public Finance and Audit Act 1987* (SA) s 41, *Treasurer's Instructions* 1-28.

<sup>7</sup> *Ombudsman Act 2001 Act* (Qld) s 11(2); *Crime and Corruption Act 2001* (Qld) s 10.

<sup>8</sup> *Appropriation Act 2025* (Qld); *Crime and Corruption Act 2001* (Qld), s 259; Prof. Peter Coaldrake, *Let the Sunshine in: Review of Culture and Accountability in the Public Sector*, Final Report, 28 June 2022, pp. 69-71, <<https://www.coaldrakereview.qld.gov.au/assets/custom/docs/coaldrake-review-final-report-28-june-2022.pdf>> accessed 16 April 2026.

<sup>9</sup> *Crime and Corruption Act 2001* (Qld) Part 4, *Police Powers and Responsibilities Act 2000* (Qld) ss 740, 742.

<sup>10</sup> Parliament of Queensland, Parliamentary Crime and Corruption Committee, *Review of the Crime and Corruption Commission's activities*, June 2021, p. 21, <<https://cabinet.qld.gov.au/documents/2021/Nov/PCCCReport106/Attachments/Report.pdf>> accessed 16 April 2026; Department of Justice, *Queensland Budget 2025-26: Service Delivery Statements*, Brisbane, 2025, pp. 17, 72.

<sup>11</sup> See also Queensland Treasury, *Fiscal strategy: Charter of Fiscal Responsibility* <<https://www.treasury.qld.gov.au/budget/fiscal-strategy>> accessed 16 April 2026.

In NSW, integrity agencies are independent and report to Parliament.<sup>12</sup> The budget process for NSW's integrity agencies is contained in division 4.2A of the *Government Sector Finance Act 2018* (NSW)<sup>13</sup> and '[r]egulations and Treasurer's Directions provide operational details to enable compliance with the Act'.<sup>14</sup>

Integrity agencies are excluded from '[t]he Cabinet Office and Premier's Department financial management processes' under the *Charter of Independence for NSW integrity agencies* (Treasurer's Direction TD24-12).<sup>15</sup> A specialist integrity agency unit within Treasury has been established with responsibility for managing representations for budget and supplementary funding, and for providing the integrity agencies with information of funding outcomes.<sup>16</sup> However, there is still a role for Cabinet decision-making with Treasury providing advice to the Expenditure Review Committee of Cabinet on integrity agency funding bids.<sup>17</sup> Before these changes, the integrity agencies were effectively grouped with Departments on budget processes.<sup>18</sup>

Prior to legislative reform, the NSW Auditor-General noted that there was 'a risk that the previous or planned work of the integrity agencies could influence the decisions made about their funding' in relation to independence.<sup>19</sup> The Queensland Economics and Governance Committee, in quoting the *Coaldrake report*, noted a key function of integrity agencies is 'to scrutinise and report upon the actions of the executive government'.<sup>20</sup> The NSW Public Accountability Committee noted that '[t]he positioning of the oversight bodies as part of the Premier and Cabinet cluster compromises their independence, creates the appearance that they are subordinate to the

<sup>12</sup> *Independent Commission Against Corruption Act 1988 No 35* (NSW) ss 2A; part 5A, 64; For a description of how the provisions of the *Ombudsman Act 1974 No 68* (NSW) indicate that the NSW Ombudsman is set up to 'operate independently of the agencies it oversees and be accountable to Parliament': Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, p. 13; *Law Enforcement Conduct Commission Act 2016 No 61* (NSW) s 22, part 10.

<sup>13</sup> Inserted by the *Government Sector Finance Amendment (Integrity Agencies) Act 2024* (NSW), applying to the Independent Commission Against Corruption, Law Enforcement Conduct Commission, and the NSW Ombudsman Office: *Government Sector Finance Act 2018* (NSW) s 4.14A.

<sup>14</sup> NSW Treasury, *Government Sector Finance Act 2018 (GSF Act) Fact Sheet: Regulations and Treasurer's Directions under the GSF Act, 2025*, <<https://www.nsw.gov.au/departments-and-agencies/nsw-treasury/documents-library/regulations-and-treasurers-directions-under-gsf-act-fact-sheet>> accessed 16 April 2026; *Government Sector Finance Act 2018* (NSW) division 3.1; s 10.4.

<sup>15</sup> *Treasurer's Direction TD24-12: Charter of Independence for NSW integrity agencies*, 6 August 2024, cl. 1.

<sup>16</sup> *Ibid.*, cl. 1 and p. 2.

<sup>17</sup> *Ibid.*, cl. 4.

<sup>18</sup> See Sarah Wyatt, 'Models for safeguarding the independence of integrity agencies', Australian Institute of Administrative Law, pp. 53-56; Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, pp. 4-8, 10-12.

<sup>19</sup> Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, pp. 5, 20.

<sup>20</sup> Focusing on how Parliamentary Committees could be involved in additional funding proposals: Parliament of Queensland, Economics and Governance Committee, *Integrity and Other Legislation Amendment Bill 2023*, p. 48, <<https://www.parliament.qld.gov.au/Work-of-the-Assembly/Tabled-Papers/docs/5723t1215/5723t1215-70b2.pdf>> accessed 16 April 2026; the NSW Auditor-General report's references to independence was referred to in the Queensland *Coaldrake report* (final report), p. 69.

executive government, and makes it challenging for these bodies to compete against government priorities to receive the funding they require'.<sup>21</sup>

As integrity agencies will investigate the actions of the Executive, a level of structural financial independence ensures a robust integrity system, without the fear of punishment due to those investigations into the Executive. Integrity agencies serve the public interest, and a degree of structural financial independence affirms to the public that the Executive is being investigated impartially.

A number of policy options have been suggested in consideration of enhancing funding independence for integrity agencies. The integrity literature, including the 2022 and 2026 Victorian Auditor-General's Office (VAGO), IBAC, and VO joint papers on budget independence and transparency, identifies that different policy structures have been described inhabiting a full spectrum of independence.<sup>22</sup> This is not a simple scale of increasing degree, but one where each option has different methods and structural strengths, with some models considered more independent than others:

- Parliamentary Committee scrutiny
- Independent integrity unit within Treasury<sup>23</sup>
- Independent Commission or Tribunal<sup>24</sup>
- Parliamentary Commission.

Budget oversight by a Parliamentary Committee is where the budget is scrutinised, but ultimate decision making still resides with the Executive. Thus, this option does not provide for full independence but is a shift towards independence from the Executive Government. Parliamentary Committee oversight operates as an additional accountability measure, the Executive having to anticipate justifying its actions to the Parliamentary Committee.<sup>25</sup>

21 Parliament of New South Wales, Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, Report 5, 2020, p. 37, <<https://www.parliament.nsw.gov.au/lcdocs/inquiries/2558/Report%20No%205%20-%20First%20report%20-%20PAC%20-%20Budget%20Process.pdf>> accessed 16 April 2026, they went on to say, 'to address these concerns, the committee recommends that the oversight bodies no longer sit under the Premier and Cabinet cluster. They do not belong there'.

22 See Peter Wilkins comment on spectrum of independence in the context of Australasian Auditor Generals, Peter Wilkins, 'Integrity agency funding: The case of Australasian Auditors General', *Australasian Parliamentary Review*, vol. 37, no. 1, 2022, pp. 101, 108, <<https://www.aspg.org.au/wp-content/uploads/2022/06/Integrity-Agency-Funding.pdf>> accessed 16 April 2026.

23 Supported by the Victoria Ombudsman (VO), Independent Broad-based Anti-corruption Commission (IBAC), Victorian Auditor-General's Office (IBAC), *Advancing budget transparency for Victoria's core integrity agencies*, Melbourne, 2026, p. 14.

24 IBAC, VO, VAGO, *Budget independence for Victoria's Independent Officers of Parliament*, Melbourne, 2022, pp. 19–20.

25 The funding arrangements of other Westminster Parliaments was looked at by the NSW Public Accountability Committee when coming up with their transparency-related budget process recommendations: Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, pp. 46–48. Note: all the NSW Public Accountability Committee examples of other Westminster jurisdictions were current as of March 2020 when that report was made.

Parliamentary Committees cited in the literature include those for the:

- New South Wales integrity agencies
- Australian Senate<sup>26</sup>
- National Anti-Corruption Commission<sup>27</sup>
- Australian Capital Territory (ACT) Legislative Assembly<sup>28</sup>
- ACT for Officers of the Parliament.<sup>29</sup>

In the NSW example, within three months of receiving notice of the proposed budget, the Parliamentary Committee must examine and report on the budget.<sup>30</sup> This report must be tabled in Parliament and provided to the Treasurer.<sup>31</sup> The Committee on the Independent Commission Against Corruption gave its first report into the 2025–26 ICAC Budget Proposal,<sup>32</sup> as did the Committee on the Ombudsman, the Law Enforcement Conduct Commission and the Crime Commission.<sup>33</sup>

Another budget model has been described as having ‘complete financial autonomy’.<sup>34</sup> Parliamentary Commissions make budget decisions and are composed of a number of Members of Parliament of the relevant House, with an aim for balanced membership.<sup>35</sup>

26 Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, p. 46: a Senate Committee involves ‘key senior leadership of the Senate in bipartisan assessment of the needs of the House’ and ‘publicly reports this prior to receiving the appropriations bill from the House of Representatives’, it is a more transparent process, but final allocation is still matter for Minister of Finance.

27 *National Anti-Corruption Commission Act 2022* (Cth) s 177(1)(g).

28 Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, p. 47: ‘[T]he Speaker of the ACT Legislative Assembly, after consultation with an appropriate committee of the Legislative Assembly’ must advise on appropriation and draft budget and the Treasurer must present to the Legislative Assembly a ‘statement of reasons for departing from the recommended appropriation’. A Budget Protocols Agreement for the Office of the Legislative Assembly and Officers of the Legislative Assembly has also been adopted.

29 ‘In the ACT the Public Accounts Committee (through the Speaker) recommends financial appropriation for the Officers of the Parliament. If the Appropriation Bill is less than the recommended appropriation the Treasurer must present a statement to the Assembly on the reasons. ... The Committee may also recommend additional amounts if the Auditor-General is of the opinion that the appropriated funds are insufficient to enable certain audits to be undertaken promptly’: IBAC, VO, VAGO, *Budget independence for Victoria’s Independent Officers of Parliament*, p. 11.

30 *Government Sector Finance Amendment (Integrity Agencies) Act 2024* (NSW), s 4.14B.

31 Ibid.

32 Parliament of New South Wales, Committee on the Independent Commission Against Corruption, *Appropriation for the services of the Independent Commission Against Corruption for the 2025–2026 financial year*, Report 3/58, September 2025, <<https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=3133#tab-reportsandgovernmentresponses>> accessed 16 April 2026.

33 Parliament of New South Wales, Committee on the Ombudsman, the Law Enforcement Conduct Commission and the Crime Commission, *Appropriations for the services of the Law Enforcement Conduct Commission and the Ombudsman’s Office for the 2025–26 financial year*, <<https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=3125#tab-reportsandgovernmentresponses>> accessed 16 April 2026.

34 Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, p. 53: in describing the UK House of Commons, Canadian House of Commons and Ontario Legislative Assembly.

35 Ibid., pp. 47–48: for the UK House of Commons, a Commission is established which includes ‘the Speaker of the UK House of Commons, six other members, two officials and two independent members’ whose budget recommendation is without ‘further involvement by the UK Treasury or government’; the Canadian House of Commons has a ‘Canadian House of Commons Board of Internal Economy, which comprises the Speaker, two members of the Privy Council (appointed to the Board by the Government), the Leader of the Opposition or his or her representative, and additional members appointed in numbers so that there are an equal number of government and opposition representatives on the Board (apart from the Speaker)’, p. 48; Ontario Legislative Assembly has a ‘[A] Board of Internal Economy, comprising the Speaker, a minister, a representative from each recognised party in the House and government representatives’, p. 48.

This model is derived from an analogy with budget processes for Houses of Parliament, with integrity agencies often given the status of Officers of Parliament.

Overseas examples of budget process for parliamentary commissions include:

- United Kingdom House of Commons<sup>36</sup>
- Canadian House of Commons<sup>37</sup>
- Ontario Legislative Assembly<sup>38</sup>
- New Zealand for Officers of Parliament.<sup>39</sup>

The Independent Commission or Tribunal suggested in the 2022 joint paper on budget independence by IBAC, VAGO and the VO would be established under legislation, have members who are not directed by a Minister, are not an elected official and have expertise and specialist knowledge similar to requirements of the Victorian Independent Remuneration Tribunal.<sup>40</sup>

In Questions on Notice, the VO and IBAC reiterate the positions of their budget independence and transparency papers, with IOV indicating their support of these papers.<sup>41</sup> The recommendations and considerations of the 2022 joint paper outline models supporting the greatest amount of independence and financial autonomy. By contrast, the 2026 joint paper introduces further policy reforms, modelled on NSW, which aim to increase transparency and independence in the short-term and includes other safeguards that would strengthen the integrity budget system.

The VO further notes that:

establishing an independent statutory commission or tribunal to assess integrity agency funding remains the most robust long-term option. This would provide transparent, evidence-based recommendations to Parliament and reduce the risk of structural under-funding over time.<sup>42</sup>

<sup>36</sup> Ibid., pp. 47–48; see also IBAC, VO and VAGO, *Budget independence for Victoria's Independent Officers of Parliament*, p. 15.

<sup>37</sup> Ibid, p. 48.

<sup>38</sup> Ibid.

<sup>39</sup> IBAC, VO and VAGO, *Budget independence for Victoria's Independent Officers of Parliament*, p. 11: 'New Zealand also provides strong protection for financial resources to its Officers of Parliament. Under its model, the Speaker of the House is the 'Vote Minister', and the Administering Department is the Officer. Their budgets are considered and recommended by the Officers of Parliament Committee through a public and transparent process. ... As in the UK, the New Zealand Treasury may make submissions to the Committee about integrity bodies proposed budgets, but it is the Committee which recommends the budgets to the Parliament.'

<sup>40</sup> Ibid., pp. 19–20.

<sup>41</sup> VO, Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 13 April 2026, p. 7; IBAC, Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 17 April 2026, p. 8; IOV, Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 13 April 2026, pp. 6, 11, they support the content of IBAC, VO and VAGO, *Budget independence for Victoria's Independent Officers of Parliament and Advancing budget transparency for Victoria's core integrity agencies*.

<sup>42</sup> VO, Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 13 April 2026, p. 7.

The addition of Parliamentary Committee scrutiny, as a stakeholder with some distance to the Executive that can provide accountability, serves the aim of increased independence.

On Parliamentary Committees, the VO notes that:

[L]egislative amendments could empower Oversight Committees to receive and review agency submissions and departmental advice, and to provide formal recommendations on appropriations, consistent with emerging practice in the ACT, Queensland and New Zealand.<sup>43</sup>

While the Committee acknowledges examples of best practice within the literature, and that a model that embodies true financial autonomy may be ideal, NSW's model represents a suitable change to the current Victorian system. The examples of an independent integrity agency unit within Treasury and Parliamentary Committee scrutiny are significant modifications to the current budget process system while utilising existing structures. Victoria and NSW share similarities in budget process insofar as the suggested changes are concerned.

A dedicated departmental liaison unit is another option supported in the 2026 joint paper.<sup>44</sup> Likewise, the manner in which Parliamentary Committee scrutiny is applied in NSW demonstrates how the process could work in practice in Victoria, and is also supported in the 2026 joint paper.<sup>45</sup> When considering independence reforms, the content of the joint papers should be considered as a whole; however, the recommendations included in this report emphasise the priority of certain policy elements.

The Committee reiterates Recommendation 11 contained in its report on the Performance of the Victorian integrity agencies 2022/23.<sup>46</sup>

**RECOMMENDATION 1:** That the Victorian Government consider whether any improvements are needed to the way in which Victorian integrity agencies, including the Victorian Ombudsman (VO), are funded, including any associated budgetary processes, bearing in mind recommendations in the Independent Broad-based Anti-corruption Commission, VO and Victorian Auditor-General's Office's 2022 joint paper, *Budget independence for Victoria's Independent Officers of Parliament*.

Additionally, to ensure an appropriate level of independence and transparency for the funding of Victoria's integrity agencies, the Committee recommends that a specialist integrity agency unit be established within DTF, and that the Committee be empowered to review integrity agencies' budget bids.

<sup>43</sup> VO, IBAC, VAGO, *Advancing budget transparency for Victoria's core integrity agencies*, p. 14.

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

<sup>45</sup> *Ibid.*, p. 13.

<sup>46</sup> Parliament of Victoria, Integrity and Oversight Committee (IOC), *Performance of the Victorian integrity agencies 2022/23*, May 2025, p. 86.

**RECOMMENDATION 2:** That the Victorian Government seek to establish a specialist integrity agency unit within the Department of Treasury and Finance, for the independent and specialist management of integrity agency budget processes.

**RECOMMENDATION 3:** That the Victorian Government enable the Integrity Oversight Committee to review and be provided with the budget bids of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria and any other relevant integrity agency.

### 3.1.3 Consultation processes, transparency and oversight

In SA, government departments submit budget updates and proposals and each minister meets with the Treasurer in meetings called ‘budget bilaterals’.<sup>47</sup> Budget requests are considered by the Budget Cabinet Committee,<sup>48</sup> with budget deliberations and reasons considered Cabinet-in-Confidence.<sup>49</sup> Budget allocations are publicised in the South Australian Budget and integrity agencies are reported under the Attorney-General’s Department.<sup>50</sup>

In Queensland, budgets submissions are considered by the Cabinet Budget Review Committee,<sup>51</sup> whose deliberations are considered Cabinet-in-Confidence.<sup>52</sup> Budget allocations are publicised in the Queensland budget in June of each year and the integrity agencies are reported under the Department of Justice and Attorney-General Service Delivery Statement.<sup>53</sup>

In NSW, the specialist integrity agency unit within Treasury is responsible for managing representations for budget and supplementary funding, and for providing the integrity agencies with information of funding outcomes.<sup>54</sup> The Treasurer must also give written notice of the proposed budget in the next annual Appropriation Act to the head of the Integrity Agency.<sup>55</sup> If the proposed budget is different to the amount sought for

47 Department of Treasury and Finance, *Process development & monitoring*, <<https://www.treasury.sa.gov.au/budget/process-development-And-monitoring>> accessed 16 April 2026.

48 See for e.g. *Appropriation Act 2025 (SA)*; Government of South Australia, *State Budget 2025–26: Agency Statements – Budget Paper 4 – Volume 1*, pp. 12, 13, 58, 59; *Parliamentary Committees Act 1991 (SA)* s 150.

49 *Freedom of Information Act 1991 (South Australia)*, clause 1 in schedule 1.

50 Government of South Australia, *State Budget 2025–26: Budget Paper 4 – Volume 1*, p. 12.

51 An example of how one of the integrity agency does this ‘[t]he [Corruption and Crime Commission] makes a budget submission to the Attorney-General which is then considered by the Cabinet Budget Review Committee’: *Coaldrake report (final report)*, p. 70.

52 *Right to Information Act 2009 (Qld)* schedule 4, part 3; *Coaldrake report (interim report)*, p. 16; *Coaldrake report (final report)*, pp. 69–71. Notably, under Qld’s proactive disclosure scheme, ‘information which has been created in the course of the State’s budgetary process’ is still not to be released: Cabinet Handbook, 7.4 *Cabinet material not suitable for proactive release*, <<https://www.premiers.qld.gov.au/publications/categories/policies-and-codes/handbooks/cabinet-handbook/proactive/cabinet-material-not-suitable-for-proactive-release.aspx>> accessed 16 April 2026.

53 Treasurer, *Queensland Budget 2025–26: Budget Paper 1 – Budget Speech*, 24 June 2025; Department of Justice, *Queensland Budget 2025–26: Service Delivery Statements*, Brisbane, 2025, pp. 17, 72.

54 *Treasurer’s Direction TD24–12: Charter of Independence for NSW integrity agencies*, 6 August 2024, cl. and p. 2.

55 *Government Sector Finance Act 2018 (NSW)*, s 4.14B(1).

the Integrity Agency in the budget proposal, the notice must provide reasons for this variation.<sup>56</sup> The Treasurer must also invite integrity agencies to review Treasury's advice to the Expenditure Review Committee of Cabinet on integrity agency funding bids, and to provide their own advice to the Expenditure Review Committee.<sup>57</sup>

Parliamentary Committee oversight also serves the aims of consultation and transparency. In NSW, the process is as follows:

1. The Treasurer must provide the written notice to the relevant parliamentary oversight committee.<sup>58</sup> This must be provided within 7 days after the annual budget is introduced in the Legislative Assembly.<sup>59</sup>
2. Within 3 months of receiving the notice, the parliamentary oversight committee must examine and report on the budget. This report must be tabled in Parliament, and provided to the Treasurer.<sup>60</sup>
3. The Treasurer must then respond in writing to the relevant parliamentary oversight committee within 3 months after receiving the report.<sup>61</sup>

The Committee on the Independent Commission Against Corruption gave its first report into the 2025–26 ICAC Budget Proposal,<sup>62</sup> as did the Committee on the Ombudsman, the Law Enforcement Conduct Commission and the Crime Commission.<sup>63</sup> While the ICAC Committee had certain reservations such as the need for more context for and explanation of budget proposals,<sup>64</sup> the Committee was supportive of the funding model.<sup>65</sup>

Consultation and transparency have several aspects:

- sufficient consultation between the integrity agency and government
- consultation and accountability through Parliamentary Committee scrutiny
- transparency of government decision-making
- transparency to the public and in the public interest.

<sup>56</sup> Ibid. s 4.14B(2).

<sup>57</sup> *Treasurer's Direction TD24-12: Charter of Independence for NSW integrity agencies*, 6 August 2024, cl. 4 and p. 2.

<sup>58</sup> *Government Sector Finance Act 2018* (NSW), s 4.14B(3).

<sup>59</sup> Ibid. s 4.14B(4).

<sup>60</sup> Ibid. s 4.14B(5).

<sup>61</sup> Ibid. s 4.14B(6).

<sup>62</sup> Committee on the Independent Commission Against Corruption, *Appropriation for the services of the Independent Commission Against Corruption for the 2025–2026 financial year*.

<sup>63</sup> Committee on the Ombudsman, the Law Enforcement Conduct Commission and the Crime Commission, *Appropriations for the services of the Law Enforcement Conduct Commission and the Ombudsman's Office for the 2025–26 financial year*.

<sup>64</sup> Ibid., pp. 3–4: 'Recommendation 1: That the Treasurer includes the following in future notifications of proposed budget allocation provided to the Committee:

- a description of each budget proposal from the agency
- the total funding requested for that proposal
- the total funding approved for that proposal
- appropriate explanatory information or context to link the budget proposals with the full appropriation amount.'

<sup>65</sup> Committee on the Independent Commission Against Corruption, *Appropriation for the services of the Independent Commission Against Corruption for the 2025–2026 financial year*, pp. 2–5.

The NSW Auditor-General noted the importance of transparent funding decisions for integrity agencies and ‘mechanisms for the agencies to question or challenge decisions made’.<sup>66</sup> They recommended that ‘there should be transparency to Parliament and the relevant agency for decisions made about funding for the integrity agencies’.<sup>67</sup>

The NSW Public Accountability Committee noted that ‘a high degree of openness in the decision-making process’ is expected by the public in relation to integrity agencies. As the VO, IBAC and VAGO submitted in their 2026 joint paper, ‘[p]rocedural transparency builds trust in the budget process’.<sup>68</sup>

On transparency reforms, among a number of suggestions, the VO and IBAC note in their 2026 joint paper<sup>69</sup> that ‘[c]ore integrity agencies should receive a written explanation of funding decisions, including key factors considered and any significant variations from the original bid’.<sup>70</sup>

The VO and IBAC also submitted in the 2026 joint paper their support of greater consultation with relevant oversight committees, including mechanisms such as:

- Core integrity agencies should be able to provide Oversight Committees with a summary of their budget requests and strategic justification prior to Cabinet consideration
- Oversight Committees should receive a briefing from the Department on the agency’s bid and the reasons for accepting or rejecting aspects, including how decisions align with statutory obligations and risk profiles
- Funding decisions must be explained to the Parliament, promoting transparency.<sup>71</sup>

The Committee affirms the importance of transparency, recommending that reasons for variation on budget bids should be provided to the integrity agencies and the Integrity and Oversight Committee.

<sup>66</sup> Audit Office of NSW, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, p. 5, ‘they go on to say that “[d]ecisions about funding for integrity agencies are not transparent and there are no mechanisms for the agencies to question or challenge decisions made’, p. 5. ‘Transparency in the decision-making process’ was included as relevant question to whether ‘funding models effectively support integrity agencies to fulfil their legislative mandate in that audit’, p. 68.

<sup>67</sup> *Ibid.*, p. 9.

<sup>68</sup> IBAC, VO, VAGO, *Advancing budget transparency for Victoria’s core integrity agencies*, p. 8; they go on to say that ‘[w]ithout clear visibility into how decisions are made, there is a risk that trust in the funding process is undermined’ and that without transparency, integrity agencies ‘cannot be truly independent’, p. 8.

<sup>69</sup> VO, response to questions on notice received 13 April 2026, p. 7; IBAC, response to questions on notice received 17 April 2026, p. 8; IOV, response to questions on notice received 13 April 2026, pp. 6, 11: support the content of IBAC, VO and VAGO, *Budget independence for Victoria’s Independent Officers of Parliament and Advancing budget transparency for Victoria’s core integrity agencies*.

<sup>70</sup> IBAC, VO, VAGO, *Advancing budget transparency for Victoria’s core integrity agencies*, p. 13.

<sup>71</sup> *Ibid.*

**RECOMMENDATION 4:** That the Victorian Government seek to legislate that the Treasurer must give written notice of the proposed budget in the next annual Appropriation Act to the heads of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria. If the proposed budget is different to the amount sought for the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria in the budget proposal, the notice must provide reasons for this variation.

**RECOMMENDATION 5:** That the Victorian Government seek to legislate that the Treasurer provide a description of budget proposals from the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria and reasons for variations to the Integrity and Oversight Committee.

### 3.1.4 Stability and contingency funds

In this context, contingency funding is a separate fund dedicated to integrity agencies in addition to funds already allocated under the annual Appropriation Act.<sup>72</sup>

Professor A.J. Brown and Dr Mark Bruerton state that ‘stability of integrity agency resourcing’ is ‘as crucial an issue as sufficiency’.<sup>73</sup> They noted that whether ‘evidence of threats to the stability of ACA [anti-corruption agencies] or wider integrity agency resourcing’ could be a relevant query to the topic of stability, but went on to note that ‘a more serious problem may be general attrition in resources over time, as a result of a wider range of factors.’<sup>74</sup>

The ICAC NSW Special Report noted that ‘[t]he current funding model does not make adequate provision for the unpredictability of the Commission’s work, particularly work on investigations and public inquiries.’<sup>75</sup> It went on to state that ‘[b]ased on the Commission’s experience over at least the last 10 years, it is important that the funding model incorporates two components – a fixed component for core funding and a flexible component to accommodate the unpredictable nature of the Commission’s work.’<sup>76</sup> The NSW Public Accountability Committee later accepted ‘the argument that ad hoc supplementary funding requests by oversight agencies is an inadequate way to address the unpredictable resource requirements’.<sup>77</sup> The NSW Auditor-General

<sup>72</sup> On this topic, see also Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*.

<sup>73</sup> A.J. Brown and Mark Bruerton, ‘Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing’, *Crime Law Social Change*, vol. 68, no. 3, 2017, p. 351.

<sup>74</sup> *Ibid.*

<sup>75</sup> NSW Independent Commission against Corruption, *The need for a new independent funding model for the ICAC*, Special Report, Sydney, p. 25, <<https://www.parliament.nsw.gov.au/tp/files/77503/Report%20of%20the%20ICAC%20-%20The%20need%20for%20a%20new%20independent%20funding%20model%20for%20the%20ICAC%20-%20May%202020.pdf>> accessed 16 April 2026.

<sup>76</sup> *Ibid.*, p. 30.

<sup>77</sup> Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, p. 36.

made queries on whether there was a '[c]hallenge process for discussion of agency assessments of their core funding requirements' and '[f]lexibility to respond to unforeseen increases in expenditure required to deliver their core services'.<sup>78</sup>

In Queensland, in response to the discussion of transparency and independence in the *Coaldrake report* and *Yearbury report*,<sup>79</sup> a request for additional or contingency funding is now directed towards the relevant Committee.<sup>80</sup> After receiving the Parliamentary Committee's report, the Minister must table their response to the budget proposal alongside the Parliamentary Committee's report.

The process is as follows:

- if the head of the agency decides that additional funding is needed for a financial year, or two or more financial years, the head of the agency must prepare a funding proposal for additional funding and:
  - provide it to the relevant Parliamentary Committee; and
  - provide a copy of the proposal to the relevant Minister.<sup>81</sup>
- within 20 business days, or a shorter period if the Treasurer decides that such period is required, the Parliamentary Committee must review the proposal and, in consultation with the Queensland Treasury, provide a report to the Minister approving one of the following:
  - the head of the agency's funding proposal;
  - a funding proposal for a different amount and/or a different purpose; or
  - a proposal that provides no additional funding for the agency.<sup>82</sup>
- If the Parliamentary Committee does not provide a report to the Minister within the required time, the committee is taken to have approved the head of the agency's funding proposal.<sup>83</sup>

After receiving the Parliamentary Committee's report, the Minister must table the following documents in the Legislative Assembly:<sup>84</sup>

- the Parliamentary Committee's report; and
- a report setting out the Minister's response to the proposal.

<sup>78</sup> Under the question of whether 'funding models effectively support integrity agencies to fulfil their legislative mandate': Audit Office of New South Wales, *The effectiveness of the financial arrangements and management practices in four integrity agencies*, p. 68.

<sup>79</sup> Explanatory Memorandum, Integrity and Other Legislation Amendment Act 2024 (Qld), p. 1; Keven Yearbury, *Strategic Review of the Integrity Commissioner's Functions*, Final Report, Brisbane, 2021, pp. 12, 20, 70, 81. Notably, this measure differs from the reforms proposed in the *Coaldrake report*, which recommended that financial responsibility be aligned with the Speaker of Parliament and the appropriate parliamentary committee, rather than the executive government, pp. 69–71.

<sup>80</sup> *Integrity and Other Legislation Amendment Act 2024* (Qld). *Integrity Act 2009* (Qld) Ch 5, Pt 4; *Ombudsman Act 2001* (Qld) Pt 8, Div 4A; *Crime Corruption Act 2001* (Qld) Ch 6, Pt 1, Div 6A.

<sup>81</sup> *Integrity Act 2009* (Qld) s 85G(1)–(3); *Ombudsman Act 2001* (Qld) s 85C(1)–(3); *Crime Corruption Act 2001* (Qld) s 260C(1)–(3).

<sup>82</sup> *Integrity Act 2009* (Qld) s 85G; *Ombudsman Act 2001* (Qld) s 85C; *Crime Corruption Act 2001* (Qld) s 260C.

<sup>83</sup> *Integrity Act 2009* (Qld) s 85G(5); *Ombudsman Act 2001* (Qld) s 85C(5); *Crime Corruption Act 2001* (Qld) s 260C(5).

<sup>84</sup> *Integrity Act 2009* (Qld) s 85H(1); *Ombudsman Act 2001* (Qld) s 85D(1); *Crime Corruption Act 2001* (Qld) s 260D(1).

The Minister may not table the documents in the Legislative Assembly until implementing the Government response to the report.<sup>85</sup>

In NSW, the Treasurer's Direction provides for contingency funding for integrity agencies in annual Appropriation Acts, expenditure of which may be approved upon request.<sup>86</sup>

The VO states:

Despite VO not being formally subject to efficiency dividends, lack of sustainable funding has meant that VO has had to constantly reduce service offerings or reprioritise core functions to manage within our funding envelope. This task become progressively more challenging as VO has to find, on average, 4.7% savings to offset net cost increases that are beyond our control and are not funded.

In the 2026 budget transparency paper by IBAC, the VO and VAGO, it is proposed that:

[s]mall integrity agencies with high percent budget allocation for employees and related expenses are dependent on the Victorian Public Service Enterprise Agreement outcomes and have less flexibility to absorb above annual funding escalation outcomes. Therefore, a separate contingency fund to address cost pressures beyond agencies' control will assist agencies to operate effectively without compromising core capabilities.<sup>87</sup>

IBAC also outlines the issues with Treasurer's Advances by saying that:

IBAC has sought ongoing funding to address a growing structural funding gap and has relied on Treasurer's Advances in recent years to address cost pressures that could not be offset through internal savings. This approach is not sustainable and DTF advice is not to rely on Treasurer's Advances and submit Budget and Finance Committee bids for long-term sustainability. Treasurer's Advances are uncertain and typically received late in the financial year, creating operational instability. As a result, IBAC is required to reduce activities and reprioritise expenditure to remain compliant with the *Financial Management Act 1994*.<sup>88</sup>

The Committee has considered this wider acknowledgment of the importance of contingency funding for integrity agencies due to the inherent unpredictability of the anti-corruption agencies' work. The Committee has concluded that the current Treasurer's Advance process is adequate in the Victorian jurisdiction to provide urgent funding to the agencies. However, the Committee will continue to monitor the agencies' reliance on Treasurer's Advances as part of its regular monitoring functions. To enable this oversight, the Committee recommends that the agencies provide information about Treasurer's Advances when the requests are made and processed.

<sup>85</sup> *Integrity Act 2009* (Qld) s 85H(2), (3); *Ombudsman Act 2001* (Qld) s 85D(2), (3); *Crime Corruption Act 2001* (Qld) s 260D(2), (3).

<sup>86</sup> *TD24-12 Charter of Independence for NSW integrity agencies*, 6 August 2024, cl. 6 and p. 2.

<sup>87</sup> IBAC, VO, VAGO, *Advancing budget transparency for Victoria's core integrity agencies*, p. 14.

<sup>88</sup> IBAC, *Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission*, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 17 April 2026, p. 6.

**RECOMMENDATION 6:** That the Independent Broad-based Anti-corruption Commission inform the Integrity and Oversight Committee the particulars of Treasurer’s Advance requests when they are made, and the outcome of the Treasurer’s Advance requests.

**RECOMMENDATION 7:** That Integrity Oversight Victoria inform the Integrity and Oversight Committee the particulars of Treasurer’s Advance requests when they are made, and the outcome of the Treasurer’s Advance requests.

**RECOMMENDATION 8:** That the Victorian Ombudsman inform the Integrity and Oversight Committee the particulars of Treasurer’s Advance requests when they are made, and the outcome of the Treasurer’s Advance requests.

### 3.1.5 Efficiency dividends

Efficiency dividends are applied to government budget processes in Victoria.<sup>89</sup> The IOV noted ‘funding via the *Appropriation (Parliament 2024–2025) Act 2024* since 1 July 2024 has shielded it from efficiency dividends imposed through general appropriations, and from the recent Silver review’.<sup>90</sup>

However, IBAC and the VO have requested that there be a ‘formal position on efficiency dividends’.<sup>91</sup> The VO notes that:

[e]fficiency dividends are designed for departments with discretionary programs, not small statutory bodies with fixed investigative and complaint-handling obligations. A legislated exemption for Independent Officers of Parliament would protect the Ombudsman’s ability to meet mandatory functions.<sup>92</sup>

The DTF has confirmed that IBAC, VO and IOV are excluded from efficiency dividends,<sup>93</sup> although this position is not reflected in legislation or formal directive.

<sup>89</sup> Efficiency dividends are a percentage reduction of agencies’ departmental funding or savings aimed to encourage efficient use of recourse, ‘[t]he General Efficiency Dividend (GED) applies to all departments and was first announced as part of the 2012–13 Budget Update’, Inquiry into the Victorian Government’s response to the COVID-19 pandemic, response to questions on notice received 26 June 2020, Round 2, p. 6.

<sup>90</sup> IOV, response to questions on notice received 13 April 2026, p. 5.

<sup>91</sup> VO, response to questions on notice received 13 April 2026, p. 7; IBAC reiterates three key legal areas of the IBAC, VO, VAGO, Budget independence for Victoria’s Independent Officers of Parliament in IBAC, response to questions on notice received 17 April 2026, p. 8, referring to exemption from efficient dividends as one of the reforms. This position is also stated in IBAC, VO and VAGO, *Advancing budget transparency for Victoria’s core integrity agencies*, p. 14. The IOV shared its support for IBAC, VO and VAGO, *Advancing budget transparency for Victoria’s core integrity agencies*: IOV, response to questions on notice received 13 April 2026, pp. 6–11.

<sup>92</sup> VO, response to questions on notice received 13 April 2026, p. 7.

<sup>93</sup> Department of Treasury and Finance (DTF), Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 17 April 2026, Attachment A, pp. 1–2; DTF, response to questions on notice, Attachment B, pp. 1–2; DTF, response to questions on notice, Attachment C, pp. 1–2.

In NSW, the Treasurer's Direction provides for the exclusion of integrity agencies from efficiency dividends.<sup>94</sup>

The NSW Public Accountability Committee also acknowledged the importance of efficiency dividends. They stated that:

the compelling evidence from the oversight bodies about the significant and increasing pressure on their budgets due to the imposition of ongoing efficiency dividends. The committee once again acknowledges the vital role that these bodies play in the administration of the State, and therefore is of the view that these bodies, as small agencies with limited staffing and resources, should be exempt from such measures in the future.<sup>95</sup>

While efficiency dividends may serve the public interest in ensuring that public finances are utilised in a cost-effective manner, the Committee agrees with the reasons provided by IBAC, the VO and the NSW Public Accountability Committee. It would not be appropriate to apply efficiency dividends to integrity agencies due to the particular functions and subject matter integrity agencies deal with. At current funding levels and agency size, the benefit of an additional protection to robust system protecting integrity outweighs the benefit of any cost-saving measures. Excluding efficiency dividends also ensures the sustainability of funding of integrity agencies.

**RECOMMENDATION 9:** That the Victorian Government seek to legislate a formal position that the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria are excluded from efficiency dividends.

## 3.2 Funding levels across jurisdictions and benchmarking

### 3.2.1 Agency funding levels across jurisdictions

Figure 3.1 shows total funding for select integrity agencies in Victoria, NSW, Queensland and SA between 2016–17 and 2024–25. Differences in funding levels reflect the different institutional models for integrity agencies across these three jurisdictions. NSW spreads funding across several specialist bodies and has expanded them strongly in recent years. Queensland concentrates integrity capacity in a single dominant body, the Crime and Corruption Commission. SA funds a smaller, more segmented system.

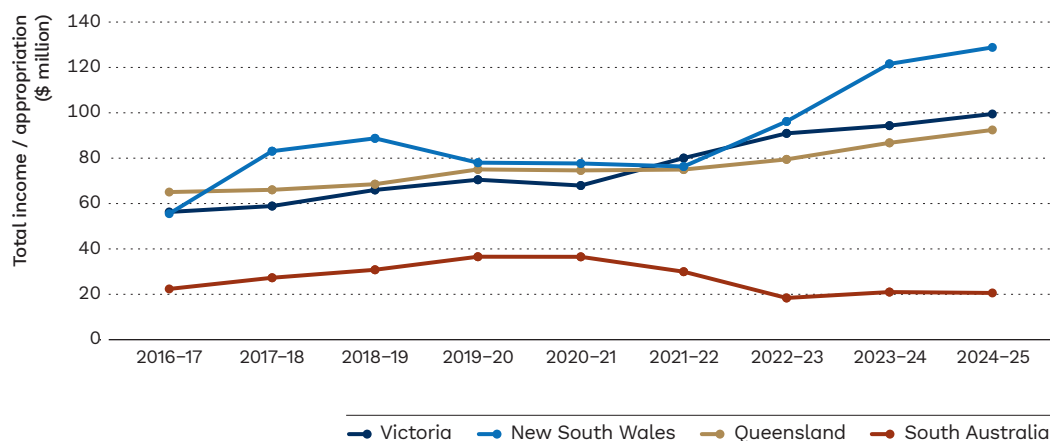
On that basis, the clearest funding trend is that NSW now has the largest and fastest-growing listed integrity funding pool. By comparison, Queensland has the most stable large-body profile, while SA remains materially smaller and is least internally comparable over time.

<sup>94</sup> *Treasurer's Direction TD24-12: Charter of Independence for NSW integrity agencies*, 6 August 2024, cl. 3.

<sup>95</sup> Public Accountability Committee, *Budget process for independent oversight bodies and the Parliament of New South Wales*, p. 36.

The trajectory of funding for IBAC, the VO and IOV has been similar to Queensland's integrity agencies between 2016–17 and 2024–25. While IBAC, the VO and IOV received somewhat less total funding than the equivalent agencies in Queensland until 2020–21, from 2021–22 onwards Victoria's integrity agencies have received more funding in total.

**Figure 3.1 Total funding for select integrity agencies in NSW, Queensland and SA from 2016–27 to 2024–25**



Note: The figure only runs to the 2024–25 financial year, as data for 2025–26 was not available. SA ICAC and OPI were combined until 2021. The SA Inspector only begins in 2022. NSW LECC has no recorded budget in the table for the 2016–17 financial year. These caveats mean the strongest cross-jurisdictional comparisons are for the later years, especially 2022–23 to 2024–25.

Sources: DTF, response to questions on notice, Attachment A, p. 4; DTF, response to questions on notice, Attachment B, p. 4; DTF, response to questions on notice, Attachment C, p. 4; Annual Reports for New South Wales (NSW) Independent Commission Against Corruption (ICAC), 2016–17 to 2024–25, <<https://www.icac.nsw.gov.au/about-the-nsw-icac/nsw-icac-publications/nsw-icac-corporate-publications/annual-reports>> accessed 30 April 2026; Annual Reports for NSW Ombudsman, 2016–17 to 2024–25, <<https://www.ombo.nsw.gov.au/reports/office-annual-reports>> accessed 30 April 2026; Annual Reports for NSW Law Enforcement Conduct Commission (LECC), 2016–17 to 2024–25, <<https://www.lecc.nsw.gov.au/publications/annual-reports>> accessed 30 April 2026; Annual Reports for NSW Office of the Inspector of the Independent Commission Against Corruption (OIICAC), 2016–17 to 2024–25, <<https://www.oicac.nsw.gov.au/reports>> accessed 1 May 2026; Annual Reports for Queensland (QLD) Crime and Corruption Commission (CCC), 2016–17 to 2024–25, <<https://www.ccc.qld.gov.au/publications>> accessed 1 May 2026; Annual Reports for QLD Ombudsman, 2016–17 to 2024–25, <<https://www.ombudsman.qld.gov.au/publications/annual-reports>> accessed 1 May 2026; Annual Reports for South Australia (SA) Independent Commission Against Corruption (ICAC), 2016–17 to 2024–25, <<https://www.icac.sa.gov.au/publications/annual-reports>> accessed 1 May 2026; Annual Reports for SA Office for Public Integrity (OPI), 2016–17 to 2024–25, <<https://www.publicintegrity.sa.gov.au/about/annual-reports>> accessed 1 May 2026; Annual Reports for SA Ombudsman, 2016–17 to 2024–25, <<https://ombudsman.sa.gov.au/relevant-court-decisions/annual-reports>> accessed 1 May 2026; Annual Reports for Office of the Inspector of the ICAC, the OPI and Ombudsman SA, 2016–17 to 2024–25, <<https://inspector.sa.gov.au/home/reports/annual-reports>> accessed 1 May 2026.

### 3.2.2 Benchmarking

There is an argument that funding of integrity agencies should be assessed as a percentage of total government expenditure to ensure the funding for the integrity system is comparable to the government they are overseeing. Professor A.J. Brown and Dr Mark Bruerton have suggested 'there is no single 'benchmark' for which countries should aim when it comes to integrity institution resourcing'.<sup>96</sup> However, they also noted that as of 2017, no Australian jurisdiction had spent more than 0.025% of their annual budget on respective integrity systems in the preceding 25 years.<sup>97</sup> Additionally, Professor Brown and Dr Bruerton have also stated that in most cases the aggregate

<sup>96</sup> A.J. Brown and M Bruerton, 'Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing', p. 351.

<sup>97</sup> Ibid.

resourcing for anti-corruption agencies across Australia has declined over time, in both overall amount and share of the total budget.<sup>98</sup>

It is on this basis that Transparency International Australia (TIA) has asserted that there should be a minimum threshold of general budget expenditure allocated for integrity systems.<sup>99</sup> TIA states that ‘lifting ... investment in integrity assurance to a minimum level across the board’ is necessary, and the first step should be that all core integrity agencies at federal, state and territory level should have a minimum of 0.15% of public expenditure.<sup>100</sup> The core integrity agencies identified by TIA includes IBAC, the VO and VAGO, and notably does not include IOV. IBAC and the VO have recognised this suggested minimum threshold as a comparison to the current funding of the core integrity agencies in their 2026 joint paper on budget transparency.<sup>101</sup>

An important aspect of budget adequacy is ensuring that integrity agencies have stable resourcing.<sup>102</sup> This is particularly important when considering that the Executive make funding decisions regarding the agencies that oversight it.

Considering funding of the integrity system as a percentage of general expenditure can be helpful for this, to prevent changes of government affecting the stability of integrity system resourcing.<sup>103</sup> It is also helpful to examine the funding of integrity agencies in this way, as it shows whether the funding of integrity agencies is eroding over time in comparison to overall State expenditure. TIA argues that when a new integrity agency is introduced the percentage of funding rises, however, it does tend to erode over time.<sup>104</sup> Notably, while integrity agency funding in Victoria is not eroding at the same rate as some other states, Victoria’s core integrity agencies’ funding as a percentage of total expenditure has been consistently low compared with other states in Australia.<sup>105</sup>

The evidence shows that the funding for IBAC, IOV and the VO has been consistently between 0.08% and 0.10% of total general government expenditure over the past 10 years. More specifically, the percentage of total general government expenditure allocated to IBAC, the VO and IOV in the 2022–23, 2023–24 and 2024–25 financial years has been 0.09 percent, while in the two years prior it was 0.08 percent.<sup>106</sup> While this is low compared with other states,<sup>107</sup> it does show a level of consistency over

<sup>98</sup> Ibid., p. 352.

<sup>99</sup> Transparency International Australia and Griffith University, *Australia’s National Integrity System: The Blueprint for Action*, p. A-11.

<sup>100</sup> Ibid.

<sup>101</sup> IBAC, VO and VAGO, *Advancing budget transparency for Victoria’s core integrity agencies*, pp. 9–10.

<sup>102</sup> A.J. Brown and M Bruerton, ‘Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing’, p. 352.

<sup>103</sup> Transparency International Australia and Griffith University, *Governing for integrity: a blueprint for reform*, draft report of Australia’s Second National Integrity System Assessment, 2019, p. 34.

<sup>104</sup> Transparency International Australia and Griffith University, *Australia’s National Integrity System: The Blueprint for Action*, report prepared by A.J. Brown et al., 2020, pp. A-09–A-11.

<sup>105</sup> Ibid.

<sup>106</sup> Department of Treasury and Finance, *Aggregate financial statements - Consolidated comprehensive operating statement*, 5 December 2025, <<https://www.dtf.vic.gov.au/aggregate-financial-statements#consolidated-cash-flow-statement>> accessed 24 April 2026.

<sup>107</sup> Ibid.

time, when considering the agencies' funding as a percentage of total government expenditure.

While requiring integrity system funding to be proportionate to the government it oversees is a logical step, the basis for TIA selecting 0.15% as the minimum level for the combined funding of IBAC, the VO and VAGO is unclear. In the draft report published the year prior the minimum level recommended by TIA was 0.2% of overall government expenditure,<sup>108</sup> and the reason for the subsequent change to 0.15% is not apparent. The data collated by TIA shows that across Australia funding of core integrity agencies was below this threshold in 2019–20, however, that some states were at or above the level suggested in 2011–12.<sup>109</sup> TIA has not stated whether it considers the funding in these states to be sufficient at that time.

In 2015, a Transparency International Implementation Guide provided indicators for financial resourcing of anti-corruption agencies, and it suggested medium level funding is between 0.1% and 0.2% of total government budget.<sup>110</sup> Additionally, Professor A.J. Brown and Dr Mark Bruerton have previously stated that using a single benchmark can be problematic, stating that benchmarks are not value free and do not account for the variations in jurisdictions.<sup>111</sup>

When setting a minimum threshold for funding an integrity system, it is also important to note that the systems in place across States can vary. The threshold recommended by TIA is for the funding of 'Auditors-General, Ombudsmen and anticorruption agencies, not including organised crime functions but including specialist police integrity agencies.'<sup>112</sup> This proposed threshold therefore does not include IOV and other Victorian integrity agencies within the proposed benchmark percentage of general expenditure.

The Committee considers IOV to be an integral part of Victoria's integrity system; however, as other jurisdictions do not have a comparable organisation TIA cannot consistently include IOV in its data comparisons. Additionally, the Committee considers that using a benchmark can be problematic due to the complexity of budget decisions. Therefore, the Committee deems it more appropriate that regular base reviews occur, than a specific benchmark be established.

<sup>108</sup> Transparency International Australia and Griffith University, *Governing for integrity: a blueprint for reform*, p. 35.

<sup>109</sup> Transparency International Australia and Griffith University, *Australia's National Integrity System: The Blueprint for Action*, report prepared by A.J. Brown et al., 2020, p. A-10.

<sup>110</sup> Transparency International, *Anti-Corruption Agencies in Practice: A Review of Implementation*, Implementation Guide, report prepared by Jon Quah et al., 2015, p. 34.

<sup>111</sup> A.J. Brown and M Bruerton, 'Sufficient, stable and secure? An exploratory comparative analysis of integrity agency financial resourcing', p. 347.

<sup>112</sup> Ibid.

# Chapter 4

## Are Victoria's integrity agencies adequately resourced to perform their functions?

### 4.1 Overview—agencies' funding and expenditure<sup>1</sup>

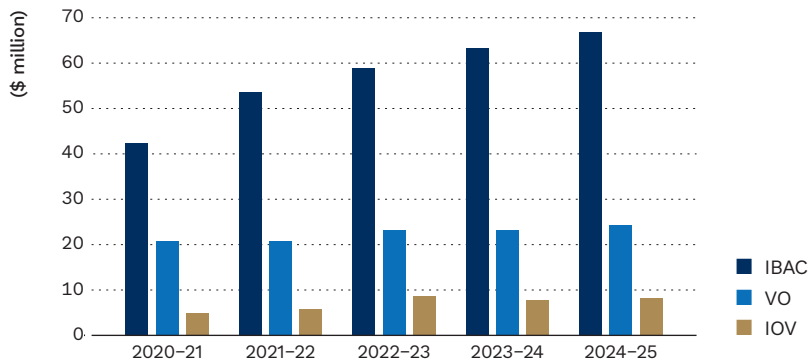
#### 4.1.1 Funding

In July 2020, the Independent Broad-based Anti-corruption Commission (IBAC), the Victorian Ombudsman (VO) and Integrity Oversight Victoria (IOV) became budget independent.<sup>2</sup> Previously, these agencies were funded through the Department of Premier and Cabinet.<sup>3</sup>

As shown in Figure 4.1, combined total funding for IBAC, the VO and IOV increased between 2020–21 and 2024–25.<sup>4</sup> The total funding increase was most dramatic for IBAC, from \$42.3 million in 2020–21 to \$66.9 million in 2024–25.<sup>5</sup>

- 
- 1 As the agencies' and the Department of Treasury and Finance's (DTF) responses to the Committee's questions on notice did not include financial data for the 2025–26 financial year, analysis in the section uses data up to 2024–25.
  - 2 Department of Treasury and Finance (DTF), Inquiry into the adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 17 April 2026, Attachment A, p. 4.
  - 3 Ibid. This revenue included Treasurer's Advances, special appropriation, and revenue under s 29 of the *Financial Management Act 1994* (Vic), which includes payments for services and payments from Commonwealth or municipal governments.
  - 4 DTF, response to questions on notice, Attachment A, p. 4; DTF, Inquiry into the adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 17 April 2026, Attachment C, p. 4; DTF, Inquiry into the adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 17 April 2026, Attachment B, p. 4.
  - 5 DTF, response to questions on notice, Attachment A, p. 4.

**Figure 4.1 IBAC, the VO and IOV: Total income from transactions, 2020–21 to 2024–25**

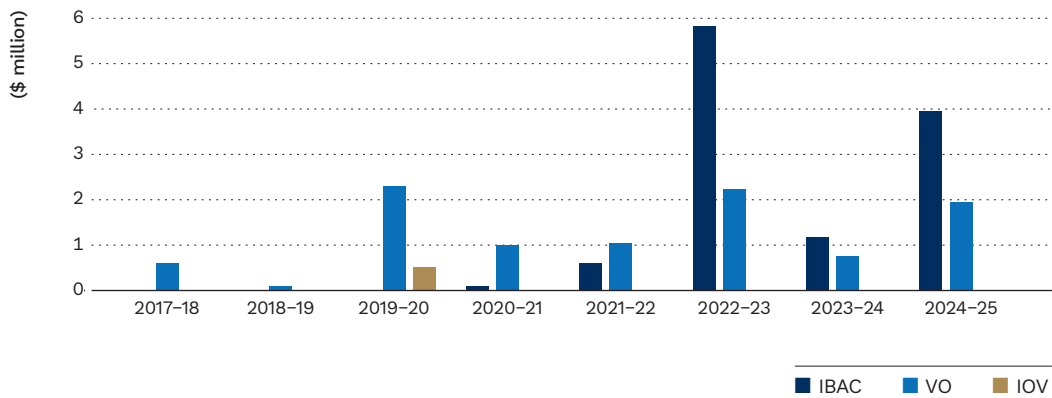


Note: Supplementary funding (included in these totals) may include routine payments provided to offset the cost of enterprise bargaining agreements, new state levies or other administrative expenses.

Source: Department of Treasury and Finance (DTF), response to questions on notice, Attachment A, p. 4; DTF, response to questions on notice, Attachment C, p. 4; DTF, response to questions on notice, Attachment B, p. 4.

Altogether, IBAC, the VO and IOV have received a combined \$22.2 million through Treasurer’s Advance funding since 2016–17.<sup>6</sup> Figure 4.2 shows that most of this funding has been received in recent years, with IBAC and the VO both receiving significant Treasurer’s Advances in 2022–23 and 2024–25.<sup>7</sup>

**Figure 4.2 IBAC, the VO and IOV: Treasurer’s Advance funding received, 2017–18 to 2024–25**



Source: DTF, response to questions on notice, Attachment A, p. 7; DTF, response to questions on notice, Attachment C, p. 7; DTF, response to questions on notice, Attachment B, p. 6.

That agencies are increasingly receiving funding via Treasurer’s Advances may indicate that they are not receiving adequate funding through the regular annual appropriation process.

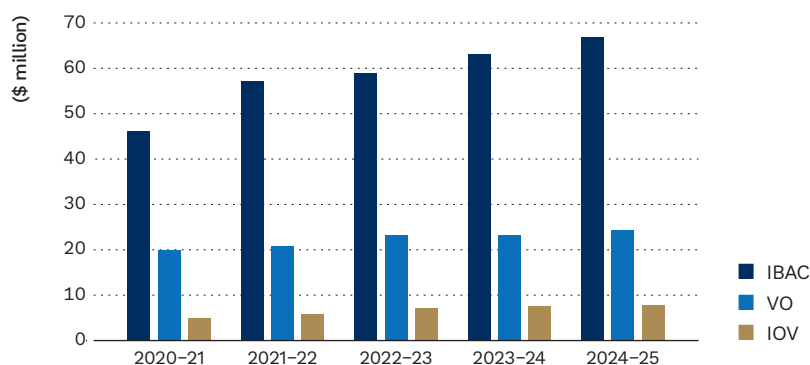
<sup>6</sup> DTF, response to questions on notice, Attachment A, p. 7; DTF, response to questions on notice, Attachment C, p. 7; DTF, response to questions on notice, Attachment B, p. 6. This figure has been developed by the Committee on the basis of data provided by DTF.

<sup>7</sup> DTF, response to questions on notice, Attachment A, p. 7; DTF, response to questions on notice, Attachment C, p. 7.

## 4.1.2 Expenditure

As with total funding, total expenditure has increased for all three agencies from 2020–21 to 2024–25, as shown in Figure 4.3.

**Figure 4.3 IBAC, the VO and IOV: Total expenditure, 2020–21 to 2024–25**



Source: DTF, response to questions on notice, Attachment A, p. 4; DTF, response to questions on notice, Attachment C, p. 4; DTF, response to questions on notice, Attachment B, p. 4.

Among Victoria's general Government sector,<sup>8</sup> annual expenditure grew at an annual rate of 7% between 2017–18 and 2024–25.<sup>9</sup> By comparison, between 2017–18 and 2024–25:

- IBAC's expenditure increased by an average annual rate of 8%<sup>10</sup>
- IOV's expenditure increased by an average annual rate of 11%<sup>11</sup>
- VO's expenditure increased by an average annual rate of 4%.<sup>12</sup>

IBAC's annual expenditure growth rate is therefore more or less equivalent to that across Victoria's government sector. IOV's annual expenditure growth rate is higher than the Victorian government average, which may reflect changes in its mandate and expansion of its remit over time. The VO's rate of growth in expenditure is noticeably lower than that across the general Victorian government sector.

Figure 4.4 shows the VO's rate of expenditure growth as compared to the Consumer Price Index (CPI) between 2017–18 and 2024–25.<sup>13</sup> The VO's rate of expenditure growth was below CPI in four of those eight years.

<sup>8</sup> The 'general Government sector' are departments and agencies that are controlled and largely financed by the Government, providing goods and services to the community significantly below cost.

<sup>9</sup> DTF, *Historical Financial Tables - Operating Statement General Government*, 5 December 2025, accessed 21 April 2026.

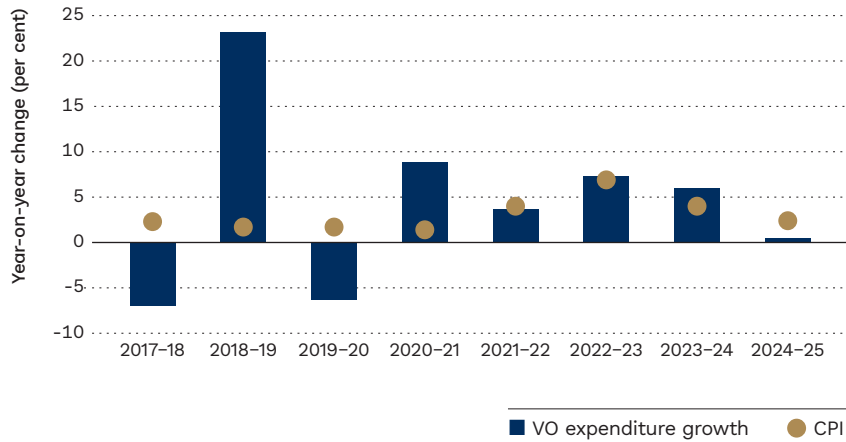
<sup>10</sup> DTF, response to questions on notice, Attachment A, p. 4.

<sup>11</sup> DTF, response to questions on notice, Attachment B, p. 4.

<sup>12</sup> DTF, response to questions on notice, Attachment C, p. 4.

<sup>13</sup> Calculation based on data from Victorian Ombudsman (VO), Inquiry into the adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 13 April 2026, p. 2; DTF, *Macroeconomic Data - 2025–26 Budget Update*, December 2025, <<https://www.dtf.vic.gov.au/macroeconomic-indicators>> accessed 24 April 2026.

**Figure 4.4 The VO: Expenditure growth vs Consumer Price Index (CPI), 2017-18 to 2024-25**



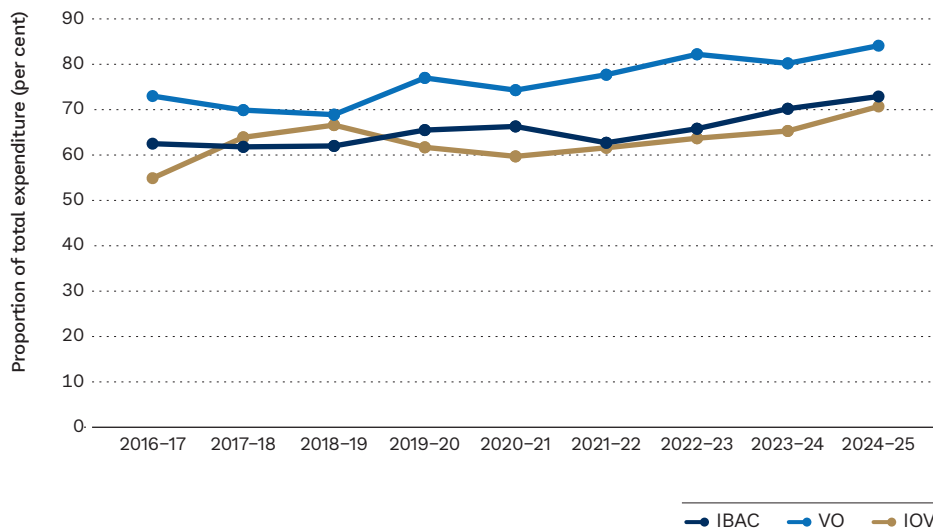
Source: Analysis based on data from Victorian Ombudsman (VO), Inquiry into the Adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 13 April 2026, p. 2; DTF, *Macroeconomic Data – 2025-26 Budget Update*, December 2025, <<https://www.dtf.vic.gov.au/macroeconomic-indicators>> accessed 24 April 2026.

Full data on agencies' funding and expenditure from 2020-21 to 2024-25 are provided in the Appendix.

### 4.1.3 Agencies' employee expenses

For all three agencies, employee expenses as a proportion of total expenses have increased between 2017-18 and 2024-25, as shown in Figure 4.5.<sup>14</sup>

**Figure 4.5 IBAC, the VO and IOV: Employee expenses as a percentage of total expenditure, 2016-17 to 2024-25**



Source: DTF, response to questions on notice, Attachment A, p. 4; DTF, response to questions on notice, Attachment C, p. 4; DTF, response to questions on notice, Attachment B, p. 4.

<sup>14</sup> DTF, response to questions on notice, Attachment A, p. 4; DTF, response to questions on notice, Attachment C, p. 4; DTF, response to questions on notice, Attachment B, p. 4.

Employee expenses increased:

- **For IBAC**—from 62.5% of total expenditure in 2016–17 to 72.9% by 2024–25<sup>15</sup>
- **For IOV**—from 54.9% in 2016–17 to 70.7% in 2024–25<sup>16</sup>
- **For the VO**—from 77.0% in 2016–17 to 84.1% in 2024–25.<sup>17</sup>

Both IBAC's and IOV's employee expenses increased as a proportion of total expenses by over 10% during this period. The VO's employee expenses increased less markedly, but this is due to employee expenses falling to a proportion of 66.6% of the total in 2018–19, when the VO also experienced increased expenditure growth.<sup>18</sup>

This also means all three agencies were spending an increasingly smaller proportion of their funding on non-employee/other expenses over this period, such as Information and Communications Technology (ICT) capability and other organisational capacity improvements.

## 4.2 Agencies' statutory functions

### 4.2.1 Independent Broad-based Anti-corruption Commission

IBAC's legislative functions are broad and extend across complaint-handling, investigation, prevention, education, reporting and the administration of the public interest disclosure scheme. These functions are consistent with their legislative objectives.<sup>19</sup> Under the *Independent Broad-based Anti-corruption Commission Act 2011* (Vic), IBAC is responsible for receiving complaints and notifications about corrupt conduct,<sup>20</sup> identifying, exposing and investigating corrupt conduct and police personnel misconduct,<sup>21</sup> and assessing police personnel conduct, including by receiving related complaints and notifications, promoting the highest ethical and professional standards among police officers and protective services officers, and ensuring regard is had to rights protected under the *Charter of Human Rights and Responsibilities Act 2006* (Vic).<sup>22</sup> Its functions also include conducting preliminary inquiries,<sup>23</sup> undertaking examinations for the purposes of investigations,<sup>24</sup> and making referrals to relevant persons or bodies.<sup>25</sup>

<sup>15</sup> DTF, response to questions on notice, Attachment A, p. 4.

<sup>16</sup> DTF, response to questions on notice, Attachment B, p. 4.

<sup>17</sup> DTF, response to questions on notice, Attachment C, p. 4.

<sup>18</sup> Ibid.

<sup>19</sup> *Independent Broad-based Anti-corruption Commission Act 2011* (Vic) s 8 ('IBAC Act 2011 (Vic)').

<sup>20</sup> Ibid., s 15(3)(a).

<sup>21</sup> Ibid., s 15(2)(a), (b).

<sup>22</sup> Ibid., s 15(2)(c), (3)(b).

<sup>23</sup> Ibid., s 15(3)(ba).

<sup>24</sup> Ibid., ss 15(3)(c), 115(1).

<sup>25</sup> Ibid., s 15(3)(d).

In addition, IBAC has substantial education and prevention functions, including examining public sector systems and practices, providing information, advice and recommendations to the public sector, assisting agencies to prevent corrupt conduct and police personnel misconduct, educating police personnel and the community, and publishing preventative information.<sup>26</sup> IBAC may also receive information, conduct research and collect intelligence for investigative purposes, and report on, and make recommendations arising from, the performance of its duties and functions.<sup>27</sup>

Separately, under the *Public Interest Disclosures Act 2012* (Vic), IBAC receives and assesses disclosures and determines whether they constitute public interest complaints,<sup>28</sup> issues guidelines and advice on disclosure procedures and discloser welfare,<sup>29</sup> provides education and information about the scheme,<sup>30</sup> supports the public sector to comply with it,<sup>31</sup> gives advice and recommendations on its operation,<sup>32</sup> and undertakes related research, data collection, analysis and reporting.<sup>33</sup>

#### 4.2.2 Victorian Ombudsman

The VO's legislative functions are directed primarily toward investigating administrative action, resolving complaints, and promoting improved public administration. These functions are consistent with their legislative objectives, which include providing a timely, efficient, and independent means of resolving complaints about administrative action,<sup>34</sup> providing for the identification, investigation, exposure, and prevention of maladministration and improper conduct,<sup>35</sup> and assisting to improve the quality of administration and complaint-handling practices of authorities.<sup>36</sup> According to its objectives, the VO also facilitates the education of the Victorian community and the public sector about its functions.<sup>37</sup>

Under the *Ombudsman Act 1973* (Vic), the VO may enquire into or investigate, and resolve complaints about, administrative action taken by or within an authority, except where the action appears to involve corrupt conduct or was taken under the *Freedom of Information Act 1982* (Vic).<sup>38</sup> The VO may also enquire into or investigate administrative action referred by IBAC that appears to involve corrupt conduct,<sup>39</sup> and investigate public interest complaints referred to it by IBAC.<sup>40</sup>

<sup>26</sup> Ibid., s 15(5), (6).

<sup>27</sup> Ibid., s 15(7)(a), (b).

<sup>28</sup> *Public Interest Disclosures Act 2012* (Vic) s 55(1) ('PID Act 2012 (Vic)').

<sup>29</sup> Ibid., s 55(2)(a)–(c).

<sup>30</sup> Ibid., s 55(2)(e).

<sup>31</sup> Ibid., s 55(2)(f).

<sup>32</sup> Ibid., s 55(2)(g).

<sup>33</sup> Ibid., s 55(2)(h), (i).

<sup>34</sup> *Ombudsman Act 1973* (Vic) s 2A(a).

<sup>35</sup> Ibid., s 2A(b), (c).

<sup>36</sup> Ibid., s 2A(d).

<sup>37</sup> Ibid., s 2A(e).

<sup>38</sup> Ibid., s 13(1)(a), (b).

<sup>39</sup> Ibid., s 13(1)(c).

<sup>40</sup> Ibid., ss 2, 13(1)(d), 15C; *IBAC Act 2011* (Vic) s 73(3)(b); *PID Act 2012* (Vic) ss 21, 26, 32.

In undertaking these functions, the VO may enquire into or investigate whether relevant administrative action is incompatible with a human right under the *Charter of Human Rights and Responsibilities Act 2006* (Vic), and whether proper consideration was given to a relevant human right.<sup>41</sup>

Beyond its complaint-handling and investigative role, the VO is also empowered to review the complaint practices and procedures of authorities,<sup>42</sup> provide education and training to the Victorian community and the public sector on matters relating to its functions,<sup>43</sup> promote improved public sector administration,<sup>44</sup> and perform any other functions conferred on it under the *Ombudsman Act 1973* (Vic).<sup>45</sup>

### 4.2.3 Integrity Oversight Victoria

IOV's legislative functions are supervisory and integrity-focused, spanning oversight, complaint-handling, investigation, monitoring and reporting in relation to several Victorian integrity bodies and related actors. IOV's functions are consistent with its legislative objectives, which provide for the independent oversight of Victoria's integrity and investigative entities.<sup>46</sup>

In relation to IBAC, IOV monitors IBAC's and its personnel's compliance with the *IBAC Act 2011* (Vic) and other laws,<sup>47</sup> oversees IBAC's public interest disclosure functions,<sup>48</sup> assesses the effectiveness and appropriateness of IBAC's policies and procedures concerning the legality and propriety of its activities,<sup>49</sup> receives complaints about IBAC and its personnel,<sup>50</sup> investigates and assesses their conduct,<sup>51</sup> and monitors IBAC's interactions with other integrity bodies.<sup>52</sup> IOV also inspects and audits records kept by the Public Interest Monitor,<sup>53</sup> reports to the Minister and Parliament on the Public Interest Monitor's functions,<sup>54</sup> receives complaints about and investigates the conduct of the Chief Examiner and Examiners,<sup>55</sup> and reports on, and makes recommendations arising from, the performance of its own functions.<sup>56</sup>

In relation to the Victorian Auditor-General's Office (VAGO), IOV monitors the exercise of coercive powers by VAGO officers and their compliance with prescribed provisions

41 *Ombudsman Act 1973* (Vic) s 13(2).

42 *Ibid.*, s 13AA(1)(a).

43 *Ibid.*, s 13AA(1)(b).

44 *Ibid.*, s 13AA(1)(c).

45 *Ibid.*, s 13AA(1)(d).

46 *Integrity Oversight Victoria Act 2011* (Vic) s 5 ('IOV Act 2011' (Vic)).

47 *Ibid.*, s 11(2)(a).

48 *Ibid.*, s 11(2)(b).

49 *Ibid.*, s 11(2)(c).

50 *Ibid.*, s 11(2)(d).

51 *Ibid.*, s 11(2)(e).

52 *Ibid.*, s 11(2)(f).

53 *Ibid.*, s 11(2)(g).

54 *Ibid.*, s 11(2)(h).

55 *Ibid.*, s 11(2)(i), (j).

56 *Ibid.*, s 11(2)(k).

of the *Audit Act 1994* (Vic), and receives complaints about, and investigates and assesses, their conduct.<sup>57</sup> IOV reports on, and makes recommendations as a result of, the performance of these functions.<sup>58</sup> In relation to the VO, IOV monitors the exercise of coercive powers by Ombudsman officers,<sup>59</sup> their compliance with procedural fairness requirements,<sup>60</sup> receives complaints about and investigates their conduct,<sup>61</sup> and reports on, and makes recommendations in relation to, the performance of those functions.<sup>62</sup>

Similarly, in relation to the Parliamentary Workplace Standards and Integrity Commission (PWSIC), IOV monitors the issuing, variation and withdrawal of investigation requests,<sup>63</sup> the issuing of confidentiality notices,<sup>64</sup> compliance by PWSIC officers with procedural fairness requirements,<sup>65</sup> receives complaints about and investigates their conduct,<sup>66</sup> and reports on, and makes recommendations in relation to, the performance of those functions.<sup>67</sup>

In relation to OVIC, IOV monitors the exercise of coercive powers by OVIC officers and their compliance with prescribed procedural fairness requirements,<sup>68</sup> receives complaints about and investigates their conduct,<sup>69</sup> and reports on, and makes recommendations in relation to, the performance of these functions.<sup>70</sup> IOV also monitors the Judicial Commission's use of coercive powers under the *Judicial Commission of Victoria Act 2016* (Vic).<sup>71</sup>

Separately, under the *Public Interest Disclosures Act 2012* (Vic), IOV receives and assesses assessable disclosures relating to IBAC, IBAC officers and Public Interest Monitors,<sup>72</sup> determines whether such disclosures are public interest complaints,<sup>73</sup> receives other assessable disclosures and notifies them to IBAC,<sup>74</sup> reviews procedures established by IBAC, the Judicial Commission and the VO,<sup>75</sup> and promotes the purposes of the public interest disclosure scheme.<sup>76</sup>

<sup>57</sup> *Ibid.*, s 11(3)(a)-(c).

<sup>58</sup> *Ibid.*, s 11(3)(d).

<sup>59</sup> *Ibid.*, s 11(4)(a)(i).

<sup>60</sup> *Ibid.*, s 11(4)(a)(ii)

<sup>61</sup> *Ibid.*, s 11(4)(b), (c).

<sup>62</sup> *Ibid.*, s 11(4)(d).

<sup>63</sup> *Ibid.*, s 11(4A)(a)(i)

<sup>64</sup> *Ibid.*, s 11(4A)(a)(ii)

<sup>65</sup> *Ibid.*, s 11(4A)(a)(iii)

<sup>66</sup> *Ibid.*, s 11(4A)(b), (c).

<sup>67</sup> *Ibid.*, s 11(4A)(d).

<sup>68</sup> *Ibid.*, s 11(5)(a)(i), (ii).

<sup>69</sup> *Ibid.*, s 11(5)(b), (c).

<sup>70</sup> *Ibid.*, s 11(5)(d).

<sup>71</sup> *Ibid.*, s 11(6).

<sup>72</sup> *PID Act 2012* (Vic) s 56(1)(a), (b).

<sup>73</sup> *Ibid.*, s 56(1)(c).

<sup>74</sup> *Ibid.*, 56(1)(d).

<sup>75</sup> *Ibid.*, s 56(1)(e).

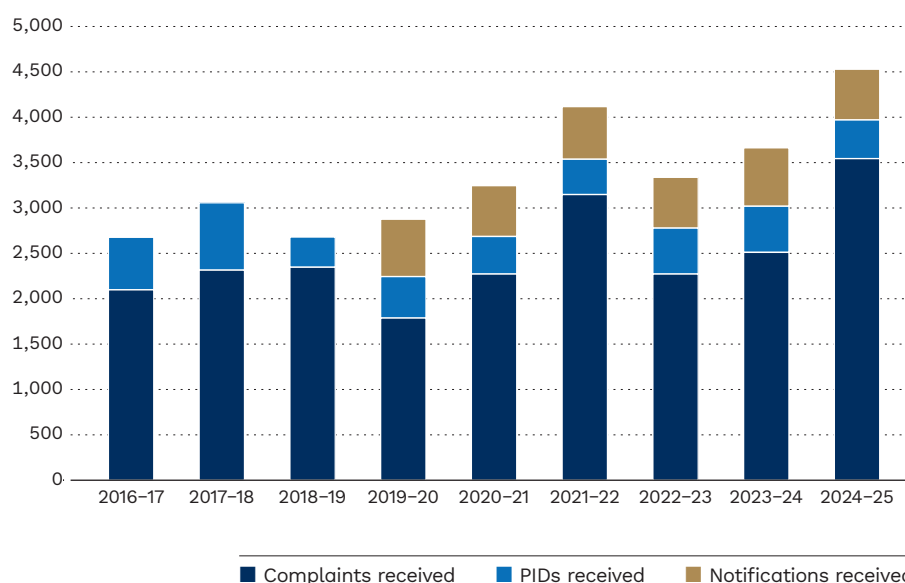
<sup>76</sup> *Ibid.*, s 56(1)(ea).

## 4.3 Service delivery—trends and pressures<sup>77</sup>

### 4.3.1 Independent Broad-based Anti-corruption Commission

IBAC received a more or less steady number of complaints, notifications and public interest disclosures from 2016–17 to 2020–21.<sup>78</sup> However, following the 2020–21 financial year, IBAC has experienced increased pressures on these aspects of service delivery, as shown in Figure 4.6.<sup>79</sup>

**Figure 4.6 IBAC: Complaints, notifications and public interest disclosures received, 2016–2017 to 2024–25**



Note: From 2016–2017 to 2018–19 complaints includes both complaints and notifications received.

Source: IBAC, response to questions on notice, pp. 25–26.

In recent years IBAC has also experienced an abrupt increase in the number of investigations commenced. Figure 4.7 shows the number of investigations commenced increasing to 32 in 2024–25 from 7 in 2023–24.<sup>80</sup> While only partial data was received for 2025–26, IBAC had commenced 24 investigations by early April 2026,<sup>81</sup> indicating that this trend is continuing.

<sup>77</sup> Agencies' responses to the questions on notice included full data up to the 2024–25 financial year, with some data being provided for the 2025–26 year up until early April 2026. This section has used the complete data to 2024–25 except where otherwise noted.

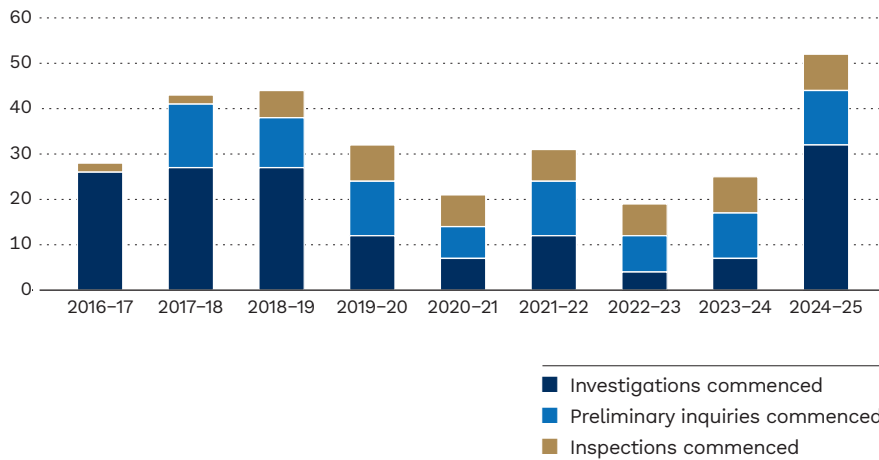
<sup>78</sup> Independent Broad-based Anti-corruption Commission (IBAC), Inquiry into the adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 17 April 2026, pp. 25–26.

<sup>79</sup> Ibid.

<sup>80</sup> Ibid., pp. 26–27.

<sup>81</sup> Ibid., p. 27.

**Figure 4.7 IBAC: Number of investigations, preliminary inquiries and inspections commenced, 2016–17 to 2024–25**



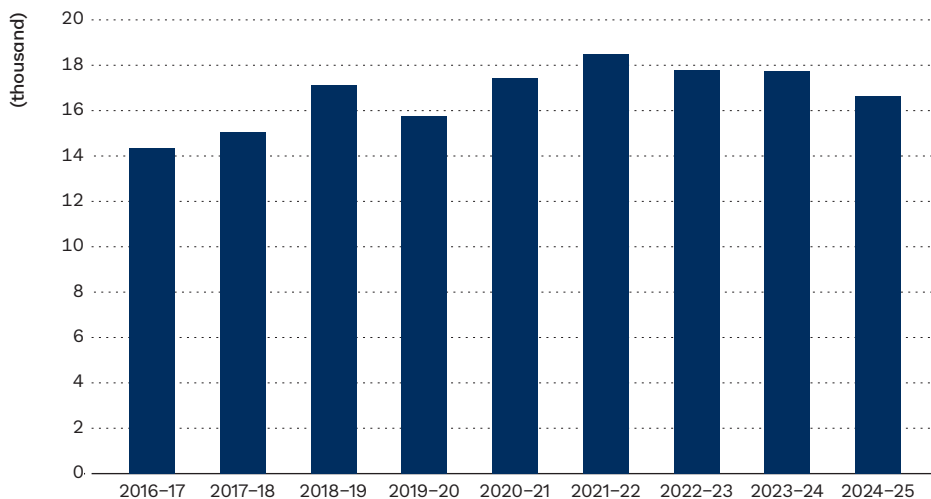
Source: IBAC, response to questions on notice, pp. 26–27.

As discussed in Section 1.2.1, IBAC undertook a base review of its funding in 2021–22, which resulted in it receiving additional ongoing funding.<sup>82</sup> This increased capacity may have allowed IBAC to dedicate additional resources to delivering its investigatory function.

### 4.3.2 Victorian Ombudsman

The VO has received a relatively steady number of complaints over the past decade, increasing slightly from 2016–17 to 2021–22, and then decreasing slightly since 2022–23, as shown in Figure 4.8.<sup>83</sup>

**Figure 4.8 VO: Total number of complaints received, 2016–17 to 2024–25**



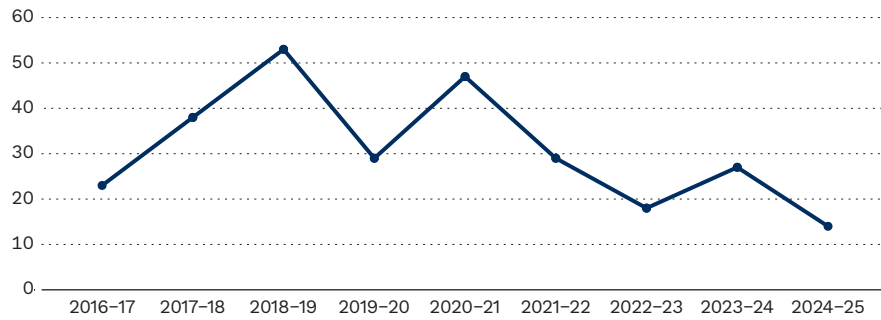
Source: VO, response to questions on notice, p. 9.

<sup>82</sup> Ibid., pp 29–30.

<sup>83</sup> VO, response to questions on notice, p. 9.

The number of investigations commenced each year by the VO has noticeably decreased after 2018-19, as shown in figure 4.9.

**Figure 4.9 VO: Total number of investigations commenced, 2016-17 to 2024-25**



Source: VO, response to questions on notice, p. 10.

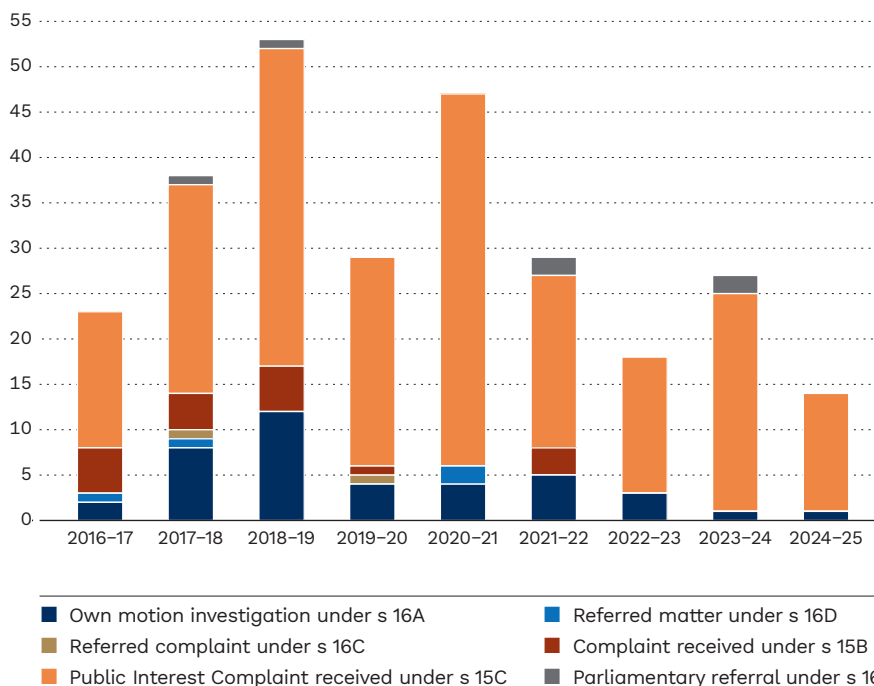
The VO may commence investigations under several different sections of the *Ombudsman Act 1973 (Vic)*:

- at its own discretion under section 16A
- in response to matters referred from other agencies under section 16D
- in response to a complaint referred to it from another agency under section 16C
- in response to complaints made the VO under section 15B
- in response to public interest complaints to the VO under section 15C
- from parliamentary referrals under section 16.

Figure 4.10 shows the number of investigations commenced by the VO between 2016-17 and 2024-15 through all legislative pathways.<sup>84</sup> The number of own-motion referrals under section 16A have declined consistently after 2018-19.

<sup>84</sup> Ibid., p 10.

**Figure 4.10 VO: Total number of investigations commenced by legislative pathway under the *Ombudsman Act 1973* (Vic)**



Source: VO, response to questions on notice, p. 10.

Thirteen out of fourteen investigations commenced by the VO in 2024–25 were initiated in response to public interest disclosures.<sup>85</sup> The VO has experienced increased numbers of public interest complaint (PIC) referrals since 2020.<sup>86</sup> While the VO has some discretion in how it responds to PICs, around 20% of PICs proceed to investigation each year.<sup>87</sup> These trends indicate the VO is increasingly dedicating its investigatory capacity to managing PIC referrals, and has less capacity to investigate public administration matters in a proactive or strategic way.

### 4.3.3 Integrity Oversight Victoria

Since 2020–21 IOV has received rising numbers of complaints and sharply increasing numbers of enquiries, as shown in Figure 4.11.<sup>88</sup>

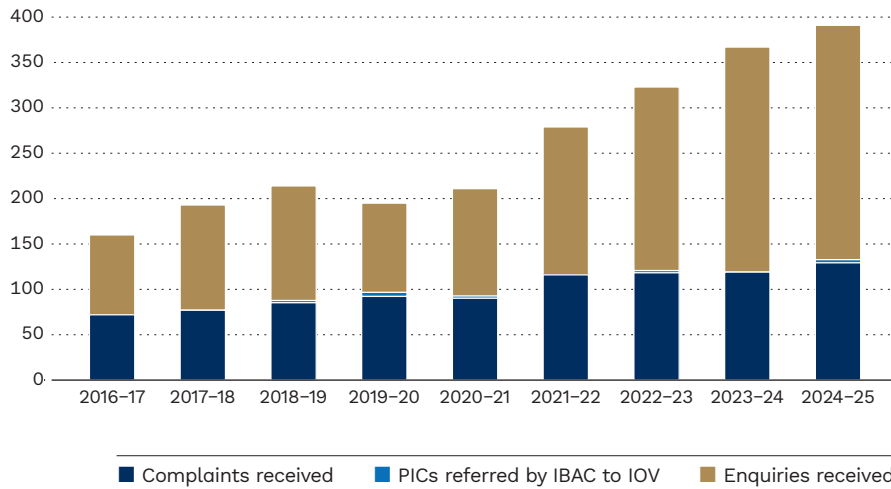
<sup>85</sup> Ibid.

<sup>86</sup> Ibid., p. 9.

<sup>87</sup> Ibid.

<sup>88</sup> Integrity Oversight Victoria (IOV), Inquiry into the adequacy of the annual budget of the Independent Broad-based Anti-corruption Commission, the Victorian Ombudsman and Integrity Oversight Victoria, response to questions on notice received 13 April 2026, p. 13.

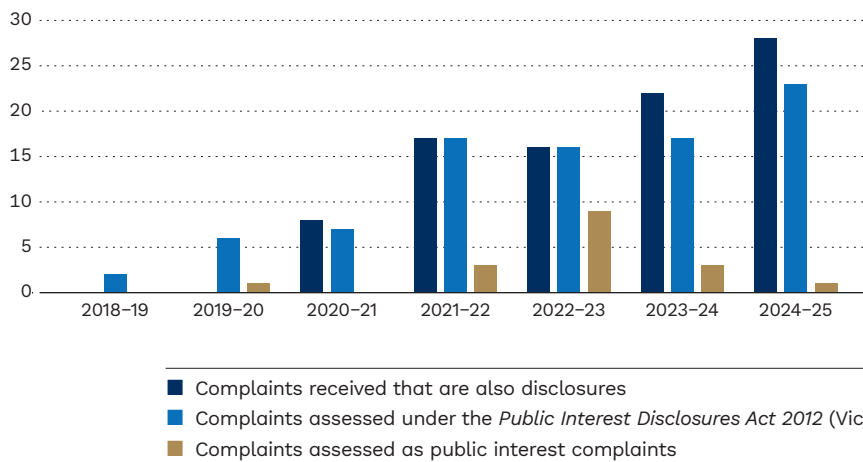
**Figure 4.11 IOV: Complaints, enquiries and Public Interest Complaints received, 2016–17 to 2024–25**



Source: IOV, response to questions on notice, p. 13.

Additionally, IOV has assessed increasing numbers of complaints under the *Public Interest Disclosures Act 2012 (Vic)* since it was amended in 2020, as shown in Figure 4.12.<sup>89</sup> These complaints are assessed under the *Public Interest Disclosures Act 2012* before being assessed under the *Integrity Oversight Victoria Act 2011 (Vic)*, leading to greater administrative complexity.<sup>90</sup>

**Figure 4.12 IOV: Complaints assessed under the *Public Interest Disclosures Act 2012 (Vic)* 2018–19 to 2024–25**



Source: IOV, response to questions on notice, p. 14.

<sup>89</sup> Ibid., p. 14.

<sup>90</sup> Ibid.

Table 4.1 IOV: Preliminary inquiries, investigations and inquiries arising out of investigations

|  | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 <sup>a</sup> |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------------|
| <b>Preliminary inquiries</b>                   |         |         |         |         |         |         |         |         |         |                      |
| On foot at beginning of year                   | 0       | 0       | 1       | 1       | 1       | 0       | 0       | 0       | 1       | 1                    |
| Commenced                                      | 0       | 2       | 0       | 1       | 0       | 0       | 0       | 2       | 1       | 2                    |
| Closed   | 0       | 1       | 0       | 1       | 1       | 0       | 0       | 1       | 1       | 2                    |
| On foot at year end                            | 0       | 1       | 1       | 1       | 0       | 0       | 0       | 1       | 1       | 1                    |
| <b>Investigations</b>                          |         |         |         |         |         |         |         |         |         |                      |
| On foot at beginning of year                   | 2       | 2       | 3       | 2       | 4       | 3       | 2       | 6       | 1       | 3                    |
| Commenced                                      | 0       | 2       | 1       | 3       | 1       | 3       | 10      | 2       | 5       | 3                    |
| Closed   | 0       | 1       | 2       | 1       | 1       | 5       | 3       | 10      | 3       | 4                    |
| On foot at year end                            | 2       | 3       | 2       | 4       | 4       | 2       | 6       | 1       | 3       | 4                    |
| <b>Inquiries arising out of investigations</b> |         |         |         |         |         |         |         |         |         |                      |
| On foot at beginning of year                   | 0       | 0       | 1       | 2       | 1       | 1       | 1       | 3       | 0       | 0                    |
| Commenced                                      | 0       | 0       | 1       | 0       | 0       | 2       | 5       | 1       | 1       | 1                    |
| Closed   | 0       | 0       | 0       | 0       | 0       | 2       | 3       | 4       | 1       | 0                    |
| On foot at year end                            | 0       | 1       | 2       | 1       | 1       | 1       | 3       | 0       | 0       | 1                    |

a. Year-to-date.

Source: IOV response to questions on notice, p. 18.

As shown in Table 4.1, IOV has ordinarily closed 1 preliminary inquiry and between 2–5 investigations each year.<sup>91</sup> However, there was an anomaly in the 2022–23 to 2023–24 financial years, when IOV conducted a higher-than-normal number of investigations.<sup>92</sup> Outside of this anomaly, IOV has had a slow increase over time in the number of investigations it has conducted, and by extension, the number of inquiries arising out of investigations.<sup>93</sup> This slow increase in workload for IOV likely reflects the expansion of its jurisdiction over time.

## 4.4 Funding issues for the agencies

### 4.4.1 Issues across all agencies

#### Increase in number and complexity of complaints

As stated in Section 4.3, all the agencies have been experiencing a steady increase in the number of complaints they have received. Additionally, the complexity of the complaints received has also intensified, requiring complaint-handlers to have more specialised skills, and requiring more time spent on each complaint.<sup>94</sup> For IBAC, this has resulted in a need to redeploy staff to their complaints team in an attempt to reduce their backlog of complaints, however, IBAC has an ongoing issue with complaint-handling delays.<sup>95</sup> IOV has also seen a steady rise in complaints year-on-year, and has advised the Committee that the complexity of complaints requires significant investment of staff resources.<sup>96</sup>

The VO previously had an intention to '[d]evelop and commence implementation of a data-led, risk-based program of complaint system reviews with scheduled follow-up to measure impact', however, resourcing constraints have caused the VO to discontinue this project, and has stated it is unlikely to be revived.<sup>97</sup> Given the increase in complexity of complaints, the Committee is concerned that if the VO is not able to pursue its own reform-focused work, because of insufficient resources, there is a structural risk to Victoria's broader integrity framework.

As stated in Section 2.2.3 of this report, Department Performance Statement performance measures are used as part of the assessment of the agencies' performance. In its Inquiry into the Performance of the Victorian integrity agencies 2022–23, the Committee noted that the both the Department Performance Statement measures<sup>98</sup> and IBAC's internal Key Performance Indicators (KPIs) 'do not adequately

<sup>91</sup> IOV, response to questions on notice, p. 18.

<sup>92</sup> Ibid.

<sup>93</sup> Ibid.

<sup>94</sup> IBAC, response to questions on notice, p.3.

<sup>95</sup> Ibid.

<sup>96</sup> IOV, response to questions on notice, p. 9.

<sup>97</sup> VO, *Annual report 2024/25*, Melbourne, p. 10.

<sup>98</sup> Formerly Budget Paper 3 measures.

capture the nature and complexity of its assessments functions'.<sup>99</sup> The Committee called on IBAC to find more effective ways of demonstrating its productivity to the public, including through its reporting.<sup>100</sup> As IBAC continues to report increasing complexity of the complaints it receives, as do the VO and IOV, the Committee reiterates its Recommendations 1 and 2 of the 2022/2023 performance review of Victorian integrity agencies, extending their scope to all three agencies.<sup>101</sup>

**RECOMMENDATION 10:** That the Victorian Government, in consultation with the Independent Broad-based Anti-corruption Commission (IBAC), the Victorian Ombudsman (the VO), and Integrity Oversight Victoria (IOV), review and, if necessary, revise the Department Performance Statement quantitative and qualitative assessment targets to ensure their adequacy and fitness for purpose, taking into account the volume and complexity of complaints and notifications handled by IBAC, the VO and IOV.

**RECOMMENDATION 11:** That the Independent Broad-based Anti-corruption Commission (IBAC) develop, use and consistently publicly report on key quantitative and qualitative performance indicators (including complexity indicators) for its assessment of complaints and notifications. This will allow for more precise tracking and evaluation of IBAC's performance across financial years, including its compliance with quality and timeliness standards in making assessments.

**RECOMMENDATION 12:** That the Victorian Ombudsman (VO) develop, use and consistently publicly report on key quantitative and qualitative performance indicators (including complexity indicators) for its assessment of complaints and notifications. This will allow for more precise tracking and evaluation of the VO's performance across financial years, including its compliance with quality and timeliness standards in making assessments.

**RECOMMENDATION 13:** That Integrity Oversight Victoria (IOV) develop, use and consistently publicly report on key quantitative and qualitative performance indicators (including complexity indicators) for its assessment of complaints and notifications. This will allow for more precise tracking and evaluation of IOV's performance across financial years, including its compliance with quality and timeliness standards in making assessments.

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<sup>99</sup> Parliament of Victoria, Integrity and Oversight Committee (IOC), *Performance of the Victorian integrity agencies 2022/23*, May 2023, p. 16.

<sup>100</sup> *Ibid.*, pp. 12-13.

<sup>101</sup> *Ibid.*, p. 16.

## Staff pay increases under the VPS Enterprise Agreement

The agencies have collectively expressed difficulty in absorbing annual enterprise agreement increases. The VO submitted: 'we never receive enough funding to cover the enterprise agreement increases every year, so that is another thing that puts us further and further behind the eight ball'.<sup>102</sup> The Victorian Public Service (VPS) Enterprise Agreement 2024 provided for incremental pay increases totalling 12 percent over the life of the agreement, and a one-off lump sum payment of \$5,600 for all employees.<sup>103</sup> As the Enterprise Agreement was finalised after the 2025/26 State Budget, this was not factored into the budget across the VPS. Therefore, the agencies, and government Departments have had to rely on Treasurer's Advances to cover the shortfall.<sup>104</sup>

As the pay increases in the Enterprise Agreement are higher than the indexing of the annual appropriation for the agencies at 3 percent, there is a continuous issue of the agencies having to use efficiency measures in other areas to account for an increase in employee-related expenses.<sup>105</sup> This is particularly concerning as staff costs make up the majority of the agencies' funding, comprising 79 per cent of IBAC's expenditure for example.<sup>106</sup> This suggests a systemic issue in the funding processes for the agencies, however, this is a VPS-wide issue, and not isolated to integrity agencies.

## Increasing reliance on Treasurer's Advances

The evidence provided to the Committee shows that there has been an increase in reliance on Treasurer's Advances in recent years, particularly for IBAC and the VO.<sup>107</sup> As stated in Section 1.2.1 of this report, Treasurer's Advances are for urgent and unforeseen purposes occurring post-Budget.<sup>108</sup> Treasurer's Advances are relied upon for funding of parliamentary referrals to the VO, which is addressed in detail in Section 4.4.3. The Committee also notes that Treasurer's Advances have been used for line items such as 'Additional funding for IBAC', 'Budget supplementation for IBAC', 'IBAC Commissioner's salary gap', and 'Budget supplementation for the Victorian Ombudsman' and 'Victorian Ombudsman funding needs 2020–21'.<sup>109</sup>

The Committee does not have further information about what these line items represent and the purpose of this funding. However, it does raise the question of whether Treasurer's advances are being used to cover funding that is more suitably addressed in the State Budget process and annual appropriation. The current

<sup>102</sup> Ms Marlo Baragwanath, Ombudsman, VO, Integrity and Oversight Committee, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 21.

<sup>103</sup> DTF, *Victorian Public Service Enterprise Agreement 2024*, Victorian Government, <<https://www.dtf.vic.gov.au/victorian-public-service-enterprise-agreement-2024>> accessed 24 April 2026.

<sup>104</sup> DTF, *2024–25 Financial Report*, Melbourne, 2024, pp. 159–161.

<sup>105</sup> Ms Marlo Baragwanath, Ombudsman, Integrity and Oversight Committee inquiry into the Performance of the Victorian Integrity Agencies 2023/24 and 2024/25, Public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 21.

<sup>106</sup> IBAC, *Annual report 2024/25*, Melbourne, 2025, p. 22.

<sup>107</sup> DTF, response to questions on notice, Attachment A, p. 4; DTF, response to questions on notice, Attachment C, p. 4; DTF, response to questions on notice, Attachment B, p. 4.

<sup>108</sup> DTF, *Resource Management Framework Part 1 of 2*, 2026, pp. 87–89.

<sup>109</sup> DTF, response to questions on notice, Attachment A, p. 7; DTF, response to questions on notice, Attachment C, p. 7.

Ombudsman submits that the VO received Treasurer's Advances most years as the agency had 'been underfunded and having to make up funding either through Treasurer's Advances or putting in place other savings mechanisms since 2019'.<sup>110</sup>

#### 4.4.2 Independent Broad-based Anti-corruption Commission

During this Inquiry, IBAC submitted it can still perform its statutory functions, but with increasing reliance on reprioritisation and other internal measures.<sup>111</sup> The evidence before the Committee gives some support to that position. In particular, IBAC points to a complaints backlog,<sup>112</sup> staff redeployment into Complaints and Assessment Services,<sup>113</sup> reliance on Treasurer's Advances,<sup>114</sup> and continuing pressure from wage,<sup>115</sup> technology and welfare-related costs.<sup>116</sup>

On balance, the evidence supports the view that IBAC is operating with limited flexibility and an increasingly constrained capacity to absorb growth in demand and complexity. The evidence provided is less illustrative of institutional failure across the board. Rather, it appears that budget pressure is being managed through internal trade-offs, delayed investment and supplementary or one-off funding mechanisms that may not be sustainable.

##### Witness welfare programs

IBAC has done significant work in improving its witness welfare processes, including the introduction of a Witness Liaison Team.<sup>117</sup> IBAC's evidence about witness support and new or expanded functions points to increasing welfare demands in investigations and to new oversight responsibilities linked to legislative change. IBAC has suggested that these functions are underfunded, however, some of those pressures have attracted at least partial funding support: IBAC received funding to operationalise the *Human Source Management Act 2023* (Vic), and the Witness Liaison Team also attracted Treasurer's Advance funding in 2024–25.<sup>118</sup> Therefore, the better view is not that these functions were simply imposed without funding, but that support has been partial, time-limited or unstable.

##### Referral of investigations to Victoria Police

The Committee has had ongoing discussions with IBAC about its decision to refer the majority of complaints about Victoria Police to Victoria Police for investigation. While IBAC then reviews some of the Police investigations into referred matters, it does not

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<sup>110</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 20.

<sup>111</sup> IBAC, response to questions on notice, pp. 5–8.

<sup>112</sup> *Ibid.*, pp. 11, 14.

<sup>113</sup> *Ibid.*, p. 11.

<sup>114</sup> *Ibid.*, p. 6.

<sup>115</sup> *Ibid.*, pp. 2, 5, 11.

<sup>116</sup> *Ibid.*, pp. 7–8, 17–18.

<sup>117</sup> *Ibid.*, pp. 17–18.

<sup>118</sup> *Ibid.*

review all of them.<sup>119</sup> This could be attributed to a resourcing issue, however, IBAC's legislative mandate to prioritise investigation of corrupt conduct is also a factor.<sup>120</sup> The Committee will consider this issue more broadly as part of its Inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25.

### Change in legislated mandate

IBAC has advised the Committee that it has had additional oversight responsibilities regarding Victoria Police, for which it has received limited additional funding.<sup>121</sup> In response to criminal organisations within the construction sector, Police have been given new powers under the *Criminal Organisations Control Act 2012* (Vic) and the *Human Source Management Act 2023* (Vic), and in turn, IBAC has been given additional oversight functions for these powers.<sup>122</sup> There are also changes regarding police processes relating to evidence in the *Drugs, Poisons & Controlled Substances Act 1981* (Vic), which IBAC expects will come into effect in the 2026/27 financial year. This will create additional oversight functions for IBAC.<sup>123</sup>

IBAC received funding in the 2024/25 and 2025/26 financial years to account for its new functions under the *Human Source Management Act 2023* (Vic), however, IBAC has not received ongoing funding in this regard.<sup>124</sup> IBAC has advised that it has not had any funding previously or confirmed for the future regarding other additional oversight functions.<sup>125</sup> Considering the additional base funding that IBAC has received, and the Committee's inability to see the purpose of that increase, it is difficult for the Committee to assess whether additional funding is needed in this area.

## 4.4.3 Victorian Ombudsman

### Investigations, Parliamentary Referrals and staffing instability

The Committee has heard from the VO that inadequate resourcing has required it to ensure that '[t]ime critical functions were delivered by reprioritising resources away from identification of systemic issues, discretionary enquiries and investigations and prevention'.<sup>126</sup>

When the VO receives a parliamentary referral, it must prioritise the investigation of that referral. However, funding of parliamentary referrals is routinely through Treasurer's Advances, which results in fixed-term funding and limited staffing options

<sup>119</sup> IBAC, response to questions on notice, pp. 7–8.

<sup>120</sup> IBAC Act 2011 (Vic) s 15(1A).

<sup>121</sup> Ibid., pp. 6, 36.

<sup>122</sup> Ibid., p. 6.

<sup>123</sup> Ibid., pp. 6–7.

<sup>124</sup> Ibid., p. 7.

<sup>125</sup> Ibid.

<sup>126</sup> VO, response to questions on notice, pp. 4–5.

for the VO. The current process is to form the investigation team from pre-existing staff and use short-term recruitment to backfill any staffing shortfalls.<sup>127</sup>

This uncertainty of funding for parliamentary referrals also creates ongoing staffing instability. In the Ombudsman's words: the agency is 'constantly in [a] scramble' of moving staff between matters,<sup>128</sup> while encountering challenges with recruiting investigators on 12-month contracts because of the 'limited funding certainty'.<sup>129</sup> The evidence that two referrals in 2024–25 required up to 40 per cent of the investigations team to be reassigned is particularly indicative of operational strain.<sup>130</sup>

Additionally, the VO receives Public Interest Complaint (PIC) referrals from IBAC, which it is required to investigate, regardless of whether the issues in the PIC could be handled through other processes.<sup>131</sup> As the VO has stated:

[U]nder the ... [VO Act 1973 (Vic)] we have limited discretion about the investigation of public interest complaints, compared with other complaints we receive. This can result in significant delay in the assessment and investigation of these matters and diverts a disproportionate amount of resources to low-level Public Interest Complaints which often have scant detail and limited systemic implications.<sup>132</sup>

The Committee has considered the requirement that the VO must investigate all PIC referrals previously in its review of the VO's annual performance for the 2022/23 financial year, and made a recommendation in response. The Committee reiterates this recommendation.

**RECOMMENDATION 14:** That the Victorian Government seek amendment of the *Ombudsman Act 1973 (Vic)* to grant the Victorian Ombudsman greater powers and flexibility to decide how it handles public interest complaints.

In practice, these two mandatory investigation processes are diverting resources away from the own-motion and complaint-led investigations. As stated by the current Ombudsman 'it has been an ever-declining number of own-motion or investigations arising from complaints we have received in the door over the last few years'.<sup>133</sup> The current Ombudsman has argued that, because the VO has 'such limited resourcing',<sup>134</sup>

<sup>127</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 11 November 2024, *Transcript of evidence*, p. 5; VO, response to questions on notice, p. 12.

<sup>128</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 19; VO, response to questions on notice, p. 12.

<sup>129</sup> Mr Dan Nicholson, Deputy Ombudsman, Operations, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 19; VO, response to questions on notice, p. 12.

<sup>130</sup> VO, response to questions on notice, p. 12.

<sup>131</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 19.

<sup>132</sup> VO, response to questions on notice, 19 December 2024, p. 5.

<sup>133</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 11 November 2024, *Transcript of evidence*, p. 6; Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 18.

<sup>134</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 19.

it is 'incredibly hamstrung',<sup>135</sup> adding that complainants would reasonably expect 'that for some of the complaints that come in the door, we should be doing a far deeper dive than we are capable of doing'.<sup>136</sup>

The VO has recommended that 'a legislated contingency fund for core integrity agencies would provide stability and ensure urgent statutory work can be undertaken without diverting resources from core functions'.<sup>137</sup> As stated in Section 3.1.4, the Committee considers the current Treasurer's Advance process to be sufficient for providing urgent funding to the agencies, however, the Committee will continue to monitor the agencies' reliance on Treasurer's Advances.

### Education and prevention functions

The VO has stated that due to funding constraints and its mandatory functions, it is having to prioritise reactive work, and its proactive or preventative functions has been deprioritised. This has been a longstanding issue rather than a short-term fluctuation.<sup>138</sup> The VO says the 'prevention mandate introduced in 2019–20 remains unfunded', notwithstanding the Committee's previous recommendations regarding additional funding for preventative initiatives.<sup>139</sup>

At recent hearings, Ombudsman Marlo Baragwanath stated that the current process in place is that the Ombudsman can run education programs for the public sector and charge for participation.<sup>140</sup> However, 'with fiscal restraint across the public sector, though, the number of attendees has nearly fallen off a cliff' so it is unlikely the VO will recover its own costs on the programs.<sup>141</sup>

The VO has stated that 'a proactive approach to improving fairness, integrity and human rights in public sector administration is pivotal to achieving our vision',<sup>142</sup> and the Committee agrees that prioritising the preventative functions improves the public sector as a whole, and should reduce reactive work over time.

## 4.4.4 Integrity Oversight Victoria

### Expanded mandate

Over time, IOV's legislated functions have changed significantly. Since 2021 it has expanded from 14 staff overseeing 10 bodies to around 30 staff overseeing 15 bodies,

<sup>135</sup> Ibid., p. 20.

<sup>136</sup> Ibid., p. 20.

<sup>137</sup> VO, response to questions on notice, p. 7.

<sup>138</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 11 November 2024, *Transcript of evidence*, p. 3.

<sup>139</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 22; VO, response to questions on notice, p. 13.

<sup>140</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 22.

<sup>141</sup> Ibid.

<sup>142</sup> Ms Marlo Baragwanath, Ombudsman, VO, public hearing, Melbourne, 2 March 2026, *Transcript of evidence*, p. 17.

most recently including PWSIC.<sup>143</sup> This presents a tension between the IOV's funding and its expanded mandate:

The number of PWSIC investigations is likely to increase over time, with a spike expected in 2026, being an election year. IOV has no ongoing funding to oversee PWSIC, only access to a DJCS trust created for overseeing the discontinued Office of the Special Investigator.<sup>144</sup>

The IOV points out, 'there is no ongoing funding for this function which will create future challenges'.<sup>145</sup> As such, the issue is not simply organisational growth, but that mandate expansion has generated additional corporate, jurisdictional and operational complexity that may not be fully captured by headline staffing or appropriation figures.<sup>146</sup> The IOV's oversight of the PWSIC is currently funded through the repurposing of a grant, and this is not sustainable long-term. Notably, there had not been an independent review of IOV's base funding since these changes have occurred.

### Staffing

The IOV's ability to deal efficiently with complaints, as a key statutory function, is closely connected to its staffing levels. Being a small agency, with less than 30 full-time equivalent (FTE) employees,<sup>147</sup> its complaint backlog stems 'from a time when we really had an inadequate FTE to deal with the [complaint] load that we had'.<sup>148</sup> This has been an enduring challenge for the agency.<sup>149</sup>

The funding increase provided to the IOV in the 2022/23 State Budget illustrates how funding can tangibly improve an agency's performance. This specific budget increase enabled the IOV to convert fixed-term positions into ongoing roles,<sup>150</sup> allowing 'the [IOV] to build ongoing staff capability and focus on driving systemic improvements across the integrity system'.<sup>151</sup> Positively, alongside requesting additional funding, the IOV undertook vital structural improvements. As the agency itself notes, 'a restructuring and streamlining of the responsible team ... helped IOV work more efficiently through its backlog of complaints (especially complex complaints)'.<sup>152</sup>

IOV is still not funded, however, at the full recommended amount from its last independent review of its base funding in 2021.<sup>153</sup> The independent review found that

<sup>143</sup> IOV, *Annual report 2024/25*, Melbourne, pp. 8, 12, 14; IOV, response to questions on notice, p. 8.

<sup>144</sup> IOV, response to questions on notice, p. 8.

<sup>145</sup> *Ibid.*, p. 3.

<sup>146</sup> IOV, *Annual report 2024/25*, Melbourne, pp. 8, 12, 14; IOV, response to questions on notice, pp. 3, 8–9.

<sup>147</sup> Mr Eamonn Moran, Inspector, VI, public hearing, Melbourne, 25 November 2024, *Transcript of evidence*, p. 10.

<sup>148</sup> *Ibid.*

<sup>149</sup> Victorian Inspectorate (VI), *Inquiry into the Performance of the Victorian integrity agencies 2022/23*, response to questions on notice, 19 November 2024, p. 18.

<sup>150</sup> Ms Cathy Cato, Chief Executive Officer and General Counsel, Victorian Inspectorate, Integrity and Oversight Committee, public hearing, Melbourne, 14 August 2023, *Transcript of evidence*, p. 25.

<sup>151</sup> VI, *Annual plan 2022/23*, Melbourne, 2022, p. 3.

<sup>152</sup> Parliament of Victoria, Integrity and Oversight Committee, *Inquiry into performance of the Victorian integrity agencies 2022/23*, Melbourne, 2025, p. 7.

<sup>153</sup> IOV, response to questions on notice, p. 22.

IOV should be funded for 33.4 FTE, however, the increase in funding only accounted for 27.5 FTE.<sup>154</sup> Moreover, with the wage increase issues referred to in Section 4.4.1, this is becoming more problematic over time.

### Case management system and ICT

A more concrete issue for IOV concerns its case management system (CMS) and Information and Communications Technology (ICT). IOV has stated that a dedicated internal resource for its case management system is necessary and would improve efficiency, because its current CMS has 'limited searchability', and merely keeping it updated 'won't solve our discoverability issues'.<sup>155</sup> In other words, the resourcing issue sits within a broader systems problem: IOV posits it needs 'sophisticated information management' and 'a system that allows quality data input and extraction' to support stronger intelligence capability.<sup>156</sup> The Committee agrees that an improved case management system can improve efficiency for IOV's processes overall.

While an improved system is necessary, IOV has stated it would only solve part of the problem. At present, IOV has only '1 ICT resource', and that this person is not 'a business analyst with responsibility for our case management system'.<sup>157</sup> As a result, even ordinary improvements to reporting or system functionality require an external procurement process and 'can take several months due to competing priorities'.<sup>158</sup> IOV says is that an internal specialist would reduce delay, reduce reliance on external contractors, and make the system more responsive to operational needs.<sup>159</sup>

It also places this in a financial context, noting that ICT costs are rising faster than funded indexation, that hosting, maintenance and licensing cost around '\$500,000 pa', and that, as a small agency, it lacks both the 'economies of scale of a larger organisation' and the specialist staff needed to build expertise in new systems.<sup>160</sup> As such, a dedicated CMS officer would materially improve efficiency, but structural gains depend on both staffing uplift and wider investment in IOV's information systems.

The Committee considers this a matter of priority, as investing in improving the agencies' technology systems now will create performance efficiencies into the future, and this is of particular importance for IOV, who has provided evidence that their ICT systems need updating. In general, as the Committee has not had access to the agencies' business cases put forward for Budget consideration, the Committee cannot assess whether this has been considered in budget processes. However, the VO sought a Treasurer's Advance of \$479,000 in 2025–26 to address 'cyber security

<sup>154</sup> Ibid.

<sup>155</sup> IOV, response to questions on notice, p. 12.

<sup>156</sup> Ibid.

<sup>157</sup> Ibid.

<sup>158</sup> Ibid.

<sup>159</sup> Ibid.

<sup>160</sup> Ibid.

and information management risk', but no funding was provided.<sup>161</sup> This indicates that the VO also requires urgent funding to address ICT capacity and this issue remains outstanding.

## 4.5 Conclusion—are the agencies adequately funded?

For IBAC, the VO and IOV, an increase in demand, such as complaints has put a strain on their existing resourcing. Both IOV and the VO have emphasised that this has resulted in them having to work in a reactive way, and not invest in preventative functions. IOV has stated it does not have enough funding to invest fully in preventative education, proactive monitoring and the 'sophisticated tools' needed for intelligence-led oversight.<sup>162</sup> Meanwhile, the VO has stated that its preventive functions do not have stable funding, and it is having to prioritise time-sensitive investigation work such as parliamentary referrals.

For the VO specifically, their expenditure has increased at an average of 4 percent annually, which is below the 7 percent annual increase across the Government Sector. This is consistent with the VO's assertion that its resourcing is continuing to limit its ability to perform its functions. This, coupled with the fact that the VO's last independent review of its base funding was in 2018-19, justifies conducting a further base review for the VO.

For IOV, the change in its statutory functions, which occurred after its last base review in 2021, also warrants a further base review being conducted. As IOV's remit and structure has changed significantly, and due to the small size of the organisation comparative to its oversight functions, it is imperative that this is examined in more detail.

A reliance on Treasurer's Advances as a tool for funding for both the IBAC and the VO, also raises questions for the Committee about whether the annual appropriation for these agencies is sufficient. While the Committee has received information about the Treasurer's Advances granted and refused by DTF, without a comparison to the budget bids made by the agencies, the Committee cannot conclusively assess this.

The Committee has received evidence from the agencies and from DTF regarding the agencies' overall appropriation and Treasurer's Advances, and the agencies' funding concerns. However, due to Cabinet-in-Confidence, the Committee has been unable to obtain information regarding the agencies' budget bids and the decisions regarding them, or previous base review reports. As a result, the Committee does not have all the information to make a decision regarding the adequacy of the agencies' funding. Instead, the Committee considers it appropriate for there to be an independent review of the agencies' funding, and for this to inform future funding decisions regarding the agencies. An independent contractor employed for this purpose, and given access to agency budget bids, will be in a better position to assess this information fully.

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<sup>161</sup> DTF, response to questions on notice, Attachment C, p. 7.

<sup>162</sup> Ibid., p. 1.

**RECOMMENDATION 15:** That the Victorian Government undertake a base funding review for the Victorian Ombudsman in the 2026/27 financial year.

**RECOMMENDATION 16:** That the Victorian Government undertake a base funding review for Integrity Oversight Victoria in the 2026/27 financial year.

**RECOMMENDATION 17:** That the Victorian Government undertake a base funding review for the Independent Broad-based Anti-corruption Commission in the 2027/28 financial year.

**RECOMMENDATION 18:** That the Victorian Government undertake base funding reviews of the Victorian Ombudsman, Integrity Oversight Victoria and the Independent Broad-based Anti-corruption Commission at regular intervals.



# Chapter 5

## Conclusion

### 5.1 Ensuring Victoria’s integrity agencies are funded adequately, transparently, and securely under expanding legislative remits and increasing service delivery pressures

This report began with an overview of Victoria’s integrity system. In the Victorian Public Service (VPS), the Independent Broad-based Anti-corruption Commission (IBAC) is the central agency to investigate and prevent corrupt conduct, while the Victorian Ombudsman (VO) investigates and resolves complaints in relation to administrative actions and decisions. Integrity Oversight Victoria (IOV) oversees a number of agencies on their mandates and coercive powers, among other functions. The report also described the Integrity and Oversight Committee’s mandate which includes monitoring and reviewing the performance of the duties and functions of these agencies, as well as the Office of the Victorian Information Commissioner (OVIC) and the Parliamentary Workplace Standards and Integrity Commission (PWSIC) – noting the latter are, for the most part, excluded from the scope of this Inquiry.

The Victorian budget process was also described. While IBAC, IOV and the VO are Officers of the Victorian Parliament, they are largely subject to the same budget processes required of Victorian Government departments. Key issues such as transparency, independence and the IOC’s oversight of budget processes were identified from the outset.

The Inquiry process and the approach to the Terms of Reference was also described, as well as limitations due to the IOC’s legislative framework. Due to limitations of time and the very recent public hearings for the Inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25, public hearings for this Inquiry were not undertaken. The Committee considered that the inclusion of evidence from the hearings for the Inquiry into the Performance of the Victorian integrity agencies 2023/24 and 2024/25 satisfied this element of the Terms of Reference.

How budget adequacy was assessed was specified in Chapter 2. Methodology included analysis of Australian reviews of budget adequacy, special reports and annual reports by integrity agencies in Victoria and interstate, integrity and budget legislation and the work of corruption-focused academics, Non-Government Organisations and international organisations. An interjurisdictional funding comparison comparing South Australia (SA), New South Wales (NSW) and Queensland on budget process and overall expenditure was also undertaken.

A review of the literature led to several key elements of 'budget adequacy' being observed. The link between budget and performance, sufficiency for supporting capacity, workload and organisational effectiveness has been outlined in international and domestic sources and domestic scholars, with Transparency International Australia and domestic scholars providing commentary on the value generated or return-on-investment component of budget adequacy. In addition, international and domestic commentary revealed a widespread discussion on the independence, transparency and the stability, sustainability or security of funding and budget processes of integrity agencies.

During the Inquiry, information on the following was requested from the integrity agencies through questions on notice:

- current and past budget requests
- agencies' funding levels, including supplementary funding received such as Treasurer's Advances
- effects of funding on agencies' performance
- demand for services
- other pressures on agencies' performance
- reprioritisation of funds and service improvements to use resources more efficiently.

Additional information was provided by the Department of Treasury and Finance (DTF), including data on Treasurer's Advances received by IBAC, the VO and IOV.

While some context was provided by integrity agencies, the Committee's access to financial modelling was inhibited by conventions related to Executive Privilege. Under these conventions, information leading to a Cabinet decision could not be accessed by the Committee, including integrity agencies' budget bids and Cabinet's reasoning in relation to them. This made it difficult for the Committee to conclusively determine whether IBAC's, the VO's and IOV's budgets are adequate.

In particular, the Committee was unable to access any information related to the agencies' funding settings for the 2026–27 budget cycle. This means the Committee was unable to provide comment on agencies' funding levels for the 2026–27 financial year, as set out in the Terms of Reference. However, the Committee has taken a broader approach to interpreting this element of the Terms of Reference and has made recommendations for future adjustments to funding processes and mechanisms for the integrity agencies.

An interjurisdictional comparison of Victoria's integrity agency processes with those in NSW, Queensland and SA was outlined in Chapter 3, including the substantial legal reforms relating to budget independence and transparency recently undertaken in NSW. In reviewing budget allocation processes between States and other jurisdictions, and with the view that integrity agencies require unique processes and stronger mechanisms to protect their independence, the Committee recommended that the Victorian Government consider whether any improvements are needed to integrity

agencies' funding processes. The Committee also recommended that a specialist integrity agency be established within DTF, and that the Integrity Oversight Committee be empowered to review agencies' budget bids.

In pursuit of enhancing transparency and consultation processes, the Committee also recommended that reasons for variation to budget proposals be provided to the integrity agencies and the Integrity Oversight Committee. The importance of the stability of integrity agency budgets as discussed in the literature was also considered and it was recommended that the agencies inform the Committee when they request Treasurer's Advances and of the outcome of their requests. A formal position exempting integrity agencies from efficiency dividends was also recommended.

The question of whether funding of integrity agencies is eroding over time in comparison to overall State expenditure was also considered. Transparency International Australia has asserted that there should be a minimum threshold of general budget expenditure allocated for integrity systems. While some scholars suggested there is no one unequivocal benchmark, it has been proposed that if aggregate resourcing for anti-corruption agencies across Australia is declining over time, in both overall amount and share of the total budget, there are implications for policy.

The funding levels across the three selected jurisdictions were also discussed, the clearest funding trend being that NSW now has the largest and fastest-growing listed integrity funding pool. By comparison, Queensland has the most stable large-body profile, while SA remains materially smaller and is least internally comparable over time. Funding for IBAC, the VO and IOV bears the closest resemblance to the funding profile for Queensland's integrity agencies.

Whether Victoria's integrity agencies are adequately resourced to perform their functions was considered in Chapter 4. An overview of agencies' funding and expenditure, a summary of their statutory functions, and an outline of trends in demand for services provided key context to analyse under-resourced activities. Overall, the integrity agencies have increasingly used their funding to keep up with employee expenses, while their legislative remits have expanded and, for IBAC and IOV, they have experienced an increase in complaints and other service delivery demands. Additionally, all three integrity agencies described an increase in the complexity of complaints, leading to additional resourcing pressures. It was therefore recommended that IBAC, the VO and IOV review and, if necessary, revise their Department Performance Statement performance measures to ensure their adequacy and fitness for purpose. It was also recommended that the integrity agencies develop, use and consistently report on key performance indicators for assessment of complaints and notifications.

Staff pay increases under the Victorian Public Service Enterprise Agreement 2024 also appeared to be an issue affecting all three agencies. An increasing use of Treasurer's Advances, especially by IBAC and the VO, was also noted by the Committee. In addition, particular areas with potential resourcing issues were discussed such as IBAC's witness welfare programs, the VO's investigations, parliamentary referrals

and education and prevention functions as well as the IOV's expanded mandate, Information and Communications Technology and case management system. The Committee recommended amendments to the *Ombudsman Act 1973* (Vic) to grant the VO greater powers and flexibility in dealing with public interest complaints.

While some information appeared to indicate cost pressures and underfunding, without access to budget bids made by the agencies and other financial modelling that was considered Cabinet-in-Confidence, the Committee could not conclusively assess this.

Ultimately, the Committee considered it appropriate that independent reviews for each integrity agency's base funding be undertaken, and recommended that further base reviews be undertaken at regular intervals.

Overall, within the short timeframe of this Inquiry, the Committee considered key issues and evidence related to the funding of Victoria's integrity agencies, and recommended legislative reform and policy actions aiming to ensure IBAC, the VO and IOV are adequately funded.

**Adopted by the Integrity and Oversight Committee  
Parliament of Victoria, East Melbourne  
28 April 2026**

# Appendix

## Integrity agencies' funding and expenditure, 2020–21 to 2024–25

**Table A.1 Independent Broad-based Anti-corruption Commission – Income from transactions**

| Income  | 2020–21       | 2021–22       | 2022–23       | 2023–24       | 2024–25       |
|---|---------------|---------------|---------------|---------------|---------------|
| Annual appropriation (Provision of Outputs)                             | 42.195        | 52.988        | 54.295        | 61.984        | 63.575        |
| Supplementation (Advance from Treasurer) <sup>a</sup>                   | ..            | 0.61          | 4.732         | 1.177         | 3.343         |
| Other income (including grants from portfolio departments) <sup>b</sup> | ..            | ..            | ..            | ..            | 0.023         |
| <b>Total income from transactions</b>                                   | <b>42.302</b> | <b>53.598</b> | <b>59.027</b> | <b>63.161</b> | <b>66.941</b> |
| Supplementation as a percentage of total funding                        | ..            | 1.1%          | 8.0%          | 1.9%          | 5.0%          |

Note: amounts in \$millions.

- Supplementary funding may include routine payments provided to offset the cost of enterprise bargaining agreements, new state levies or other administrative expenses.
- Integrity agencies became budget independent on 1 July 2020. Prior to budget independence, these agencies received funding via grants from portfolio department the Department of Premier and Cabinet (DPC), which included Section 29 revenue, Treasurer's Advances and special appropriations. As such, these revenues have not been separately identified prior to 2020–21 and are reflected in the 'other income' line.

Source: Department of Treasury and Finance (DTF), response to questions on notice received 17 April 2026, Attachment A, p. 4.

**Table A.2 Independent Broad-based Anti-corruption Commission – Expenses from transactions**

| Expenses                      | 2020–21       | 2021–22       | 2022–23       | 2023–24       | 2024–25       |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Employee expenses             | 30.632        | 35.762        | 38.837        | 44.324        | 48.824        |
| Depreciation and amortisation | 4.477         | 5.286         | 5.087         | 4.778         | 4.741         |
| Interest expense              | 0.463         | 0.537         | 0.349         | 0.327         | 0.308         |
| Other operating expenditure   | 10.637        | 15.47         | 14.754        | 13.732        | 13.068        |
| <b>Total expenditure</b>      | <b>46.209</b> | <b>57.056</b> | <b>59.027</b> | <b>63.161</b> | <b>66.941</b> |

Note: amounts in \$millions.

Source: DTF, response to questions on notice, Attachment A, p. 4.

**Table A.3 Independent Broad-based Anti-corruption Commission – Net result from transactions**

|                                     | 2020–21       | 2021–22       | 2022–23  | 2023–24  | 2024–25  |
|-------------------------------------|---------------|---------------|----------|----------|----------|
| <b>Net result from transactions</b> | <b>-3.907</b> | <b>-3.458</b> | <b>0</b> | <b>0</b> | <b>0</b> |

Note: amounts in \$millions.

Source: DTF, response to questions on notice, Attachment A, p. 4.

**Table A.4 Victorian Ombudsman – Income from transactions**

| Income  | 2020–21       | 2021–22       | 2022–23       | 2023–24       | 2024–25       |
|---|---------------|---------------|---------------|---------------|---------------|
| Annual appropriation (Provision of Outputs)                             | 19.090        | 18.835        | 20.177        | 21.440        | 21.691        |
| Supplementation (Advance from Treasurer) <sup>a</sup>                   | 0.996         | 1.046         | 2.241         | 0.756         | 1.941         |
| Special appropriation   | 0.516         | 0.623         | 0.548         | 0.769         | 0.585         |
| Section 29 revenue  | 0.073         | 0.177         | 0.350         | 0.293         | 0.157         |
| Other income (including grants from portfolio departments) <sup>b</sup> | ..            | ..            | ..            | ..            | ..            |
| <b>Total income from transactions</b>                                   | <b>20.675</b> | <b>20.681</b> | <b>23.316</b> | <b>23.259</b> | <b>24.375</b> |
| Supplementation as a percentage of total funding                        | 4.8%          | 5.1%          | 9.6%          | 3.3%          | 8.0%          |

Note: amounts in \$millions.

- a. Supplementary funding may include routine payments provided to offset the cost of enterprise bargaining agreements, new state levies or other administrative expenses.
- b. Integrity agencies became budget independent on 1 July 2020. Prior to budget independence, these agencies received funding via grants from portfolio department the Department of Premier and Cabinet (DPC), which included Section 29 revenue, Treasurer's Advances and special appropriations. As such, these revenues have not been separately identified prior to 2020–21 and are reflected in the 'other income' line.

Source: DTF, response to questions on notice received 17 April 2026, Attachment C, p. 4.

**Table A.5 Victorian Ombudsman – Expenses from transactions**

| Expenses                      | 2020–21       | 2021–22       | 2022–23       | 2023–24       | 2024–25       |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| Employee expenses             | 13.708        | 14.877        | 16.866        | 17.454        | 18.388        |
| Depreciation and amortisation | 1.516         | 1.701         | 1.751         | 1.715         | 1.843         |
| Interest expense              | 0.248         | 0.305         | 0.284         | 0.261         | 0.237         |
| Other operating expenditure   | 4.488         | 3.921         | 4.416         | 3.852         | 3.922         |
| <b>Total expenditure</b>      | <b>19.960</b> | <b>20.804</b> | <b>23.316</b> | <b>23.282</b> | <b>24.390</b> |

Note: amounts in \$millions.

Source: DTF, response to questions on notice, Attachment C, p. 4.

**Table A.6 Victorian Ombudsman – Net result from transactions**

|                                     | 2020–21      | 2021–22       | 2022–23  | 2023–24       | 2024–25       |
|-------------------------------------|--------------|---------------|----------|---------------|---------------|
| <b>Net result from transactions</b> | <b>0.715</b> | <b>-0.123</b> | <b>0</b> | <b>-0.024</b> | <b>-0.015</b> |

Note: amounts in \$millions.

Source: DTF, response to questions on notice, Attachment C, p. 4.

**Table A.7 Integrity Oversight Victoria – Income from transactions**

| Income  | 2020–21      | 2021–22      | 2022–23      | 2023–24      | 2024–25      |
|---|--------------|--------------|--------------|--------------|--------------|
| Annual appropriation (Provision of Outputs)                             | 4.940        | 5.746        | 7.733        | 7.840        | 7.976        |
| Supplementation (Advance from Treasurer) <sup>a,b</sup>                 | ..           | ..           | ..           | ..           | 0.209        |
| Other income (including grants from portfolio departments) <sup>c</sup> | ..           | ..           | 0.907        | ..           | ..           |
| <b>Total income from transactions</b>                                   | <b>4.940</b> | <b>5.746</b> | <b>8.640</b> | <b>7.840</b> | <b>8.185</b> |
| Supplementation as a percentage of total funding                        | ..           | ..           | ..           | ..           | ..           |

Note: amounts in \$millions.

- Supplementary funding may include routine payments provided to offset the cost of enterprise bargaining agreements, new state levies or other administrative expenses.
- Treasurer's Advances were not separately disclosed in IOV's annual report until the 2024–25 financial year.
- Integrity agencies became budget independent on 1 July 2020. Prior to budget independence, these agencies received funding via grants from portfolio department the Department of Premier and Cabinet (DPC), which included Section 29 revenue, Treasurer's Advances and special appropriations. As such, these revenues have not been separately identified prior to 2020–21 and are reflected in the 'other income' line.

Source: DTF, response to questions on notice received 17 April 2026, Attachment B, p. 4.

**Table A.8 Integrity Oversight Victoria – Expenses from transactions**

| Expenses                      | 2020–21      | 2021–22      | 2022–23      | 2023–24      | 2024–25      |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Employee expenses             | 2.951        | 3.538        | 4.516        | 4.806        | 5.403        |
| Depreciation and amortisation | 0.721        | 0.748        | 0.689        | 0.826        | 0.700        |
| Interest expense              | 0.026        | 0.017        | 0.009        | 0.110        | 0.075        |
| Other operating expenditure   | 1.242        | 1.444        | 1.880        | 1.957        | 1.563        |
| <b>Total expenditure</b>      | <b>4.940</b> | <b>5.746</b> | <b>7.094</b> | <b>7.699</b> | <b>7.740</b> |

Note: amounts in \$millions.

Source: DTF, response to questions on notice, Attachment B, p. 4.

**Table A.9 Integrity Oversight Victoria – Net result from transactions**

|                                     | 2020–21  | 2021–22  | 2022–23      | 2023–24      | 2024–25      |
|-------------------------------------|----------|----------|--------------|--------------|--------------|
| <b>Net result from transactions</b> | <b>0</b> | <b>0</b> | <b>1.546</b> | <b>0.142</b> | <b>0.444</b> |

Note: amounts in \$millions.

Source: DTF, response to questions on notice, Attachment B, p. 4.

