Public Accounts and
Estimates Committee

2026–27 Budget Estimates

Report

August 2026

Published by order, or under the authority, of the Parliament of Victoria

August 2026

ISBN 978 0 908262 92 2 (print version)
ISBN 978 0 908262 93 9 (PDF version)

This report is available on the Committee's website: parliament.vic.gov.au/paec

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About the Committee

Functions

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

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

The Committee investigates and reports to Parliament on matters associated with the financial management of the State. It inquires into and reports to the Parliament on:

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

The Committee also has several statutory responsibilities regarding the Victorian Auditor General's Office and Parliamentary Budget Office.

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Chair’s foreword

Each year, the Victorian Budget provides an opportunity to consider where Victoria is heading and how the Government intends to support the people, communities and institutions that make up our state. The appropriation bills and associated budget papers are tabled annually around May, and include estimates of government revenue and expenses for the upcoming financial year, as well as over the forward estimates period.

This report concludes the Committee’s work program for the 60th Parliament and represents the Committee’s fourth budget estimates report for the same period. It is therefore both a record of one year’s budget scrutiny and a reflection of the Parliament’s broader work in strengthening accountability, oversight and public trust.

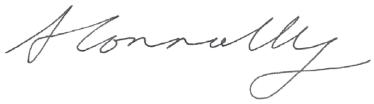
Throughout the 60th Parliament, the Committee has consistently pressed for clearer reporting, stronger evaluation, better performance measures and more transparent links between spending and outcomes. Each year’s inquiry has built on the last, reflecting the Committee’s continuing interest in not only what the Government proposes to spend, but what Victorians can expect in return. Equally, the value of the Committee’s inquiries does not rest only on the reports alone, but also on the sustained accountability and transparency the entire inquiry process brings to fiscal decision-making.

This year’s report covers several key themes, including the Government’s community safety reforms, namely changes made to Victoria’s bail laws and the impacts on prison populations and the youth justice system. It discusses programs related to family violence and crisis accommodation including The Orange Door and Safe Steps initiatives, as well as the progress of various family violence crisis accommodation capital projects. It also explores the Suburban Rail Loop East, including the level of State and Commonwealth funding commitments made to the project so far, as well as further information on the value capture funding mechanisms, which are estimated to cover a third of the project’s total cost.

The Committee acknowledges that considerable departmental resources are allocated to prepare for the inquiry and public hearings and to respond to the Committee’s requests for information. The Committee would like to acknowledge this significant investment by Ministers, the Presiding Officers and departmental staff.

I wish to acknowledge the support of my colleagues on the Committee for their commitment and vigour throughout this inquiry—Mr John Pesutto, Deputy Chair; Ms Jade Benham; Mr Michael Galea; Mr Mathew Hilakari; Ms Lauren Kathage; Mr Aiv Puglielli; Mr Richard Riordan and Mr Meng Heang Tak. Their careful questioning and contribution to deliberations have been invaluable in producing this report.

Lastly, I would like to thank the PAEC Secretariat, led by Igor Dosen (Executive Officer) and Charlotte Lever (Lead Analyst, Budget Estimates and Outcomes), for their professionalism and dedicated support in enabling the Committee to fulfil its mandate.



Sarah Connolly
Chair

Findings and recommendations

1 Introduction

FINDING 1: The Departments of Health and Education have the highest budgeted output costs out of all the departments for 2026–27. The largest single cost output is Admitted Services ($18.3 billion), followed by School Education – Primary ($5.5 billion) and School Education – Secondary ($4.8 billion). **9**

FINDING 2: Government infrastructure investment is expected to fall from $19.4 billion in 2026–27 to $15.3 billion by 2029–30 as the Government returns to pre-COVID levels of infrastructure investment. **12**

RECOMMENDATION 1: The Victorian Government, in collaboration with the Department of Treasury and Finance, develop an appropriate mechanism to report on:

a. at the time of the budget – planned savings and efficiencies, including how they will be achieved and any impacts on departments and service delivery; and

b. at the time of annual reporting – what savings and efficiencies were achieved, how they were achieved and any impacts on departments and their service delivery. **14**

RECOMMENDATION 2: The Department of Energy, Environment and Climate Action (DEECA) consider splitting the performance measure 'Delivery of statutory outputs under the *Climate Action Act 2017* (Vic) within statutory timeframes' into further measures that describe the activities DEECA undertakes under the Act. **15**

2 Whole of Government

FINDING 3: Preparation of the 2026–27 Budget took place under extreme global economic uncertainty following the onset of conflict in the Middle East in February 2026. The expected inflationary impacts of the fall in the global supply of oil on the Victorian economy have been difficult to forecast, along with other key economic assumptions that form the basis of this year's Budget. **21**

FINDING 4: The Victorian Government expects an operating cash surplus of $727 million in 2025–26, with further operating surpluses forecast as over $1 billion over the forward estimates. **23**

FINDING 5: Net debt for 2026–27 is expected to be $175.6 billion and is expected to increase to $199.3 billion at the end of the forward estimates in 2029–30. Net debt to gross state product is expected to peak at 24.9% in 2026–27. **23**

FINDING 6: The forecast return to an operating surplus in 2025–26 means the Victorian Government has achieved steps one to three of its five-step fiscal strategy. The expected decrease in net debt to gross state product over the forward estimates means steps four and five are on track to be achieved. **23**

FINDING 7: While artificial intelligence (AI) has impacted payroll receipts overseas as it replaces workers and labour, that has not occurred yet in Victoria. While the Department of Treasury and Finance expects payroll tax to raise $10.1 billion in 2026–27, Budget forecasts for payroll tax did not take into consideration the future effects of AI on the Victorian labour market. **24**

FINDING 8: The 2026–27 stamp duty estimate of $10 billion is a downward revision on the *2025–26 Budget Update* estimate of $10.6 billion, reflecting an anticipated downturn in the Victorian property market. Changes announced by the Commonwealth Government regarding negative gearing may also negatively affect property prices over the next two years. **25**

FINDING 9: The Transport Accident Commission (TAC) is expected to pay $2.4 billion in dividends over 2026–27 and the forward estimates. While this reflects the Department of Treasury and Finance's assessment of the TAC's financial sustainability, final dividend payment amounts are settled on a yearly basis after factors including the management of claims and the level of investment returns are known. **28**

FINDING 10: The public reporting of dividend and capital repayments from the Transport Accident Commission to the general government sector in the budget papers requires further improvements to ensure clarity and consistency is achieved. **29**

RECOMMENDATION 3: The Department of Treasury and Finance develop ways to improve its budget paper reporting on the amount, impact, and determination of dividend payments by the Transport Accident Commission to government. **29**

FINDING 11: Employee expenses are the Government's largest expense item and are expected to cost $41.1 billion in 2026–27 then increase by an average of 3.4% each year over the forward estimates. The growth in employee expenses is expected to moderate as the Government implements recommendations made in the *Independent Review of the Victorian Public Service.* **30**

FINDING 12: Victorian Public Service executive positions either have been or plan to be reduced by 119 full-time equivalent (FTE) over 2025–26 and 2026–27 to meet the target reduction of 332 FTE over the forward estimates set by the *Independent Review of the Victorian Public Service*. The departments identified $95.5 million in savings as a result of this staffing reduction for 2026–27. **31**

RECOMMENDATION 4: The Victorian Government publish an annual progress report on its implementation of recommendations from the *Independent Review of the Victorian Public Service*, including the amount of savings made and the reduction in the number of executives and Victorian Public Service staff. The reports should be made publicly available and the first should be published by 2027. **32**

FINDING 13: The 2026–27 Budget includes $607.5 million in savings and efficiency measures across the forward estimates. The departments' questionnaire responses provided limited information about how they will be achieved. **33**

FINDING 14: Over half of the $453 million in savings made over 2025–26 and 2026–27 as part of the 2025–26 Budget's *Whole of Government savings* initiative will come from the Department of Health and Department of Education. **34**

FINDING 15: The 2026–27 Budget contains $19.9 billion in grants from the Commonwealth Government attached to a wide range of service delivery areas including health, education, infrastructure, natural disaster relief and recovery, renewable energy and water. **36**

FINDING 16: While the Victorian Government supports recommendations made in the *Independent Review of the Victorian Public Service* to review Victorian-funded programs that fall under Commonwealth responsibility, they rejected recommendations relating to frontline services including kinders, TAFEs, and dental care for children. **37**

FINDING 17: Victoria is advocating for a return to the horizontal equalisation system of GST distribution that was in place before the introduction of the 'no worse off guarantee' system in 2018. **38**

3 Department of Health

FINDING 18: Presentations to Victorian public hospital emergency departments have reduced by 2.4% when comparing quarter 4 to quarter 3 of 2025–26. Similarly, the number of category 5 patients treated at emergency departments has reduced by 25.8% between quarter 3 2024–25 and quarter 3 2025–26. 43

FINDING 19: Department of Health performance measures show improvements in relation to emergency care, including 'Emergency patients treated within clinically recommended 'time to treatment'' and 'Ambulance patient transfers within 40 minutes'. Results for 'Emergency patients with a length of stay of less than four hours' has continued to decline to an expected low of 50% in 2025–26. 45

FINDING 20: The 2026–27 Budget includes $109.3 million in funding for increased delivery of paediatric surgery and care to address the recent increases in wait times for those types of care. 46

RECOMMENDATION 5: The Department of Health develop an appropriate mechanism to measure the outcomes of paediatric surgery and specialist appointments, including planned surgeries completed in time and wait times for specialist appointments. 47

RECOMMENDATION 6: The Department of Health develop further performance measures related to the Victorian Virtual Emergency Department for inclusion in the next budget. 48

FINDING 21: After the creation of Safe Food Victoria, the Department of Energy, Environment and Climate Action has no performance measures relating to food safety regulation in the 2026–27 Budget. 48

RECOMMENDATION 7: The Department of Energy, Environment and Climate Action include performance measures related to Safe Food Victoria and food safety regulation in the next budget. 49

4 Department of Education

FINDING 22: During 2025–26, the Department of Education experienced seven cyber-attacks or data breaches. A cyber-attack in January 2026 resulted in the release of some student information across government schools. 54

RECOMMENDATION 8: The Department of Education address the issues identified with discontinuation of the following performance measure in the 2026–27 Budget: 'Regulated Independent schools that rate the Victorian Registration and Qualifications Authority (VRQA) effective or highly effective in performing its regulatory function'. 56

5 Department of Justice and Community Safety

FINDING 23: The Victorian Government's community safety reforms are increasing demand on community legal centres and Victorian Legal Aid. To help meet the demand, the 2026–27 Budget allocates $10.1 million to *Enhancing legal assistance for Victorians* and $10.5 million to *Supporting bail reform implementation in the justice system*. 60

FINDING 24: Between the June 2024 and June 2025 quarters the number of young people held in detention facilities in Victoria rose by 76.2%, and further increases are expected over 2026–27. 62

FINDING 25: If the Department of Justice and Community Safety achieves its target of 80% or higher utilisation of Youth Justice centre capacity, the total number of young people in custody will exceed the Department's 2026–27 performance target for the daily number of young people in custody. 62

RECOMMENDATION 9: The Department of Justice and Community Safety publish its forecasting for Youth Justice populations for 2026–27 and future years on its website. 63

RECOMMENDATION 10: The Department of Justice and Community Safety revise its performances measures for Youth Justice custodial supervision for the 2027–28 Budget following the recent increase in total capacity. 63

FINDING 26: The Department of Justice and Community Safety's *Youth Justice Strategic Plan 2020–2030* reports that early contact with the Youth Justice system and disproportionate intervention can increase rates of reoffending in the long term, and instead seeks to reduce the numbers of young people held on remand. 63

RECOMMENDATION 11: The Department of Justice and Community Safety introduce a performance measure that tracks Youth Justice recidivism rates for inclusion in the next Budget to help assess the success of rehabilitation programs. 63

RECOMMENDATION 12: The Department of Justice and Community Safety include additional performance measures related to youth justice custodial rehabilitation programs and/or services for inclusion in the next budget. **64**

FINDING 27: The number of adults in Victorian prisons has increased due to the community safety reforms enacted by the Government in 2025–26. The number of prisoners held at April 2026 was approximately 7,442, a 19% increase since the introduction of the Government's bail reforms. **65**

FINDING 28: 1,808 new prison beds have been opened since June 2025 with more planned for the latter half of 2026. Given that the Department of Justice and Community Safety's utilisation capacity targets are set at 85–90%, the additional beds will likely accommodate the current changes in prisoner numbers. **65**

FINDING 29: Funding for the Prisoner Supervision and Support output has remained stable for three years despite a substantial increase in the prisoner population during 2025–26. **67**

FINDING 30: The Youth Crime Prevention Program continues to operate within its budget and meet its performance targets. **68**

6 Department of Transport and Planning

FINDING 31: Under Commonwealth legislation, the Victorian Government is required to ensure Melbourne's 1,600 tram stops meet accessibility standards. The 2026–27 Budget includes funding for 12 accessible tram stop upgrades. Since 2010–11, the Government has upgraded 155 stops to make them accessible. **77**

RECOMMENDATION 13: The Department of Transport and Planning add a new performance measure in the next Budget for the proportion of total tram stops that are accessible level access stops. **77**

RECOMMENDATION 14: The Department of Transport and Planning report on its website the proportion of accessible stops and tram services broken down by tram route, updating that information at least annually. **77**

RECOMMENDATION 15: The Department of Transport and Planning publish a timeline for achieving a tram network that meets the accessibility requirements in Commonwealth legislation. This should include separate timeframes for tram stop upgrades and rolling stock upgrades. 77

RECOMMENDATION 16: The Department of Transport and Planning discontinue the measure 'Number of tram routes upgraded' for the 2027–28 Budget and replace it with measures that more clearly capture the performance of activities undertaken under the Tram Services output to improve the tram network and provision of services. 77

FINDING 32: The Commonwealth Government committed $3.8 billion in funding to the Suburban Rail Loop East project in its 2026–27 Budget, bringing total Commonwealth funding to $6 billion. 80

FINDING 33: The Department of Transport and Planning has not yet published an update on Infrastructure Australia's recommendations relating to the Suburban Rail Loop East project proposal. 80

FINDING 34: The Victorian Government has published the details of the value capture mechanisms it will use to cover a third of the cost of the Suburban Rail Loop East project. These include two existing taxes, two new levies and state-initiated development, and are intended to repay initial borrowings over 40 years. 81

RECOMMENDATION 17: The Department of Transport and Planning address the issues identified in relation to new performance measures in the Road Asset Management and Regulation of Commercial Passenger Vehicle Services outputs. 82

FINDING 35: The Department of Transport and Planning did not improve how it explains changes to performance measure targets in the 2026–27 Department Performance Statement and the Committee's questionnaire, as recommended in the Committee's *Report on the 2025–26 Budget Estimates* and as agreed to in-principle by the Government. 82

RECOMMENDATION 18: The Department of Transport and Planning address the issues identified in relation to performance measures proposed to be discontinued in the Ports and Freight and Building outputs. 83

7 Department of Families, Fairness and Housing

FINDING 36: The Victorian Government has implemented reforms to the foster care system from 1 July 2025 that establish new therapeutic foster care placements and pilot carer support networks. It is also increasing carer allowances for foster, kinship and permanent carers on 1 July 2026 in line with the Consumer Price Index. 87

FINDING 37: The Department of Families, Fairness and Housing does not publicly report on the number of active and inactive carer numbers, or those awaiting placements. 88

RECOMMENDATION 19: The Department of Families, Fairness and Housing report on carer numbers annually on its website, including those that are active, inactive or awaiting placement. 88

FINDING 38: Although the Budget delivers a 3.5% indexation of care allowance rates for 2026–27, increasing by at least $400 per annum for the level 1 care allowance, and at least $1,700 per annum for the level 5 care allowance, the Department of Families, Fairness and Housing's carer allowance framework has not kept pace with inflation. 90

FINDING 39: According to Australian Institute of Health and Welfare data, demand for specialist homelessness services (SHS) related to family and domestic violence in Victoria has risen from 12,852 to 14,517 monthly presentations between March 2023 and March 2026, comprising 43% of all SHS presentations. In March 2026, Victoria accounted for 39.8% of national demand for SHS related to family and domestic violence. 91

FINDING 40: The Department of Families, Fairness and Housing's current performance measures do not fully capture system shortfalls, capacity constraints or the gap between demand, access and long-term housing outcomes for victim-survivors. 93

RECOMMENDATION 20: The Department of Families, Fairness and Housing improve its performance reporting by introducing comprehensive performance measures that track family violence system capacity against demand, including unmet need, the number of clients turned away, wait times and pathways out of crisis and emergency accommodation into long-term housing. 93

FINDING 41: The Department of Families, Fairness and Housing does not publicly report on family violence emergency accommodation use, limiting visibility on the full extent, duration and reliance on placements, wait times, unmet demand and prolonged stays beyond short-term periods. **95**

FINDING 42: Since 2017–18, the Victorian Government has invested in five capital projects which establish a number of new refuges and crisis accommodation locations across the family violence sector. Four of those project timelines have been delayed from approximately one to seven years. The project with the most significant budget revision had an increase of $21 million due to funding provided to deliver additional scope and capital expenditure reclassification. **96**

FINDING 43: The number of social housing dwellings in Victoria has increased by 4,802 since 2015–16. **98**

FINDING 44: Between 2015–26 and 2024–2025 the number of applicants on the Victorian Housing Register social housing waitlist has increased at a higher rate than the total number of social housing dwellings in Victoria. **98**

FINDING 45: Social housing tower redevelopments in Carlton and North Melbourne are expected to be completed in 2028 and 2031 respectively. **99**

FINDING 46: Seven new projects will redevelop older persons housing in Prahran, Albert Park, Flemington, St Kilda and Kensington. **99**

8 Department of Jobs, Skills, Industry and Regions

FINDING 47: The 2026–27 Budget includes $2.7 billion in funding dedicated to regional Victoria, not including programs available in both regional and metropolitan areas. **103**

FINDING 48: The $150 million Regional Worker Accommodation Fund has supported the delivery of 1,750 bedrooms for workers in regional areas. **104**

RECOMMENDATION 21: The Department of Jobs, Skills, Industry and Regions publish details on its website about the Regional Worker Accommodation Fund, including the funding provided to each project, the number of beds delivered through each project, and the type of accommodation provided. **104**

FINDING 49: The 2026–27 Budget includes $26.5 million in funding over three years for the *Future regions* initiative. Details of the specific programs to be delivered through this funding had not been determined at the time of the hearings. **105**

RECOMMENDATION 22: The Department of Jobs, Skills, Industry and Regions publish the full reports of its mid-program and post-program evaluations of the *Future regions* initiative on its website upon completion of these evaluations. **105**

FINDING 50: The Victorian Government's Sustainable Data Centre Action Plan is not publicly available, so it is not known what measures will be put in place to ensure data centre development occurs sustainably and in alignment with national guidance. **107**

RECOMMENDATION 23: The Victorian Government make the Sustainable Data Centre Action Plan publicly available. **107**

FINDING 51: Given that the Sustainable Data Centre Action Plan has not been released publicly, it is not clear how the Victorian Government will increase renewable energy generation to offset data centre demand. **109**

FINDING 52: At present, there are no formal and transparent requirements for data centres to report on their water use. **110**

9 Department of Energy, Environment and Climate Action

FINDING 53: The Department of Energy, Environment and Climate Action is unlikely to meet the target for the performance measure 'Pest herbivore control in priority locations' in 2025–26 due to the 2025–26 bushfires delaying the activity of four projects delivering on-ground pest herbivore control. **115**

FINDING 54: Pest animal and weed control is an important component of post-bushfire recovery to protect biodiversity. As such, it is important that the Department of Energy, Environment and Climate Action meet or exceed its associated performance targets in 2026–27 to support environmental recovery from the 2025–26 bushfires. **115**

FINDING 55: The Department of Energy, Environment and Climate Action has been consistently below its performance target for weed control in priority locations since 2019–20. **116**

FINDING 56: On-time delivery of currently planned energy generation, storage and transmission projects, including the Victoria to New South Wales Interconnector West and offshore wind, is crucial to support Victoria's energy reliability over the next 10 years. 118

FINDING 57: The Government is on track to meet its 2030 target of at least 2.6 gigawatt energy storage if projects are commissioned within expected timelines, which will lead to lower energy bills for consumers by reducing reliance on gas power generation for energy security. 118

FINDING 58: The energy demand of data centres has implications for Victoria's energy reliability. As VicGrid is currently updating demand assumptions for the Victorian Transmission Plan to account for data centre growth, it is not clear how the Government plans to manage the increasing demand on the energy grid as data centre development expands. 119

RECOMMENDATION 24: The Department of Energy, Environment and Climate Action review the new performance measure 'Applications for consent to use or develop marine and coastal land determined within statutory timelines' and incorporate a revised measure in the next Budget. 121

FINDING 59: The majority of the Department of Energy, Environment and Climate Action's discontinued performance measures in the 2026–27 Budget relate to the ending of several programs. 121

10 Court Services Victoria

FINDING 60: Following the Victorian Government's bail amendments, between the year ending March 2025 and the year ending March 2026 there were 13,103 more bail applications in the Magistrates' Court of Victoria, an increase of 42.5%. In the same period, the percentage of bail applications refused and revoked increased, and the percentage of bail applications approved decreased. 125

FINDING 61: The new Koori Hearing List has been established in the Melbourne Magistrates' Court to help meet increased demand arising from the bail reforms and deliver culturally appropriate case management for matters involving Aboriginal and Torres Strait Islander accused. 127

11 Department of Government Services

FINDING 62: The Cost-of-Living portfolio was established in 2026 to coordinate delivery of whole-of-government cost-of-living support initiatives worth $2.5 billion, with significant investment directed towards housing, energy, transport affordability, and renter assistance. 132

FINDING 63: The Cost-of-Living portfolio does not have objectives, outputs or performance measures in the 2026–27 Budget. 132

RECOMMENDATION 25: The Department of Government Services establish a mechanism for publicly reporting on the overall performance of cost-of-living initiatives to reflect the whole-of-government services provided under the Cost-of-Living portfolio. 133

RECOMMENDATION 26: The Department of Government Services retain the measure 'Percentage of intake and mediation services conducted within agreed timeframes', as it assesses dispute resolution timeliness and provides distinct performance information not captured by contact centre response-time measures. 134

12 Department of Treasury and Finance

FINDING 64: The Department of Treasury and Finance has implemented seven of the eight recommendations from the Wilson Review into Victorian Government Bodies' Engagement with Construction Companies and Construction Unions. The final recommendation is not due yet. 137

FINDING 65: In December 2025, the Government established the Construction Complaints Referral Service within Workforce Inspectorate Victoria to receive and refer complaints relating to Victorian Government construction sites. As of 30 April 2026, it had received 49 complaints. 138

FINDING 66: The 2026–27 Budget includes $6.2 million in initiative funding for the Workforce Inspectorate Victoria, extending $3.1 million in funding that was set to lapse in 2025–26. 138

RECOMMENDATION 27: The Department of Treasury and Finance review the sustainability of funding for Workforce Inspectorate Victoria, in line with its legislated role. 138

RECOMMENDATION 28: The Department of Treasury and Finance plan to conduct a formal review of the Workforce Inspectorate Victoria in 2026–27. **139**

RECOMMENDATION 29: The Department of Treasury and Finance publish its formal review of the Workforce Inspectorate Victoria on its website. **139**

FINDING 67: The Department of Treasury and Finance has six performance measures for the Industrial Relations output, but none cover the work of the Construction Complaints Referral System. **140**

RECOMMENDATION 30: The Department of Treasury and Finance review its performance measures for the Industrial Relations output and identify alternate measures that better capture its core activities, including the work of the Construction Complaints Referral System within Workforce Inspectorate Victoria, for inclusion in the next budget. **140**

13 Department of Premier and Cabinet

FINDING 68: The 2026–27 Budget provides Gellung Warl with the maximum funding amount specified in the *Statewide Treaty Act 2025* (Vic), and the distribution of that funding across the three functions will be determined by Gellung Warl. **143**

FINDING 69: The Department of Premier and Cabinet's output initiative *First Statewide Treaty Agreement* allocates a total of $167 million over 2026–27, 2027–28 and 2028–29. **143**

Acronyms

AASB	Australian Accounting Standards Board
ABS	Australian Bureau of Statistics
AEMO	Australian Energy Market Operator
AI	Artificial Intelligence
AIHW	Australian Institute of Health and Welfare
ATLAS	Adapt, Take Stock, Look Ahead Suite
AQF	Australian Qualifications Framework
BBRR	Bushfire Biodiversity Response and Recovery
CCRS	Construction Complaints Referral Service
CEO	Chief Executive Officer
CLC	Community Legal Centres
The Committee	The Public Accounts and Estimates Committee
CPI	Consumer Price Index
CSV	Court Services Victoria
DE	Department of Education
DEECA	Department of Energy, Environment and Climate Action
DFFH	Department of Families, Fairness and Housing
DGS	Department of Government Services
DH	Department of Health
DJCS	Department of Justice and Community Safety
DJSIR	Department of Jobs, Skills, Industry and Regions
DPC	Department of Premier and Cabinet
DPS	Department of Parliamentary Services
DSAPT	Disability Standards for Accessible Public Transport
DTF	Department of Treasury and Finance
DTP	Department of Transport and Planning
ED	Emergency Department
ESOO	Electricity Statement of Opportunities
FCAV	Foster Care Association of Victoria
FSANZ	Food Standards Australia and New Zealand
FTE	Full-Time Equivalent

GGS	General Government Sector
GII	Government Infrastructure Investment
GP	General Practitioner
GSP	Gross State Product
GST	Goods and Services Tax
ICU	Intensive Care Unit
IT	Information Technology
LHA	Labour Hire Authority
MCRF	Maribyrnong Community Residential Facility
MLC	Member of the Legislative Council
MP	Member of Parliament
NAPLAN	National Assessment Program – Literacy and Numeracy
NPA	National Partnership Agreement
NWOG	No Worse Off Guarantee
OECD	Organisation for Economic Co-operation and Development
OVIC	Office of the Victorian Information Commissioner
PAEC	Public Accounts and Estimates Committee
PFC	Public Financial Corporation
PISA	Programme for International Student Assessment
PNFC	Public Non-Financial Corporation
RMF	Resource Management Framework
RWAF	Regional Worker Accommodation Fund
SEC	State Electricity Commission
SES	Senior Executive Service
SHS	Specialist Homelessness Services
SRL	Suburban Rail Loop
SRLA	Suburban Rail Loop Authority
STS	Senior Technical Specialist
TAC	Transport Accident Commission
TAFE	Technical and Further Education
TEI	Total Estimated Investment
TZV	Triple Zero Victoria
UCC	Urgent Care Clinic
VAHI	Victorian Agency for Health Information

VALS	Victorian Aboriginal Legal Service
VET	Vocational Education and Training
VIDA	Victorian Infrastructure Delivery Authority
VLA	Victoria Legal Aid
VPS	Victorian Public Sector
VRQA	Victorian Registration and Qualifications Authority
VVED	Victorian Virtual Emergency Department
WIV	Workforce Inspectorate Victoria
YCPP	Youth Crime Prevention Program

Chapter 1
Introduction

1.1 Background

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

This Inquiry considers the budget estimates of government revenue and expenditure and the financial and performance measures in the 2026–27 State Budget.

1.2 Objectives

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

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

1.3 Inquiry process

The budget papers and appropriation bills are tabled in Parliament every year around May. The budget papers include estimates of government revenue and expenses for the upcoming financial year, as well as the forward estimates period (the following three financial years). The budget papers also outline the economic and fiscal outlook for the State and the Government's proposed major initiatives. This year, the Budget was delivered on 5 May 2026.[2]

The appropriation bills reflect the spending proposals contained in the budget papers and must be passed by the Parliament to authorise the expenditure of public money. The budget papers and the appropriation bills form the basis of accountability for financial and performance management for each government department.

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

2 Department of Treasury and Finance, *State Budget,* 2026, <https://www.dtf.vic.gov.au/state-budget> accessed 7 July 2026.

To assist the Committee with its inquiry, a budget estimates questionnaire is sent out to all departments. This year's questionnaire included questions on:

- lapsing departmental initiatives
- new and existing savings measures
- strategic issues that influenced the development of the department's estimates
- spending on contractors, consultants and labour hire
- climate change
- cyber security
- health spending
- the Government's response to the *Independent Review of the Victorian Public Service*.[3]

The Committee also held seven days of public hearings, from 15 May to 25 May 2026. The Premier, Deputy Premier, Treasurer, Cabinet Ministers, the Presiding Officers and senior departmental officials appeared at the hearings.

The hearings provide an opportunity for Ministers and officials to present information and for the Committee to ask questions on their portfolios and various aspects of the 2026–27 Budget. During the hearings, some witnesses agreed to take questions on notice.

The livestream of the hearings averaged over 19,000 viewers a day. Over 24,000 viewers watched online for the first day of the hearings when the Treasurer and Premier appeared before the Committee.

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

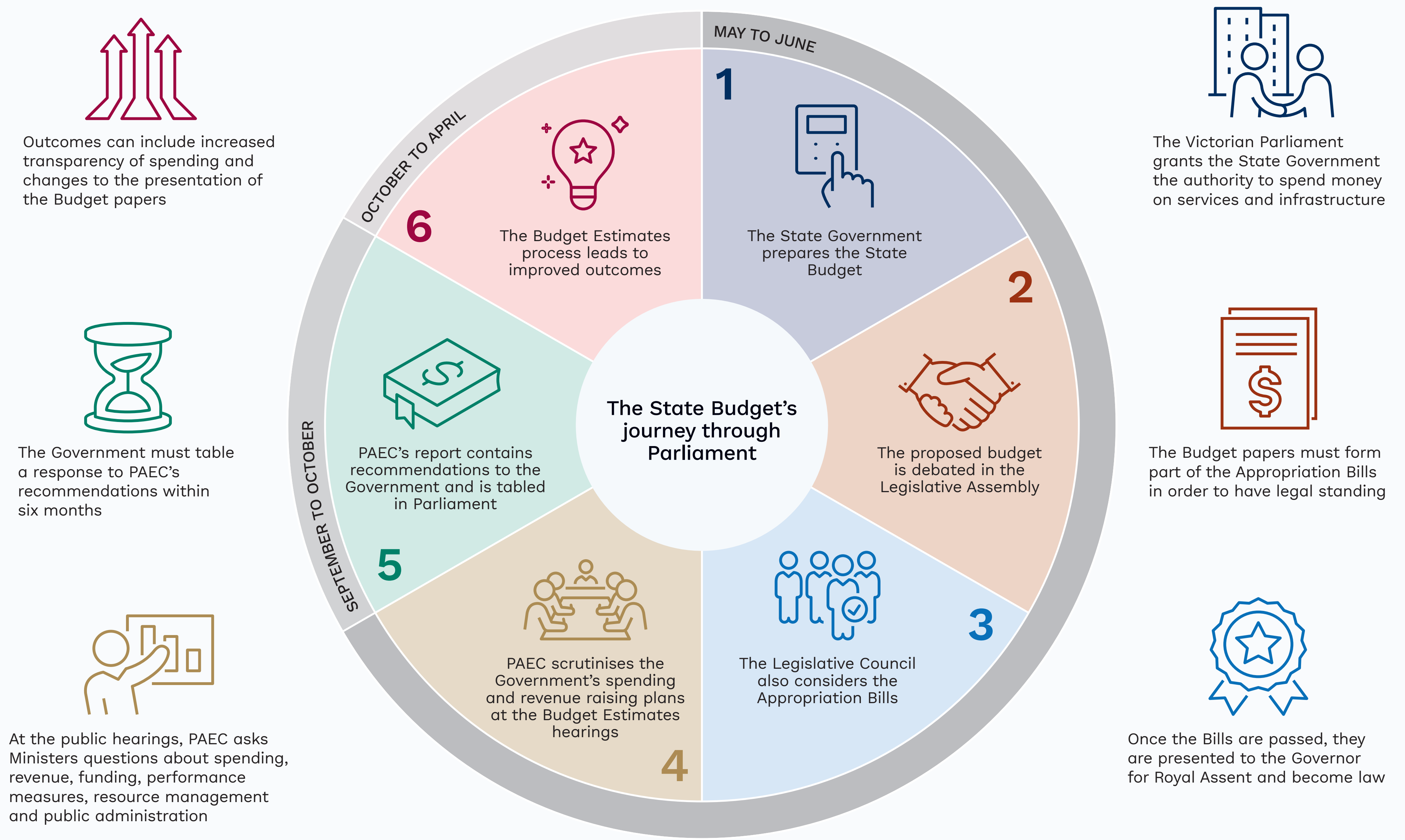
The Committee utilises the 2026–27 budget papers, evidence from public hearings, information from departments in the questionnaire and responses to questions taken on notice to prepare this report.

Considerable departmental resources are allocated to prepare for the inquiry and public hearings and to respond to the Committee's requests for information. The Committee would like to acknowledge this significant investment by Ministers, the Presiding Officers and departmental staff.

The budget estimates inquiry process is illustrated on the next page.

3 Parliament of Victoria, *Inquiry into the 2026–27 Budget Estimates*, 2026, <https://www.parliament.vic.gov.au/get-involved/inquiries/inquiry-into-the-2026-27-budget-estimates/questionnaires> accessed 7 July 2026.

The budget estimates inquiry process



1.4 Key findings of the report

In this year's Budget, the Government expects to return to an operating surplus of $727 million by 2025–26, with operating surpluses of almost $2 billion forecast by the end of the forward estimates.[4] While net debt is expected to increase to $199.3 billion by 2029–30, net debt as a proportion of gross state product is forecast to peak in 2026–27, before decreasing over the forward estimates.[5] The return to an operating surplus and the expected stabilisation of net debt over the forward estimates mean the Government is on track to achieve its five-step fiscal strategy, first introduced in the 2020–21 Budget.[6]

The economic forecasts and commentary in this year's Budget reflect the uncertain global outlook caused by ongoing conflict in the Middle East and closure of the Strait of Hormuz.[7] One of the key issues identified in the budget papers is the impact of high global oil prices and the impact this may have on domestic price growth.[8] To counter the inflationary impact on households, the Budget includes a suite of cost-of-living measures which are discussed in Chapter 11 (Department of Government Services), along with the rationale for the newly created Cost-of-Living portfolio.

The budget papers note that despite these international developments 'Victoria enters this current period of uncertainty on a solid footing, with a growing economy supported by private sector demand and a healthy labour market'.[9] Chapter 2 (Whole of Government) contains an analysis of the Budget's forecasts for key economic, labour market and price indicators, along with a review of revenue, expenses and the impact of savings measures for 2026–27 and the forward estimates.

Other chapters of this report discuss the progress of key large-scale Government initiatives including:

- the Government's community safety reforms, including changes made to Victoria's bail laws and the impact on the prison population and the youth justice system. Chapter 5 (Department of Justice and Community Safety) also canvasses the impact of the community safety reforms on Victoria's courts and community legal centre services, where service demand has increased
- programs related to family violence and crisis accommodation including The Orange Door and Safe Steps initiatives, as well as the progress of various family violence crisis accommodation capital projects. Chapter 7 (Department of Families, Fairness and Housing) also examines the increased demand for family-violence related services

4 Department of Treasury and Finance, *Budget Paper No. 2: 2026–27 Strategy and Outlook*, Melbourne, 2026, p. 48.

5 Ibid., p. 5.

6 Ibid., p. 4.

7 Ibid., pp. 18–20.

8 Ibid., pp. 16–17.

9 Ibid., p. 16.

- the Suburban Rail Loop East, including the level of State and Commonwealth funding commitments made to the project so far, as well as further information on the value capture funding mechanisms which are estimated to comprise a third of the project's total cost.

The Committee's recommendations relating to these initiatives centre on developing and improving appropriate performance measures and targets so the public can be assured of timely and cost-effective delivery. Recommendations are also made by the Committee for key government reports and project evaluation documents to be made publicly available so that the Parliament and community can assess their progress and impact.

The report also discusses the Government's progress in implementing reform-centred recommendations made in the *Independent Review of the Victorian Public Service* (known as the Silver Review) in Chapter 2 (Whole of Government) and the *Review into Victorian Government Bodies' Engagement with Construction Companies and Construction Unions* (known as the Wilson Review) in Chapter 12 (Department of Treasury and Finance).

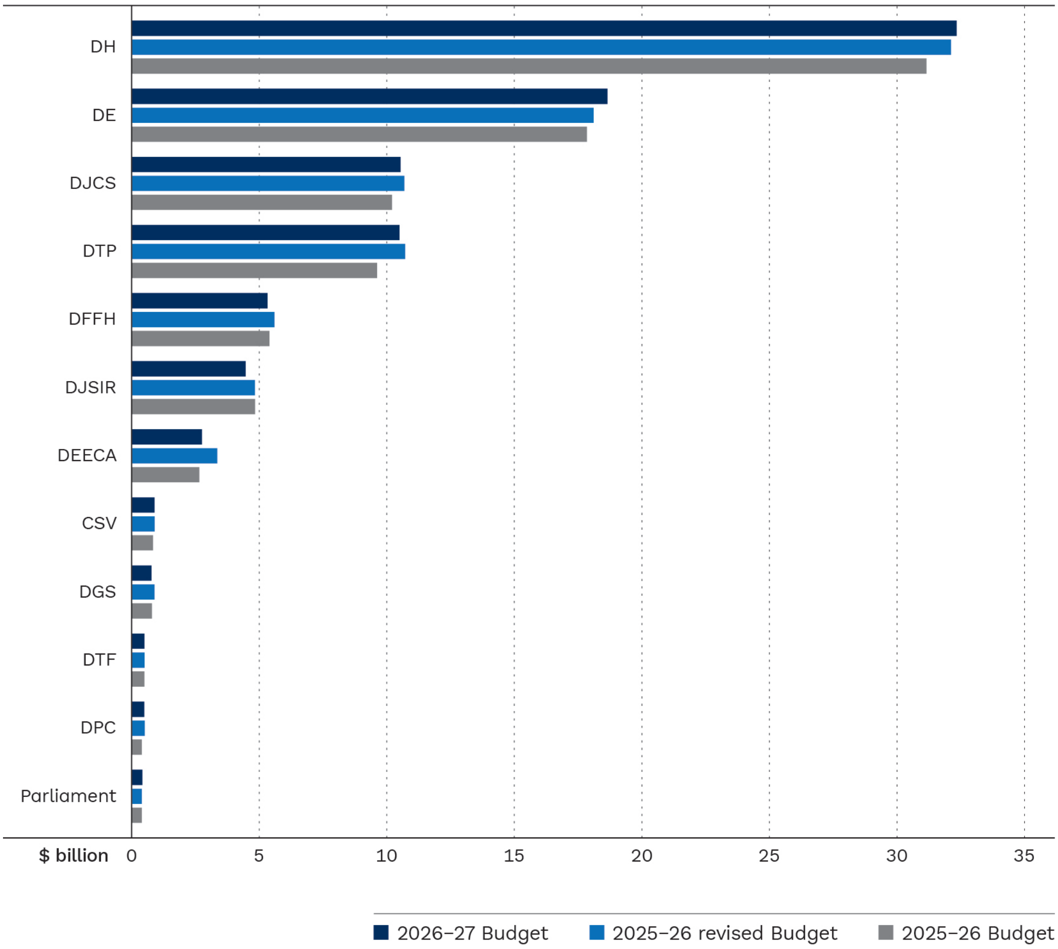
Finally, throughout this Inquiry the Committee was advised of plans to position Victoria as a key national and global leader for data centre investment, reflecting the current rapid and worldwide growth of the artificial intelligence (AI) industry. Chapter 8 (Department of Jobs, Skills, Industry and Regions) discusses the planning for large-scale data centre development and implications for the energy and water sectors.

1.4.1 Service delivery

Departments receive annual budget funding to deliver services in the form of 'outputs'. The Department of Treasury and Finance's (DTF) public sector financial guidance document, the *Resource Management Framework* (RMF), explains this reflects how 'Departments are 'paid' an agreed 'price' by Government for each output [...] based on an agreed level of quantity, quality and timeliness performance measures'.[10]

10 Department of Treasury and Finance, *Resource Management Framework Part 1 of 2 – Main document – Effective from 1 January 2026*, Melbourne, 2026, p. 55.

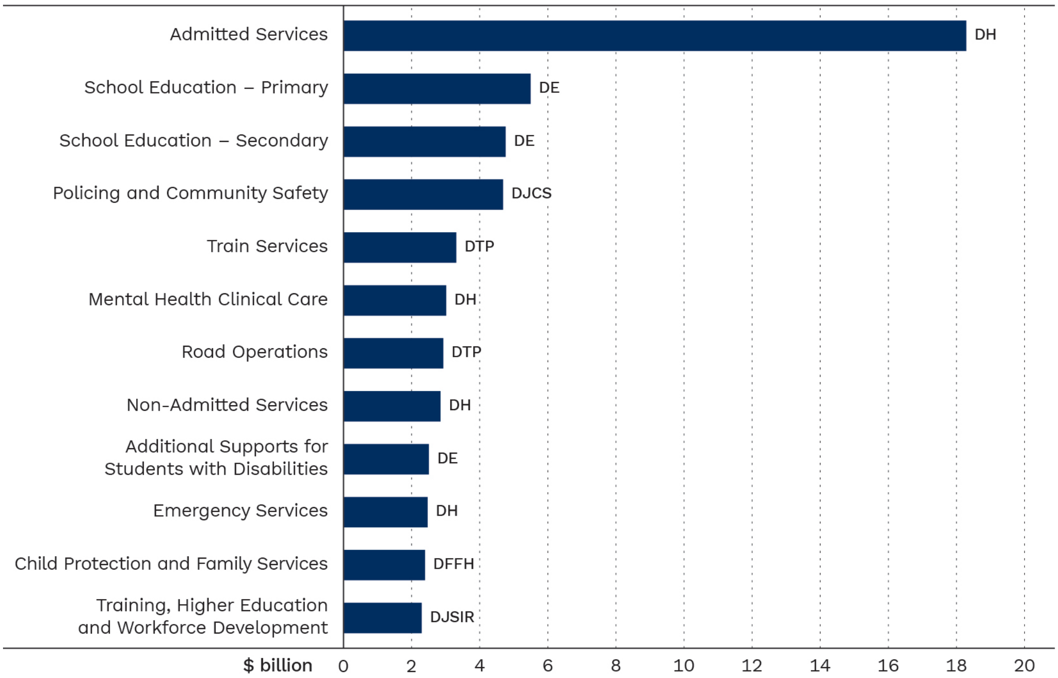
Figure 1.1 The Departments of Health and Education have the highest budgeted output costs in 2026–27



Source: Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026.

The outputs with the highest cost for 2026–27 across Government are for hospital services, primary and secondary school education, policing and train services. Figure 1.2 shows the top 12 outputs with the highest costs.

Figure 1.2 The Department of Health's Admitted Services output is the largest across government



Source: Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026.

A large proportion of the Department of Education (DE) and the Department of Health's (DH) overall expenditure is dedicated to employee benefits.

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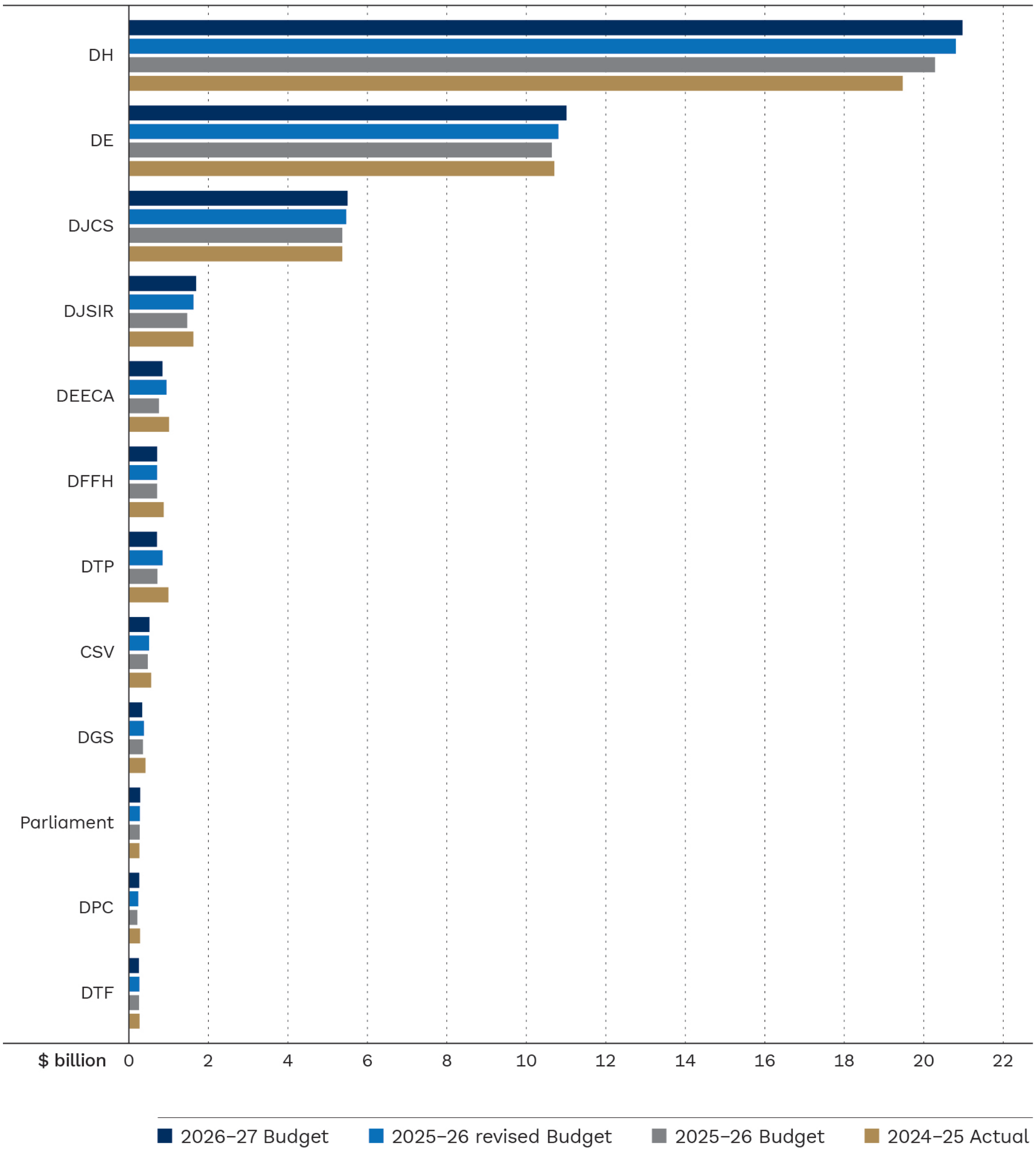
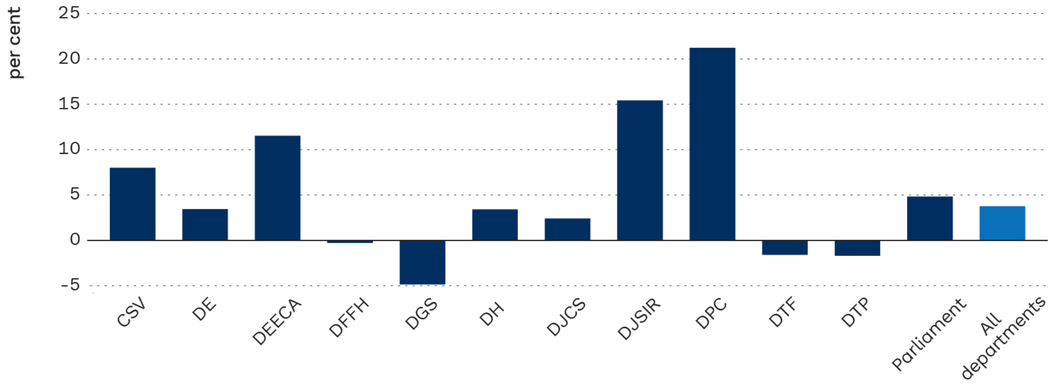
Figure 1.3 The Department of Health and Department of Education have the highest budgeted employee expenses



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances*, Melbourne, 2026, pp. 86–162.

In 2026–27, most departments had an increase in budgeted employee expenses relative to the 2025–26 Budget, except for the Departments of Families, Fairness and Housing, Government Services, Treasury and Finance and Transport and Planning (DTP).

Figure 1.4 The Department of Premier and Cabinet had the highest relative growth in expected employee expenses



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances*, Melbourne, 2026, pp. 86–162.

FINDING 1: The Departments of Health and Education have the highest budgeted output costs out of all the departments for 2026–27. The largest single cost output is Admitted Services ($18.3 billion), followed by School Education – Primary ($5.5 billion) and School Education – Secondary ($4.8 billion).

1.4.2 Infrastructure

The Government's total capital program of new and existing projects, combining the general government sector (GGS) and public non-financial corporation (PNFC) sectors, has a total estimated investment (TEI) of $181.4 billion.[11] Up to 30 June 2026, the Government had spent an estimated $59.6 billion on these projects. It expects to spend $26.9 billion on these projects in 2026–27, with $94.9 billion in remaining expenditure beyond 2026–27.[12]

The TEI for new capital projects introduced in the 2026–27 Budget is $7.6 billion, and the TEI for existing projects is $172.9 billion.[13]

As Figure 1.5 shows, the PNFC sector makes up a greater share of total TEI than the GGS.

11 The general government sector (known as the GGS and comprising government departments and agencies) and the public non-financial corporation sector (agencies that offer services a cost recovery basis such as water corporations, Homes Victoria and VicTrack), together with the public financial corporation sector (financial and insurance services agencies such as Transport Accident Commission and the Treasury Corporation of Victoria) are the three sectors that combine to make up the State of Victoria's finances.

12 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program*, Melbourne, 2026, p. 25.

13 Ibid.

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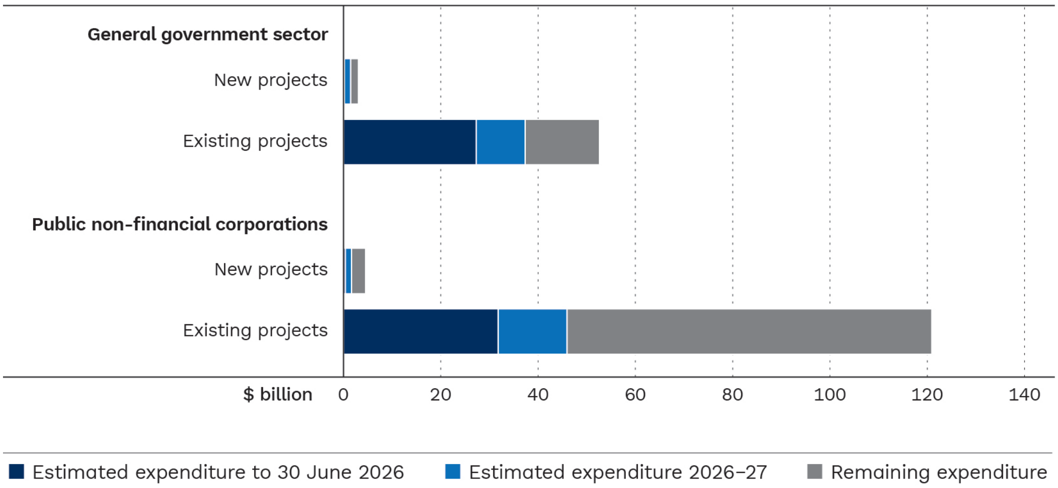
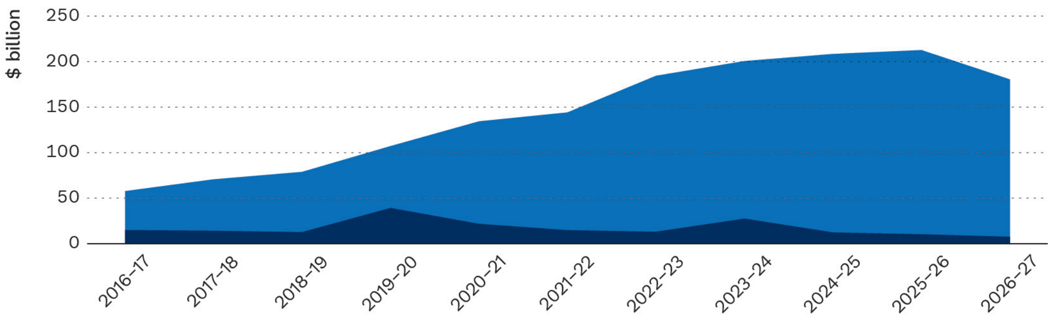
Figure 1.5 The public non-financial corporation sector makes up the majority of the Government's total estimated expenditure on new and existing capital projects



Source: Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program*, Melbourne, 2026, p. 25.

Total government infrastructure investment (GII) is expected to total $19.4 billion in 2026–27.[14] The relatively limited investment in new projects reflects the Government's plans for 'returning infrastructure investment to pre-COVID levels'.[15] As Budget Paper No. 2 notes, GII is expected to reduce to $15.3 billion by 2029–30, 'reflecting the continuation of Victoria's Big Build and the Government's commitment to a moderating and sustainable infrastructure program'.[16]

Figure 1.6 The 2026–27 Budget invests less funding in new infrastructure projects than any budget in the last 10 years



Source: Department of Treasury and Finance, *Budget Paper No. 4: State Capital Program*, 2016–2020 and 2021–2026; Department of Treasury and Finance, *Budget Paper No. 2: Strategy and Outlook*, 2020–21.

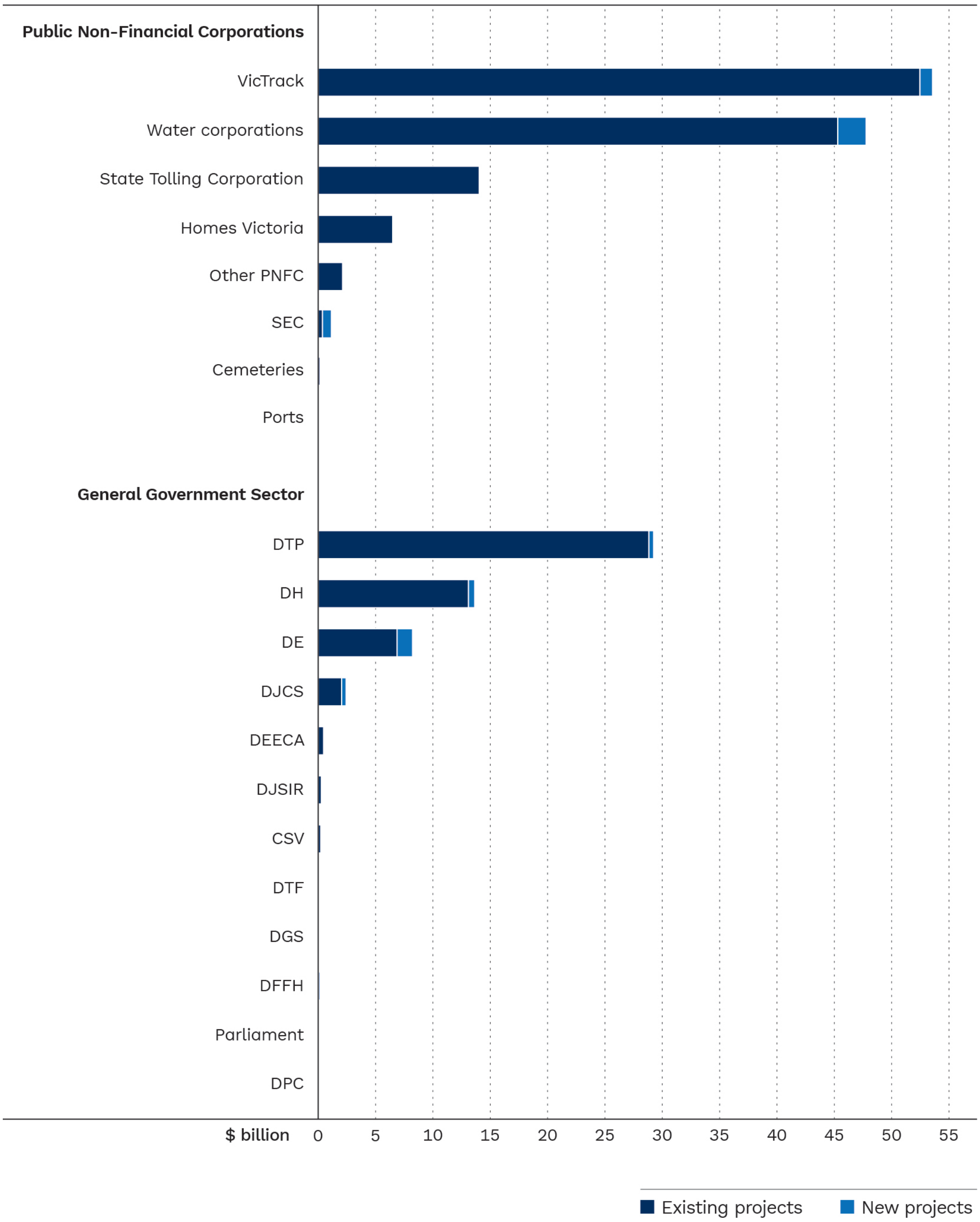
14 Department of Treasury and Finance, *Budget Paper No. 2: 2026–27,* p. 5.

15 Ibid.

16 Ibid., p. 45.

In the PNFC sector, VicTrack and the water corporations collectively have the largest capital programs.[17] In terms of the GGS, DTP, DH and DE make up most (93%) of the infrastructure expenditure.[18]

Figure 1.7 Total estimated expenditure on capital projects

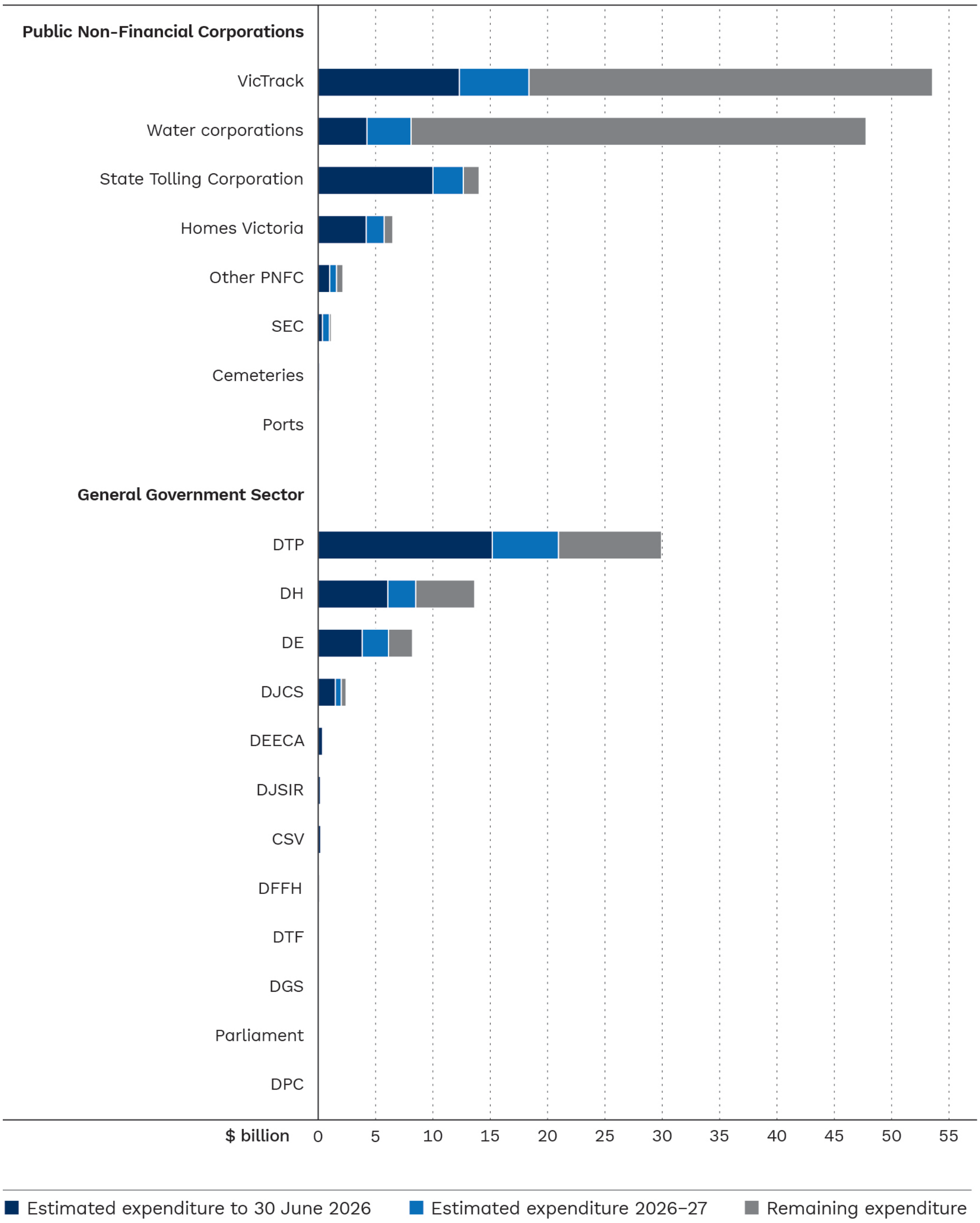


Source: Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program*, Melbourne, 2026, pp. 28, 30–32.

17 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27,* pp. 30–32.

18 Ibid., p. 28.

Figure 1.8 Timing of expenditure on new and existing capital projects



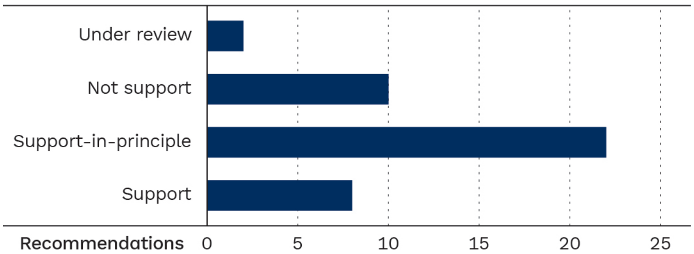
Source: Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program*, Melbourne, 2026, pp. 28, 30–32.

FINDING 2: Government infrastructure investment is expected to fall from $19.4 billion in 2026–27 to $15.3 billion by 2029–30 as the Government returns to pre-COVID levels of infrastructure investment.

1.5 The Government's response to the Committee's recommendations

In October 2025, the Committee made 42 recommendations in its *Report on the 2025–26 Budget Estimates*.[19] Of the 42 recommendations made, most were supported or supported-in-principle (Figure 1.9). The Government response to selected Committee recommendations is discussed in more detail below.

Figure 1.9 The Government supported or supported-in-principle most of the recommendations made in the *Report on the 2025–26 Budget Estimates*



Source: Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2025–26 Budget Estimates*, 2 April 2026.

1.5.1 Recommendation 7

In previous reports the Committee has written about whole of government savings initiatives and the need to fulsomely report on how, where and when savings and efficiencies will be found.[20] In its *Report on the 2025–26 Budget Estimates,* the Committee noted that identifying savings and efficiencies in government operations will contribute to achieving surpluses and assist in paying down the State's debt.[21] Additionally, the Committee recommended that DTF require departments to report on the delivery of savings initiatives in their annual reports.[22]

Reporting by departments on the delivery of savings initiatives, including the actual amount saved and how this was achieved, is currently limited. The Government recognised this in its response to the Committee's recommendation, which it did not support. It stated that:

> Departments report on savings measures through their responses to the PAEC questionnaire, noting that savings measures are often complex and achieved through a combination of operating efficiencies, reprioritisations and workforce re-calibration.

19 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates,* October 2025.

20 Ibid., pp. 23–26; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates,* October 2024, pp. 17–19.

21 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates,* p. 23.

22 Ibid., p. 26.

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> The purpose of the departmental annual report is to provide an overview of financial performance, operational achievements and strategic direction over the past year.[23]

There should be robust government or departmental reporting outside of the Committee's questionnaire that demonstrates how savings are determined, how they are found, and where they are found. Such reporting is important because savings and efficiencies can impact the government's service delivery. While departmental annual reports may not be an appropriate mechanism, DTF in collaboration with the Victorian Government should look for ways to better report on savings and efficiencies for previous years, the budget year and the forward estimates, and how these savings have been achieved or are planned to be achieved.

RECOMMENDATION 1: The Victorian Government, in collaboration with the Department of Treasury and Finance, develop an appropriate mechanism to report on:

a. at the time of the budget – planned savings and efficiencies, including how they will be achieved and any impacts on departments and service delivery; and

b. at the time of annual reporting – what savings and efficiencies were achieved, how they were achieved and any impacts on departments and their service delivery.

1.5.2 Recommendations 36 and 37

In its previous budget estimates report the Committee made two recommendations to the Department of Energy, Environment and Climate Action (DEECA) relating to its Climate Action output performance measures. These recommendations related to the discontinuation of several measures and the addition of one new measure: 'Delivery of statutory outputs under the *Climate Action Act 2017* (Vic) within statutory timeframes'.[24]

The Committee noted that the new measure represents minimum service delivery because DEECA is required to meet it under legislation and therefore does not accord with the requirements of the RMF, and that DEECA should develop further measures for the output to reflect the breadth of work delivered.[25]

In its response to recommendation 37, DEECA advised that:

> … the Climate Action Act 2017 establishes a robust and comprehensive framework to support the delivery of climate action across the Victorian Government, and that delivery of statutory outputs within statutory timeframes appropriately captures the breadth, quality and timeliness of activity delivered by the Climate Action output.[26]

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23 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2025–26 Budget Estimates,* 2 April 2026, p. 3.

24 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates,* pp. 147–149.

25 Ibid.

26 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2025–26 Budget Estimates,* p. 13.

In its response to recommendation 36, DEECA advised that:

> While the delivery of statutory outputs within statutory timeframes is listed as a timeliness indicator, DEECA considers it appropriately captures the breadth, quality and timeliness of work delivered by the Climate Action output.[27]

The Committee makes the following observations in relation to DEECA's response:

- The performance measure continues to measure a standard that DEECA is required to meet under legislation. This may not be sufficiently challenging as it represents a basic minimum standard rather than the quality of a service or activity.
- The RMF requires performance measures to have a meaningful mix of quality, quantity, timeliness and cost performance measures that assess service efficiency and effectiveness and all major activities under the output.[28] While DEECA states the new measure captures the 'breadth, quality and timeliness' of activity under the output, it only directly captures timeliness of one activity.
- The RMF recognises that accountability for the use of public funds is a core principle of the framework, including accountability to the Parliament.[29] With limited performance measures under the Climate Action output and one that solely measures timeliness in relation to legislated responsibilities, performance is not fully visible or understandable to the Parliament and the public.

In its response to the recommendations, DEECA told the Committee that the *Climate Action Act 2017* (Vic) establishes a 'robust and comprehensive framework to support the delivery of climate action', including the Act's 'policy objectives and guiding principles, emissions reduction targets, and requirements around considerations, content, processes, consultation and timelines associated with statutory products'.[30] The current performance measure is high level and non-specific. DEECA should consider splitting it into measures that describe the activities the Department is required to undertake under the Act, to give the Parliament and public a better understanding of activities under the output.

RECOMMENDATION 2: The Department of Energy, Environment and Climate Action (DEECA) consider splitting the performance measure 'Delivery of statutory outputs under the *Climate Action Act 2017* (Vic) within statutory timeframes' into further measures that describe the activities DEECA undertakes under the Act.

27 Ibid.

28 Department of Treasury and Finance, *The Resource Management Framework Part 1 of 2,* p. 36.

29 Ibid., p. 11.

30 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2025–26 Budget Estimates,* p. 13.

Chapter 2
Whole of Government

This chapter examines the economic and fiscal outlook for 2026–27 and the budget estimates for the general government sector (GGS) including revenue, expenses and the impact of savings measures.

The Government expects to return to an operating surplus of $727 million in 2025–26.[1] While net debt is expected to increase to $199.3 billion by 2029–30, net debt as a proportion of gross state product (GSP) is forecast to peak in 2026–27 before decreasing over the forward estimates.[2]

The 2026–27 Budget was prepared during a period of considerable global economic uncertainty with onset of the Middle East crisis in late February 2026.[3] The impact of this global event on the Budget's economic outlook and assumptions is examined, considering advice the Committee received during the hearings from Department of Treasury and Finance (DTF) officials.

This chapter contains an assessment of the Government's progress towards achieving its five-step fiscal strategy. There is also a discussion of Commonwealth-State funding arrangements including grant funding that Victoria receives for specific purposes, such as National Partnership Arrangements (NPAs), and goods and services tax (GST).

1 Department of Treasury and Finance, *Budget Paper No. 2: 2026–27 Strategy and Outlook*, Melbourne, 2026, p. 48.

2 Ibid., p. 47.

3 Ibid., pp. 18–20.

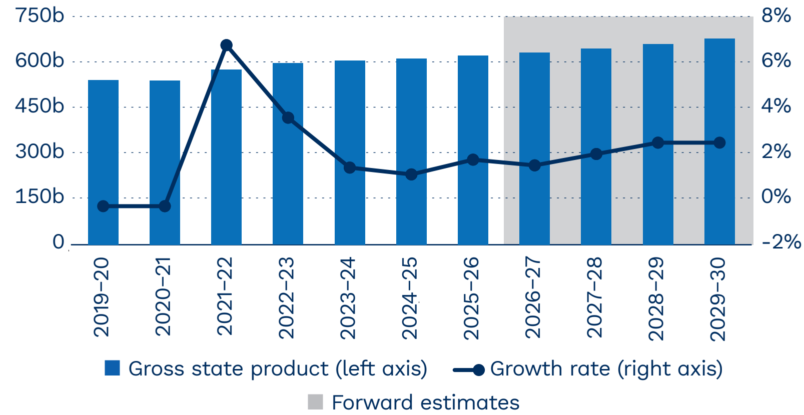
Economic outlook, 2026–27

Gross state product

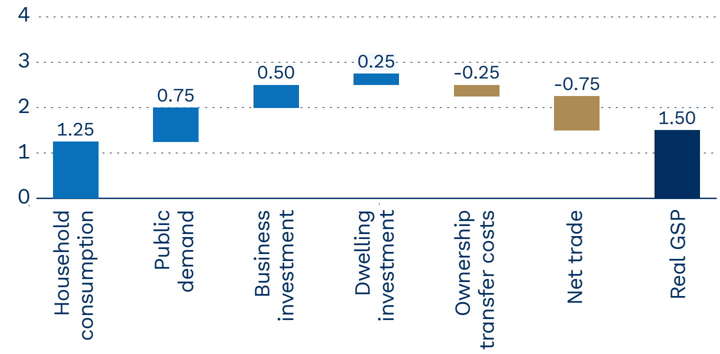
Real GSP is expected to grow by 1.5% over 2026–27. While household consumption is expected to make the largest contribution, inflation and rising interest rates are expected to negatively impact consumer spending. Recent strong growth in business investment is expected to continue, driven by data centre construction and the renewable energy transition.

Nevertheless, there is ongoing uncertainty regarding Victoria's economic growth over 2026–27, reflecting the conflict in the Middle East. This may cause supply disruptions and higher costs for fuel, building materials and other goods.

The economy is expected to grow over 2026–27 and the forward estimates



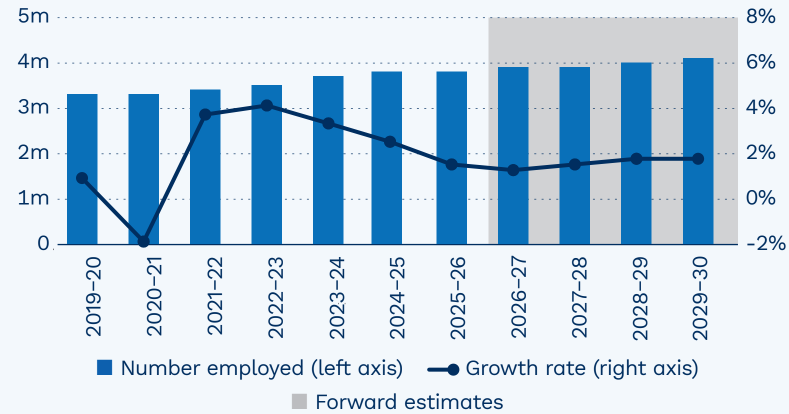
Components of GSP change 2026–27



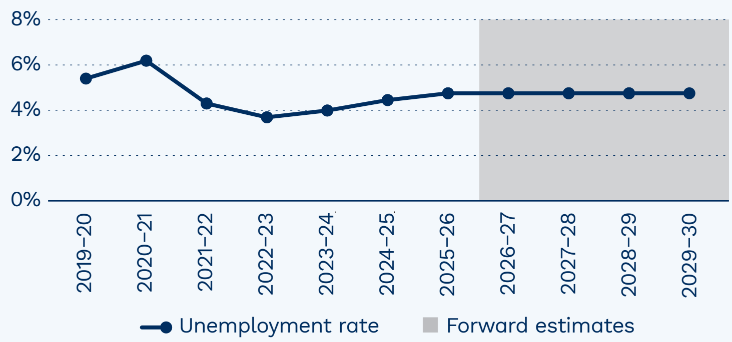
Labour market

Employment is expected to increase by 1.25% in 2026–27, with inflation and rising interest rates weighing on demand. The unemployment rate is expected to average 4.75% for 2026–27 over the forward estimates.

Employment growth is forecast to continue

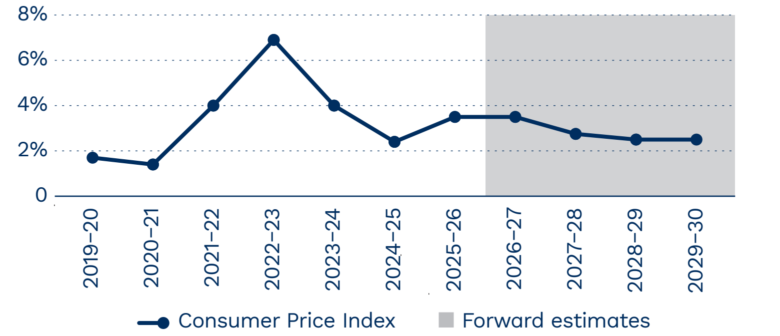


The unemployment rate is expected to increase as higher inflation and interest rates weigh upon labour demand



Prices

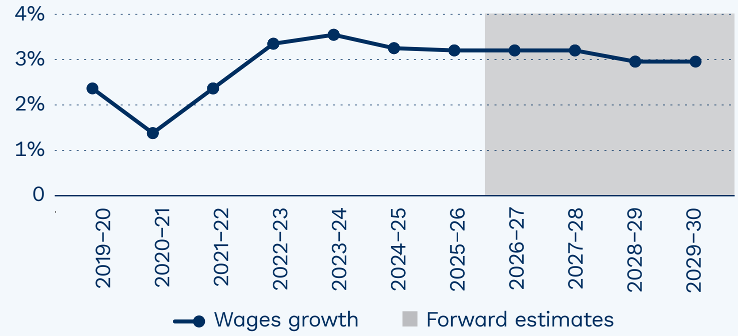
Prices are expected to increase, reflecting the recent surge in oil prices, and adding to cost of living pressures



Inflation, measured by the Consumer Price Index, is expected to be elevated over 2026–27, as higher petrol and diesel prices add to business transport costs for food and other items. The higher prices are then likely to be passed on to consumers. The Budget forecasts inflation to fall after 2026–27, and return to the trend rate of 2.5% by the end of the forward estimates, however this forecast assumes that global oil prices will not remain elevated after 2026.

Wages

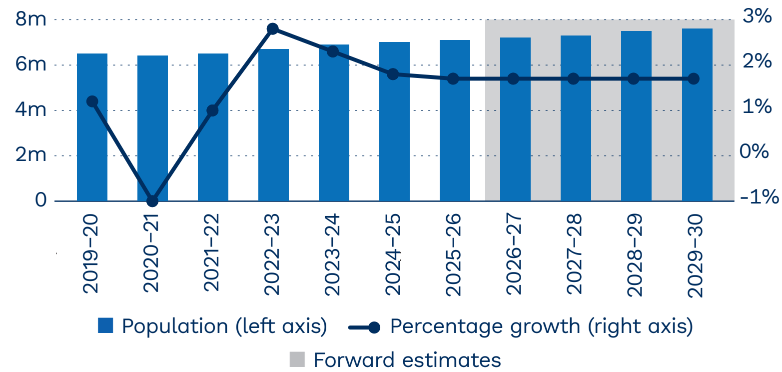
Wages are expected to remain above inflation after 2026–27



Wages are expected to continue to grow at the higher, post COVID-19 levels experienced since 2022–23, as the strong labour market and inflation pressures impact private and public sector wage negotiations.

Population

Population growth is expected to return to the long-term trend of 1.7%



Recent Commonwealth migration changes, particularly relating to international student visas, has seen a decrease in international student arrivals. Increasing international student departures are also expected to lead to an overall decrease in net overseas migration.

Source: Department of Treasury and Finance, *Macroeconomic indicators*, 5 May 2026, <https://www.dtf.vic.gov.au/macroeconomic-indicators> accessed 25 May 2026; Department of Treasury and Finance, *Budget Paper No. 2: 2026–27 Strategy and Outlook*, Melbourne, 2026, pp. 16, 17, 20–21, 26–30, 40.

Box 2.1 Impact of the Middle East conflict on the Budget's preparation

The 2026–27 Budget was prepared and handed down under considerable global economic uncertainty, due to the onset of the Middle East conflict in late February 2026 and subsequent closure of the Strait of Hormuz, impacting the global supply of oil. The 2026–27 Budget, inclusive of the economic outlook and assumptions, was finalised in mid-April 2026.[4]

Higher petrol and diesel prices have been the most immediate outcome of those events, with DTF noting the fuel price increases will further raise business transport and other input costs for food and a range of other goods. The increased costs are expected to be passed on to consumers.[5]

This year's Budget includes cost-of-living measures aimed at providing relief to households and includes free public transport across the network over May, reducing the fares to half price for the remainder of 2026, and offering a 20% rebate on car registrations.[6] The Cost-of-Living portfolio is discussed in Chapter 11 (Department of Government Services).

The 'base case' for the Budget's key economic indicators and key fiscal aggregates is that West Texas Intermediate oil prices are assumed to average US$100 per barrel in the June quarter 2026, decreasing to pre conflict levels by the end of 2026.[7]

DTF has forecast that inflation—measured by the Consumer Price Index (CPI)—will be 3.5% for 2025–26 and 2026–27 then decrease to the trend level of 2.5% by the end of the forward estimates.[8] In contrast, the Commonwealth Government's Budget forecasts an inflation rate of 5% for 2025–26, decreasing to 2.5% for 2026–27 and the remainder of the forward estimates.[9]

When DTF officials were asked if the Victorian Budget's inflation projections were too optimistic considering the Commonwealth Government's forecast, the Committee was advised that while the Commonwealth Government models their forecast CPI figure as a year-to-June inflation rate, the Victorian budget papers model a year average. As a result '... ours looks lower but effectively is following the same path of inflation' and '[t]here is not really a difference between the two positions; it just looks like it on paper'.[10]

(Continued)

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4 Chris Barrett, Secretary, Department of Treasury and Finance, 2026–27 Budget Estimates hearing, Treasurer Portfolio, Melbourne, 15 May 2026, *Transcript of evidence*, p. 35; Paul Donegan, Deputy Secretary, Economic, Department of Treasury and Finance, 2026–27 Budget Estimates hearing, Treasurer Portfolio, Melbourne, 15 May 2026, *Transcript of evidence*, p. 35.

5 Department of Treasury and Finance, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2025, p. 137.

6 Department of Treasury and Finance, *Budget Paper No. 2: 2026–27*, pp. 41–43.

7 Chris Barrett, Secretary, Department of Treasury and Finance, Treasurer Portfolio, *Transcript of evidence*, p. 24.

8 Department of Treasury and Finance, *Budget Paper No. 2: 2026–27*, p. 17.

9 Commonwealth of Australia, *Budget Paper No. 1: 2026–27 Strategy and Outlook*, Canberra, 2026, p. 7.

10 Chris Barrett, Secretary, Department of Treasury and Finance, Treasurer Portfolio, *Transcript of evidence*, p. 36.

Box 2.1 Continued

DTF officials were also asked about one of the scenarios tested by Budget Paper No. 2's sensitivity analysis, which examines how the key economic indicators and fiscal aggregates will be affected if there is a more prolonged Middle Eastern conflict and persistent global oil shock.[11] Under that scenario, West Texas Intermediate oil prices reach US$130 per barrel by mid-2026 and ease back to pre-conflict levels by mid-2029.[12] The outcome of that scenario would be another 1.28% added to the 2026–27 CPI figure (e.g. CPI reaches 3.78% for 2026–27).[13]

The Committee noted that the Commonwealth Budget modelled a series of more severe scenarios, including the oil price peaking at US$200 a barrel, and asked why Victoria's modelling did not extend that far. In response, DTF advised:

> As to why the scenario we selected had oil prices peaking at US$130 a barrel, the Commonwealth at US$200 and the Reserve Bank at US$145, they are all illustrative scenarios. We are not saying that US$130 versus US$145 versus US$200 is more or less likely, it is more 'This is one possibility that could happen' more or less.[14]

DTF further advised the selected US$130 a barrel scenario was considered the most 'reasonably plausible one, not the most likely one'.[15] The DTF Secretary advised that the oil price shocks have a greater impact on the Commonwealth Budget compared to the State Budget and '[t]hat might be another reason why they put a harsher downside scenario, because obviously it would have a bigger impact for them'.[16]

Another practical factor that may mitigate the impact of higher oil prices on inflation is the possibility of further interventions by the Commonwealth Government or the Reserve Bank of Australia, for example.[17] While noting an extended conflict could result in persistent fuel supply disruptions, further fuel price rises and inflation and falls in equity markets, the budget papers also note that the Victorian and Australian economies are less exposed to the price of oil in comparison to the oil shocks of the 1970s. That should limit the effect of higher petrol prices on other prices more broadly.[18]

FINDING 3: Preparation of the 2026–27 Budget took place under extreme global economic uncertainty following the onset of conflict in the Middle East in February 2026. The expected inflationary impacts of the fall in the global supply of oil on the Victorian economy have been difficult to forecast, along with other key economic assumptions that form the basis of this year's Budget.

11 Department of Treasury and Finance, *Budget Paper No. 2: 2026–27*, pp. 80–81.

12 Ibid.

13 Ibid., p. 83.

14 Paul Donegan, Deputy Secretary, Economic, Department of Treasury and Finance, Treasurer Portfolio, Melbourne, p. 35.

15 Ibid.

16 Chris Barrett, Secretary, Department of Treasury and Finance, Treasurer Portfolio, *Transcript of evidence*, p. 35.

17 Department of Treasury and Finance, *Budget Paper No. 2: 2026–27*, p. 82.

18 Ibid., p. 19.

Fiscal strategy

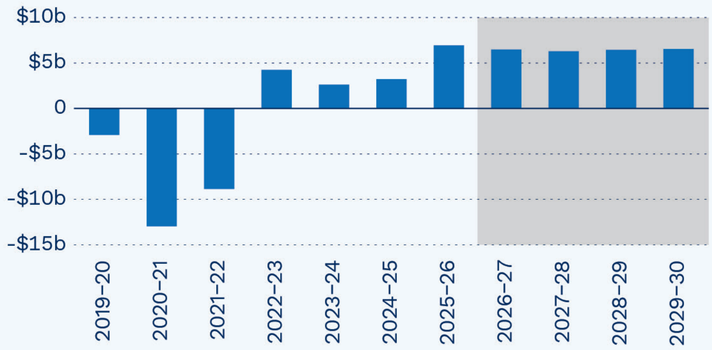
STEP 1
Creating jobs, reducing unemployment and restoring economic growth

Growth in the Victorian economy and labour market is expected to continue over 2026–27 and the forward estimates. Employment is expected to grow by 1.25% in 2026–27, while the unemployment rate is expected to average 4.75% for 2026–27 and over the forward estimates.

STEP 2
Returning to an operating cash surplus

Victoria has had operating cash surpluses for the last three financial years.

Cash surpluses of over $6 billion each year are forecast over the forward estimates

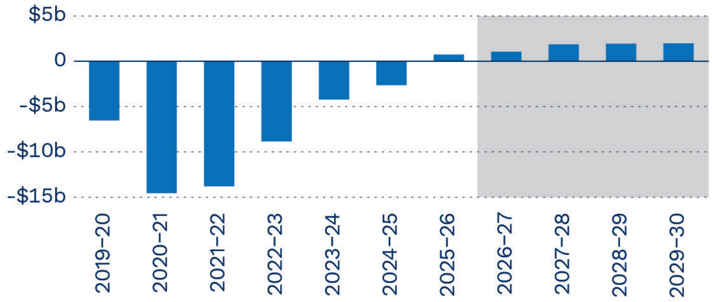


Net cash
Forward estimates

STEP 3
Returning to operating surpluses

The Government expects to return to an operating surplus ($727 million) in 2025–26.

Operating surpluses are expected to increase to over $1 billion each year over the forward estimates



Net operating balance
Forward estimates

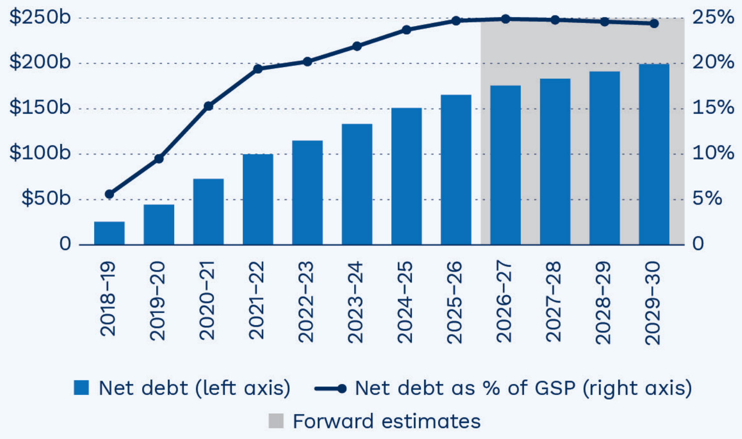
STEP 4
Stabilising net debt levels as a proportion of GSP

STEP 5
Reducing net debt as a proportion of GSP

Net debt for 2026–27 is forecast to reach $175.6 billion, increasing to $199.3 billion by 2029–30 at the end of the forward estimates.

Net debt as a proportion of GSP is expected to peak at 24.9% in 2026–27, before falling each year over the forward estimates, when it is forecast to be 24.4% by 2029–30.

Net debt as a proportion of GSP has been over 20% since 2022–23



Completed
Underway

Source: Department of Treasury and Finance, *Aggregate financial statements: Consolidated comprehensive operating statement*, 2026, <https://www.dtf.vic.gov.au/aggregate-financial-statements#consolidated-comprehensive-operating-statement> accessed 6 July 2026; Department of Treasury and Finance, *Other financial aggregates: Net debt*, 2026, <https://www.dtf.vic.gov.au/other-financial-aggregates> accessed 6 July 2026; Department of Treasury and Finance, *Budget Paper No. 2: 2026–27 Strategy and Outlook*, Melbourne, 2026, pp. 4, 5, 17.

FINDING 4: The Victorian Government expects an operating cash surplus of $727 million in 2025–26, with further operating surpluses forecast as over $1 billion over the forward estimates.

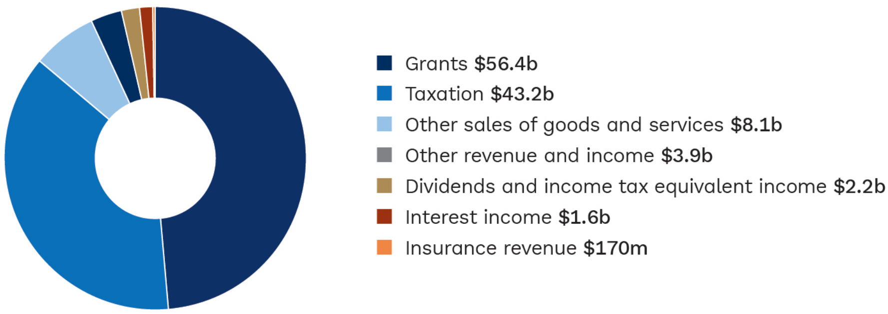
FINDING 5: Net debt for 2026–27 is expected to be $175.6 billion and is expected to increase to $199.3 billion at the end of the forward estimates in 2029–30. Net debt to gross state product is expected to peak at 24.9% in 2026–27.

FINDING 6: The forecast return to an operating surplus in 2025–26 means the Victorian Government has achieved steps one to three of its five-step fiscal strategy. The expected decrease in net debt to gross state product over the forward estimates means steps four and five are on track to be achieved.

2.1 Revenue

The budget papers forecast $115.6 billion in revenue over 2026–27, an increase of $3.7 billion (3.3%) on the revised 2025–26 budget estimate.[19]

Figure 2.1 Grants are the largest revenue stream, comprising 48.8% ($56.4 billion) followed by taxation (37.4% or $43.2 billion)



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances*, Melbourne, 2026, p. 8.

2.1.1 Grants

The majority of grants funding is the GST allocation from the Commonwealth Government, which is expected to be $29.2 billion in 2026–27.[20] Grants received from the Commonwealth are further discussed in Section 2.4.

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19 Department of Treasury and Finance, *Budget Paper No. 2: 2026–27*, p. 48.

20 Ibid., p. 50.

2.1.2 Taxation

Total taxation revenue is expected to be $43.2 million. The two largest sources are payroll tax and land transfer duty (known as stamp duty), which are expected to earn $10.1 billion and $10 billion respectively over 2026–27.[21] Other taxes levied on payrolls—the *COVID Debt Levy – Payroll $10m+* and the *Mental Health and Wellbeing Levy*—are also each expected to raise $1.2 billion over 2026–27.[22]

During the hearings, the Committee asked about the implications of an increase in the uptake of artificial intelligence (AI) to the state's tax base. The DTF Secretary advised that '[i]f AI is actually substituting labour and you have fewer workers as a consequence, then you could have lower payroll tax receipts over time'.[23] However, while the Secretary confirmed there have been signs of lower payroll receipts in the United States, they advised that at the local level 'we are not seeing that at the moment'.[24] DTF officials also confirmed that assumptions about the impact of AI were not included when compiling the Budget's forward estimates for payroll taxes.[25]

FINDING 7: While artificial intelligence (AI) has impacted payroll receipts overseas as it replaces workers and labour, that has not occurred yet in Victoria. While the Department of Treasury and Finance expects payroll tax to raise $10.1 billion in 2026–27, Budget forecasts for payroll tax did not take into consideration the future effects of AI on the Victorian labour market.

The $10 billion stamp duty estimate for 2026–27 is a downward revision on the *2025–26 Budget Update* estimate of $10.6 billion, reflecting the anticipated effect of high interest rates on the Victorian property market.[26]

The most recent Australian Bureau of Statistics data shows median established house prices in metropolitan Melbourne have fallen and flattened from the peak of $940,000 in late 2021 to $875,000 by early 2025. Median established house prices for regional Victoria however are at a ten-year high of $610,000.[27]

21 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances*, Melbourne, 2026, p. 23.

22 Ibid.

23 Chris Barrett, Secretary, Department of Treasury and Finance, Treasurer portfolio, *Transcript of evidence*, p. 32.

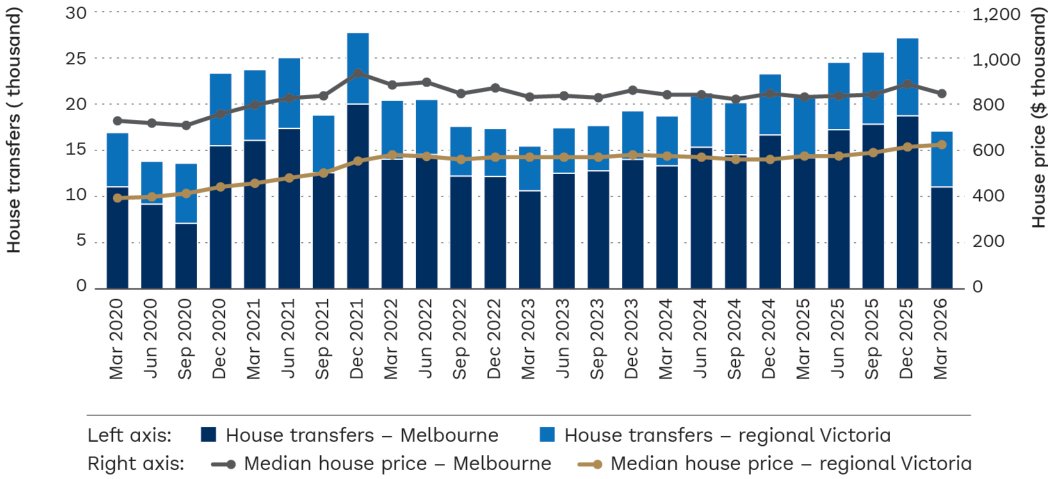
24 Ibid.

25 Ibid.

26 Department of Treasury and Finance, *2025–26 Budget Update*, Melbourne, 2025, p. 60; Department of Treasury and Finance, *Budget Paper No. 2: 2026–27*, p. 49.

27 Australian Bureau of Statistics, *Total Value of Dwellings: March quarter 2026*, released 9 June 2026, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/total-value-dwellings/latest-release#data-downloads> accessed 12 June 2026.

Figure 2.2 There are early signs Victorian house prices and sales volumes are falling, which may impact the level of stamp duty revenue for 2026–27



Source: Australian Bureau of Statistics, *Total Value of Dwellings: March quarter 2026*, released 9 June 2026, <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/total-value-dwellings/latest-release#data-downloads> accessed 12 June 2026.

Shortly after the Victorian Budget was handed down, the Commonwealth Government announced changes to negative gearing to new residential properties and the re-introduction of capital gains tax cost base indexation. The proposed changes will not come into effect until 1 July 2027. While the proposed changes are ultimately expected to increase the owner-occupier share of housing stock, the reduction in investor demand is expected to slow house price growth. The Commonwealth Treasury estimates property prices will decrease by around 2% over two years compared to no tax policy change.[28]

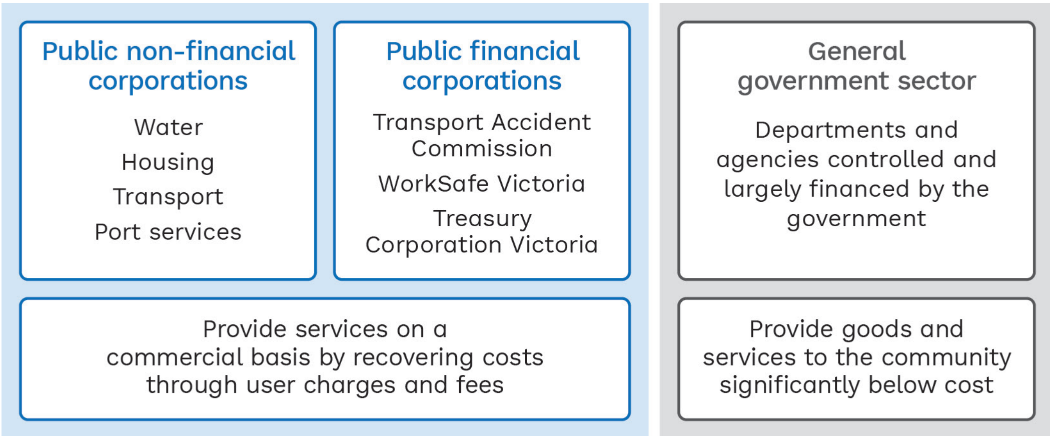
FINDING 8: The 2026–27 stamp duty estimate of $10 billion is a downward revision on the *2025–26 Budget Update* estimate of $10.6 billion, reflecting an anticipated downturn in the Victorian property market. Changes announced by the Commonwealth Government regarding negative gearing may also negatively affect property prices over the next two years.

28 Commonwealth Treasury, *Budget 2026–27: Negative Gearing and Capital Gains Tax Reform Fact Sheet*, Canberra, 2026, <https://budget.gov.au/content/factsheets/download/tax-explainers-negative-gearing-capital-gains-tax.pdf> accessed 3 June 2026, p. 5.

2.1.3 Dividends

Dividends from the public non-financial corporation (PNFC) and public financial corporation (PFC) sectors are another form of GGS revenue. Figure 2.3 explains the functions of the three financial sectors and provides examples of the entities they comprise.

Figure 2.3 Profits made through PFC and PNFC's commercial activity can form the basis of dividends paid to the general government sector



Source: Department of Treasury and Finance, *2024–25 Financial Report*, Melbourne, 2025, p. 28; Victorian Auditor-General's Office, *Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24*, Melbourne, November 2024, p. 6.

Dividends from the PFC and PNFC sectors for 2026–27 are expected to total $1.3 billion. Most of this total dividend figure is expected be raised from the PFC sector ($1.2 billion), with the Transport Accident Commission (TAC) contributing $1.1 billion.[29]

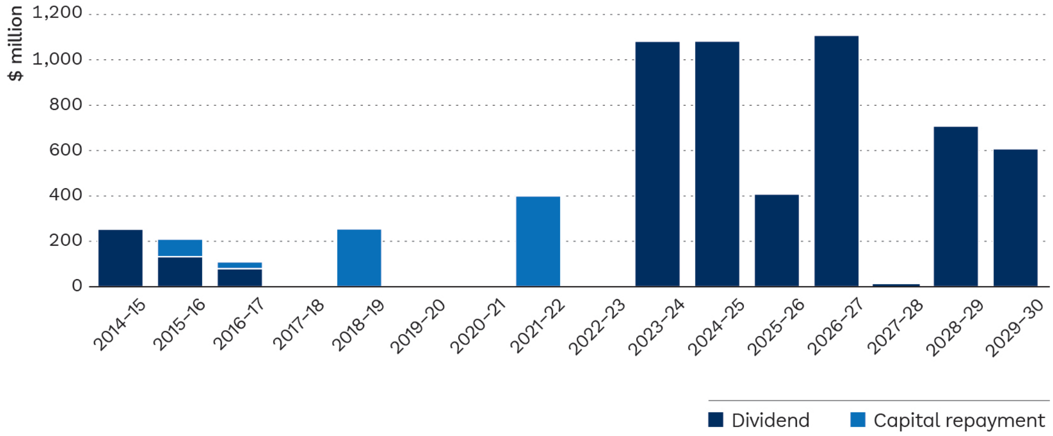
The Minister for WorkSafe and the TAC told the Committee the TAC has the capacity to pay such a high dividend amount due to its recent strong financial performance, which is reflected in its $1.1 billion operating surplus for 2024–25 while providing $1.9 billion in financial assistance to the insurer's 43,000 clients during that year.[30] The Minister confirmed the TAC is expected to pay $2.4 billion in dividends over the forward estimates.[31]

29 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27*, p. 25.

30 Hon Ben Carroll MP, Minister for WorkSafe and the TAC, 2026–27 Budget Estimates hearing, WorkSafe and the TAC, Melbourne, 19 May 2026, *Transcript of evidence*, p. 10; Transport Accident Commission, *Annual Report 2024–25*, Geelong, 2025, p. 9.

31 Hon Ben Carroll MP, Minister for WorkSafe and the TAC, WorkSafe and the TAC, *Transcript of evidence*, p. 2.

Figure 2.4 Dividends and capital repayments made by the TAC have increased in recent years



Source: Transport Accident Commission, *Annual Reports 2014–15 to 2024–25*, Department of Treasury and Finance, *2025–26 Budget Update*, Melbourne, 2025, p. 61; Department of Treasury and Finance*, Budget Paper No. 5: 2026–27 Statement of Finances*, Melbourne, 2026, p. 25.

The 2025–26 budget papers forecast the TAC to make a dividend equivalent payment of $1.2 billion in 2028–29.[32] That information was accompanied with a note stating that '[b]ased on the data underlying the budget estimates, the TAC is expected to remain financially sustainable across the forward estimates'.[33] The *2025–26 Budget Update* then rephased the dividend to $408 million over both 2025–26 and 2026–27 due to 'a reclassification and rephase of a $800 million capital repatriation that was projected in the 2025–26 Budget'.[34]

The TAC Chief Executive Officer (CEO) described the process used to confirm dividend payments to the Committee:

> What [the process of determining a dividend] involves is consultation, usually towards the end of the financial year, with the Transport Accident Commission to ascertain the scheme's financial sustainability, taking into account, for example, the management of claims over the year but also particularly investment returns with the likely profit at the end of the year. So the TAC is consulted on an annual basis to determine whether or not we are able to pay a dividend, and that is based on the financial strength of the scheme.[35]

The TAC CEO also advised that the dividend payment amounts are decided 'after our commitments for road safety' which is 'paramount and significant'.[36]

32 Department of Treasury and Finance, *Budget Paper No. 5: 2025–26*, p. 21.

33 Ibid.

34 Department of Treasury and Finance, *2025–26 Budget Update*, p. 61.

35 Tracey Slatter, Chief Executive Officer, Transport Accident Commission, 2026–27 Budget Estimates hearing, WorkSafe and the TAC, Melbourne, 19 May 2026, *Transcript of evidence*, p. 9.

36 Ibid.

FINDING 9: The Transport Accident Commission (TAC) is expected to pay $2.4 billion in dividends over 2026–27 and the forward estimates. While this reflects the Department of Treasury and Finance's assessment of the TAC's financial sustainability, final dividend payment amounts are settled on a yearly basis after factors including the management of claims and the level of investment returns are known.

While it is helpful to the Parliament and community to list the amount of expected dividends as PFC and PNFC dividends across the four years of budget estimates in the budget papers, TAC dividends and similar payments are disclosed in various ways. When the Committee asked about the $8 million dividend payment for 2027–28 listed in Budget Paper No. 5: Statement of Finances, the Secretary of DTF said it was 'not a dividend, that $8 million – it is effectively an efficiency payment'.[37]

Efficiency dividends for departments and agencies have previously not been disclosed as part of dividend payments in the budget papers.

DTF have various legislative and regulatory obligations when reporting dividend and capital payments from PNFC and PFC entities, including:

- entity-specific legislation, which for the TAC's capital repayments and dividends is section 29 of the *Transport Accident Act 1986* (Vic)
- Australian Accounting Standards Board (AASB) requirements, such as *AASB 1023 General Insurance Contracts* for government insurers such as the TAC
- DTF's financial reporting directions and guidance framework, which for dividends from PFC and PNFC entities includes *FRD 119: Transfers through contributed capital.*[38]

The Committee has previously examined the transparency and reporting of payments from the PFC and PNFC sectors to the GGS as part of its *Inquiry into the 2023–24 Budget Estimates*. The Committee recommended DTF consider ways to improve its public reporting on the amount, impact, and determination of capital repatriation payments by Melbourne's PNFC water corporations to Government.[39] That recommendation was not supported by the Government, which noted there are existing disclosure requirements in Budget Paper No. 5: Statement of Finances, the Annual Financial Report as well as agency annual reports.[40]

37 Chris Barrett, Secretary, Department of Treasury and Finance, 2026–27 Budget Estimates hearing, WorkSafe and TAC, Melbourne, 19 May 2026, *Transcript of evidence*, p. 10.

38 *Transport Accident Act 1986* (Vic) s 29; Australian Accounting Standards Board, *General Insurance Contracts 1023*, Melbourne, 2003, p. 15; Department of Treasury and Finance, *Financial Reporting Direction 119 Transfers through contributed capital*, Melbourne, 2026.

39 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 159.

40 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2023–24 Budget Estimates*, 2 May 2024, p. 33.

The Committee believes that the disclosure of TAC dividends would benefit from greater detail and consistency due to:

- the large capital dividends and payments made by the TAC in recent years
- further large payments that are planned over the forward estimates
- the changing nature of what recent dividend payments reported in the budget papers are comprised of (such as efficiency payments).

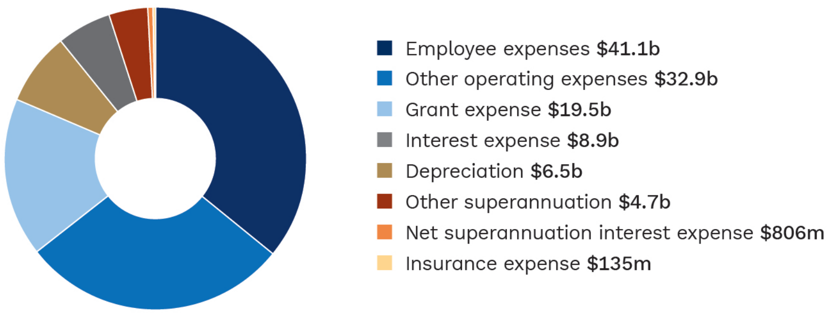
FINDING 10: The public reporting of dividend and capital repayments from the Transport Accident Commission to the general government sector in the budget papers requires further improvements to ensure clarity and consistency is achieved.

RECOMMENDATION 3: The Department of Treasury and Finance develop ways to improve its budget paper reporting on the amount, impact, and determination of dividend payments by the Transport Accident Commission to government.

2.2 Expenditure

Expenditure is expected to reach $114.5 billion in 2026–27, an increase of 3% on the revised 2025–26 Budget estimate ($3.3 billion).[41]

Figure 2.5 The largest expenses item over 2026–27 will be Employee expenses (35.9% or $41.1 billion) followed by Other operating expenses ($32.9 billion or 28.7%)



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances*, Melbourne, 2026, p. 8.

2.2.1 Employee expenses

Employee expenses are expected to be the highest expenditure line item for 2026–27, increasing 2.3% ($909 million) compared to the revised 2025–26 Budget estimate.[42]

41 Department of Treasury and Finance, *Budget Paper No. 2: 2026–27*, p. 48.

42 Ibid.

They are expected to increase by an average annual rate of 3.4% over the forward estimates to reach $45.5 billion by 2029–30.[43]

Employee expenses cover the wages and superannuation payments of all Victorian public sector workers including departmental and agency staff employed across the Victorian Public Service (VPS) and frontline service workers such as teachers, nurses, police, and emergency response workers.

Reducing Victorian Public Service and executive roles as part of the Silver Review

After expanding the size of the VPS as part of its COVID-19 response, the Government has introduced measures to reduce the VPS in recent budgets. The 2023–24 Budget's *COVID Debt Repayment Plan* stated that VPS levels would be reduced by 3,000 to 4,000 that year across corporate and back-office functions.[44]

In February 2025, the Government commissioned Helen Silver AO to conduct an independent review of the VPS to identify functions and programs that could be streamlined or eliminated and to make recommendations on staffing reductions so the VPS and executive-level staffing are returned to pre-pandemic levels.[45] The *Independent Review of the Victorian Public Service Final Report* (known as the Silver Review) was completed in June 2025 and published along with the Government's response in December 2025.[46]

In response to a question from the Committee regarding the growth rate of employee expenses, the DTF Secretary advised that a number of efficiencies had already been instituted by the Government as part of the response to the Silver Review, and 'particularly in 2025–26 versus 2026–27 you [will] see more moderate growth in expenses than you normally see in the budget year, and a good chunk of that is around the implementation of the Silver recommendations'.[47]

FINDING 11: Employee expenses are the Government's largest expense item and are expected to cost $41.1 billion in 2026–27 then increase by an average of 3.4% each year over the forward estimates. The growth in employee expenses is expected to moderate as the Government implements recommendations made in the *Independent Review of the Victorian Public Service.*

43 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27*, p. 8.

44 Department of Treasury and Finance, *COVID Debt Repayment Plan*, Melbourne, 2023, p. 20.

45 Premier of Victoria, *Ensuring a Public Service Focused on What Matters to Families*, media release, 20 February 2025.

46 Victorian Government, *Independent Review of the Victorian Public Service*, 4 December 2025, <https://www.vic.gov.au/vps-review> accessed 16 June 2026.

47 Chris Barrett, Secretary, Department of Treasury and Finance, Treasurer Portfolio, *Transcript of evidence*, p. 24.

As part of the response to the Silver Review, the Government supported recommendations to:

- reduce executive and executive-like roles by 332 full-time equivalent (FTE) across the public service, which the Review estimates will save $359 million over the forward estimates
- reduce the proportion of senior VPS5 and VPS6 positions, estimated by the Review to save $125 million over the forward estimates.[48]

The Committee asked the departments about the number of executive and VPS roles that are planned to be reduced over 2025–26 and 2026–27 in response to the Silver Review. The questionnaire responses show a total of 119 FTE executive (known as Senior Executive Service or SES) and Senior Technical Specialist (known as STS7) positions either have been, or plan to be, reduced across the departments over 2025–26 and 2026–27.[49]

Progress towards reducing the proportion of senior VPS5 and VPS6 positions varied across the departments. Many questionnaire responses indicated the process of reviewing these positions is underway and further restructuring will take place over 2026–27.[50] DFFH's restructuring appears to be the most advanced with a reduction of 140 positions over 2025–26 (mainly VPS5 and VPS6 positions).[51]

The ability to quantify the amount of savings from the staffing and executive reductions also varied across the departments, with a total of $95.5 million identified in savings for 2026–27.[52] The $95.5 million figure includes $43.4 million identified by the Department of Transport and Planning (DTP) for measures that 'span across DTP and all related entities and includes non-workforce savings'.[53]

FINDING 12: Victorian Public Service executive positions either have been or plan to be reduced by 119 full-time equivalent (FTE) over 2025–26 and 2026–27 to meet the target reduction of 332 FTE over the forward estimates set by the *Independent Review of the Victorian Public Service*. The departments identified $95.5 million in savings as a result of this staffing reduction for 2026–27.

48 Victorian Government, *Government response: Ensuring the public sector is focused on what matters most*, Melbourne, 2025, p. 6.

49 Departmental responses to question 32 of the Committee's 2026–27 Budget Estimates Questionnaire.

50 Ibid.

51 Department of Families, Fairness and Housing, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2026, p. 114.

52 Department of Environment, Energy and Climate Action, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, p. 146; Department of Government Services, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, p. 62; Department of Jobs, Skills, Industry and Regions, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2026, p. 136; Department of Premier and Cabinet, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, p. 66.

53 Department of Treasury and Finance, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 81; Department of Transport and Planning, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2026, p. 216.

Departmental responses to the Committee questionnaire indicate that further staff reductions and associated savings resulting from the Government's response to the Silver Review are continuing, with at least another two years over the forward estimates (starting from 2025–26) for full implementation to achieve the overall $484 million in expected savings.[54]

However, the departments' responses indicate varying levels of planning, information and implementation, and there is no official or established public reporting mechanism for the community and Parliament to assess progress in implementing actions stemming from the Silver Review. The only current publicly available information is the departments' responses to the Committee's questionnaire.[55]

The Committee believes it would be beneficial for the Government to introduce a mechanism for publicly reporting on progress in implementing actions stemming from the Silver Review to provide assurance to the Parliament and public.

RECOMMENDATION 4: The Victorian Government publish an annual progress report on its implementation of recommendations from the *Independent Review of the Victorian Public Service*, including the amount of savings made and the reduction in the number of executives and Victorian Public Service staff. The reports should be made publicly available and the first should be published by 2027.

2.3 Savings

2.3.1 Savings measures as part of the 2026–27 Budget

As part of this inquiry, the Committee asked departments to list savings for 2026–27 and across the forward estimates against the *Whole of Government savings and efficiencies* line item in the 2026–27 Budget. The budget papers show that the Government expects to save $607.5 million over 2026–27 and the forward estimates.[56]

When asked about the savings in the Committee questionnaire, eight out of the eleven department responses stated:

> Data cannot be provided at this stage, as details of individual savings initiatives are subject to the final whole of government implementation approach and consultation with impacted staff.[57]

54 Departmental responses to question 32 of the Committee's 2026–27 Budget Estimates Questionnaire.

55 Ibid.

56 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery*, Melbourne, 2026, p. 102.

57 Department of Treasury and Finance, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 50; Department of Education, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 81; Department of Environment, Energy and Climate Action, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 107; Department of Families, Fairness and Housing, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 72; Department of Health, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 87; Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 98; Department of Premier and Cabinet, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 43; Department of Transport and Planning, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 150.

The Committee has previously recommended that departments report individually and accurately on savings measures forming whole of government savings initiatives outlined in Budget Paper No. 3.[58]

FINDING 13: The 2026–27 Budget includes $607.5 million in savings and efficiency measures across the forward estimates. The departments' questionnaire responses provided limited information about how they will be achieved.

2.3.2 Savings measures as part of the 2025–26 Budget

The 2025–26 Budget listed $544.6 million in savings for 2025–26 and $647.1 million for 2026–27, noting that savings amounts listed to 2028–29 include $102 million 'for activities categorised as asset in nature'.[59] Based on the questionnaire responses, the departments expect to save $452.7 million in 2025–26 and $574.8 million in 2026–27 as part of the *Whole of Government savings and efficiencies* line item in the 2025–26 Budget.[60]

The two departments with the largest budgets —the Department of Education (DE) and the Department of Health (DH)—contribute the largest savings out of all departments over the two years.[61] DE reported $149.5 million in savings over 2025–26 and $224.2 million in 2026–27, while DH identified $96.7 million for 2025–26 and $108.1 million for 2026–27.[62]

58 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, p. 20; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, October 2025, pp. 25–26.

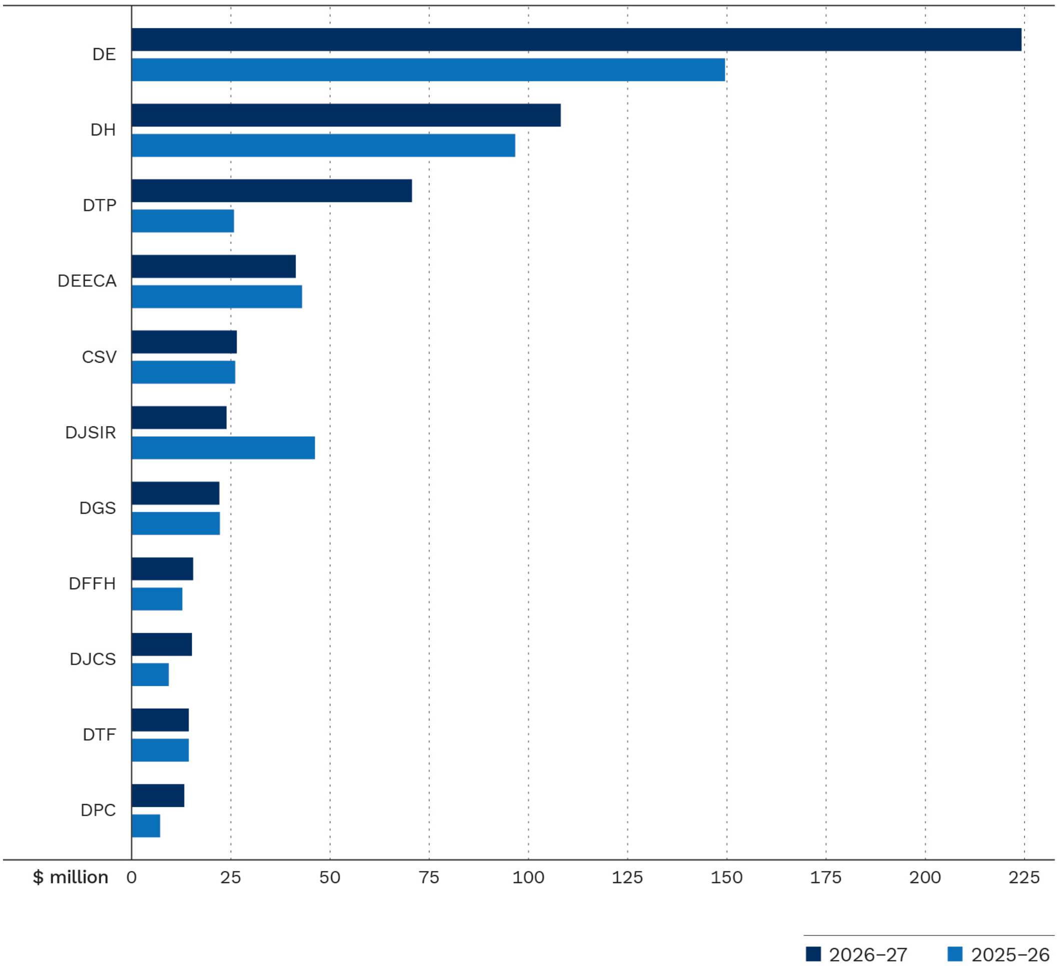
59 Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

60 Departmental responses to the *2026–27 Budget Estimates Questionnaire*, question 14.

61 Department of Treasury and Finance, *2026–27 Budget: Department Performance Statement*, Melbourne, 2026, pp. 4, 19, 38, 54, 62, 82, 98, 119, 130, 148, 163, 173.

62 Department of Education, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 79; Department of Health, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 86.

Figure 2.6 Over half of the combined departmental savings for 2025–26 and 2026–27 come from the Departments of Education and Health



Source: Departmental responses to the *2026–27 Budget Estimates Questionnaire*, question 14.

FINDING 14: Over half of the $453 million in savings made over 2025–26 and 2026–27 as part of the 2025-26 Budget's *Whole of Government savings* initiative will come from the Department of Health and Department of Education.

2.4 Commonwealth-State funding

As discussed in Section 2.1, grants from the Commonwealth Government make the largest contribution to the State Government's revenue in 2026–27. The $56.4 billion in Commonwealth grants over 2026–27 is comprised of:

- general purpose grants, expected to raise $29.2 billion
- specific purpose grants for on-passing, which include financial assistance grants ($638 million) and roads maintenance-related payments ($227 million) to local government. This also includes $6 billion non-government schools support as part of the *Better and Fairer Schools Funding* agreement

- grants for specific purposes ($19.9 billion), many of which are related to NPAs, and have particular purposes and conditions attached to their use
- other contributions and grants ($431 million).[63]

2.4.1 Key National Partnership Agreement funding in the 2026–27 Budget

Grants from the Commonwealth via NPAs form the funding basis for many major service delivery areas and capital works projects in Victoria. The large-scale agreements that underpin some of the key output and asset programs in the 2026–27 Budget include:

- the $9 billion *National Health Reform Agreement*, providing support the public hospital system[64]
- $3.1 billion for public school support under the *Better and Fairer Schools Agreement*. Further education-related funding includes $541 million for the delivery of training services as part of the *National Skills Agreement*, and a further $132 million as part of the *Preschool Reform Agreement* that assists with the provision of 15 hours of early childhood education a week for all children in the year before full-time school[65]
- infrastructure funding, including the $3.8 billion *Infrastructure Investment Programme* that funds road and rail infrastructure.[66] Large-scale Commonwealth funding contributions to major Victorian infrastructure projects for 2026–27 and the forward estimates include a $5 billion contribution towards the *North East Link* project, $5 billion to the *Melbourne Airport Rail (metropolitan various)* project, $2 billion towards the *Sunshine Station Superhub (metropolitan various)* and $2.2 billion contribution to the *Suburban Rail Loop East* project.[67]

Commonwealth grant funding in this year's Budget also contributes to:

- the Bushfire relief and recovery output initiative (through the Commonwealth's Disaster Recovery Funding Agreement to councils affected by natural disasters)
- the Department of Energy, Environment and Climate Action delivering on the Victorian commitment under the Renewable Energy Transformation Agreement initiative
- disability services provided through the education system as part of the $2.4 billion four-year National Agreement on Foundational Supports, and
- the Federation Funding Agreement for Murray Darling Basin water-related projects.[68]

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63 Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, pp. 180, 186, 187.

64 Ibid., p. 189.

65 Ibid., p. 188.

66 Ibid., p. 190.

67 Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, pp. 15, 16, 152, 154.

68 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, pp. 3, 26, 27, 40, 107.

FINDING 15: The 2026–27 Budget contains $19.9 billion in grants from the Commonwealth Government attached to a wide range of service delivery areas including health, education, infrastructure, natural disaster relief and recovery, renewable energy and water.

The importance of Commonwealth funding to State revenue through NPAs is discussed in the Silver Review, acknowledging the successful history of these arrangements in assisting the two levels of government to work together effectively. However, the Review notes that an increasing level of funding outside these partnerships has contributed to confusion in the responsibilities of State and Commonwealth governments, undermining service delivery and stymying reform.[69]

The Silver Review nominates the policy areas of health, early childhood education, aged care and energy as historically Commonwealth service delivery areas of responsibility, but where Victoria has expanded its role and investment to meet community needs.[70]

The Review uses the Victorian Government's *Urgent Care Clinics* and the *Free Kinder* program as examples of State-funded programs that receive some Commonwealth funding contribution but now deliver services beyond the Commonwealth-funded parameters:

- *Free Kinder* was introduced in 2021 as a cost-of-living response to the impact of the pandemic, and the current policy extending Free Kinder for 3- and 4-year-olds goes beyond the Commonwealth funding component of the *Preschool Reform Agreement 2022–2025.*[71]
- Urgent Care Clinics (UCCs) were introduced (initially as Priority Primary Care Centres) in 2022 after the pandemic to reduce pressure on hospital emergency departments. Since then, the Commonwealth Government established Medicare Urgent Care Clinics. The Victorian Government funds nine UCCs and the Commonwealth funds 29 Medicare Urgent Care Clinics.[72] The Silver Review recommends that the Victorian Government advocate to the Commonwealth to fully fund Victoria's state-funded UCCs.[73]

The Silver Review also states Victoria has received $9.4 billion less in infrastructure funding over the past 10 years had this been allocated on a per capita basis.[74]

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69 Helen Silver AO, *Independent Review of the Victorian Public Service Final Report*, Melbourne, 2025, p. 50.

70 Ibid.

71 Ibid., pp. 55–56.

72 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, pp. 51, 46; Department of Health, *Urgent Care Clinics*, 20 April 2026, <https://www.health.vic.gov.au/urgent-care-clinics> accessed 28 July 2026; Victorian Government, *Making it easier to get free healthcare*, 2 May 2026, <https://www.budget.vic.gov.au/making-it-easier-get-free-healthcare#urgent-care-clinics> accessed 28 July 2026.

73 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, pp. 46, 51; Department of Health, *Urgent Care Clinics*; Helen Silver AO, *Independent Review of the Victorian Public Service Final Report*, p. 52.

74 Helen Silver AO, *Independent Review of the Victorian Public Service Final Report*, p. 45.

In response, the Government supported seven of the eight Silver Review recommendations related to reviewing and reassessing areas of blurred Commonwealth-state responsibility and joint funding with a view to withdrawing or divesting from these, returning to a more structured delineation of Commonwealth-state responsibilities.[75] However the Government also stated in its response that it will not be cutting funding to frontline services, and thus rejected recommendations made by the Silver review relating to services including kinders, TAFEs, and dental care for children.[76]

FINDING 16: While the Victorian Government supports recommendations made in the *Independent Review of the Victorian Public Service* to review Victorian-funded programs that fall under Commonwealth responsibility, they rejected recommendations relating to frontline services including kinders, TAFEs, and dental care for children.

2.4.2 Victoria's share of Goods and Services Tax

Victoria expects to receive $29.2 billion in GST revenue in 2026–27 that will then grow by an average of 0.5% over the forward estimates.[77] The budget papers state the low growth rate reflects the expected decline in Victoria's share of GST (known as the 'relativity') over the forward estimates, partly due to a reduction in mining royalties Western Australia and Queensland are expected to receive over 2027–28 and 2028–29. When the mining states' royalties decline, they are entitled to greater portions of GST.[78]

There were changes made to the GST distribution system in 2018 known as the 'no worse off guarantee' (NWOG). Those changes are currently being reviewed by the Productivity Commission.[79] Victoria is advocating strongly for the NWOG to be repealed and replaced by the preceding system of horizontal equalisation, which 'worked well to deliver the revenue states needed for essential services' and was 'an independent, rules-based and transparent system, underpinned by clear supporting principles'.[80] Analysis in the budget papers demonstrate that this system has solely benefited Western Australia by $22.4 billion in extra revenue since 2018–19. Victoria has received $4.3 billion out of the $14.6 billion total NWOG payments from 2021–22 to 2024–25, to offset the funding shortfall that would leave them 'worse off'.[81]

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75 Victorian Government, *Government response: Ensuring the public sector is focused on what matters most*, Melbourne, 2025, pp. 15–16.

76 Ibid., pp. 2, 18, 19.

77 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27*, p. 26.

78 Carlos Jimenez, Amanda Gailiss and Arshiya Merchant, 'The fiscal impacts of the new GST system on Victoria', *Victoria's Economic Bulletin*, vol 3, no. 3, 2022, pp. 1, 5; Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances*, Melbourne, 2026, p. 182.

79 Hon Dr Jim Chalmers MP, *Productivity Commission Inquiry into 2018 changes to GST distribution*, media release, 24 September 2025.

80 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27*, p. 183.

81 Ibid., pp. 183, 184.

The Silver Review discusses the introduction of the NWOG as a significant fiscal risk to Victoria, noting that this new standard of equalisation introduced in 2018 guarantees Western Australia a minimum share of GST and erodes the principle of horizontal equalisation.[82]

The Productivity Commission's report is due in August 2026.[83]

FINDING 17: Victoria is advocating for a return to the horizontal equalisation system of GST distribution that was in place before the introduction of the 'no worse off guarantee' system in 2018.

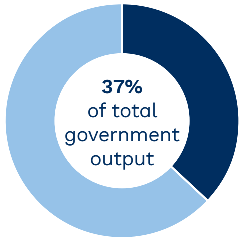
82 Helen Silver AO, *Independent Review of the Victorian Public Service Final Report*, p. 47.

83 Productivity Commission, *GST distribution reforms*, n.d., <https://www.pc.gov.au/inquiries-and-research/gst-reforms> accessed 16 June 2026.

Chapter 3
Department of Health

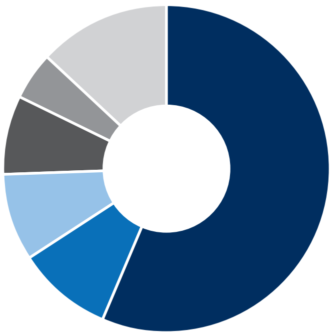
Total output funding

2026–27 Budget	$32.3b
2025–26 revised Budget	$32.1b
2025–26 Budget	$31.2b



Largest budget of all departments

Funding by output, 2026–27



- Admitted Services **$18.3b**
- Mental Health Clinical Care **$3b**
- Non-Admitted Services **$2.9b**
- Emergency Services **$2.5b**
- Ambulance Services **$1.6b**
- Other* **$4.1b**

* Includes 10 outputs with budgets <$1.6b.

Infrastructure program, 2026–27 ($13.7b)

$13.1b | $566.9m

- Existing infrastructure program
- Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$1.6b
More support for Victorian patients

$240.5m
Safe births for every Victorian woman and baby

$284.5m
Opening and operating hospital facilities

$133.3m
Improving care closer to home

48 new output initiatives totalling $3.3b from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$305m
Dandenong Hospital Redevelopment

$65m
Gippsland hospitals upgrade program

$75m
Regional Health Infrastructure Fund 2026–27

$35m
Medical Equipment Replacement Program 2026–27

11 new infrastructure projects

3

3.1 Financial analysis

The Department of Health's (DH) budget for 2026–27 is $32.3 billion, an increase of $218.8 million (0.7%) compared to the 2025–26 revised budget. DH's output appropriations are budgeted as $17 billion for 2026–27, a decrease of $1 billion (5.7%) compared to the 2025–26 revised Budget.[1] The variation is due to:

- an increase in other revenue line items corresponding to an increase in the National Health Reform Agreement funding cap for 2026–27, and
- an increase in special appropriations.[2]

This decrease in output appropriations is reflected in an increase in DH's budgeted Grants revenue; it increased by $982 million (9.6%) compared to the 2025–26 revised Budget due to the increase in the National Health Reform Agreement funding cap.[3]

Under expenses, DH's budgeted employee benefit is $21 billion in 2026–27, an increase of $166 million (0.8%) compared to the 2025–26 revised Budget. This is due to additional funding for policy initiatives, offset in part by lower estimated employee benefits in health portfolio agencies.[4]

DH has 15 outputs in 2026–27. The funding for all except two outputs grew when comparing the 2025–26 and 2026–27 Budgets. Funding for Community Health Care decreased by 3%, while funding for Health Workforce Training and Development remained the same. Notable funding increases include Mental Health Community Support Services (34.9% increase) and Dental Services (9.6% increase). Both increases are due to funding for new policies and increased contributions from the Commonwealth Government.[5]

3.2 Capital spend

DH has a large infrastructure budget, with 57 existing projects and 11 new projects published in the 2026–27 Budget Paper No. 4.[6] The combined total estimated investment (TEI) of those projects is $13.1 billion.[7]

During the hearings, the Ministers for Health and Health Infrastructure spoke about how investment in health infrastructure is leading to increased services. The Minister for Health Infrastructure outlined the investment in Ballarat Base Hospital, which is set to deliver advanced operating theatre suites and procedure rooms and an expanded

1 Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026, p. 61; Department of Health, *Response to the 2026–27 Budget Estimates Questionnaire*, received 14 May 2026, p. 35.

2 Department of Health, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 35.

3 Ibid.

4 Ibid.

5 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 61.

6 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program*, Melbourne, 2026, pp. 54–59.

7 Ibid., p. 28.

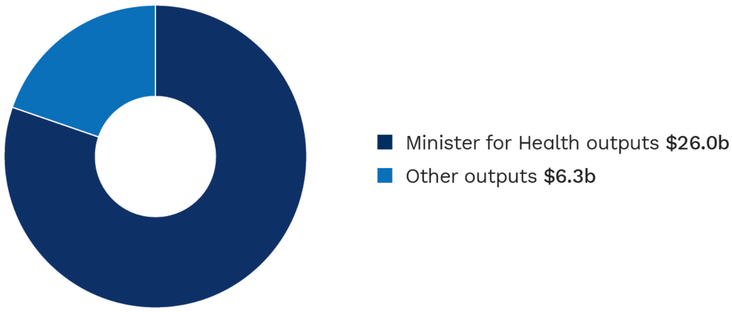
intensive care unit. When those improvements are completed, the Minister told the Committee the hospital would be able to deliver a further 4,000 surgeries per year and treat 18,000 more emergency patients and 14,500 more inpatients each year.[8]

The Minister for Health also spoke about the $284.5 million included in the Budget for the *Opening and operating hospital facilities* initiative.[9] The funding will be provided to open several hospital infrastructure projects, with the Minister adding that such investments have enabled hospitals to operate more effectively and productively, reducing demand on hospitals.[10] The Minister noted that this funding builds on $634.3 million in funding for the same initiative in the 2025–26 Budget, which allowed for the operationalisation of several hospital infrastructure projects, including the addition of 130 beds at Peninsula Hospital.[11] The Minister advised that DH opened 11 new hospitals since 2014.[12]

3.3 Health portfolio: key issues

The Minister for Health is responsible for eight outputs, totalling $26 billion in funding in 2026–27.[13] This represents 80.4% of DH's total output budget for 2026–27.[14]

Figure 3.1 The Minister of Health is responsible for $26 billion in funding, or 80.4% of the Department of Health's output budget in 2026–27



Source: Department of Treasury and Finance, *2026–27 Department Performance Statement,* Melbourne, 2026, p. 61.

3.3.1 Ambulance transfer times and emergency departments

During several previous inquiries, the Committee has explored the interconnected issues of ambulance response and transfer times and wait times in emergency

8 Hon Melissa Horne MP, Minister for Health Infrastructure, 2026–27 Budget Estimates hearing, Health Infrastructure, Melbourne, 21 May 2026, *Transcript of evidence*, p. 14; Department of Treasury and Finance, *Budget Paper No. 4: 2026–27*, p. 55.

9 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery*, Melbourne, 2026, pp. 46, 53.

10 Ibid., p. 53; Hon Harriet Shing MLC, Minister for Health, 2026–27 Budget Estimates hearing, Health, Melbourne, 21 May 2026, *Transcript of evidence*, p. 16.

11 Hon Harriet Shing MLC, Minister for Health, *Transcript of evidence*, p. 16.

12 Ibid.

13 Department of Health, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 90–95; Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 61.

14 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 61.

3

departments in Victorian hospitals.[15] The Government has stated that the interface between Ambulance Victoria and hospitals is critical to driving down ambulance response times, and as such has invested in initiatives aimed at strengthening this interface and improving the efficiency of patient transfers from ambulances into emergency departments.[16]

During the hearings, the Minister for Health told the Committee that demand for emergency departments is continuing to grow in Victoria, while the complexity of patients is also increasing.[17] The Government has previously invested in initiatives aimed at diverting patients away from emergency departments to respond to these changes.[18]

The 2026–27 Budget continues this work. It provides $50.7 million to Ambulance Victoria for a range of initiatives including improving how 000 calls are triaged, reviewed and classified, and funding for the secondary triage process which connects Victorians to appropriate care when they don't need an ambulance response. The Budget also provides $10 million for an existing pilot aiming to improve ambulance transfer times at emergency departments.[19]

The Minister discussed with the Committee the current initiatives that are in place to reduce ambulance wait times, emergency department wait times, and ambulance transfer times. The initiatives are:

- the Victorian Virtual Emergency Department, which has delivered more than 820,000 virtual consultations since 2020 and in early 2026, was taking approximately 1,000 calls per day[20]
- implementing the offload cubicle model in some public hospitals, which establishes new cubicles in hospitals to allow patients arriving by ambulance to emergency departments to move straight into a clinical space for assessment and treatment, aimed at reducing ambulance ramping and delays[21]
- implementing the Standards for Safe and Timely Ambulance and Emergency Care for Victorians, to support practices across Ambulance Victoria and public hospitals to support faster handover of patients arriving via ambulance.[22]

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15 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, pp. 41–42; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, October 2025, p. 40.

16 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, pp. 47–48; Hon Harriet Shing MLC, Minister for Health, *Transcript of evidence*, p. 9.

17 Hon Harriet Shing MLC, Minister for Health, *Transcript of evidence*, pp. 9, 16.

18 Ibid., p. 9; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, p. 41.

19 Hon Harriet Shing MP, *Labor Delivers Better*, *Free Healthcare*, media release, 5 May 2026; Hon Gabrielle Williams MP, *Two Decades of Saving Ambulances for Those Most in Need*, media release, 31 July 2023; Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, pp. 46, 50–51.

20 Hon Harriet Shing MLC, Minister for Health, *Transcript of evidence*, pp. 2, 9.

21 Ibid., p. 9; Northern Health iNews, *New ED cubicles improving access to care for our community*, 25 May 2026, <https://inews.nh.org.au/2026/05/new-ed-cubicles-improving-access-to-care-for-our-community> accessed 4 June 2026.

22 Hon Harriet Shing MLC, Minister for Health, *Transcript of evidence*, p. 9.

The Minister advised the Committee of some of the results of these initiatives, which included reducing presentations to emergency departments by 2.4% when comparing quarter 4 of 2025–26 to quarter 3, and reductions in extended stays and ambulance transfers in several Victorian emergency departments.[23] When comparing the number of emergency department presentations using the latest available data, between quarter 3 2024–25 and quarter 3 of 2025–26, presentations grew by 0.2%.[24]

The Victorian Agency for Health Information (VAHI) publishes quarterly data about emergency care in Victoria, which shows performance related to ambulance patient transfers, patients treated by urgency category, waiting time to treatment and length of stay in emergency departments.[25] Data from quarter 3 2024–25 to quarter 3 2025–26 is available for these emergency care metrics, but shows little change in results over this time period.[26] An outlier is the number of category 5 patients treated at emergency departments, which has reduced from 28,497 in quarter 3 2024–25 to 21,155 (a 25.8% decrease) in the same time period a year later.[27] This may suggest the Government and Department's efforts to divert lower acuity patients from emergency is working.

FINDING 18: Presentations to Victorian public hospital emergency departments have reduced by 2.4% when comparing quarter 4 to quarter 3 of 2025–26. Similarly, the number of category 5 patients treated at emergency departments has reduced by 25.8% between quarter 3 2024–25 and quarter 3 2025–26.

The Committee has previously found that VAHI does not publish long term data on health performance, including emergency care, and recommended VAHI begin doing so, to allow for improved longitudinal analysis of the public healthcare system in Victoria. This recommendation was supported in principle but has not yet been actioned.[28]

DH also has several performance measures that demonstrate demand for emergency care, wait times for emergency care, and ambulance transfer times, measured on a financial year basis.[29] The below figure shows the Department's performance in these areas since 2010–11.

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23 Ibid.

24 Victorian Agency for Health Information, *Patients treated by urgency category: Number of emergency department presentations*, 2026, <https://vahi.vic.gov.au/emergency-care/patients-treated-urgency-category?nid=8580> accessed 28 July 2026.

25 Victorian Agency for Health Information, *Emergency Care*, 2026, <https://vahi.vic.gov.au/reports/victorian-health-services-performance/emergency-care> accessed 4 June 2026.

26 Ibid.

27 Victorian Agency for Health Information, *Patients treated by urgency category*, 2026, <https://vahi.vic.gov.au/emergency-care/patients-treated-urgency-category?nid=8580> accessed 4 June 2026.

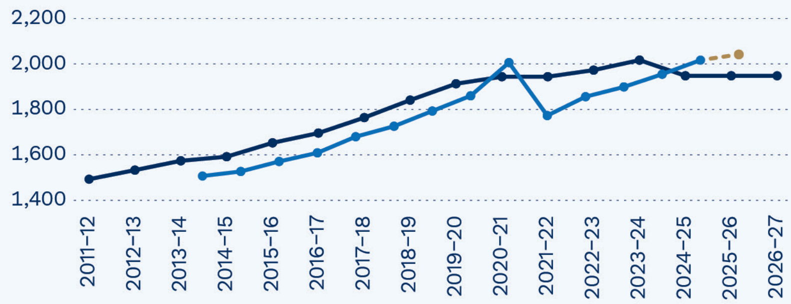
28 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, p. 42.

29 Department of Treasury and Finance, *2026–27 Department Performance Statement.*

Public hospital emergency patients and ambulance transfers

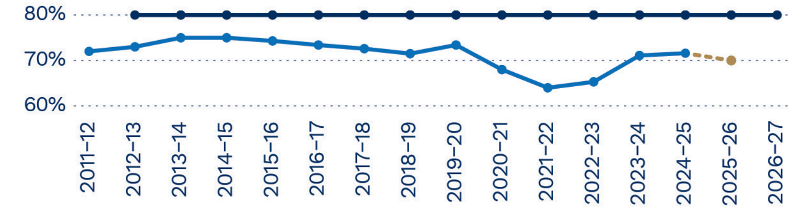
Emergency presentations to Victorian public hospitals are increasing.

Emergency presentations



While the percentage of emergency patients being treated within clinically recommended times is increasing from a low in 2021–22...

Emergency patients treated within clinically recommended 'time to treatment'

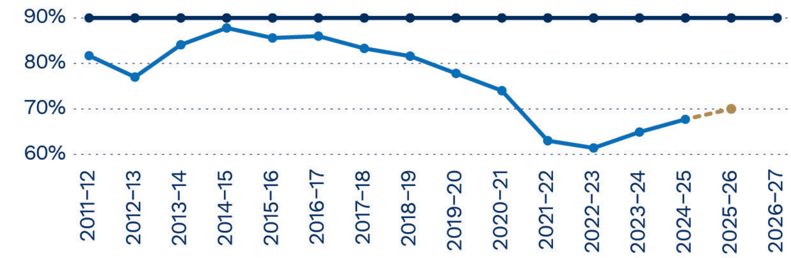


...the percentage of Category 1 patients treated immediately remains at 100%.

Category 1 patients treated immediately

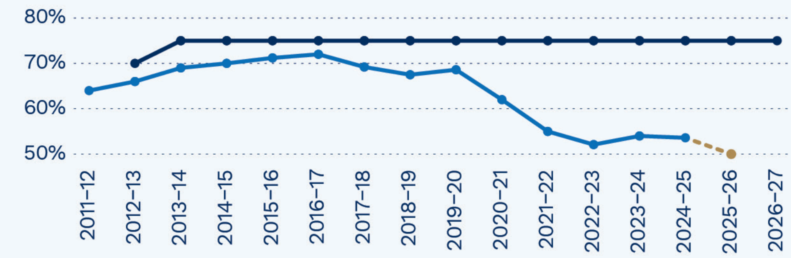
The proportion of ambulance patient transfers within 40 minutes has improved between 2022–23 and 2025–26...

Ambulance patient transfers within 40 minutes



...but emergency patients with a length of stay of less than four hours (a nationally agreed benchmark) is expected to decline to a low of 50% in 2025–26.

Emergency patients with a length of stay of less than four hours



Target Actual Expected

Source: Department of Treasury and Finance, Departmental statements: *Departmental performance measures: Department of Health – output performance measures 2026–27*, 5 May 2026, <https://www.dtf.vic.gov.au/departmental-statements> accessed 4 June 2026; Australian Medical Association, *Public Hospital Report Card 2026 shows there is still a long way to go*, 13 March 2026, <https://www.ama.com.au/articles/public-hospital-report-card-2026-shows-there-still-long-way-go> accessed 4 June 2026.

FINDING 19: Department of Health performance measures show improvements in relation to emergency care, including 'Emergency patients treated within clinically recommended 'time to treatment'' and 'Ambulance patient transfers within 40 minutes'. Results for 'Emergency patients with a length of stay of less than four hours' has continued to decline to an expected low of 50% in 2025–26.

3.3.2 Paediatric surgery and specialist appointments

The 2026–27 Budget includes $109.3 million in funding over four years to improve paediatric surgery and care.[30] The funding will allow for a further 4,000 planned surgeries for children and young people to improve access for paediatric patients, and 45,000 additional specialist appointments.[31] The Minister told the Committee that funding would also be provided for generalised system improvements and reforms to increase efficiency, reduce duplication, and 'ensure that other parts of the system can better talk to each other'.[32] These initiatives include:

- VicKey, which received $33.3 million in funding. VicKey is a digital platform aimed at streamlining processes and improving communication with patients to reduce the administrative work of clinicians so they can see more patients[33]
- Specialist Advice Now, which received $8 million in funding. Specialist Advice Now is a pilot service that allows GPs and patients to access specialist advice without a referral.[34]

In May 2026, one in three children were waiting longer than prescribed timeframes for surgery due to increased demand. Many were also waiting longer for their first specialist appointment due to increased demand.[35] However, the Minister told the Committee that 100% of Category 1 planned surgeries for paediatric patients are currently performed within prescribed timeframes.[36] The Minister added that there were a number of challenges to delivering timely paediatric care and surgery, including the complex nature of presentations for children, presentations changing day to day, and the need for children and young people to be 'prepared' or well enough to have surgery.[37] The Minister told the Committee that although there had been meaningful system-wide improvements in planned surgery access for the adult population, 'under-18s have not experienced the same improvement'.[38]

30 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, pp. 46–47.

31 Hon Harriet Shing MLC, Minister for Health, *Transcript of evidence*, pp. 9–10.

32 Ibid., p. 15.

33 Ibid., pp. 14–15.

34 Premier of Victoria, *Labor's Solution to Help Kids Waiting for Surgery*, media release, 3 May 2026.

35 Ibid.; Department of Health, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 41.

36 Hon Harriet Shing MLC, Minister for Health, *Transcript of evidence*, pp. 9–10.

37 Ibid., p. 14.

38 Ibid.

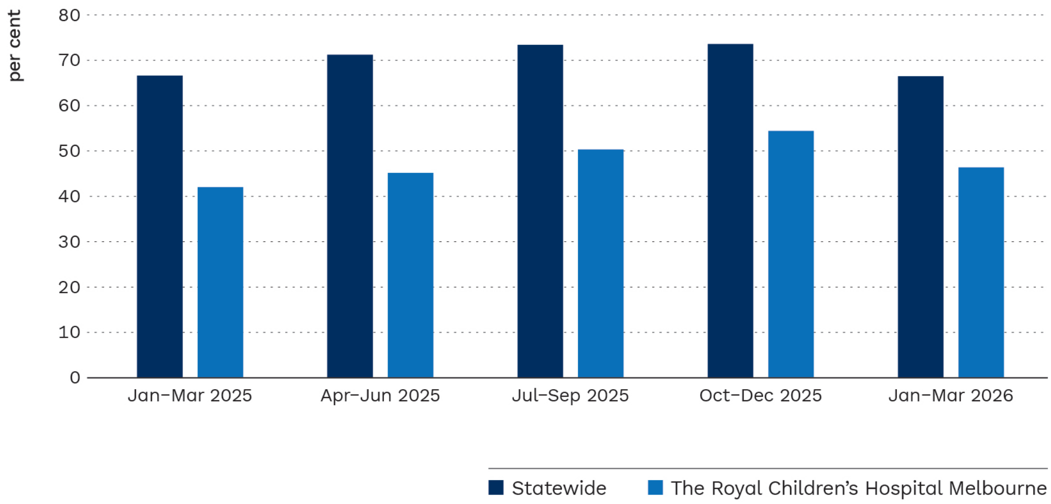
3

FINDING 20: The 2026–27 Budget includes $109.3 million in funding for increased delivery of paediatric surgery and care to address the recent increases in wait times for those types of care.

Data published by VAHI demonstrates these challenges within the Royal Children's Hospital, both relating to elective surgery treatment times and wait times for specialist appointments. Data on specialist appointments shows that in the January to March 2026 quarter, the median wait time for a first specialist appointment at the Royal Children's Hospital was 146 days compared to 58 days for statewide hospitals.[39]

Figures 3.2 and 3.3 below compare the percentage of Category 2 and 3 patients treated within recommended times at the Royal Children's Hospital and statewide.[40]

Figure 3.2 Percentage of Category 2 patients treated within recommended time (90 days)

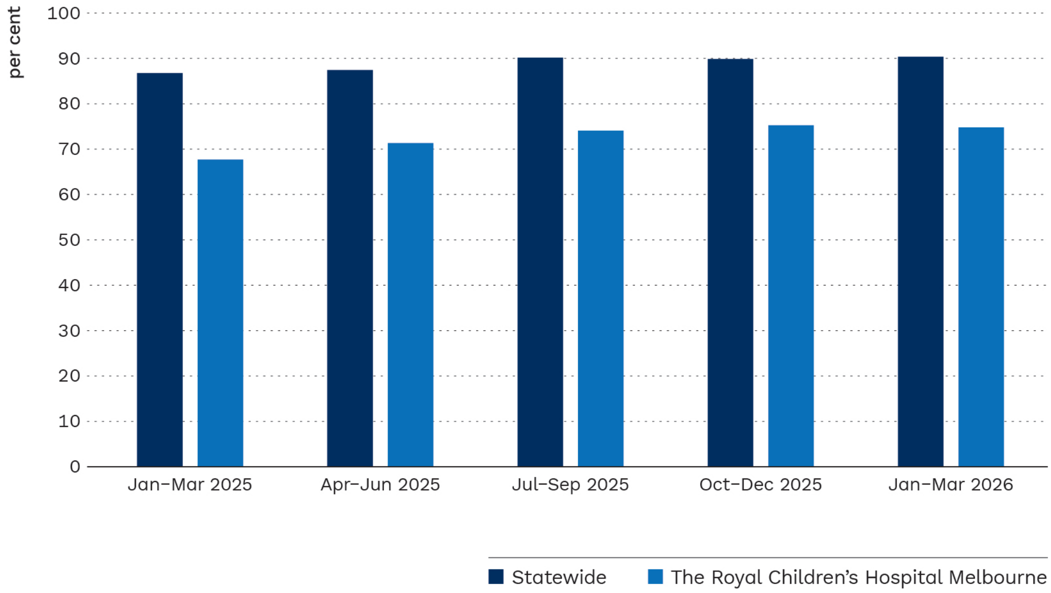


Source: Department of Health, *Patients treated by urgency category (1,2,3),* 2026, <https://vahi.vic.gov.au/planned-surgery/patients-treated-urgency-category-123?nid=8579> accessed 10 June 2026.

39 Department of Health, *Patients treated by urgency category (1,2,3)*, 2026, <https://vahi.vic.gov.au/planned-surgery/patients-treated-urgency-category-123?nid=8579> accessed 10 June 2026.

40 When a patient in Victoria is assessed by a surgeon as requiring planned surgery, they are categorised as urgent (Category 1: treatment recommended within 30 days), semi-urgent (Category 2: treatment recommended within 90 days) or non-urgent (Category 3: treatment recommended within 12 months). They are then placed on a hospital-based wait list. Source: Victorian Agency for Health Information, *Patients treated by urgency category (1,2,3)*, 2026, <https://vahi.vic.gov.au/planned-surgery/patients-treated-urgency-category-123> accessed 15 July 2026.

Figure 3.3 Percentage of Category 3 patients treated within recommended time (365 days)



Source: Department of Health, *Patients treated by urgency category (1,2,3)*, 2026, <https://vahi.vic.gov.au/planned-surgery/patients-treated-urgency-category-123?nid=8579> accessed 10 June 2026.

It is not clear which hospitals will be delivering the additional paediatric surgeries and specialist paediatric appointments funded in the Budget. VAHI also does not break down its data into adult and paediatric categories. Considering the investment to improve outcomes in paediatric surgery and care and the importance of this issue, the Committee recommends DH develop an appropriate mechanism to measure and publish data on paediatric surgery and specialist appointments.

RECOMMENDATION 5: The Department of Health develop an appropriate mechanism to measure the outcomes of paediatric surgery and specialist appointments, including planned surgeries completed in time and wait times for specialist appointments.

3.4 Performance measures

3.4.1 Department-wide: analysis of new performance measures

DH added one new performance measure in the 2026–27 Budget: 'Average number of Victorian Virtual Emergency Department (VVED) calls received per day'.[41] The Committee commends DH for adding a performance measure related to the VVED, a service which has received significant investment and aims to reduce emergency

41 Department of Health, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 117.

department wait times.[42] Considering the importance of the service, the Committee recommends DH develop further quality and timeliness performance measures related to the VVED to further demonstrate its performance.

RECOMMENDATION 6: The Department of Health develop further performance measures related to the Victorian Virtual Emergency Department for inclusion in the next budget.

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

DH identified five performance measures for discontinuation in the 2026–27 Budget.[43] The Committee supports DH's rationale for the discontinuation of all measures. However, the Committee notes there are issues arising from the proposed discontinuation of three of the measures, as outlined in Table 3.1.

Table 3.1 Issues with proposed discontinuation of three performance measures in 2026–27

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Public Health (Quality)	Enquiries related to food regulation are responded to within 5 business days	The Department of Health (DH) discontinued these measures and transferred them to the Department of Energy, Environment and Climate Action (DEECA) after the creation of Safe Food Victoria. Safe Food Victoria is the new, independent food safety regulator in Victoria, that amalgamated several food safety regulators. Safe Food Victoria reports to the Minister of Agriculture. While the Committee supports DH's reasoning for the discontinuation of these measures, it notes that DEECA has not included these measures as part of its performance statement for 2026–27, nor does it have any performance measures related to food safety regulation under its Agriculture output. This results in a large gap in performance reporting for a significant area of departmental activity. The Committee recommends DEECA add relevant performance measures in the next budget.
(Timeliness)	Comments on proposals and applications to amend the ANZ Food Standards Code are provided within timeframes specified by Food Standards Australia New Zealand (FSANZ)	
(Timeliness)	Percentage of high-risk food recalls acted upon within 24 hours in circumstances where activity in Victoria was required within 24 hours	

Source: Department of Treasury and Finance, *2026–27 Department Performance Statement,* Melbourne, 2026, p. 181; Agriculture Victoria, *Safe Food Victoria,* 7 May 2026, <https://agriculture.vic.gov.au/biosecurity/food-safety/safe-food-victoria> accessed 4 June 2026; Parliament of Victoria, *Bill to consolidate food regulators debated,* 24 March 2026, <https://www.parliament.vic.gov.au/news/health/food-safety> accessed 4 June 2026.

FINDING 21: After the creation of Safe Food Victoria, the Department of Energy, Environment and Climate Action has no performance measures relating to food safety regulation in the 2026–27 Budget.

42 Ibid.; La Trobe University, *An Emergency Department Like No Other*, 27 May 2026, <https://www.latrobe.edu.au/industry-and-community/la-trobe-industry/case-studies/an-emergency-department-like-no-other> accessed 4 June 2026.

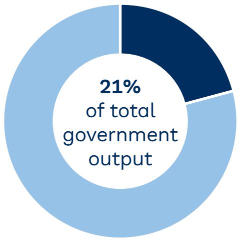
43 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 181.

RECOMMENDATION 7: The Department of Energy, Environment and Climate Action include performance measures related to Safe Food Victoria and food safety regulation in the next budget.

Chapter 4
Department of Education

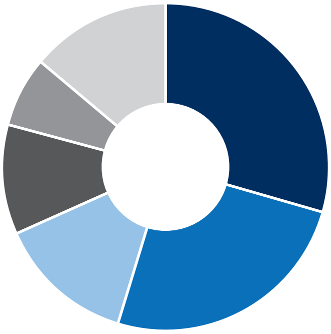
Total output funding

2026–27 Budget	$18.6b
2025–26 revised Budget	$18.1b
2025–26 Budget	$17.8b



2nd largest budget of all departments

Funding by output, 2026–27



- School Education – Primary **$5.5b**
- School Education – Secondary **$4.8b**
- Additional Supports for Students with Disabilities **$2.5b**
- Supports for Schools and Staff **$2b**
- Kindergarten Delivery **$1.3b**
- Other* **$2.5b**

* Includes 3 outputs with budgets <$1.3b.

Infrastructure program, 2026–27 ($8.2b)

$6.9b	$1.4b

- Existing infrastructure program
- Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$2.1b
Disability inclusion in schools

$522.8m
Essential maintenance and compliance

$391.8m
School enrolment-based funding

$221.3m
Rebuilding the Victorian Curriculum Assessment Authority (VCAA)

32 new output initiatives totalling $4.1b from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$391.8m
New schools construction

$305.2m
Best Start, Best Life Infrastructure

$294.8m
School upgrades

$173.7m
Modular Classrooms Program

12 new infrastructure projects

4

4.1 Financial analysis

The Department of Education's (DE) output appropriations are budgeted as $18.2 billion for 2026–27, an increase of $618 million (3.5%) compared to the 2025–26 revised Budget. The variation is due to:

- ongoing investment in *Disability Inclusion in schools* to meet program growth
- expansion of the *Best Start, Best Life* reform and early childhood infrastructure investment
- the *Essential maintenance and compliance* initiative
- school enrolment growth, and
- indexation to support wage increases for Victorian Public Service, school and early childhood workforces.[1]

Under expenses, DE's spending on Grants and other transfers is budgeted as $1.9 billion for 2026–27, an increase of $184 million (10.9%) compared to the 2025–26 revised Budget. The variation is due to increased investment in early childhood infrastructure and rephases to align funding with anticipated delivery milestones.[2] Other contributing factors include increased grants to non-government schools driven by enrolment growth and funding to be provided to the Department of Transport and Planning for the *School Crossing Supervisor Program*.[3]

4.2 Capital spend

The 2026–27 Budget continues significant investment in education in Victoria with $1 billion being allocated for new schools and additional stages and upgrades to existing schools.[4] In the first half of 2026 DE and the Victorian School Building Authority opened 19 new schools.[5]

The budget papers outline investment in the various education sectors. For early childhood infrastructure, $305 million is allocated to deliver infrastructure to increase capacity for early learning, such as building early learning centres across Victoria.[6] For TAFE, notable capital investments include a $25 million contribution to two TAFE centres and $10 million to undertake accessibility works across TAFEs and provide equipment for hydrogen and battery electric vehicle training at Wodonga TAFE.[7]

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1 Department of Education, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, p. 42.

2 Ibid.

3 Ibid.

4 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program,* Melbourne, 2026, p. 10.

5 Hon Ben Carroll MP, Minister for Education, 2026–27 Budget Estimates hearing, Education, Melbourne, 19 May 2026, *Transcript of evidence*, p. 12.

6 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27,* p. 10.

7 Ibid.

The largest total estimated investment on new projects in the 2026–27 Budget was $391.8 million for construction of new schools across Victoria, of which $178.1 million is to be utilised in 2026–27. This includes construction on schools set to open in 2028 and 2029, construction of additional stages of new schools, and planning and early works on new schools.[8]

DTF noted in Budget Paper No. 4 that of DE's 96 existing projects, 39 have a revised timeline and will not be completed by their initial estimated completion dates.[9] The reason given for most of the changed timelines was a revised project schedule. Several projects had changed land acquisition timelines.[10]

4.3 Education portfolio: key issues

The Minister for Education is responsible for six outputs: School Education – Primary (funding in 2026–27: $5.5 billion), School Education – Secondary (funding in 2026–27: $4.8 billion), Wellbeing Supports for Students (funding in 2026–27: $432.7 million), Supports for Schools and Staff (funding in 2026–27: $2 billion), Promoting Equal Access to Education (funding in 2026–27: $1.1 billion) and Additional Supports for Students with Disabilities (funding in 2026–27: $2.5 billion).[11]

4.3.1 Cybersecurity for government schools

DE lists 'strong and secure systems' in a connected and digital world as one of the core strategic issues influencing the development of its budget for 2026–27.[12] During the hearings, the Minister for Education explained this further, telling the Committee that cybersecurity incidents were becoming an increasingly serious operational issue for schools, which places students and families of students at risk of harm.[13]

In its questionnaire response, DE reported that it had experienced seven cyber-attacks or data breaches in 2025–26, which ranged in severity and impact and included staff potentially disclosing student information to an AI agent, ransomware attacks on third-party providers and software weaknesses that were exploited to create unauthorised users.[14] The most impactful event in the financial year took place in January 2026, during which a DE database with current and past student information was accessed by an external third-party.[15] The affected information included student names, email addresses, school names and year levels of students.[16] The Office of

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8 Ibid., p. 35.

9 Ibid., pp. 37–44.

10 Ibid.

11 Department of Education, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 86–93; Department of Treasury and Finance, *Department Performance Statement 2026–27*, Melbourne, 2026, p. 3.

12 Department of Education, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 37.

13 Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 3.

14 Department of Education, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 159–161.

15 Ibid., p. 159.

16 Department of Families, Fairness and Housing, *Cyber incident at Victorian Government Schools,* 16 January 2026, <https://fac.dffh.vic.gov.au/news/cyber-incident-victorian-government-schools> accessed 15 June 2026.

the Victorian Information Commissioner is currently investigating this cyberattack, inquiring into how the incident occurred and whether DE upheld its obligations under the *Privacy and Data Protection Act 2014* (Vic).[17]

FINDING 22: During 2025–26, the Department of Education experienced seven cyber-attacks or data breaches. A cyber-attack in January 2026 resulted in the release of some student information across government schools.

During the hearings, the Committee and Minister discussed the cyber-attack of January 2026 including DE's response and DE's overall work to strengthen cybersecurity in government schools.[18] The Minister told the Committee that the 2026–27 Budget includes $30.4 million to secure school IT systems, which builds on $9 million invested in the previous budget.[19] The $30.4 million investment in the *Securing School IT* initiative will migrate schools operating their own technology platforms to central technology platforms operated by DE to reduce cybersecurity risks.[20] The Minister added that the Department was running a number of initiatives to protect schools, including awareness programs for school staff and business managers, simulations across schools and procuring monitoring services to detect and respond to threats.[21] The Secretary told the Committee that while cybersecurity was a constant challenge, DE had invested $250 million over the last five years to strengthen cybersecurity in schools.[22]

4.3.2 Education investment

The 2026–27 Budget includes $4 billion in new output initiatives for DE over the forward estimates.[23] An additional $1.4 billion is included in the Budget for new asset initiatives.[24] During the hearings, the Committee and the Minister for Education discussed long-term investment in government schooling in Victoria.[25] The Minister told the Committee that over the past 12 years, the Government had funded 126 new schools and 2,400 upgrades.[26] Further, the Government's per student expenditure on government schools had grown more than 30% since 2014.[27]

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17 Office of the Victorian Information Commissioner, *OVIC commences investigation into cyber incident at the Department of Education,* 22 January 2026, <https://ovic.vic.gov.au/newsitem/ovic-commences-investigation-into-cyber-incident-at-the-department-of-education> accessed 15 June 2026.

18 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Education, Melbourne, 19 May 2026, *Transcript of evidence*, pp. 16, 17, 18.

19 Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 16.

20 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery,* Melbourne, 2026, pp. 13, 19.

21 Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 16.

22 Tony Bates, Secretary, Department of Education, 2026–27 Budget Estimates hearing, Education, Melbourne, 19 May 2026, *Transcript of evidence*, p. 18.

23 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27,* p. 13.

24 Ibid., p. 21.

25 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Education, Melbourne, 19 May 2026, *Transcript of evidence*, pp. 2, 7.

26 Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 2.

27 Ibid., p. 7.

The Minister and Committee discussed data from the Productivity Commission showing state and territory government expenditure each financial year.[28] While discussing this data, the Minister pointed to the outcomes of funding on educational achievement, noting that in 2024 and 2025 Victoria achieved the best overall NAPLAN results of Australian states and territories.[29] In the 2025 NAPLAN results, Victoria also had the most students who were 'strong' or 'exceeding' (70%) and the fewest needing additional support (7.3%).[30]

The Productivity Commission data also shows that between 2014–15 and 2023–24 the Victorian Government has grown its expenditure per student in government schools by 31.2%.[31] Victoria was ranked last of all states and territories for spending per government school student in 2023–24.[32] The Productivity Commission notes that this data is provided as an efficiency measure and that high or increasing expenditure may reflect deteriorating efficiency, changes in aspects of schooling, or the characteristics of the education environment.[33] It also notes that a low or decreasing government recurrent expenditure per full-time student may represent better or improved efficiency.[34]

4.4 Performance measures

4.4.1 Department-wide: analysis of new performance measures

DE added six new performance measures in the 2026–27 Budget, three of which replaced discontinued measures.[35] The Committee found no issues with the new performance measures.

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

DE identified four performance measures for discontinuation in the 2026–27 Budget.[36]

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28 Public Accounts and Estimates Committee, *Transcript of evidence*, pp. 2, 7; Productivity Commission, *Report on Government Services 2026–Figure 4.6: Real recurrent expenditure per FTE student,* 2026, <https://www.pc.gov.au/ongoing/report-on-government-services/child-care-education-and-training/school-education> accessed 23 June 2026.

29 Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, pp. 2, 7.

30 Hon Ben Carroll MP, Minister for Education*, 2026–27 Budget Estimates hearings presentation: Education*, supplementary evidence received 19 May 2026, p. 2.

31 Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 7; Productivity Commission, *Report on Government Services 2026–Figure 4.6.*

32 Productivity Commission, *4A—School education—Data tables contents: Table 4A.32, Real Australian, state and territory government recurrent expenditure per FTE student, 2023–24 dollars,* 2026, <https://www.pc.gov.au/ongoing/report-on-government-services/child-care-education-and-training/school-education> accessed 2 July 2026.

33 Productivity Commission, *Report on Government Services 2026–7: Recurrent expenditure per student,* 2026, <https://www.pc.gov.au/ongoing/report-on-government-services/child-care-education-and-training/school-education> accessed 23 June 2026.

34 Ibid.

35 Department of Education, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 101–103, 116–118.

36 Ibid., pp. 116–118.

The Committee supports DE's rationale for the discontinuation of three measures. Table 4.1 summarises the issues that the Committee identified with the proposed discontinuation of the remaining performance measure.

Table 4.1 Issues with proposed discontinuation of one performance measure in 2026–27

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Supports for Schools and Staff (Quality)	Regulated Independent schools that rate the Victorian Registration and Qualifications Authority (VRQA) effective or highly effective in performing its regulatory function	The Department of Education (DE) proposes to discontinue this measure due to 'low participation in the annual survey', noting that in 2026–27 VRQA will review and develop its client and stakeholder research, and will look to developing a new performance measure. The Committee supports this and encourages DE and VRQA to find an appropriate mechanism to measure and report on client and stakeholder satisfaction with the work of VRQA. Additionally, with the discontinuation of this measure it appears there now are no budget paper performance measures related to VRQA. DE and VRQA should find appropriate measures to report on performance above and beyond stakeholder satisfaction.

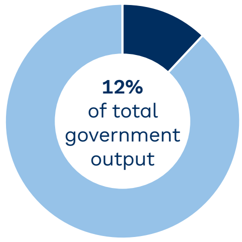
Source: Department of Treasury and Finance, *Department Performance Statement,* Melbourne, 2026, p. 177; Department of Education, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, pp. 117–118.

RECOMMENDATION 8: The Department of Education address the issues identified with discontinuation of the following performance measure in the 2026–27 Budget: 'Regulated Independent schools that rate the Victorian Registration and Qualifications Authority (VRQA) effective or highly effective in performing its regulatory function'.

Chapter 5
Department of Justice and Community Safety

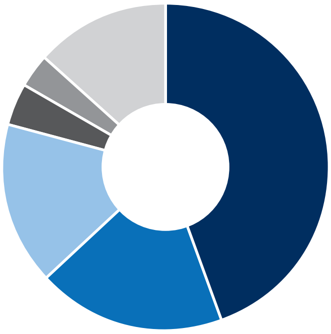
Total output funding

2026–27 Budget	$10.5b
2025–26 revised Budget	$10.7b
2025–26 Budget	$10.2b



3rd largest budget of all departments

Funding by output, 2026–27



- Policing and Community Safety **$4.7b**
- Emergency Management Capability **$2b**
- Prisoner Supervision and Support **$1.7b**
- Public Prosecutions and Legal Assistance **$444.5m**
- Fines and Road Safety Enforcement **$333.7m**
- Other* **$1.4b**

* Includes 10 outputs with budgets <$333.7m.

Infrastructure program, 2026–27 ($2.4b)

$2b | $389.7m

- Existing infrastructure program
- Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$304.9m
Delivering serious consequences and keeping the community safe

$48.7m
Increasing PSO capacity and funding for Operation Pulse

$62m
Freeing up frontline police through use of police reservists

$42.1m
Supporting a safe and effective corrections system

39 new output initiatives totalling $782.3m from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$100m
Delivering new Country Fire Authority fleet

$42m
Delivering serious consequences and keeping the community safe

$67.5m
Upgrading Victoria's Triple Zero telephony

$27m
Upgrading Fire Rescue Victoria's human resources information system

21 new infrastructure projects

5.1 Financial analysis

The Department of Justice and Community Safety's (DJCS) output appropriations are budgeted as $10.2 billion for 2026–27, a decrease of $165.1 million (1.6%) from the 2025–26 revised Budget.[1] The variation is due to:

- fixed term funding provided in 2025–26 including the *Supporting a safe and effective Youth Justice system* initiative
- the *Community Safety Package*, and
- funding to support the Emergency Service Organisations.[2]

Under expenses, DJCS's spending on Grants and other transfers is budgeted as $2.1 billion in 2026–27, a decrease of $149.3 million (6.7%) compared to the 2025–26 revised Budget. The variation is due to fixed term funding supplementation in 2025–26 to support the Emergency Service Organisations including Fire Rescue Victoria.[3]

Six of DJCS's outputs had a funding variation of 10% or more compared to the 2025–26 Budget. There was notably increased funding for the outputs related to youth offending and youth justice. The Community Crime Prevention output had a 27% increase in funding, in part due to increased funding for the *Youth Crime Prevention Package*. The Youth Justice Community Based Services output and Youth Justice Custodial Services outputs had funding increases of 19.4% and 13.5% respectively.[4] One output had a funding decrease of over 10%; funding for the Advocacy, Human Rights and Victim Support output decreased by 27% compared to the 2025–26 Budget.[5]

5.2 Attorney General portfolio: key issues

The Attorney General is responsible for five outputs: Fines and Road Safety Enforcement (funding in 2026–27: $333.7 million), Public Prosecutions and Legal Assistance (funding in 2026–27: $444.5 million), Forensic Justice Services (funding in 2026–27: $70.4 million), Justice Policy, Services and Law Reform (funding in 2026–27: $254.1 million), and Advocacy, Human Rights and Victim Support (funding in 2026–27: $143.2 million).[6]

1 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, p. 43.

2 Ibid.

3 Ibid., p. 45.

4 Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026, p. 97.

5 Ibid.

6 Ibid.; Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 102–106.

5.2.1 Increased demand on the justice system following community safety reforms

The Government's community safety reforms—including the *Bail Amendment Act 2025* (Vic) and the 'Adult Time for Violent Crime' policy *(Justice Legislation Amendment (Community Safety) Act 2025* (Vic))—were enacted to respond to increasing crime rates in Victoria.[7] Key changes included removing the requirement for remand as a last resort for youth offenders. Certain offences were also given harsher bail requirements.[8] Further bail reform to restrict the granting of bail passed Parliament in August 2025 and came into effect on 31 March 2026.[9] In addition, children committing violent crimes such as home invasions, aggravated carjackings, and machete crime will now face adult sentencing in adult courts. This means that a custodial sentence is more likely, and sentences can be considerably longer.[10]

An outcome of the reforms has been increased demand on the justice system.[11] To respond to the sudden increase in demand, multiple output initiatives are being co-ordinated across various portfolios, most notably the *Community Safety Package* that received $759.2 million in the 2025–26 Budget and a further $525 million in the 2026–27 Budget.[12]

DJCS's total output funding for 2026–27 is $10.5 billion.[13] Despite the new initiatives and funding packages to manage the increasing demand on the justice system, there has been a negligible change in total output funding for DJCS compared to prior budgets ($10.6 billion in the 2024–25 revised Budget and $10.7 billion in the 2025–26 revised Budget).[14] Furthermore, no complete costing has been released of the combined additional costs across the justice system of responding to the increased demand.

Increased demand on Victoria's courts and community legal centres

Since the bail amendments came into effect, the court system in Victoria has seen a significant increase in demand.[15] For the year ending March 2026, the Magistrates' Court had 43,908 bail applications, a 42.5% increase compared to the previous year.[16]

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7 Premier of Victoria, *Tough Bail Laws To Keep Victorians Safe*, media release, 12 March 2025; Premier of Victoria, *Crime Is Down, Youth Offending Is Down*, media release, 18 June 2026.

8 Premier of Victoria, *Tough Bail Laws To Keep Victorians Safe*.

9 Premier of Victoria, *Even Tougher Bail Test To Keep Victorians Safe*, media release, 29 July 2025; Premier of Victoria, *Victoria's Tough Bail Laws In Full Effect*, media release, 30 March 2026; *Bail Further Amendment Bill 2025* (Vic).

10 Premier of Victoria, *Adult Time For Violent Crime Is Now Law*, media release, 4 December 2025.

11 Hon Sonya Kilkenny MP, Attorney General, 2026–27 Budget Estimates hearing, Attorney General, Melbourne, 22 May 2026, *Transcript of evidence*, p. 2; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Financial and Performance Outcomes*, March 2026, pp. 87–90; Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 52–53.

12 Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 70; Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery*, Melbourne, 2026, p. 5.

13 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 97.

14 Ibid.; Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 99.

15 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 52–53.

16 Crime Statistics Agency, *Bail decision statistics: Magistrates' Court*, 18 June 2026, <https://www.crimestatistics.vic.gov.au/bail-decision-statistics> accessed 24 June 2026.

Similarly, bail applications to a bail justice increased by 9.6% in the same period, the County Court by 1.6%, and the Supreme Court by 25.9%. Only the Children's Court had a decrease in total number of bail applications of 5.9%.[17]

During the hearings, the Committee asked the Attorney General about the impact of the new community safety reforms on Community Legal Centres.[18] Legal services in Victoria have reported an increase in demand for their services since the passage of the *Bail Amendment Act 2025* (Vic).[19] In 2024–25, Victoria Legal Aid (VLA) delivered over 490,000 services to people in Victoria, including services to individuals held on remand or applying for bail.[20]

The number of bail applications and people held on remand has continued to increase since 2025.[21] This increase in demand for legal aid services was further reflected in the *2026–27 Department Performance Statement* where the expected number of duty lawyer services provided by VLA in 2025–26 is 96,500, an increase compared to the original target of 91,000. The reason cited by DJCS is current system demand drivers including tougher bail laws and the Adult Time for Violent Crime policy.[22]

To meet this new demand on legal aid services, the Attorney General outlined funding increases for VLA and the Victorian Aboriginal Legal Service (VALS) to provide legal support and assistance to those accused of crimes and ensure bail applicants and those being sentenced under Adult Time for Violent Crime are legally represented.[23] New funding for output initiatives under the Public Prosecutions and Legal Assistance output aimed at meeting demand include $10.1 million for *Enhancing legal assistance for Victorians* and $10.5 million for *Supporting bail reform implementation in the justice system,* which provides funding for the Office of Public Prosecutions and VLA.[24] VLA also received $4.5 million through the budget to manage increased demand following the community safety reforms.[25]

FINDING 23: The Victorian Government's community safety reforms are increasing demand on community legal centres and Victorian Legal Aid. To help meet the demand, the 2026–27 Budget allocates $10.1 million to *Enhancing legal assistance for Victorians* and $10.5 million to *Supporting bail reform implementation in the justice system*.

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17 Crime Statistics Agency, *Bail decision statistics*, 18 June 2026, <https://www.crimestatistics.vic.gov.au/bail-decision-statistics> accessed 24 June 2026.

18 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Attorney General, Melbourne, 22 May 2026, *Transcript of evidence*, p. 17.

19 Victoria Legal Aid, *Funding boost for critical Victoria Legal Aid services*, 6 May 2026, <https://www.legalaid.vic.gov.au/funding-boost-critical-victoria-legal-aid-services> accessed 26 June 2026; Victoria Legal Aid, *The impact on our clients of changes in bail laws*, 1 August 2025, <https://www.legalaid.vic.gov.au/impact-our-clients-changes-bail-laws> accessed 26 June 2026; Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 52–53.

20 Victoria Legal Aid, *Annual Report 2024–25*, Melbourne, 2025, p. 2.

21 Crime Statistics Agency, *Bail decision statistics.*

22 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 109.

23 Hon Sonya Kilkenny MP, Attorney General, *Transcript of evidence*, p. 17.

24 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, p. 77.

25 Ibid., pp. 72, 77–78; Victoria Legal Aid, *Funding boost for critical Victoria Legal Aid services*; Hon Sonya Kilkenny MP, Attorney General, *Transcript of evidence*, p. 14.

The Public Prosecutions and Legal Assistance output has a total budget of $444.5 million in 2026–27, higher than both the 2025–26 target ($363.9 million) and the 2025–26 revised target ($434 million).[26] This increase is due to:

- additional Commonwealth legal assistance funding under the National Access to Justice Partnership
- additional State funding following recent justice system changes, including tougher bail laws and Adult Time for Violent Crime
- funding in the 2026–27 Budget, including for the *Enhancing legal assistance for Victorians* initiative.[27]

Despite this funding increase and various performance measures exceeding their original 2025-26 targets due to higher than anticipated demand, all non-cost performance targets remain unchanged from 2025–26 to 2026–27 for the output.[28]

5.3 Youth Justice portfolio: key issue

The Minister for Youth Justice is responsible for two outputs: Youth Justice Community Based Services (funding in 2026–27: $106.3 million) and Youth Justice Custodial Services (funding in 2026–27: $311.1 million).[29]

5.3.1 Growth in the youth justice population

Victoria's bail amendments are increasing demand on the youth justice system. As a result of the new bail laws, the number of young people in detention in Victoria on an average night is increasing. There was an average of 84 young people in detention in the June 2024 quarter. A year later, the number had grown to 148 (76.2% increase).[30] By 18 May 2026, the number of young people in detention was over 200.[31] A large number of the young people are being held on remand because amendments to the bail laws mean Victoria's courts are refusing a greater number of bail applications.[32] As a result, in the year to March 2026 there were 685 receptions of unsentenced individuals into youth justice facilities, an increase of 19.3% compared to the previous year.[33]

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26 Department of Treasury and Finance, *2026–27 Department Performance Statement*, pp. 109–110.

27 Ibid.

28 Ibid.

29 Ibid., p. 97; Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 117–118.

30 Australian Institute of Health and Welfare, 'Figure 4.1: Victoria', *Youth detention population in Australia 2025*, 10 December 2025, <https://www.aihw.gov.au/reports/youth-justice/youth-detention-population-in-australia-2025/contents/state-and-territory-trends> accessed 26 June 2026.

31 Hon Paul Hamer MP, Minister for Youth Justice, 2026–27 Budget Estimates hearing, Youth Justice, Melbourne, 22 May 2026, *Transcript of evidence*, p. 7.

32 Ibid., p. 5; Crime Statistics Agency, 'Table 01 Unsentenced Receptions Total People', *Bail decision statistics*, 18 June 2026, <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Ffiles.crimestatistics.vic.gov.au%2F2026-06%2FYouth_Justice_Data_Tables_Bail_Visualisation_Year_Ending_March_2026_0.xlsx&wdOrigin=BROWSELINK> accessed 29 June 2026.

33 Crime Statistics Agency, 'Table 01 Unsentenced Receptions Total People', *Bail decision statistics.*

DJCS listed 'Increasing Youth Justice system capacity to meet increased demand on the system resulting from community safety reforms' as a priority strategic issue influencing its estimates for the 2026–27 financial year. In addition to current growth in the youth justice population, DJCS is expecting a further increase in demand over the year ahead.[34] Along with increasing numbers of young people held on remand as the Adult Time for Violent Crime sentencing laws come into effect, more young people will be given custodial sentences and for longer periods.

FINDING 24: Between the June 2024 and June 2025 quarters the number of young people held in detention facilities in Victoria rose by 76.2%, and further increases are expected over 2026–27.

During the hearings, the Committee asked about how DJCS planned to meet growing demands on the youth justice custodial system.[35] Along with the expansion of the Cherry Creek and Parkville facilities outlined in the 2026–27 Budget, DJCS has committed to recommissioning 75 rooms at the reopened Malmsbury Youth Justice Precinct, including recruiting over 200 staff.[36] The Malmsbury precinct, operational since 1965, was originally shut down in 2023 due to its aging facilities and replaced by the Cherry Creek facility.[37] The precinct is expected to re-open in April 2026 with an initial capacity of 30 rooms.[38] Once completed it will bring the total youth justice custodial capacity to 331 rooms.[39]

For 2026–27, DJCS has a target of 80–85% utilisation rate of total centre capacity for males over 15 and 60–80% for males under 15 and females. If achieved, this will exceed the departmental target of between 175 and 225 young people as an annual daily average in custody (53% and 68% of the new maximum capacity respectively).[40] DJCS attributes the population increase to males over 15, whereas the numbers of females of all ages and males under 15 is expected to remain consistent.[41]

FINDING 25: If the Department of Justice and Community Safety achieves its target of 80% or higher utilisation of Youth Justice centre capacity, the total number of young people in custody will exceed the Department's 2026–27 performance target for the daily number of young people in custody.

34 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 35.

35 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Youth Justice, Melbourne, 22 May 2026, *Transcript of evidence*, pp. 8–9.

36 Hon Paul Hamer MP, Minister for Youth Justice, *Transcript of evidence*, pp. 7, 9; Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 35.

37 Premier of Victoria, *New Era For Victoria's New Youth Justice System*, media release, 13 June 2023.

38 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 35.

39 Ibid.

40 The Department of Justice and Community Safety have the following target ranges for annual daily average number of young people in custody in 2026–27: males (15 years plus) – 160–200 persons, males (under 15 years) and female – 15–25 persons. Source: Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 108.

41 Ibid.

RECOMMENDATION 9: The Department of Justice and Community Safety publish its forecasting for Youth Justice populations for 2026–27 and future years on its website.

RECOMMENDATION 10: The Department of Justice and Community Safety revise its performances measures for Youth Justice custodial supervision for the 2027–28 Budget following the recent increase in total capacity.

Recidivism in youth justice

The total number of young people in detention is not necessarily a reliable indicator of community safety. In Victoria, 56.6% of young people released from sentenced supervision in 2022–23 returned to supervision within 12 months.[42] DJCS does not have a performance measure that tracks recidivism rates for young people in the same way that it does for adults in the corrections system.

DJCS's own analysis reports that children who come into contact with the justice system at an early age are more likely to go on to offend again.[43] Disproportionate interventions increase the risk that a young person will become entrenched in the justice system. Instead, DJCS's *Youth Justice Strategic Plan 2020–30* suggests that intervention should focus on keeping young people in the community and closer to school, family, culture and recreation, where rehabilitation can be more effective. Custody should be an option of last resort only. For those reasons, a key action of the *Youth Justice Strategic Plan 2020–30* was reducing remand numbers.[44]

FINDING 26: The Department of Justice and Community Safety's *Youth Justice Strategic Plan 2020–2030* reports that early contact with the Youth Justice system and disproportionate intervention can increase rates of reoffending in the long term, and instead seeks to reduce the numbers of young people held on remand.

RECOMMENDATION 11: The Department of Justice and Community Safety introduce a performance measure that tracks Youth Justice recidivism rates for inclusion in the next Budget to help assess the success of rehabilitation programs.

42 The most recent data available: Productivity Commission, 'Youth justice services – data tables contents: Table 17A.26: Proportion of young people released from sentenced supervision, aged 10–16 years at time of release, who returned to sentenced supervision within 12 months, by state or territory of index sentence', *Report on Government Services 2026*, 29 January 2026, <https://assets.pc.gov.au/2026-01/rogs-2026-partf-section17-youth-justice-data-tables.xlsx?VersionId=a16us9GTQoMFTntwcnsf5.RV3aL4eTMY> accessed 26 June 2026.

43 Department of Justice and Community Safety, *Youth Justice Strategic Plan 2020–2030*, Melbourne, May 2020, pp. 11, 25.

44 Ibid., pp. 11, 13, 16, 19, 25.

Diversion and early intervention

In addition to stronger sentencing, DJCS has initiatives that are aimed at preventing young offenders from entering the justice system, diverting them early when they do, and working to rehabilitate young offenders once they are in the system.[45] The Committee asked the Minister for Youth Justice how Victoria's youth justice facilities are being used to support the rehabilitation and reintegration of young people to reduce the risk of recidivism or re-offending in the long term, and especially for those on remand.[46]

The Minister explained how Victoria's youth justice custodial facilities are designed specifically around rehabilitation and tailored to young people's cultural and educational needs. The *Youth Justice Act 2024* (Vic) enables early access to offence-specific rehabilitation and treatment programs for young people on remand.[47] Given the increasing number of young people being held on remand in custodial facilities, it is likely that the number of young people eligible for rehabilitation services in Victoria will increase.[48] The 2026–27 target for young people in the youth justice system who are participating in community reintegration activities is set at 80%.[49] While this target is the same as 2025–26, the increase in young people in custody will mean the number of participants will be higher. DJCS does not have additional performance measures that measure rehabilitation programs or services within youth justice facilities.

RECOMMENDATION 12: The Department of Justice and Community Safety include additional performance measures related to youth justice custodial rehabilitation programs and/or services for inclusion in the next budget.

5.4 Corrections portfolio: key issue

The Minister for Corrections is responsible for two outputs: Community Based Offender Supervision (funding in 2026–27: $274.4 million) and Prisoner Supervision and Support (funding in 2026–27: $1.7 billion).[50]

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45 Department of Justice and Community Safety, *Youth Justice*, 2026, <https://www.justice.vic.gov.au/justice-system/youth-justice> accessed 15 July 2026; Department of Treasury and Finance, *2026–27 Department Performance Statement*, pp. 100, 107–108.

46 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Youth Justice, Melbourne, 22 May 2026, *Transcript of evidence*, p. 8.

47 Hon Paul Hamer MP, Minister for Youth Justice, *Transcript of evidence*, pp. 8–9.

48 Ibid.; Department of Justice and Community Safety, *Annual Report 2024–25*, Melbourne, 2025, pp. 4, 40.

49 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 108.

50 Ibid., p. 97; Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 115–116.

5.4.1 Growth in number of individuals in custody

Following Victoria's bail amendments, Victoria's adult prison population is increasing, including the number of individuals on remand. In the Magistrates' Court, bail application refusals increased 63.8% to March 2025 when compared to the previous year. Bail revocations also increased by 48.5%. Similarly, under a Bail Justice, granted applications dropped by 26.3% while refusals increased by 13.6%.[51] Between 2025 and 2026, the number of unsentenced people in full-time custody in May increased by 15.1%.[52] As a result, the total number of people in full-time custody in Victoria has increased; the total number of prisoners held at April 2026 was 7,442, representing a 19.2% increase since the introduction of the new bail reforms.[53]

This current prison population is at the upper end of the 2026–27 annual daily average target of 7,790 (male and female combined). This target is higher than the 2025–26 maximum target of 7,262. The anticipated increase in prison population between 2025–2026 and 2026–27 is entirely due to an expected increase in the male prison population. There is no change in the target for female prisoners.[54]

To manage the increased demand on prisons, 1,808 new prison beds have been opened since June 2025 with more planned for the latter half of 2026.[55] Given that utilisation capacity targets are set at 85–90%, the additional beds will likely accommodate the current changes in prisoner numbers.[56] Given the current prison population is already sitting at the higher end of the target set for 2026–27, DJCS will need to closely monitor capacity rates and the adequacy of safety measures moving forward.

FINDING 27: The number of adults in Victorian prisons has increased due to the community safety reforms enacted by the Government in 2025–26. The number of prisoners held at April 2026 was approximately 7,442, a 19% increase since the introduction of the Government's bail reforms.

FINDING 28: 1,808 new prison beds have been opened since June 2025 with more planned for the latter half of 2026. Given that the Department of Justice and Community Safety's utilisation capacity targets are set at 85–90%, the additional beds will likely accommodate the current changes in prisoner numbers.

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51 Crime Statistics Agency, *Bail decision statistics*, 18 June 2026, <https://www.crimestatistics.vic.gov.au/bail-decision-statistics> accessed 26 June 2026.

52 Corrections Victoria, *Monthly time series prison and community corrections data-May 2026: Table 1, People in prison*, May 2026, <https://www.corrections.vic.gov.au/about-the-corrections-system/statistics-and-research/monthly-time-series-prison-and-community> accessed 10 July 2026.

53 Ibid.

54 The Department of Justice and Community Safety have the following targets for annual daily average number of prisoners in 2026–27: Female – 314–517 persons, male – 6,418–7,273 persons. Source: Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 106.

55 Hon Paul Hamer MP, Minister for Corrections, 2026–27 Budget Estimates hearing, Corrections, Melbourne, 22 May 2026, *Transcript of evidence*, p. 1.

56 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 106.

DJCS' top strategic issue for 2026–27 was 'Continuing critical programs in the corrections system', with a focus on a range of programs to assist rehabilitation and reintegration.[57] During the hearings, the Minister described how lower rates of recidivism are often the result of prisoner participation in various programs and services available to them during and after their sentence.[58] The rate of recidivism in Victoria, or the rate of return to prison within two years, was 36.2% in 2024–25, significantly lower than the national rate of 44.5%.[59]

The Committee asked about new measures in the Budget aimed at rehabilitating individuals serving custodial sentences, including those being held on remand.[60] A new initiative for the Prisoner Supervision and Support output allocates $42.1 million for *Supporting a safe and effective corrections system*. This initiative includes $16 million to keep the Maribyrnong Community Residential Facility (MCRF) open.[61] The MCRF provides short-term transitional accommodation for men leaving prison. Corrections Victoria states that men leaving the MCRF are up to 30% less likely to re-offend.[62] Funding is also provided for rehabilitation and reintegration support services for remandees, people on short sentences and prisoners with a disability, including $2.5 million to continue the Adapt, Take Stock, Look Ahead Suite (ATLAS) rehabilitation program for remandees.[63] In the first six months of delivery in 2018, ATLAS had over 3,500 participants.[64] As the number of individuals held in correctional facilities and particularly those on remand increases as a consequence of the bail reforms, the demand for and cost of support services specifically designed for remandees will to continue to increase.[65]

The Committee's *Report on the 2024–25 Financial and Performance Outcomes* highlighted the consequences of increased costs associated with the growing prison population.[66] During this Inquiry, the Committee again asked about the average

57 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 34.

58 Hon Paul Hamer MP, Minister for Corrections, *Transcript of evidence*, pp. 7–8.

59 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 107; Productivity Commission, *Report on Government Services 2026*, *Justice: CA.4 Adults released from prison who returned to prison or to corrective services with a new correctional sanction within two years (a)*, 2026, <https://assets.pc.gov.au/2026-01/rogs-2026-partc-sector-overview-justice-data-tables_0.xlsx?VersionId=BEofDoHSXTpf7xPtOMIAUIzdi7NRpdUE> accessed 14 July 2026.

60 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Corrections, Melbourne, 22 May 2026, *Transcript of evidence*, pp. 4, 5.

61 Hon Paul Hamer MP, Minister for Corrections, *Transcript of evidence*, pp. 4, 5; Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery*, Melbourne, 2026, p. 72.

62 Corrections Victoria, *Maribyrnong Community Residential Facility celebrates 5 years of changing lives*, 2025, <https://www.corrections.vic.gov.au/about-the-corrections-system/stories-and-statements/maribyrnong-community-residential-facility> accessed 26 June 2026.

63 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, pp. 72, 76; Hon Paul Hamer MP, Minister for Corrections, *Transcript of evidence*, p. 5; Corrections Victoria, *Commissioner's Requirement 3.1.1: Transitional support and preparation for release*, June 2025, <https://www.corrections.vic.gov.au/commissioners-requirements/section-3/311-transitional-support-and-preparation-for-release> accessed 13 July 2026.

64 Relationships Australia Victoria, *Specialised rehabilitation and reintegration programs for Victorian correctional cohorts: ATLAS*, 2025, <https://learning.relationshipsvictoria.org.au/courses/rehabilitation-and-reintegration-programs#ATLAS> accessed 26 June 2026.

65 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 74.

66 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Financial and Performance Outcomes*, March 2026, p. 90.

cost per prisoner per day, and was informed it was $484 for 2024–25.[67] The total funding for the Prisoner Supervision and Support output has remained consistent since 2024–25 and has not increased in line with inflation, despite the growing prison population and increased demand for rehabilitation services. The total funding for 2026–27 is $1.7 billion, which is a 4% increase compared to the 2025–26 Budget but is a 4.1% decrease from the 2025–26 revised Budget.[68] The 2026–27 Budget is the same as the revised budget for 2024–25 of $1.7 billion.[69]

FINDING 29: Funding for the Prisoner Supervision and Support output has remained stable for three years despite a substantial increase in the prisoner population during 2025–26.

5.5 Community Safety portfolio: key issue

The Minister for Community Safety is responsible for one output, Community Crime Prevention (funding in 2026–27: $19.9 million).[70]

5.5.1 Preventing youth crime and reducing recidivism

The number of alleged youth offenders (net and per 100,000 population) increased between 2022 and 2025, then decreased slightly at the start of 2026.[71] During the hearings, the Committee asked the Minister for Community Safety about new funding in the Budget under the *Youth Crime Prevention package*.[72] There is $8.1 million in the Budget for the continuation of the package over two years.[73] This includes funding for the continuation of the Youth Crime Prevention Program (YCPP) (formerly the Youth Crime Prevention Grants program) as well as to continue supporting WEstjustice to deliver the Youth Crime Prevention and Early Intervention Program with Victoria Police.[74]

The YCPP aims to reduce offending behaviour by young people aged 10 to 24 who are at risk of being involved in or who have had previous contact with the criminal justice system. The program is delivered across both regional and metropolitan Victoria and is focused on specific areas with higher rates of youth offending. There are currently

67 Hon Paul Hamer MP, Minister for Corrections, *Transcript of evidence*, p. 10.

68 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 97.

69 Ibid., p. 99.

70 Ibid., p. 97; Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 109.

71 Crime Statistics Agency, *Table 07: Alleged offender incidents and rate per 100,000 population of youth offenders by sex and age - April 2016 to March 2026*, 18 June 2026, <https://files.crimestatistics.vic.gov.au/2026-06/Data_Tables_Alleged_Offender_Incidents_Visualisation_Year_Ending_March_2026_0.xlsx> accessed 26 June 2026.

72 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Community Safety, Melbourne, 21 May 2026, *Transcript of evidence*, pp. 5–6.

73 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, pp. 5, 8.

74 Ibid., p. 8; Hon Anthony Carbines MP, Minister for Community Safety, 2026–27 Budget Estimates hearing, Community Safety, Melbourne, 21 May 2026, *Transcript of evidence*, p. 6; Community Crime Prevention, *Youth Crime Prevention Program*, 2026, <https://www.crimeprevention.vic.gov.au/grants-and-programs/youth-crime-prevention-program#about-the-program> accessed 15 July 2026.

14 funded communities across Victoria.[75] DJCS regularly tracks the progress and milestones of the program, measuring and collating both qualitative and quantitative data. The program is currently exceeding all performance targets for program participation and completion.[76]

The Budget allocates $5.1 million in 2026–27 for the continuation of the YCPP.[77] It is expected that 330 young people will be supported by the YCPP in 2025–26, with another 330 supported in 2026–27. This is lower than the 511 who were supported in 2024–25.[78]

A 2022 YCPP evaluation demonstrated that young people involved in the program had a 29% lower chance of offending with a 24% reduction in severity of offending.[79] There were also reductions of between 23% and 58% in the total volume of the most common offences including theft, breaking and entering, and assault respectively.[80] However, the report noted several key challenges, including short-term funding cycles. Short term funding can negatively impact staff retainment as well as the number of referrals projects are able to take.[81] More than two thirds of current program providers reported an unmet demand, with some providers having waitlists and needing to triage young people to manage increased demand.[82] The report recommended that options for longer-term resourcing should be considered to achieve longer-term outcomes.[83] Although the Government has invested over $45 million in the YCPP since 2016, it does not currently allocate any further funding beyond 2027–28.[84]

FINDING 30: The Youth Crime Prevention Program continues to operate within its budget and meet its performance targets.

5.6 Performance measures

5.6.1 Department-wide: analysis of new performance measures

DJCS added 15 new performance measures in the 2026–27 Budget.[85]

75 Community Crime Prevention, *Youth crime prevention program.*

76 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 71.

77 Hon Anthony Carbines MP, Minister for Community Safety, *Transcript of evidence*, p. 1.

78 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 100.

79 Department of Justice and Community Safety, *Community Crime Prevention*, *Youth Crime Prevention Program*, 2026, <https://www.crimeprevention.vic.gov.au/grants-and-programs/youth-crime-prevention-program> accessed 15 July 2026.

80 Department of Justice and Community Safety, *Youth Crime Prevention Grants Evaluation Report – Executive Summary*, Melbourne, 2022, pp. 8–9.

81 Ibid., p. 10.

82 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 70.

83 Department of Justice and Community Safety, *Youth Crime Prevention Grants Evaluation Report – Executive Summary*, p. 11.

84 Community Crime Prevention, *Youth crime prevention program*, 14 May 2026, <https://www.crimeprevention.vic.gov.au/grants-and-programs/youth-crime-prevention-program> accessed 26 June 2026; Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, p. 5.

85 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 131–138.

While the Committee identified no issues with the new performance measures, it notes that nine of the new measures capture the new Triple Zero Victoria (TZV) performance standards under the Emergency Management Capabilities output.[86] The standards are set by the Emergency Management Commissioner in line with the provisions of the *Triple Zero Victoria Act 2023* (Vic).[87]

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

DJCS identified five performance measures for discontinuation in the 2026–27 Budget.[88] The Committee supports DJCS's rationale for the discontinuation of all measures. All discontinued measures are replaced with new performance measures. The three measures relating to TZV are replaced and/or disaggregated to align with the new performance standards set by the Emergency Management Commissioner.[89]

Three measures under the Public Sector and Local Government Integrity, Privacy and Information Protection output have been replaced with measures that will 'more accurately and comprehensively represent the service delivery performance of OVIC [Office of the Victorian Information Commissioner]'.[90]

86 Ibid.

87 Ibid.; *Triple Zero Victoria Act 2023* (Vic) s 79.

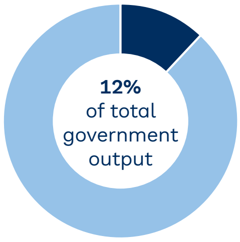
88 Department of Justice and Community Safety, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 155–159.

89 Ibid., pp. 155–156.

90 Ibid., pp. 156–158.

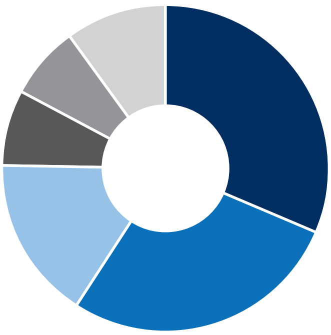
Chapter 6
Department of Transport and Planning

Total output funding



4th largest budget of all departments

Funding by output, 2026–27



- Train Services **$3.3b**
- Road Operations **$2.9b**
- Bus Services **$1.7b**
- Tram Services **$784.7m**
- Road Asset Management **$756m**
- Other* **$1b**

* Includes 8 outputs with budgets <$756m.

Infrastructure program, 2026–27 ($29.2b)

- Existing infrastructure program
- Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$758.6m
Light passenger vehicle registration rebate

$432.5m
Free and half price public transport for Victorians

$351.7m
Road maintenance

$136.9m
Regional rail sustainability

26 new output initiatives totalling $2.2b from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$673.6m
More new trains

$180.8m
Regional rail sustainability

$133.4m
Road maintenance

$124.5m
Victorian Renewable Energy Terminal

14 new infrastructure projects

6.1 Financial analysis

The Department of Transport and Planning's (DTP) output appropriations are budgeted as $6.8 billion for 2026–27, a decrease of $398 million (6%) compared to the 2025–26 revised Budget.[1] The variation is due to:

- the timing of funds released from central contingencies
- transfer of capital to output funding, and
- additional funding in 2025–26 for free public transport.[2]

Under expenses, DTP's budgeted employee benefit is $702 million for 2026–27, a decrease of $145 million (17%) compared to the 2025–26 revised Budget. That is due to the release of operating funding from central contingencies for the Suburban Rail Loop and the Level Crossing Removal program.[3]

6.2 Capital spend

6.2.1 Department of Transport and Planning

Budget Paper No. 4 lists nine new and 60 existing projects for DTP with a combined total estimated investment (TEI) of $29.2 billion. Of DTP's existing projects, 23 had TEI changes compared to the 2025–26 Budget, including one project previously listed as 'tbc'.[4] The project with the largest absolute change and second largest relative change in TEI was the *Werribee Main Road Interchange Upgrade*, which reduced by $59.9 million (24%) 'due to an updated project business case'.[5]

Of DTP's 58 existing projects, 32 had completion date changes. The largest delay was for the *Twenty-five more level crossing renewals* project, with the completion date pushed back by two years compared to the 2025–26 Budget. The Department's questionnaire response indicates that the revised completion date was 'to align Highett Road and Wickham Road, Highett and Latrobe Street, Mentone level crossing removals with the Suburban Rail Loop delivery schedule to realise construction efficiencies and minimise disruption for Frankston line passengers'.[6]

6.2.2 VicTrack

Many of the Government's major transport projects are budgeted for under VicTrack. VicTrack has seven new and 35 existing capital projects with a combined TEI of $53.6 billion.[7] Of the 35 existing VicTrack projects, 14 had TEI changes. The largest

1 Department of Transport and Planning, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2026, p. 39.

2 Ibid.

3 Ibid., p. 40.

4 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program*, Melbourne, 2026, pp. 72–77.

5 Ibid., p. 77.

6 Department of Transport and Planning, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 140–141.

7 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27*, pp. 151–154.

variance was for *Preparing the network for Next Generation Trams*, which increased by $98 million. This was attributed to the incorporation of 'funding previously published separately for the Preparing the network for Next Generation Trams initiative announced in the 2025–26 Budget'.[8]

The *Albion station upgrade (Albion)*, *Melbourne Airport Rail (metropolitan various)*, *Suburban Rail Loop East – Main Works (metropolitan various)* and *Sunshine Station Masterplan (Sunshine)* projects all have a TEI listed as 'tbc'.[9] For the Albion station upgrade (Albion) and *Sunshine Station Masterplan (Sunshine)*, the budget papers state that these details will be made available pending procurement processes. For *Melbourne Airport Rail (metropolitan various)*, the budget papers state '[t]he TEI, future estimated cash flows, and the estimated completion date for the project will be disclosed once project details are finalised'.[10] For *Suburban Rail Loop East – Main Works (metropolitan various)*, the budget papers indicate that the Government expects the TEI to be between $30 billion and $34.5 billion, but it 'will be disclosed following the procurement of the remaining works packages'.[11] Progress on *Suburban Rail Loop East – Main Works (metropolitan various)* (known as SRL East), including the contracts awarded to date, is discussed further in Section 6.4.1.

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The completion date has changed for 13 of VicTrack's 35 existing projects, including two that had previously been listed as 'tbc'.[12] The largest changes were:

- *Rolling stock maintenance and disposal programs*, which was delayed by 2.5 years from quarter 1 2025–26 to quarter 3 2027–28. The budget papers attribute this to 'a temporary project pause' during the transition into a new tram franchise agreement
- *Metro Tunnel Readiness*, which was delayed by two years from quarter 2 2025–26 to quarter 2 2027–28. The budget papers state that this is due to 'complex electrical works for the North Melbourne electrical intake substation project'.[13]

6.2.3 Regional rail investment

In the hearings, the Minister highlighted the Government's investment in regional rail infrastructure, including several recently completed projects:

> We have also completed our Regional Rail Revival programs, with the delivery of the Gippsland and Shepparton line upgrades, which have enabled more frequent and reliable services for Victorians across our state. Finalisation works to upgrade Warrnambool stabling to house VLocity trains were also completed earlier this month. The Regional Rail Revival program has delivered 20 new and upgraded stations, hundreds of kilometres of track and signalling improvements, new and extended stabling facilities, and safety upgrades at more than 150 level crossings.[14]

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8 Ibid., p. 153.

9 Ibid., pp. 152–154.

10 Ibid., p. 152.

11 Ibid., p. 154.

12 Ibid., pp. 152–154.

13 Ibid., pp. 152, 154.

14 Hon Gabrielle Williams MP, Minister for Transport Infrastructure, 2026–27 Budget Estimates hearing, Transport Infrastructure, Melbourne, 18 May 2026, *Transcript of evidence*, p. 2.

The 2026–27 Budget provides further funding for regional rail, including the *Regional rail sustainability* initiative. This includes $114.2 million in output funding and $139.5 million in asset funding for operating and maintenance costs.[15]

Melton line upgrades and future electrification

The Budget also includes $76.4 million in asset initiative funding for *Next steps for future Melton Line electrification*.[16] DTP noted in its questionnaire response: 'Planning for the future electrification is driven by the critical need to transition the corridor from a regional service to a high-capacity metropolitan network capable of supporting the west's population growth'.[17] During the hearings, the Minister advised that the Melton station upgrades currently in progress will include 'longer platforms to accommodate longer trains' and be 'futureproofed' for Melton line electrification to 'serve that community for generations to come'.[18]

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The TEI for the Melton Line Upgrade has reduced by $40.4 million due to reprioritisation of funds to the new *Next Steps for future Melton Line electrification* initiative.[19] The *Melbourne Airport Rail Stage 1* project is also intended to 'enable the future electrification of the Melton Line'.[20]

6.3 Public and Active Transport portfolio: key issue

The Minister for Public and Active Transport is responsible for five outputs and their sub-outputs: Bus Services (funding in 2026–27: $1.7 billion), Train Services (funding in 2026–27: $3.3 billion), Tram Services (funding in 2026–27: $784.7 million), Regulation of Commercial Passenger Vehicle Services (funding in 2026–27: $116.8 million), Transport Safety and Security[21] (funding in 2026–27: $26.8 million) and the sub-output Road Operations – Road Network Performance (funding in 2026–27: $2.1 billion).[22]

6.3.1 Improving the accessibility of tram services

Overall progress

Providing accessible tram infrastructure, including trams and stops, enables people with accessibility needs, such as people with disabilities, elderly people, and people with children in trams to easily utilise the public transport network. It is also required

15 Department of Transport and Planning, *Response to the 2026–27 Budget Estimates questionnaire*, p. 63.

16 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery*, Melbourne, 2026, pp. 90, 94.

17 Department of Transport and Planning, *Response to the 2026–27 Budget Estimates questionnaire*, p. 66.

18 Hon Gabrielle Williams MP, Minister for Transport Infrastructure, *Transcript of evidence*, p. 20.

19 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27*, p. 152.

20 Department of Transport and Planning, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 284.

21 Multiple ministers share responsibility for the Transport Safety and Security output. Source: Ibid., p. 168.

22 Department of Transport and Planning, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 163–168; Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026, pp. 129, 135.

by the *Disability Standards for Accessible Public Transport 2002* (Commonwealth) (DSAPT), which include accessibility requirements and timelines for meeting them. The DSAPT required tram stops to be compliant by 2022 and requires rolling stock (trams) to be compliant by 2032.[23]

The 2026–27 Budget includes $70.3 million in funding over three years for *Critical priorities for Melbourne's tram network*. Among other things, this funding helps prepare for the deployment of accessible low-floor Next Generation Trams and 'development and delivery of priority accessible tram stops'.[24]

The Department aims to upgrade 12 tram stops to meet accessibility standards in 2026–27. This follows the completion of four stop upgrades in 2025–26, two more than originally planned in the 2025–26 Budget.[25] The 2026–27 target is higher than any target since 2019–20 (Figure 6.1).[26]

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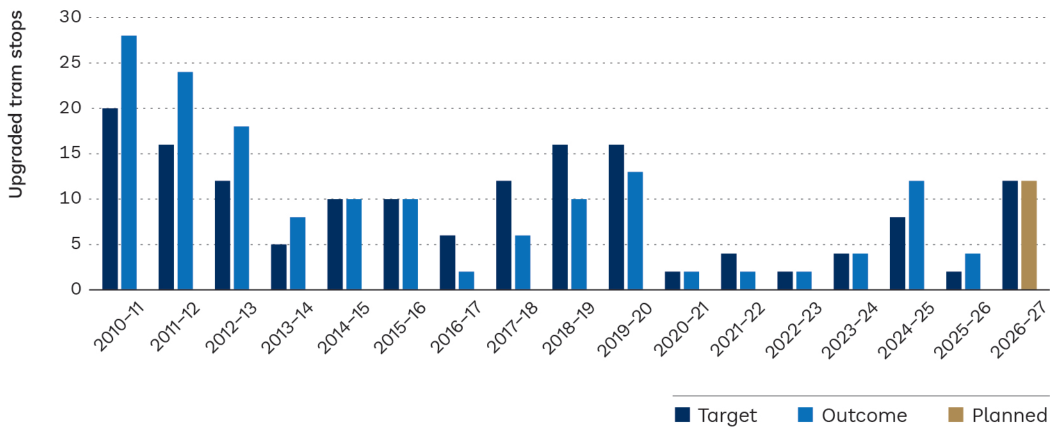
Figure 6.1 The Department of Transport and Planning aims to upgrade 12 tram stops in 2026–27



Source: Department of Treasury and Finance, *Departmental statements*, 5 May 2026, <https://www.dtf.vic.gov.au/departmental-statements> accessed 5 June 2026.

The Department has upgraded a total of 155 tram stops since 2010–11 (Figure 6.2).

23 *Disability Standards for Accessible Public Transport 2002* (Commonwealth), s.33.2.

24 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, pp. 90, 93.

25 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 138.

26 Department of Treasury and Finance, *Departmental statements*, 5 May 2026, <https://www.dtf.vic.gov.au/departmental-statements> accessed 5 June 2026.

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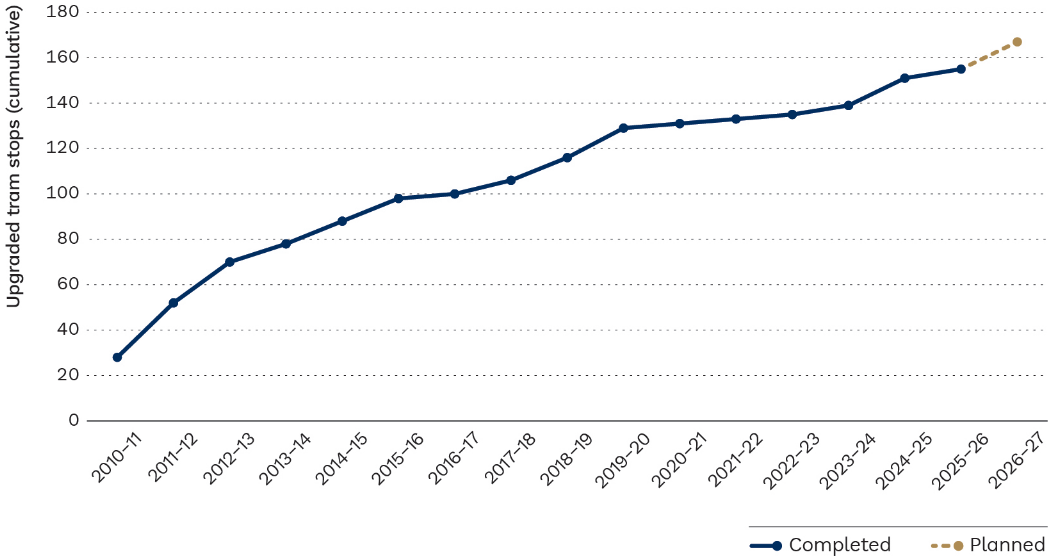
Figure 6.2 The Department of Transport and Planning has upgraded 155 tram stops since 2010–11



Source: Department of Treasury and Finance, *Departmental statements*, 5 May 2026, <https://www.dtf.vic.gov.au/departmental-statements> accessed 5 June 2026.

In addition to upgrading tram stops to meet accessibility standards, DTP is also delivering new low-floor accessible trams. DTP introduced a new performance measure—'Number of new trams added to the network'—in the 2025–26 Budget.[27] In 2025–26, the Department added one new tram against a target of five. In 2026–27, it plans to deliver 25 new trams.[28] In the hearings, the Secretary advised that there were '200 fully low-floor accessible trams now on the network' and 'another 100 on the way with the G-class tram'.[29] The Minister also advised that the Department is 'making changes to the route 57, 59 and 82 tram corridors in particular to be able to accommodate that new [G-class tram] fleet'.[30]

While the Department's reporting on the number of upgrades each year is useful information, it is not the best measure of output performance because it does not reflect the context of overall network accessibility. Additional reporting on the proportion of stops and tram services on the network that meet accessibility requirements would provide more context to understand performance and would improve transparency and accountability.

The Department does not currently report publicly on the proportion of overall tram stops or tram services that are accessible and its *Accessibility Action Plan 2025–2029* does not provide targets or timeframes for upgrading them.[31]

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27 Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 141.

28 Ibid., p. 138.

29 Jeroen Weimar, Secretary, Department of Transport and Planning, 2026–27 Budget Estimates hearings, Public and Active Transport, 18 May 2026, *Transcript of evidence*, p. 16.

30 Hon Gabrielle Williams, Minister for Public and Active Transport, 2026–27 Budget Estimates hearings, Public and Active Transport, 18 May 2026, *Transcript of evidence*, p. 15.

31 Department of Transport and Planning, *Accessibility Action Plan 2025–2029*, Melbourne, 2025, pp. 17, 20.

Yarra Trams data shows that there are 1,600 stops on Melbourne's tram network and over 450 (28.1%) of them are accessible.[32]

FINDING 31: Under Commonwealth legislation, the Victorian Government is required to ensure Melbourne's 1,600 tram stops meet accessibility standards. The 2026–27 Budget includes funding for 12 accessible tram stop upgrades. Since 2010–11, the Government has upgraded 155 stops to make them accessible.

RECOMMENDATION 13: The Department of Transport and Planning add a new performance measure in the next Budget for the proportion of total tram stops that are accessible level access stops.

RECOMMENDATION 14: The Department of Transport and Planning report on its website the proportion of accessible stops and tram services broken down by tram route, updating that information at least annually.

RECOMMENDATION 15: The Department of Transport and Planning publish a timeline for achieving a tram network that meets the accessibility requirements in Commonwealth legislation. This should include separate timeframes for tram stop upgrades and rolling stock upgrades.

Since the 2019–20 Budget, DTP has had a performance measure for 'Number of tram routes upgraded'. This performance measure replaced the former measure 'Public transport network improvement: minor projects completed – tram' and was designed to include 'route extensions, upgrades, realignments, span of hours changes and accessibility improvements'.[33] Since achieving targets for two upgrades in both 2019–20 and 2020–21, and one upgrade in 2021–22, the target for this measure has remained at zero.[34] It is not clear why there has been no activity captured by this measure since 2021–22.

RECOMMENDATION 16: The Department of Transport and Planning discontinue the measure 'Number of tram routes upgraded' for the 2027–28 Budget and replace it with measures that more clearly capture the performance of activities undertaken under the Tram Services output to improve the tram network and provision of services.

32 Yarra Trams, *Melbourne's Tram Fleet*, 2026, <https://yarratrams.com.au/melbournes-tram-fleet> accessed 15 June 2026.

33 Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, p. 335.

34 Department of Treasury and Finance, *Departmental statements*.

6.4 Suburban Rail Loop portfolio: key issue

The Minister for the Suburban Rail Loop is responsible for one output: Transport Infrastructure (funding in 2026–27: $75 million).[35]

6.4.1 Suburban Rail Loop East progress and funding

The Government has commenced work on the SRL East project, which is intended to be the first stage of an orbital train line connecting Melbourne suburbs. The Minister advised that the Government expects tunnelling to commence in 2026.[36] Budget Paper No. 4 lists $13 billion in construction contracts that the Government has awarded so far 'to a range of local and international construction companies' (Table 6.1).[37] Budget Paper No. 4 further notes that two station contract packages are being procured and are expected to be finalised in 2026 and 2027.[38]

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Table 6.1 Suburban Rail Loop East contracts awarded

Contract	Contractor	Value
Initial and early works	Laing O'Rourke Australia Construction Pty Ltd	$967 million (excl. GST)
Power works	United Energy Group Pty Limited	$33 million (excl. GST)
Tunnelling between Cheltenham and Glen Waverley	Suburban Connect (a global consortium of CPB Contractors, Ghella and Acciona Construction)	$3.6 billion (excl. GST)
Tunnelling between Glen Waverley and Box Hill	Terra Verde, a global consortium comprising WeBuild S.p.A, GS Engineering and Construction Australia, and Bouygues Construction Australia	$1.7 billion (excl. GST)
The Linewide package including tunnel fit-out, signalling, operational systems, trains, system integration and operational readiness activities	John Holland Pty Ltd, TransitLinX Pty Ltd, Alstom Transport Australia Pty Ltd, Kellogg Brown & Root Pty Ltd and WSP Australia Pty Ltd	$6.7 billion (excl. GST)
The Franchise contract (operations and maintenance of the SRL East)	TransitLinX Pty Ltd, a joint venture between RATP Dev and John Holland	$1.7 billion (net present value, excl. GST)[a]

a. Payments to be made over the Franchise term (2035 to 2050) and subject to a performance regime and indexation adjustments.

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program*, Melbourne, 2026, pp. 15–16.

35 Responsibility for the Transport Infrastructure output is shared with the Minister for Transport Infrastructure. Source: Department of Transport and Planning, *Response to the 2026–27 Budget Estimates questionnaire*, pp. 162, 168; Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 145.

36 Hon Nick Staikos MP, Minister for the Suburban Rail Loop, 2026–27 Budget Estimates hearing, Suburban Rail Loop, Melbourne, 20 May 2026, *Transcript of evidence*, p. 3.

37 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27*, pp. 15–16.

38 Ibid., p. 16.

Funding for the Suburban Rail Loop East project

As the Committee has previously reported, the Victorian Government expects the SRL East project to cost between $30 billion and $34.5 billion, with a third each of the funding to come from Victorian Government funding, Commonwealth Government funding and 'value capture'.[39]

Commonwealth funding and Infrastructure Australia priority listing

Infrastructure Australia published its initial evaluation of the SRL East proposal on 31 January 2025.[40] In its *Report on the 2025–26 Budget Estimates*, the Committee found that:

> Infrastructure Australia's evaluation of the Suburban Rail Loop East business and investment case found that the project provides a significant opportunity to improve quality of life in Melbourne's eastern suburbs. However, it had low confidence in the project's cost estimates provided in the Victorian Government's business and investment case and considered the economic appraisal to be overstated.[41]

The Committee recommended that:

> The Minister for the Suburban Rail Loop and the Department of Transport and Planning publish an update on the recommendations contained in Infrastructure Australia's report.[42]

The Government supported this recommendation, noting that the Department is working closely with the Commonwealth and 'will consider any updates to Infrastructure Australia recommendations following Commonwealth funding decisions'.[43]

In March 2026, Infrastructure Australia added the SRL East project to its *Infrastructure Priority List*.[44] The 2026–27 Federal Budget included $3.8 billion in funding over four years for the Suburban Rail Loop East project.[45] The Commonwealth Government had previously committed $2.2 billion to the project, bringing total Commonwealth funding to $6 billion.[46] The Victorian Government expects Commonwealth funding to cover $11.5 billion of the total project cost, leaving $5.5 billion outstanding.[47]

DTP has not yet published an update reflecting Infrastructure Australia's recommendations in its January 2025 evaluation report.

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39 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, October 2025, pp. 95–96, 99.

40 Infrastructure Australia, *Business Case Evaluation Report: Suburban Rail Loop East*, Canberra, 2025.

41 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, p. 96.

42 Ibid., p. 98.

43 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2025–26 Budget Estimates*, 2 April 2025, p. 7.

44 Infrastructure Australia, *2026 Infrastructure Priority List*, Canberra, 2026, pp. 50, 61.

45 Commonwealth of Australia, *Budget Paper No. 2: 2026–27 Budget Measures*, Canberra, 2026, p. 124.

46 Commonwealth of Australia, *Budget Paper No. 2: October 2022–23 Budget Measures*, Canberra, 2022, p. 160.

47 Government of Victoria, *Using value capture to fund SRL*, 18 December 2025, <https://www.vic.gov.au/delivering-suburban-rail-loop/using-value-capture-fund-srl> accessed 15 June 2026.

FINDING 32: The Commonwealth Government committed $3.8 billion in funding to the Suburban Rail Loop East project in its 2026–27 Budget, bringing total Commonwealth funding to $6 billion.

FINDING 33: The Department of Transport and Planning has not yet published an update on Infrastructure Australia's recommendations relating to the Suburban Rail Loop East project proposal.

Value capture mechanisms

The Victorian Government plans to fund a third of the SRL East's cost through value capture—levies and taxes that 'recover' a proportion of the benefits flowing from the project.[48] In the hearings, the Minister advised the Committee that a third of the cost of London's Elizabeth line was similarly funded by value capture.[49]

In its *Report on the 2025–26 Budget Estimates*, the Committee recommended that:

> The Suburban Rail Loop Authority and/or Department of Transport and Planning publish details of the value capture mechanisms it will use to fund the [SRL East] project.[50]

In December 2025, the Victorian Government published details of the value capture mechanisms for SRL East.[51] The value capture arrangements are:

- $5.8 billion from existing and ongoing **land tax** (at existing rate) on existing land tax payers
- $450 million from existing and ongoing **windfall gains tax** (at existing rate) on landowners
- $2.9 billion from an **Infrastructure Contribution Plans levy** on developers and landowners seeking to increase the number of dwellings or commercial floor space in a property, commencing 1 January 2027
- $800 million from a **car parking levy** on owners of off-street car parking spaces, from 2035
- $1.6 billion from **State-initiated development** by State and private development partners, with timing to be confirmed.[52]

48 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, p. 99.

49 Hon Nick Staikos MP, Minister for the Suburban Rail Loop, *Transcript of evidence*, p. 4.

50 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, p. 100.

51 Government of Victoria, *Using value capture to fund SRL*.

52 Ibid.

The budget papers note '[t]he revenue from these five value-capture mechanisms will repay up-front state borrowing over a 40-year period'.[53] The Committee asked about the timing and impact of committing existing land and windfall tax revenue to SRL East value capture.[54] This arrangement means that revenue from existing taxes that could otherwise be used to fund other services or capital projects will be dedicated to repaying the up-front cost of SRL East. The Secretary stated that 'the existing land tax rates and existing land tax payers in those precincts … will be diverted against the value capture figure going forward'.[55]

FINDING 34: The Victorian Government has published the details of the value capture mechanisms it will use to cover a third of the cost of the Suburban Rail Loop East project. These include two existing taxes, two new levies and state-initiated development, and are intended to repay initial borrowings over 40 years.

6.5 Performance measures

6.5.1 Department-wide: analysis of new performance measures

DTP added 12 new performance measures in the 2026–27 Budget, three of which replaced discontinued measures.[56] Several of these measures are expressed in percentage terms. The Committee commends the use of proportional measures, which allow for better comparison over time than simple quantitative measures and better fulfill the requirements of the *Resource Management Framework* (RMF).[57]

Table 6.2 summarises the issues that Committee identified with DTP's new performance measures by relevant output.

53 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27*, p. 16.

54 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Suburban Rail Loop, Melbourne, 20 May 2026, *Transcript of evidence*, pp. 5–6.

55 Jeroen Weimar, Secretary, Department of Transport and Planning, 2026–27 Budget Estimates hearing, Suburban Rail Loop, Melbourne, 20 May 2026, *Transcript of evidence*, p. 6.

56 Department of Transport and Planning, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 178–182.

57 Department of Treasury and Finance, *The Resource Management Framework Part 1 of 2 – Main document* effective from 1 January 2026, Melbourne, 2025, p. 38.

Table 6.2 Issues with new performance measures in 2026–27

Output	Performance measures	Issues identified by the Committee
Road Asset Management (Quantity)	Road inspections completed: roads in metropolitan Melbourne	This new measure is a simple quantitative measure, so it may lack context and comparison over time. The Department should consider revising to a measure of the proportion of metropolitan roads inspected or efficiency measure of cost per inspection.
Regulation of Commercial Passenger Vehicle Services (Quality)	Safety audits and vehicle inspections of commercial passenger vehicle operators conducted in accordance with safety requirements under Safe Transport Victoria's risk-based plan	This new measure replaces the two performance measures 'Commercial passenger vehicle service providers that meet expected safety requirements' and 'Commercial passenger vehicles inspected by Safe Transport Victoria that meet safety standards'. While the Committee supports the new performance measure, it recommends that the Department of Transport and Planning continue to publicly report the information provided by the measures it replaces because this provides valuable information about commercial passenger vehicle safety.

Source: Department of Transport and Planning, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2026, pp. 178–182.

RECOMMENDATION 17: The Department of Transport and Planning address the issues identified in relation to new performance measures in the Road Asset Management and Regulation of Commercial Passenger Vehicle Services outputs.

6.5.2 Department-wide: analysis of modified performance measures

In its *Report on the 2025–26 Budget Estimates*, the Committee recommended that:

> In future questionnaire responses and Department Performance Statements in the budget papers, the Department of Transport and Planning provide specific explanations for annual changes in performance measure targets that provide enough information to understand the factors informing the change, beyond the number of works scheduled for completion.[58]

The Government supported this recommendation in principle, 'where this is possible in line with publication conventions'.[59] The Department's response to the 2026–27 Budget Estimates questionnaire and 2026–27 Department Performance Statement do not provide the recommended details.

FINDING 35: The Department of Transport and Planning did not improve how it explains changes to performance measure targets in the 2026–27 Department Performance Statement and the Committee's questionnaire, as recommended in the Committee's *Report on the 2025–26 Budget Estimates* and as agreed to in-principle by the Government.

58 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, p. 102.

59 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2025–26 Budget Estimates*, p. 8.

The Committee also recommended in its 2025–26 Budget Estimates report that:

> The Department of Transport and Planning consider replacing or supplementing performance measures that count a quantity with more unit cost and proportional measures that better reflect service efficiency and effectiveness.[60]

As noted above, some of DTP's new performance measures use proportional targets. However, many of the Department's modifications to its performance measures reflect the limitations of measures that only quantify services delivered. These measures lack context and do not allow for consistent comparison over time as required by the RMF.

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

DTP identified 12 performance measures for discontinuation in the 2026–27 Budget. The Committee supports DTP's rationale for the discontinuation of 10 measures. Table 6.3 summarises the issues that the Committee identified with the proposed discontinuation of the remaining two performance measures.

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Table 6.3 Issues with proposed discontinuation of two performance measures in 2026–27

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Ports and Freight (Quantity)	Containers transported under the Mode Shift Incentive Scheme	This measure has existed since 2011–12 and is proposed to be discontinued 'due to the completion of the program', with no replacement measure. The Committee recommends that the Department identify an alternative measure that captures the performance of its efforts to improve the take-up of rail freight under this output, without reference to a specific scheme.
Building (Quality)	Stakeholder satisfaction with the quality of formal advice issued by the Office of the Victorian Government Architect on significant projects in the built environment	This measure has existed since 2011–12 and is proposed to be discontinued 'as it is no longer relevant to the quality of services provided', with no replacement measure identified. The Committee recommends that the Department identify an alternative measure of the stakeholder satisfaction with services delivered under this output.

Source: Department of Transport and Planning, *Response to the 2026–27 Budget Estimates questionnaire*, received 8 May 2026, pp. 210, 213.

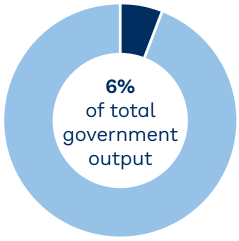
RECOMMENDATION 18: The Department of Transport and Planning address the issues identified in relation to performance measures proposed to be discontinued in the Ports and Freight and Building outputs.

60 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, p. 103.

Chapter 7
Department of Families, Fairness and Housing

Total output funding

2026–27 Budget	$5.3b
2025–26 revised Budget	$5.6b
2025–26 Budget	$5.4b



5th largest budget of all departments

Funding by output, 2026–27

- Child Protection and Family Services **$2.4b**
- Family Violence Service Delivery **$842.5m**
- Housing Assistance **$769.9m**
- Concessions to Pensioners and Beneficiaries **$762.6m**
- Disability Programs and Services **$317.9m**
- Other* **$240.5m**

* Includes 7 outputs with budgets <$317.9m.

Infrastructure program, 2026–27 ($157.9m)

- Existing infrastructure program
- Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$280.8m
Delivering child protection and care services

$164.7m
Strong Families, Safe Children: Restoring families

$74.4m
Family violence response

$41.5m
Continued support for Victorians with disability

20 new output initiatives totalling $729.9m from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$105.9m
Communities and families information technology transformation

$18.7m
Specialist Disability Accommodation Replacement Program

$5.1m
Delivering on Rapid Child Safety Review recommendations

3 new infrastructure projects

7.1 Financial analysis

The Department of Families, Fairness and Housing's (DFFH) output appropriations are budgeted as $5.4 billion for 2026–27, a decrease of $192 million (3.4%) compared to the 2025–26 revised Budget.[1] The variation is due to increased Commonwealth funding for the *Energy Bill Relief Program* ending in 2025–26, which is partially offset by further funding for initiatives in 2026–27 including *Delivering Child Protection and Care Services* and *Strong Families, Safe Children*.[2]

Under expenses, DFFH's 2026–27 Budget is relatively similar to the 2025–26 revised Budget. Grant expenses are budgeted as $1.3 billion (a 7.4% increase compared to the revised 2025–26 Budget) and Other operating expenses are budgeted as $3.5 billion (a 9.1% decrease).[3]

Two of DFFH's outputs have large funding variations when comparing the 2025–26 and 2026–27 Budgets: Support for Veterans in Victoria (37.9% decrease) and Concessions to Pensioners and Beneficiaries (34.4% decrease).[4] Those outputs had large funding increases in the previous budget, increasing 48.3% and 40.2% respectively compared to the 2024–25 Budget.[5] DFFH notes that the reduced funding in 2026–27 primarily reflects the revised delivery timeline for the *National Vietnam Veterans Museum Redevelopment project* and cessation of the Commonwealth *Energy Bill Relief Fund*.[6]

The Housing Assistance output increased by 17.8% compared to the 2025–26 Budget, reflecting additional funding for housing initiatives. The Community Participation output increased by 13.6% due to additional funding for relevant initiatives such as *Strengthening Food Security Across Victoria*.[7]

7.2 Capital spend

DFFH's new capital projects in 2026–27 include:

- *Child Safety Reform Program* with a total estimated investment (TEI) of $5 million
- *Delivering on the Rapid Child Safety Review recommendations (statewide)* with a TEI of $5.1 million.[8]

1 Department of Families, Fairness and Housing, *Response to the 2026–27 Budget Estimates Questionnaire,* received 8 May 2026, p. 32.

2 Ibid.

3 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances,* Melbourne, 2026, p. 102.

4 Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026, p. 37.

5 Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 124.

6 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 37.

7 Ibid.

8 Department of Families, Fairness and Housing, *Response to the 2026–27 Budget Estimates Questionnaire,* p. 149; Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program,* Melbourne, 2026, p. 51.

DFFH explained that the *Child Safety Reform Program* was announced in the 2025–26 Budget Update as a component of the immediate uplift and overhaul of child safety and early childhood sector initiative. The funding provided to *Delivering on the Rapid Child Safety Review recommendations (statewide)* covers improvements to the collection and management of data relating to reportable conduct under the Reportable Conduct Scheme.[9] That capital spend supports the $104.4 million announced between August and November 2025 to support Working with Children Check enhancements, Social Service Regulator reforms and amendments to the *Worker Screening Act 2020* (Vic).[10]

7.3 Children portfolio: key issue

The Minister for Children is responsible for the Child Protection and Family Services output (funding in 2026–27: $2.4 billion).[11]

7.3.1 Carer allowances

The 2026–27 Budget invests $15 million to respond to increasing cost-of-living pressures for Victorian carers. The funding aims to deliver relief to foster carers, kinship carers and permanent carers looking after vulnerable children and young people by indexing care allowances to the Consumer Price Index (CPI).[12]

This investment builds on Government reforms to the foster care system that commenced 1 July 2025 to:

- establish 200 new therapeutic foster care placements, doubling the system's capacity to provide carers and vulnerable children with targeted specialist support
- pilot 20 localised peer-based carer support networks so that 120 to 200 foster carers can access respite care, social activities and informal advice.[13]

FINDING 36: The Victorian Government has implemented reforms to the foster care system from 1 July 2025 that establish new therapeutic foster care placements and pilot carer support networks. It is also increasing carer allowances for foster, kinship and permanent carers on 1 July 2026 in line with the Consumer Price Index.

In regard to the number of carers, Foster Care Association of Victoria (FCAV) data for 2026 shows Victoria had 18% fewer active foster carer households available to provide

9 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27,* p. 43; Department of Treasury and Finance, *Budget Paper No. 4: 2026–27,* p. 33.

10 Department of Families, Fairness and Housing, *Response to the 2026–27 Budget Estimates Questionnaire,* p. 20.

11 Ibid., p. 76; Department of Treasury and Finance, *2026–27 Department Performance Statement,* p. 37.

12 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27,* pp. 37–38; Hon Lizzie Blandthorn MLC, Minister for Children, 2026–27 Budget Estimates hearing, Children, Melbourne, 19 May 2026, *Transcript of evidence*, p. 9.

13 Department of Families, Fairness and Housing, *News – Foster Care Reform*, 13 March 2025, <https://fac.dffh.vic.gov.au/news/foster-care-reform-0> accessed 9 June 2026; Department of Families, Fairness and Housing, *Foster Care*, 20 August 2025, <https://services.dffh.vic.gov.au/foster-care> accessed 9 June 2026.

home-based care than in 2020.[14] While carer numbers stabilised in 2026, accredited carer households decreased from 438 in 2020 to 276 in 2025, and carer exits remain high, despite declining from a peak in 2023.[15] DFFH does not publicly report on the number of active foster and kinship carers, or the number of accredited but inactive foster carers awaiting placement.

FINDING 37: The Department of Families, Fairness and Housing does not publicly report on the number of active and inactive carer numbers, or those awaiting placements.

RECOMMENDATION 19: The Department of Families, Fairness and Housing report on carer numbers annually on its website, including those that are active, inactive or awaiting placement.

FCAV's 2024 Carer Census identified low carer allowances as a central factor contributing to declining carer numbers in Victoria, particularly for carers of younger children.[16] The Minister told the Committee that the increase to carer allowances funded in the Budget would deliver a 3.5% indexation of allowance rates for 2026–27, applying from 1 July 2026.[17] The Minister added that the increase represents the projected change in CPI as published in the Budget. As a result, carer allowances will increase by at least $400 per annum in 2026–27 for the level 1 care allowance, and at least $1,700 per annum for the level 5 care allowance, which applies to children with the highest support needs.[18]

Table 7.1 shows the indexation rates applied to the base carer allowance in Victoria compared to CPI since 2021, showing that allowances have not kept pace with inflation.

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14 Foster Care Association of Victoria, *Release of the 2025 Foster Carer Snapshot Report*, March 2025 <https://www.fcav.org.au/assets/data/2025-fcav-snapshot-report.pdf> accessed 9 June 2026; Foster Care Association of Victoria, *Release of the 2026 Foster Carer Snapshot Report*, March 2026, <https://www.fcav.org.au/assets/2026-foster-carer-snapshot-report.pdf> accessed 9 June 2026.

15 Foster Care Association of Victoria, *Release of the 2026 Foster Carer Snapshot Report*.

16 Victorian Auditor-General's Office, *Out-of-Home Care Services*, Melbourne, 2026, p. 15.

17 Hon Lizzie Blandthorn MLC, Minister for Children, *Transcript of evidence*, pp. 8–9.

18 Ibid.

Table 7.1 Victorian care allowance rate since 2021 for the first age bracket (0–7) at Level 1

Year	Care Allowance per fortnight	New rate	Percent increase	Amount increase per fortnight	Inflation (CPI)	Increase if indexed to CPI	Real value change per fortnight
2021	$410.00	$418.68	2%	$8.68	3.8%	$15.58	$6.90
2022	$418.68	$427.05	2%	$8.37	6.1%	$25.49	$17.12
2023	$427.05	$435.59	2%	$8.54	7.0%	$29.89	$21.35
2024	$435.59	$446.47	2.5%	$10.88	3.6%	$15.68	$4.80
2025	$446.47	$457.64	2.5%	$11.16	2.4%	$10.71	-$0.45
2026	$457.64	$473.65	3.5%	$16.01	3.0%	$13.73	-$2.28
Total				**$63.64**		**$111.08**	**$47.44**

Source: Foster Care Association of Victoria*, Care Allowance Rates and Indexation-FCAV Analysis*, 7 October 2024, <https://www.fcav.org.au/news/fcav-care-allowance-rates-and-indexation-analysis> accessed 2 June 2026; Victorian government, Department of Families, Fairness and Housing, 25 June 2025, *Families and Children – Support for home based carers in Victoria*, <https://services.dffh.vic.gov.au/support-carers> accessed 9 June 2026; Foster Care Association of Victoria, FCAV Care Allowance budget response 2026, <https://www.fcav.org.au/news/fcav-care-allowance-budget-response-2026> accessed 9 June 2026; Victorian Auditor-General's Office, *Out-of-Home Care Services*, Melbourne, 2026, Appendix A-2.

Victoria continues to provide the lowest fortnightly base allowance for carers of children in the youngest age bracket (0 to 7 years). That age bracket also covers a broader range of ages than the youngest age bracket in other states and territories. The gap between Victoria and other jurisdictions' carer allowances is greater for older age brackets that receive a higher allowance.[19] When asked about the differences in carers allowances between states and territories, the Minister referred to the increase in the 2026–27 Budget and advised that carers were also provided with other supports and services.[20] This includes the care support help desk.[21]

19 ACT Government, *2025–26 Subsidies and Financial Support Guide – For children in care supported by CYF*, April 2026 <https://www.act.gov.au/__data/assets/pdf_file/0012/2397729/Subsidies-and-Financial-Support-Guide.pdf> accessed 9 June 2026; NSW Government, *DCJ care allowance rates*, n.d. <https://www.nsw.gov.au/community-services/foster-relative-and-kinship-care/caring-for-children-and-young-people/financial-assistance#toc-the-care-allowance> accessed 9 June 2026; Rates noted are for 2025. Rates effective 1 January 2026 have been released. Queensland Government, *Carer allowances*, 24 December 2025, <https://www.qld.gov.au/community/caring-child/foster-kinship-care/information-for-carers/money-matters/carer-allowances> accessed 9 June 2026; Foster Care Association WA, *Financial support for foster carers*, July 2025, <https://www.fcawa.com.au/resource/financial-support-for-foster-carers-child-subsidy-july-2025> accessed 9 June 2026; Government of South Australia, *Carer payment rates and loading,* 1 July 2025, <https://www.childprotection.sa.gov.au/support-and-guidance/foster-and-kinship-care/caring-basics/carer-support-payments/carer-payment-rates-loading.pdf> accessed 9 June 2026; Carer allowance rates shown are for 2024–25. From 1 July 2024, the rates increased by 10%, including the annual Northern Territory Consumer Price Indexation. Northern Territory Government, Department of children and families, *Current payment rates*, n.d. <https://families.nt.gov.au/foster-and-kinship-carers/foster-care-current-payment-rates> accessed 9 June 2026; Correspondence received from Tasmanian Government, 9 June 2026, Department for Education, Children and Young People, Services for Children and Families, *Expenditure on Children and Young People In Out of Home Care TASMANIA 2025–26*: Department of Families, Fairness and Housing, 25 June 2025, *Families and Children – Support for home based carers in Victoria*, <https://services.dffh.vic.gov.au/support-carers> accessed 9 June 2026.

20 Hon Lizzie Blandthorn MLC, Minister for Children, *Transcript of evidence*, pp. 8–9.

21 Department of Families, Fairness and Housing, *Care support help desk: fact sheet,* 2026, <https://services.dffh.vic.gov.au/sites/default/files/2022-10/Care%20Support%20Help%20Desk-Fact%20Sheet.pdf> accessed 22 July 2026.

FINDING 38: Although the Budget delivers a 3.5% indexation of care allowance rates for 2026–27, increasing by at least $400 per annum for the level 1 care allowance, and at least $1,700 per annum for the level 5 care allowance, the Department of Families, Fairness and Housing's carer allowance framework has not kept pace with inflation.

7.4 Prevention of Family Violence portfolio: key issue

The Minister for Prevention of Family Violence is responsible for two outputs: Family Violence Service Delivery (funding in 2026–27: $842.5 million) and Primary Prevention of Family Violence (funding in 2026–27: $25.4 million).[22]

7.4.1 Family violence refuge and crisis accommodation

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The 2026–27 Budget invests $74.4 million across 2026–27 and 2027–28 for the *Family Violence Response* initiative to support safe and secure accommodation for victim survivors and their families, including operation of core and cluster refuges and short-term supported crisis accommodation.[23] The initiative builds on significant government investment for reform over the last decade in response to the 2015 Royal Commission into Family Violence. The aim is to increase and upgrade refuge and crisis accommodation and service delivery and expand the social housing stock pipeline to drive down waitlists for victim-survivors.[24]

During the hearings, the Committee discussed several issues related to the provision of family violence refuge and crisis accommodation across service delivery and capital projects.[25]

Tracking refuge and crisis accommodation capacity

The Australian Institute of Health and Welfare's (AIHW) data shows that the number of people seeking support from Victorian specialist homelessness services (SHS) for family and domestic violence each month has increased from 12,852 to 14,517 presentations between March 2023 and March 2026—a number not seen since 2021 during the COVID-19 pandemic (Figure 7.1). In March 2026, the proportion of all family

22 Department of Families, Fairness and Housing, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 78; Department of Treasury and Finance, *2026–27 Department Performance Statement,* p. 37.

23 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27,* pp. 37, 40.

24 Department of Treasury and Finance, *Budget Paper No. 3: 2018–19 Service Delivery*, Melbourne, 2018, p. 82; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, p. 58; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 73; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, pp. 38, 45–46, 52; Victorian Government, *Ending family violence: Victoria's plan for change,* Melbourne, 2020, p. X.

25 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Prevention of Family Violence, Melbourne, 21 May 2026, *Transcript of evidence*, pp. 2, 13–14; Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Housing and Building, Melbourne, 20 May 2026, *Transcript of evidence*, pp. 9, 11–12.

and domestic violence related SHS presentations in Victoria was 43%.[26] Demand for SHS for victim-survivors of family and domestic violence is higher in Victoria compared to other Australian jurisdictions, accounting for 39.8% of presentations nationally in March 2026.[27]

Figure 7.1 Presentations to specialist homelessness services in Victoria for family and domestic violence, month by month, March 2021 to March 2026

Source: Australian Institute of Health and Welfare, *Specialist Homelessness Services: Monthly data – SHS clients, by reasons for seeking assistance, by state/territory and sex, July 2017 to March 2026*, 29 May 2026 <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-monthly-data/contents/monthly-data> accessed 17 June 2026.

DFFH advised that a significant proportion of family violence responses are now provided through services outside the homelessness sector, including through The Orange Door. Because those responses are not captured in SHS data reported by DFFH or the AIHW, the data in Figure 7.1 does not represent the full extent of family and domestic violence-related service presentations.[28]

FINDING 39: According to Australian Institute of Health and Welfare data, demand for specialist homelessness services (SHS) related to family and domestic violence in Victoria has risen from 12,852 to 14,517 monthly presentations between March 2023 and March 2026, comprising 43% of all SHS presentations. In March 2026, Victoria accounted for 39.8% of national demand for SHS related to family and domestic violence.

Crisis accommodation provides short-term supported housing, including refuges for homelessness, youth, or family violence victim-survivors. Emergency accommodation involves short-term purchased accommodation options like motels or caravan parks.

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26 March 2026 Victoria SHS presentations for Family Violence: 14,517 vs all SHS presentations 33,727. Source: Australian Institute of Health and Welfare, *Specialist Homelessness Services: Monthly data*, 29 May 2026 <https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-monthly-data/contents/monthly-data> accessed 17 June 2026.

27 January 2026 Victoria – Vic SHS presentations 14,517 vs nationally 36,439. Source: Australian Institute of Health and Welfare, *Specialist Homelessness Services: Monthly data*.

28 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2025–26 Budget Estimates*, 3 April 2025, p. 10.

Refuge services offer specialist, on-site support for high-risk individuals, while motels lack on-site assistance but include access to case management support for victim survivors.[29]

DFFH's performance measures related to the delivery of refuge support track the '[n]umber of family violence victims who receive a refuge response' and the '[n]umber of nights of refuge accommodation provided to victims of family violence'.[30] Targets for those measures are set based on current system capacity. During the hearings, the Minister advised the Committee that 900 families were supported with 54,109 nights of refuge accommodation in 2025–26,[31] 'ensuring a safe and secure environment during the most frightening time of their lives'.[32] This is an increase of 7.6% on services from 2024–25.[33]

In response to a previous Committee recommendation,[34] DFFH implemented the performance measure '[p]roportion of victim survivors seeking a refuge response that receive this support', which was introduced in 2024–25 with a target of 60%.[35] The Deputy Secretary, Family Safety Victoria, explained that the target in part reflects the system not having 'full supply' and that refuge services are offered via an eligibility and prioritisation framework administered by Safe Steps.[36] The Committee notes that the performance measure does not track demand for refuge response services.

DFFH could not provide information on the funding required for refuge support to be operating at full capacity due to an increase in demand.[37] However, the Deputy Secretary advised that no victim-survivor seeking support would be turned away given that The Orange Door network currently operates from 18 primary sites, 19 access points and 35 outposts.[38] The Deputy Secretary acknowledged that 'there is no question that we need more refuges in the system and we have those builds to come'.[39]

29 Council to Homeless Persons, Safe+Equal, *Bridging the gap between homelessness and family violence services*, Melbourne, 2025, p. 24; Family Safety Victoria, *Family violence crisis responses: Roles and responsibilities in providing emergency accommodation,* Melbourne, October 2022, p. 5; Family Safety Victoria, *Victorian family violence refuge eligibility and prioritisation framework*, Melbourne, October 2022, p. 4.

30 Department of Treasury and Finance, *2026–27 Department Performance Statement,* p. 42.

31 Hon Melissa Horne MP, Minister for Prevention of Family Violence*, 2026–27 Budget Estimates hearings presentation,* supplementary evidence received 21 May 2026, p. 4.

32 Hon Melissa Horne MP, Prevention of Family Violence, 2026–27 Budget Estimates hearing, Melbourne, 21 May 2026, *Transcript of evidence*, p. 2.

33 Hon Melissa Horne MP, Minister for Prevention of Family Violence*, 2026–27 Budget Estimates hearings presentation,* p. 4.

34 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 128.

35 Department of Treasury and Finance, *Departmental performance measures: Department of Families, Fairness and Housing 2026–27,* 2026, <https://www.dtf.vic.gov.au/departmental-statements> accessed 17 June 2026.

36 Melanie Heenan, Deputy Secretary, Family Safety Victoria, 2026–27 Budget Estimates hearing, Prevention of Family Violence, Melbourne, 21 May 2026, *Transcript of evidence*, p. 13.

37 Ibid.; Hon Melissa Horne MP, Minister for Prevention of Family Violence, *Transcript of evidence*, p. 13.

38 Hon Melissa Horne MP, Minister for Prevention of Family Violence, *Transcript of evidence*, p. 13.

39 Melanie Heenan, Deputy Secretary, Family Safety Victoria, *Transcript of evidence*, p. 13.

AIHW data for 2024–25 showed that accommodation needs were unmet for 23.8% of SHS clients experiencing family and domestic violence in Victoria.[40] As noted above, a significant amount of family violence service provision now takes place outside the homelessness sector.[41] Data on met or unmet accommodation needs is not currently available from family violence service providers such as The Orange Door.

FINDING 40: The Department of Families, Fairness and Housing's current performance measures do not fully capture system shortfalls, capacity constraints or the gap between demand, access and long-term housing outcomes for victim-survivors.

RECOMMENDATION 20: The Department of Families, Fairness and Housing improve its performance reporting by introducing comprehensive performance measures that track family violence system capacity against demand, including unmet need, the number of clients turned away, wait times and pathways out of crisis and emergency accommodation into long-term housing.

Tracking emergency accommodation support by dwelling type

During the hearings, the Committee sought data on the current average wait times for placement into a family violence refuge in Victoria, disaggregated across metropolitan Melbourne and regional Victoria.[42] The Deputy Secretary advised this data could not be provided due to the various accommodation options available to victim-survivors, including motel stays.[43]

In its *Report on the 2024–25 Budget Estimates*, the Committee highlighted that DFFH family violence emergency accommodation reporting did not include motel stays, so the Department did not have sufficiently complete data on the level of support being provided to victim-survivors to inform policy or funding decisions.[44] The Committee recommended that DFFH report quarterly on the number of household stays and the number of bed nights for emergency motel accommodation.[45] The Government's response noted that in 2023–24, DFFH updated the Specialist Homelessness Information Platform to allow family violence services to record clients' dwelling types, including motels, enabling monitoring of the number of nights stayed and households

40 Australian Institute of Health and Welfare, *Family, domestic and sexual violence SHS clients experiencing FDV whose need for accommodation was unmet*, 24 February 2026, <https://www.aihw.gov.au/family-domestic-and-sexual-violence/resources/national-plan-outcomes/women-are-safe-respected-and-equal/shs-clients-experiencing-fdv-whose-need-for-accommodation-was-unmet#state> accessed 17 June 2026.

41 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2025–26 Budget Estimates*, p. 10.

42 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Prevention of Family Violence, Melbourne, 21 May 2026, *Transcript of evidence*, p. 13.

43 Melanie Heenan, Deputy Secretary, Family Safety Victoria, *Transcript of evidence*, p. 14.

44 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, pp. 111–114.

45 Ibid., p. 113.

supported more accurately. From 1 July 2025, it was expected that DFFH would have access to a more robust dataset.[46]

DFFH provided data on the length of time that victim survivors have stayed in motels (Table 7.2).[47] It outlines the number of motel stays purchased for victim survivors and the proportion that were up to seven days or a two-week period:

> In 2024–25 there were approximately 5,601 stays in motels purchased for victim survivor households through brokerage funding and provided through The Orange Door (2,688 stays), Safe Steps (1,393 stays), and family violence case management services (1,520 stays). Figures provided are for motel stays not individual households as individual households may be represented multiple times across these datasets.[48]

The Deputy Secretary explained that on average, motel stays 'would be much more fleeting periods of time'—a matter of weeks, rather than months 'in most circumstances'. However, extenuating circumstances may require a family to stay in a motel for a longer period.[49]

Table 7.2 shows the length of time victim survivors stayed in motels that were provided through The Orange Door, Safe Steps and family violence case management services.

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Table 7.2 Motel stays purchased for family violence victim survivors, 2024–25

	All motel stays	Household with children
The Orange Door		
7 days or less	89.8%	89.1%
2 weeks or less	98.7%	98.1%
Safe Steps		
7 days or less	60%	63.8%
2 weeks or less	85.7%	89%
Family violence case management services		
7 days or less	77.5%	74.9%
2 weeks or less	90.5%	89.1%

Source: Hon Melissa Horne MP, Minister for the Prevention of Family Violence, 2026–27 Budget Estimates hearing, response to questions on notice, received 29 May 2026, p. 4.

46 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2024–25 Budget Estimates,* 3 April 2025, p. 9.

47 Hon Melissa Horne MP, Minister for the Prevention of Family Violence, 2026–27 Budget Estimates hearing, response to questions on notice, received 29 May 2026, p. 4.

48 Ibid.

49 Melanie Heenan, Deputy Secretary, Family Safety Victoria, *Transcript of evidence*, p. 9.

FINDING 41: The Department of Families, Fairness and Housing does not publicly report on family violence emergency accommodation use, limiting visibility on the full extent, duration and reliance on placements, wait times, unmet demand and prolonged stays beyond short-term periods.

Delivery of family violence refuge and crisis accommodation capital projects

During the hearings, the Committee discussed delays in the delivery of family violence refuge and crisis accommodation capital projects, with reference to the extension of the timeline for the *Family Violence – refuge redevelopment (statewide)* project, from quarter 4 2022–23 to quarter 3 2026–27.[50] This project was originally funded in the 2017–18 Budget with a TEI of $47.9 million and an estimated completion date of quarter 4 2019–20.[51] The project's TEI increased from $21 million to $68.9 million (43.8%) in 2025–26.[52]

Reasons for the changes to the project budget and timeline included:

- ongoing difficulty in locating suitable sites and extensive planning[53]
- the ongoing economic impact of COVID-19 including supply chain disruptions[54]
- additional funding provided by Family Safety Victoria and Homes Victoria to deliver additional scope[55]
- budgeted amounts being reclassified as capital expenditure instead of operating expenditure.[56]

Since 2017–18, four refuge and crisis accommodation projects have experienced budget or timeline changes, with delays of one to two years due to planning and site challenges (Table 7.3).[57] The most recent *Family violence victim survivors supports (statewide)* project remains on budget and schedule.[58] The *Refuge and crisis*

50 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Housing and Building, Melbourne, 20 May 2026, *Transcript of evidence*, pp. 11–12; Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program,* Melbourne, 2025, p. 132.

51 Department of Treasury and Finance, *Budget Paper No. 4: 2018–19 State Capital Program,* Melbourne, 2018, pp. 108–109.

52 Department of Treasury and Finance, *Budget Paper No. 4: 2025–26,* p. 122.

53 Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program,* Melbourne, 2022, p. 131.

54 Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program,* Melbourne, 2023, p. 129.

55 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program,* Melbourne, 2024, p. 151.

56 Department of Treasury and Finance, *Budget Paper No. 4: 2025–26,* p. 132.

57 Department of Treasury and Finance, *Budget Paper No. 4: 2017–18 State Capital Program*, Melbourne, 2017, p. 94; Department of Treasury and Finance, *Budget Paper No. 4: 2018–19,* pp. 108–109; Department of Treasury and Finance, *Budget Paper No. 4: 2019–20 State Capital Program*, Melbourne, 2019, pp. 121–122; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 State Capital Program*, Melbourne, 2021, p. 153; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23,* pp. 62, 131; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24,* pp. 129–130; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25,* pp. 60, 151; Department of Treasury and Finance, *Budget Paper No. 4: 2025–26,* pp. 132–133; Department of Treasury and Finance, *Budget Paper No. 4: 2026–27,* pp. 51, 121–122.

58 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25,* p. 60; Department of Treasury and Finance, *Budget Paper No. 4: 2026–27,* p. 51.

accommodation (statewide) project's budget increased to $33.7 million following additional revenue, expenditure reclassification and construction-related costs.[59]

The Chief Executive Officer of Homes Victoria provided the Committee with an update on the delivery of family violence refuge capital projects, advising that 17 of the 22 refuges set for development have been completed and five remain outstanding.[60]

Table 7.3 Refuge and crisis accommodation capital projects: statewide, 2017–18 to 2027–28

Project	Original TEI ($ million)	Change in TEI ($ million)	Timeline change	Status
Family violence – refuge development (statewide)	47,902	20,981 (+44%)	+6.75 years	In progress
Refuge and crisis accommodation	26,798	6,857 (+26%)	+2 years	In progress
Communal family violence refuges – replacement and growth program	15,000	0	+1.25 years	Complete
Family violence – Aboriginal refuges	8,575	0	+3 years	Complete
Family violence victim survivor supports	4,000	0	0 years	In progress

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2017–18 State Capital Program*, Melbourne, 2017, p. 94; Department of Treasury and Finance, *Budget Paper No. 4: 2018–19 State Capital Program*, Melbourne, 2018, pp. 108–109; Department of Treasury and Finance, *Budget Paper No. 4: 2019–20 State Capital Program*, Melbourne, 2019, pp. 121–122; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 State Capital Program*, Melbourne, 2021, p. 153; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 62, 131; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 129–130; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, pp. 60, 151; Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, pp. 132–133: Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program*, Melbourne, 2024, pp. 51, 121–122.

FINDING 42: Since 2017–18, the Victorian Government has invested in five capital projects which establish a number of new refuges and crisis accommodation locations across the family violence sector. Four of those project timelines have been delayed from approximately one to seven years. The project with the most significant budget revision had an increase of $21 million due to funding provided to deliver additional scope and capital expenditure reclassification.

59 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25,* p. 151; Department of Treasury and Finance, *Budget Paper No. 4: 2025–26,* p. 133.

60 Simon Newport, Chief Executive Officer, Homes Victoria, 2026–27 Budget Estimates hearing, Housing and Building, Melbourne, 20 May 2026, *Transcript of evidence*, p. 12.

7.5 Housing and Building portfolio: key issues

The Minister for Housing and Building is responsible for the Housing Assistance output (funding in 2026–27: $769.9 million).[61]

7.5.1 Social housing supply

During the hearings the Committee asked about whether the total number of social housing dwellings in Victoria is keeping up with demand.[62] The number of social housing dwellings in Victoria has steadily increased over the past decade, increasing by 4,802 between 2015–16 and 2024–25. According to DFFH's performance measures, Victoria is expected to have 92,299 social housing dwellings at the end of the 2026 financial year.[63] The target for 2026–27 is 93,516, reflecting the growth in social housing as part of the Government's ongoing Big Housing Build and other programs.[64] The Minister noted that since the announcement of the Big Housing Build in 2020, over 13,000 new homes had been built, a net uplift of 8%. The Government expects there will be a net increase of social homes of 10% by 2028.[65]

At the hearings, when referencing the demand for social housing, the Committee asked the Minister whether the number of social housing dwellings being built was keeping up with the number of applicants on the Victorian Housing Register (VHR).[66] As of June 2025, there were 56,230 applicants on the VHR, an increase of 9.4% from the previous year (51,380).[67] By March 2026, the number of applicants on the waiting list grew to 57,372, an increase of 1,819 from the same time the previous year.[68]

The Productivity Commission publishes data on the number of people on the VHR social housing waiting list at the end of each financial year. Between June 2016 and June 2025, the number of people on the wait list grew by 77%.[69] Figure 7.2 shows that while social housing dwellings in Victoria are increasing, the social housing waitlist

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61 Department of Families, Fairness and Housing, *Response to the 2026–27 Budget Estimates Questionnaire,* p. 78; Department of Treasury and Finance, *Department Performance Statement 2026–27,* p. 37.

62 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Housing and Building, Melbourne, 20 May 2026, *Transcript of evidence*, p. 3.

63 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 51.

64 Ibid.

65 Hon Nick Staikos MP, Minister for Housing and Building, 2026–27 Budget Estimates hearing, Housing and Building, Melbourne, 20 May 2026, *Transcript of evidence*, p. 4.

66 Public Accounts and Estimates Committee, Housing and Building, *Transcript of evidence*, pp. 3–4.

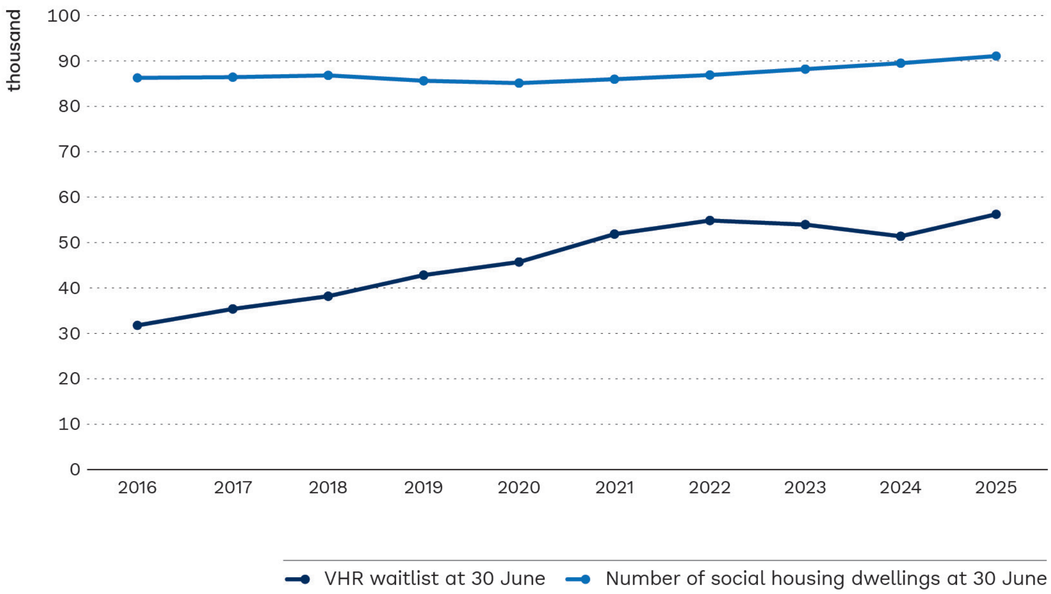
67 Productivity Commission, *Report on Government Services 2026, Part G, Table 18A.5,* 2026, <https://www.pc.gov.au/ongoing/report-on-government-services/housing-homelessness/housing> accessed 29 July 2026.

68 Includes new applications only—applicants who are not current social housing residents and have applied for social housing in Victoria. Source: Homes Victoria, *Application on the Victorian Housing Register (VHR)*, 31 March 2026, <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr> accessed 28 July 2026.

69 Includes new applications only. Does not include transfer requests. Source: Productivity Commission, *Report on Government Services 2026, Part G, Table 18A.5*; Productivity Commission, *Report on Government Services 2022, Part G, Table 18A.5*, 2026, <https://www.pc.gov.au/ongoing/report-on-government-services/2022/data-downloads> accessed 29 July 2026; Productivity Commission, *Report on Government Services 2018, Part G, Table 18A.5,* 2018, <https://www.pc.gov.au/ongoing/report-on-government-services/2018/data-downloads> accessed 29 July 2026; Department of Treasury and Finance, *Departmental Performance Statements–Departmental performance measures: Department of Families, Fairness and Housing*, 5 May 2026 <https://www.dtf.vic.gov.au/departmental-statements> accessed 29 July 2026.

is increasing at higher rate. This may suggest supply of social housing is not keeping pace with demand.

Figure 7.2 The Victorian Housing Register social housing waiting list has been growing faster than the total number of social housing dwellings



Source: Productivity Commission, *Report on Government Services 2026, Part G, Table 18A.5*, 2026, <https://www.pc.gov.au/ongoing/report-on-government-services/housing-homelessness/housing> accessed 29 July 2026; Productivity Commission, *Report on Government Services 2022, Part G, Table 18A.5,* 2026, <https://www.pc.gov.au/ongoing/report-on-government-services/2022/data-downloads> accessed 29 July 2026; Productivity Commission, *Report on Government Services 2018, Part G, Table 18A.5*, 2018, <https://www.pc.gov.au/ongoing/report-on-government-services/2018/data-downloads> accessed 29 July 2026; Department of Treasury and Finance, *Departmental Performance Statements–Departmental performance measures: Department of Families, Fairness and Housing*, 5 May 2026, <https://www.dtf.vic.gov.au/departmental-statements> accessed 29 July 2026.

FINDING 43: The number of social housing dwellings in Victoria has increased by 4,802 since 2015–16.

FINDING 44: Between 2015–26 and 2024–2025 the number of applicants on the Victorian Housing Register social housing waitlist has increased at a higher rate than the total number of social housing dwellings in Victoria.

7.5.2 High-rise Redevelopment Program

The Committee also asked the Minister about the progress of the $1.2 billion *High-rise Redevelopment Program*.[70] This program relocates current social housing occupants from older accommodation to newly built dwellings. As part of *Victoria's Housing Statement*, all 44 older-style public housing high-rise towers are to be redeveloped to

70 Public Accounts and Estimates Committee, Housing and Building, *Transcript of evidence*, pp. 10–11, 15–17; Department of Treasury and Finance, *Budget Paper No. 4: 2026–27*, p. 121.

provide dwellings for over 30,000 people, tripling the capacity of existing sites.[71] In its Annual Report, DFFH stated that as of June 2025, the relocations team had supported 366 households from Flemington and North Melbourne to move to a new home. The team also met with 99% of all households. For the Richmond and South Yarra sites, the team met with 93% of all households and had supported 98 households to move to a new home.[72]

The Minister updated the Committee on the progress of the Elgin Street tower redevelopment in Carlton, noting that the project is set to be completed on-time by 2028.[73] Further projects at Melrose Street and Alfred Street in North Melbourne are set to be completed in 2028 and 2031 respectively.[74] Additionally, the Minister pointed to the announcement in January 2026 that the Government had committed to redeveloping seven older persons towers across six sites in Prahran, Albert Park, Flemington, St Kilda and Kensington. Renters 'will be supported to relocate and will be offered the opportunity to move to brand new homes built by Homes Victoria under the ground lease model'.[75]

FINDING 45: Social housing tower redevelopments in Carlton and North Melbourne are expected to be completed in 2028 and 2031 respectively.

FINDING 46: Seven new projects will redevelop older persons housing in Prahran, Albert Park, Flemington, St Kilda and Kensington.

DFFH updated the Committee on the cost of several specific tower redevelopment projects. For the Elgin Street towers in Carlton, the given capital expenditure to date was $36.4 million.[76] For the relocation of residents in North Melbourne and Flemington the capital expenditure was $132.2 million with the total expenditure at the end of April 2026 at $150.8 million.[77]

71 Hon Nick Staikos MP, Minister for Housing and Building, *Transcript of evidence*, p. 10; Department of Families, Fairness and Housing, *Annual Report 2024–25*, Melbourne, 2025, p. 49.

72 Department of Families, Fairness and Housing, *Annual Report 2024–25*, p. 49.

73 Hon Nick Staikos MP, Minister for Housing and Building, *Transcript of evidence*, p. 11.

74 Ibid.

75 Ibid., p. 2.

76 Simon Newport, CEO, Homes Victoria, Department of Families, Fairness and Housing, *Transcript of evidence*, p. 15.

77 Hon Nick Staikos MP, Minister for Housing and Building, 2026–27 Budget Estimates hearing, response to questions on notice 2, received 29 May 2026, p. 3.

7.6 Performance measures

7.6.1 Department-wide: analysis of new performance measures

DFFH added seven new performance measures in the 2026–27 Budget, three of which replaced discontinued measures.[78] The Committee found no issues with the new measures.

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

DFFH identified six performance measures for discontinuation in the 2026–27 Budget.[79] The Committee supports DFFH's rationale for the discontinuation of those measures.

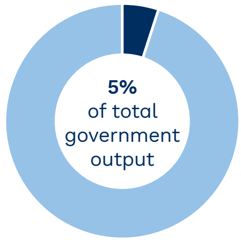
78 Department of Families, Fairness and Housing, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 88–91, 110–113.

79 Ibid., pp. 110–113.

Chapter 8
Department of Jobs, Skills, Industry and Regions

Total output funding

2026–27 Budget	$4.5b
2025–26 revised Budget	$4.8b
2025–26 Budget	$4.8b



6th largest budget of all departments

Funding by output, 2026–27

- Training, Higher Education and Workforce Development **$2.3b**
- Creative Industry Portfolio Agencies **$502.3m**
- Sport and Recreation **$392.2m**
- Industry, Small Business and Medical Research **$342.3m**
- Tourism and Major Events **$295.3m**
- Other* **$639.7m**

* Includes 6 outputs with budgets <$295.3m.

Infrastructure program, 2026–27 ($326.1m)

$276.7m	$49.4m

- Existing infrastructure program
- Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$243.9m
Boosting the economy with Free TAFE and more skilled workers

$87.2m
TAFE Services Fund

$72.3m
Supporting Victoria's State Sporting Centres

$35.9m
Community sports infrastructure and participation initiatives

33 new output initiatives totalling $694.2m from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$25m
Delivering a Victorian Renewable Energy TAFE Centre of Excellence

$20m
State sporting facilities maintenance and renewal program

$11.1m
Hamer Hall infrastructure enhancements

$10.3m
Delivering a Digital, AI and Technology TAFE Centre of Excellence

6 new infrastructure projects

8

8.1 Financial analysis

The Department of Job, Skills, Industry and Region's (DJSIR) output appropriations are budgeted as $3.4 billion for 2026–27, a decrease of $141 million (4%) compared to the 2025–26 revised Budget. The variation is 'primarily due to changes in initiative funding profiles' including the:

- Regional Sports Infrastructure Program
- Boosting access to Free TAFE and training services
- *Supporting Victoria's State Sporting Centres*, and
- Regional Economic Development and Participation package.[1]

Under expenses, DJSIR's spending on Grants and other transfers is budgeted as $1.6 billion for 2026–27, a decrease of $351 million (17.5%) compared to the 2025–26 revised Budget. The variation is due to major events funding received during 2025–26 and changes to the initiative funding profiles listed above.[2]

8.2 Regional Development portfolio: key issue

The Minister for Regional Development is responsible for one output: Regional Development (funding in 2026–27: $227 million).[3]

8.2.1 Funding for initiatives in regional Victoria

Overall funding

Approximately 23% of Victoria's population lives in regional areas (outside of Greater Melbourne).[4] The Committee asked about the proportion of the 2026–27 Budget that is being spent on regional Victoria.[5] The Minister advised the Committee that $2.7 billion in the 2026–27 Budget is dedicated to regional Victoria, but this does not include universal programs that are available across Victoria, such as the *Rego Rebate*, *Free Kinder* and *Glasses for Kids* initiatives.[6]

DJSIR's Regional Development output has a budgeted total cost of $227 million for 2026–27, a decrease of 7.6% ($18 million) compared to the 2025–26 Budget, and 13.2% ($34.5 million) compared to the 2025–26 revised Budget. DJSIR attributed this

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1 Department of Jobs, Skills, Industry and Regions, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2026, p. 37.

2 Ibid., p. 38.

3 Ibid., pp. 102–103; Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026, p. 81.

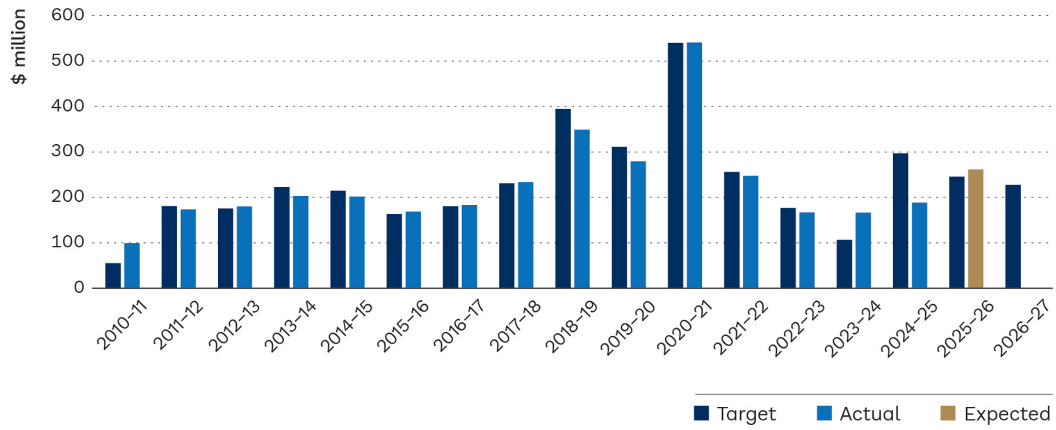
4 Australian Bureau of Statistics, *Regional population*, data downloads, 31 March 2026, <https://www.abs.gov.au/statistics/people/population/regional-population/latest-release#data-downloads> accessed 24 June 2026.

5 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Regional Development, Melbourne, 20 May 2026, *Transcript of evidence*, p. 2.

6 Hon Michaela Settle MP, Minister for Regional Development, 2026–27 Budget Estimates hearings, Regional Development, Melbourne, 20 May 2026, *Transcript of evidence*, p. 2.

to the 'funding profile for the Geelong City Deal, offset by additional funding received in the 2026–27 Budget for the Future regions initiative'.[7] Funding for the Regional Development output peaked in the 2021–22 Budget, at the start of the COVID-19 pandemic.

Figure 8.1 Funding for the Regional Development output has varied over time, peaking in 2020–21



Source: Department of Treasury and Finance, *Departmental statements*, 5 May 2026, <https://www.dtf.vic.gov.au/departmental-statements> accessed 24 June 2026.

FINDING 47: The 2026–27 Budget includes $2.7 billion in funding dedicated to regional Victoria, not including programs available in both regional and metropolitan areas.

Regional Worker Accommodation Fund

During the hearings, the Minister highlighted several initiatives within the Regional Development portfolio, one of which was the $150 million *Regional Worker Accommodation Fund* (RWAF). The fund was established in 2023 as part of a $2 billion reinvestment of funds following the cancellation of the 2026 Commonwealth Games.[8] The Minister advised the Committee:

> Through the Regional Worker Accommodation Fund we have leveraged approximately $370 million to create 1750 fit-for-purpose bedrooms through 48 projects. The fund is making it easier for workers to live near their jobs while helping local businesses to attract the skills and experience necessary for regional businesses to thrive.[9]

DJSIR's performance measure 'Key worker bedrooms under construction or completed, supported through the Regional Worker Accommodation Fund' has a target of 300 bedrooms in 2026–27. This is a reduction of 40% from the 2025–26 target and

7 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 87.

8 Premier of Victoria, *Delivering even more housing for regional workers*, media release, 19 July 2023.

9 Hon Michaela Settle MP, Minister for Regional Development, *Transcript of evidence*, p. 2.

expected outcome of 500 bedrooms. DJSIR attributes this to the RWAF projects 'nearing completion'.[10]

The 2026–27 Budget does not deliver any new funding for the RWAF program and Regional Development Victoria's website notes '[t]his program is no longer accepting applications for new projects'. The website lists projects that have received funding through the RWAF but does not list the amount of funding provided to any one project, stating that this information is 'Commercial in Confidence'.[11] It is not possible from public reporting to determine what proportion of the $150 million committed to the RWAF has been spent and what has been delivered through each funded project.

FINDING 48: The $150 million Regional Worker Accommodation Fund has supported the delivery of 1,750 bedrooms for workers in regional areas.

RECOMMENDATION 21: The Department of Jobs, Skills, Industry and Regions publish details on its website about the Regional Worker Accommodation Fund, including the funding provided to each project, the number of beds delivered through each project, and the type of accommodation provided.

Future regions initiative

The largest new initiative under the Regional Development portfolio in the 2026–27 Budget is the *Future regions* initiative, which received $26.5 million in funding over three years 'to boost productivity, liveability and investment in Victoria's regions by investing in enabling infrastructure, attracting industry investment, supporting worker housing, and improved community amenity'.[12] During the hearings, the Minister advised the Committee that the funding includes:

- $2.5 million for upgrades to Gifkins Road in Little River to support 30,000 vehicles accessing the community and sporting facilities
- $3.9 million for Campaspe Shire Council's Rochester aquatic facility project that was damaged in the 2022 floods.[13]

The Minister further advised that 'Details of the specific program to be delivered under the $20 million Future Regions are being finalised'.[14]

10 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 87.

11 Regional Development Victoria, *Regional Worker Accommodation Fund*, 19 May 2026, <https://www.rdv.vic.gov.au/grants/regional-worker-accommodation-fund> accessed 24 June 2026.

12 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery*, Melbourne, 2026, pp. 62, 66.

13 Hon Michaela Settle, Minister for Regional Development, *Transcript of evidence,* pp. 5–6.

14 Ibid.

DJSIR's questionnaire response states that outcomes and impacts of the program will be measured through mid-program and post-program evaluations.[15] Publishing the evaluation reports will provide the Committee, the public and the Parliament with valuable information about the performance of the *Future regions* initiative. DJSIR's response also indicates that six existing performance measures will capture outcomes and impacts of the *Future regions* initiative, reflecting the wide breadth of activity that may be funded.

In its questionnaire response, DJSIR also indicates that it undertook a gender impact assessment of the *Future regions* initiative, which 'proposes collecting information at the program level on the gender of the funding recipients and the gender of funding applicants accessing business support'.[16] The Committee expects to see reporting on the program's contribution to gender equality as part of published evaluation reports.

FINDING 49: The 2026–27 Budget includes $26.5 million in funding over three years for the *Future regions* initiative. Details of the specific programs to be delivered through this funding had not been determined at the time of the hearings.

RECOMMENDATION 22: The Department of Jobs, Skills, Industry and Regions publish the full reports of its mid-program and post-program evaluations of the *Future regions* initiative on its website upon completion of these evaluations.

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8.3 Economic Growth and Jobs portfolio: key issue

The Minister for Economic Growth and Jobs is responsible for three outputs: Jobs (funding in 2026–27: $43.6 million), Industry, Small Business and Medical Research (funding in 2026–27: $342.3 million) and Trade and Investment (funding in 2026–27: $123.3 million).[17]

8.3.1 Data centres

The development and use of Artificial Intelligence (AI) is growing globally.[18] Growth of the AI industry is a key driver of the increasing development of data centres in Australia, with the majority located in Melbourne and Sydney.[19] The Commonwealth Government is 'positioning Australia as a leading destination for data centre

15 Department of Jobs, Skills, Industry and Regions, *Response to the 2026–27 Budgets Estimates Questionnaire*, pp. 52–53.

16 Ibid., p. 158.

17 The Jobs output and Industry, Small Business and Medical Research output are both shared with the Minister for Industry and Advanced Manufacturing and the Minister for Small Business and Employment. Sources: Ibid., p. 98; Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 81.

18 United Nations University Institute for Water, Environment and Health, *Environmental Cost of AI's Energy Use: Carbon, Water and Land Footprints*, Ontario, 2026, pp. 18–19.

19 Data Centres Australia and DC Byte, *Australian Data Centre Forecast Report: Issue 1*, April 2026, <https://datacentres.org.au/wp-content/uploads/2026/04/2026_Australian-Data-Centre-Forecast-Report-Issue-1-1.pdf> accessed 30 June 2026, pp. 3, 5–6; Oxford Economics Australia, *Data Centre Energy Demand: Final Report*, Sydney, July 2025, p. 5.

investment'.[20] In Victoria, the Government aims for the State to be a leader in AI development and adoption to support economic growth, and is encouraging investment in data centres from domestic and international businesses.[21]

During the hearings, the Committee asked the Premier about the Government's aspirations for data centres and how many it intended to have operating in Victoria by the end of the forward estimates.[22] The Premier responded that 'there are tens of billions of dollars of potential investment … data centres are part of an investment opportunity that supports jobs and prosperity here in Victoria … we are continuing to attract as many as we possibly can'.[23]

While development of data centres presents an economic opportunity, the Commonwealth Government has recognised there needs to be careful planning and regulation to ensure they do not disrupt the security of energy and water systems or negatively affect communities where they are located—issues that are also recognised internationally.[24] At the time of this Inquiry, the Commonwealth Government had published its *National AI Plan* and associated *Expectations of data centres and AI infrastructure developers*.[25] Since then, on 15 July 2026, the Commonwealth Government announced that it will establish a mandatory set of Australian Standards for AI, aiming to bring the legislation to Parliament in early 2027.[26]

The national standards will apply to all states and territories so that 'every level of government is on the same page and driving to the same outcome'. The standards will require large-scale data centres to contribute to energy generation to cover their energy usage, including building new renewable generation. Data centres will also be required to minimise their water use and pay for the additional water infrastructure as required.[27]

This section examines the Victorian Government's current approach to ensuring energy and water security are maintained during the rapid growth of data centres. The Committee acknowledges that the forthcoming Australian Standards for AI will affect Victoria's approach in future, and the focus in this section is on Victoria's current

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20 Australian Government, Department of Industry, Science and Resources, *National AI Plan*, Canberra, 2025, p. 11.

21 Hon Jacinta Allan MP, Premier, 2026–27 Budget Estimates hearing, Premier, Melbourne, 15 May 2026, *Transcript of evidence*, p. 29; Victorian Government, *Victoria: AI-Driven, Business-Ready: The Victorian Government's AI Mission Statement*, Melbourne, 2026, pp. 7, 12; Invest Victoria, *Data Centres*, 2026, <https://www.invest.vic.gov.au/explore-your-sector/digital-technology/data-centres> accessed 29 June 2026.

22 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Premier, Melbourne, 15 May 2026, *Transcript of evidence*, p. 29.

23 Hon Jacinta Allan MP, Premier, *Transcript of evidence*, p. 29.

24 Australian Government, Department of Industry, Science and Resources, *National AI Plan*, pp. 11, 32; United Nations University Institute for Water, Environment and Health, *Environmental Cost of AI's Energy Use: Carbon, Water and Land Footprints*, pp. 12–13, 47.

25 Australian Government, Department of Industry, Science and Resources, *National AI Plan*; Australian Government, Department of Industry, Science and Resources, *Expectations of data centres and AI infrastructure developers*, 23 March 2026, <https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers> accessed 30 June 2026.

26 Prime Minister of Australia, *AI in Australia's interests*, 15 July 2026, <https://www.pm.gov.au/media/ai-australias-interests-0> accessed 16 July 2026.

27 Ibid.

regulatory environment for existing data centres and approvals of planned data centres.

Victoria's planning

Currently, Victoria has over 40 data centres and 'a strong investment pipeline and multi-million-dollar commitments' including a $2 billion investment with NEXTDC for an AI Factory in Port Melbourne.[28] The Victorian Government released its AI Mission Statement in January 2026. It includes a key initiative to invest $5.5 million in a Sustainable Data Centre Action Plan, which is included in the 2026–27 Budget under the *Victoria's artificial intelligence (AI) investment package* initiative.[29] Budget Paper No. 3 states that implementation of the plan will 'support improved planning for data centre development, including through access to better water usage data and forecasts, and proactive measures to ensure the industry is on a sustainable footing in Victoria'.[30]

The Sustainable Data Centre Action Plan has not been made publicly available.[31]

Victoria's AI Mission Statement sets the following intention: 'To deliver at the scale and speed required to meet exponential demand, we will balance the need for timely access to land, water and energy with the security and sustainability of Victoria's water and energy supply'.[32]

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FINDING 50: The Victorian Government's Sustainable Data Centre Action Plan is not publicly available, so it is not known what measures will be put in place to ensure data centre development occurs sustainably and in alignment with national guidance.

RECOMMENDATION 23: The Victorian Government make the Sustainable Data Centre Action Plan publicly available.

Energy

Data centres consume large amounts of energy.[33] During the hearings, the Committee discussed how data centre development in Ireland delayed its transition to renewable energy and increased electricity prices. The Committee inquired whether that could potentially happen in Victoria.[34] This section examines how the growth of data centres could affect Victoria's energy system.

28 Victorian Government, *Victoria: AI-Driven, Business-Ready: The Victorian Government's AI Mission Statement*, pp. 12–13.

29 Ibid., p. 12; Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery*, Melbourne, 2026, pp. 62, 65.

30 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27*, p. 65.

31 Victorian Government, *Victoria: AI-Driven, Business-Ready: The Victorian Government's AI Mission Statement*, p. 12.

32 Ibid.

33 Australian Government, Department of Industry, Science and Resources, *National AI Plan*, p. 11; Climate Council of Australia, *Clouded Future: Managing the Risks of the Data Centre Boom*, 2026, p. 1.

34 Public Accounts and Estimates Committee, Premier, *Transcript of evidence*, p. 30.

In 2024–25, data centres used about 2% of grid-supplied power across the National Electricity Market (NEM),[35] which is expected to triple by 2030 (reaching 6%).[36] In Melbourne, data centres consumed 2% of Victoria's grid-supplied energy in 2025 and that is expected to increase to 8% by 2030 and 19% by 2050, largely due to anticipated development of hyperscale data centres that run the most energy-intensive functions.[37] Reflecting this trend, the Australian Energy Market Operator (AEMO) treated data centres as a distinct category for planning purposes in their 2025 Inputs, Assumptions and Scenarios report.[38] AEMO explains on its website:

> While AEMO has aways incorporated data centres into forecasting as large industrial loads, the 2025 NEM ESOO [Electricity Statement of Opportunities] recognised that data centres differ fundamentally from traditional large energy users. Their growth is faster and more concentrated, and often less predictable.[39]

During the hearings, the Premier told the Committee:

> … with any investment, it does not matter whether it is a data centre investment or other industries that draw down on the local utility network, be it water or energy … There is nothing particularly new in companies that come and invest here that you have got to factor in their energy and other utility security.[40]

During the hearings, the Premier stated that Victoria is 'well down the path on our renewable energy program' and that it is 'one of the reasons why we are seeing Victoria as a potential destination' for data centre investment.[41] Nonetheless, the expected rapid growth in energy consumption by data centres has the potential to delay Victoria's transition to renewables and reduce energy reliability if not managed sufficiently. It could also increase electricity prices for consumers by increasing reliance on coal and gas. For further discussion of energy reliability during the transition to renewables, see Chapter 9.

The Commonwealth Government's *Expectations of data centres and AI infrastructure developers* specifies that data centres should be working in coordination with energy regulators and suppliers to 'secure new and additional clean energy generation and/or storage to offset demand'.[42] The Commonwealth Government intends to 'work

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35 The National Electricity Market covers New South Wales, the Australian Capital Territory, Queensland, South Australia, Victoria and Tasmania. Source: Australian Energy Market Operator, *National Electricity Market (NEM)*, 2026, <https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem> accessed 30 June 2026.

36 Australian Energy Market Operator, *2025 Inputs, Assumptions and Scenarios Report*, August 2025, p. 110.

37 Oxford Economics Australia, *Data Centre Energy Demand: Final Report*, Sydney, July 2025, pp. 21, 23; Baringa and the Clean Energy Finance Corporation, *Getting the balance right: data centre growth and the energy transition*, Sydney, December 2025, pp. 1, 14.

38 Australian Energy Market Operator, *2025 Inputs, Assumptions and Scenarios Report*, p. 110.

39 Australian Energy Market Operator, *Digital demand surge: Preparing Australia's power systems for the rise of data centres*, June 2026, <https://www.aemo.com.au/newsroom/news-updates/digital-demand-surge> accessed 30 June 2026.

40 Hon Jacinta Allan MP, Premier, *Transcript of evidence*, p. 30.

41 Ibid.

42 Under Expectation 2. Source: Australian Government, Department of Industry, Science and Resources, *Expectations of data centres and AI infrastructure developers*, 23 March 2026, <https://www.industry.gov.au/publications/expectations-data-centres-and-ai-infrastructure-developers> accessed 30 June 2026.

with states and territories … to implement the expectations in their processes'.[43] It is unknown whether the Victorian Government will place such requirements on data centres since the Sustainable Data Centre Action Plan has not been released publicly. During the hearings, the Premier stated that 'in terms of the broader questions around approvals for data centres … they are given on the basis of [energy] generation being available'.[44] The Government did not specify whether that would be additional generation or from a trade-off in supply elsewhere.

FINDING 51: Given that the Sustainable Data Centre Action Plan has not been released publicly, it is not clear how the Victorian Government will increase renewable energy generation to offset data centre demand.

Water

Data centres generate heat and need to be cooled to maintain function. Cooling can be achieved using water (potable, desalinated or recycled), air-conditioning or using other liquid cooling technologies.[45] There are trade-offs among the options, such as air-conditioning consuming more energy while desalinated and recycled water have limited availability at present.[46] To date, Australian water corporations have been receiving applications from data centres requesting large volumes of water.[47]

It is unknown how the Victorian Government will regulate water use by data centres. During the hearings, the Committee asked the Government what assessment had been done to determine future water demand of data centres in Victoria.[48] The Minister for Water stated that data centres 'will not proceed if they would compromise existing caps on extraction or also service reliability for existing customers'.[49] However, there is insufficient water use data provided by data centres to determine how much water they will extract, so it is unclear what assumptions current project approvals are based on. The Government stated that water corporations are responsible for working with data centres to identify the actual water demand of data centres.[50]

The Water Services Association of Australia has suggested that Australian governments should develop standards for data centres to report on water use efficiency and energy

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43 Ibid.

44 Hon Jacinta Allan MP, Premier, *Transcript of evidence*, p. 31.

45 Water Services Association of Australia, *Data centres and water in Australia: a resource for sustainable data centre development*, December 2025, pp. 24–25.

46 Ibid., pp. 4, 7, 12.

47 Ibid., p. 3.

48 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Water, Melbourne, 21 May 2026, *Transcript of evidence*, pp. 6–7.

49 Hon Harriet Shing MLC, Minister for Water, 2026–27 Budget Estimates hearing, Water, Melbourne, 21 May 2026, *Transcript of evidence*, pp. 6–7.

50 Andrew Fennessy, Executive Director, Water Security and Resilience, Department of Energy, Environment and Climate Action, 2026–27 Budget Estimates hearing, Water, Melbourne, 21 May 2026, *Transcript of evidence*, p. 7.

use efficiency to support system planning.[51] The need for such reporting by data centres is also reflected in the Commonwealth Government's *Expectations of data centres and AI infrastructure developers*, which states that data centres should 'provide ongoing transparent reporting about their water usage and efficiency'.[52]

FINDING 52: At present, there are no formal and transparent requirements for data centres to report on their water use.

8.4 Performance measures

8.4.1 Department-wide: analysis of new performance measures

DJSIR added three new performance measures in the 2026–27 Budget, one of which replaced a discontinued measure.[53]

The Committee commends DJSIR for adding two new performance measures to the Skills and TAFE portfolio as recommended by the Committee in its *Inquiry into the 2024–25 Budget Estimates* report.[54] Those two new performance measures are 'Proportion of VET completers with an improved employment status after training in the Free TAFE for priority courses initiative' (quality) and 'Four-year AQF qualification completion rates for commencements in the Free TAFE for priority courses initiative' (timeliness).[55]

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

DJSIR identified six performance measures for discontinuation in the 2026–27 Budget.[56] The Committee supports DJSIR's rationale for the discontinuation of all measures.

51 Water Services Association of Australia, *Data centres and water in Australia: a resource for sustainable data centre development*, December 2025, p. 38.

52 Under Expectation 3. Source: Australian Government, Department of Industry, Science and Resources, *Expectations of data centres and AI infrastructure developers*.

53 Department of Jobs, Skills, Industry and Regions, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 114–116.

54 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates,* October 2024, p. 126.

55 Department of Treasury and Finance, *Department Performance Statement 2026–27,* p. 95.

56 Department of Jobs, Skills, Industry and Regions, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 131–134.

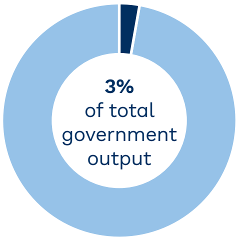
Chapter 9
Department of Energy, Environment and Climate Action

Total output funding

2026–27 Budget **$2.8b**

2025–26 revised Budget **$3.4b**

2025–26 Budget **$2.7b**



7th largest budget of all departments

Funding by output, 2026–27

- Agriculture **$511.7m**
- Fire and Emergency Management **$445.7m**
- Management of Public Lands and Forests **$380.9m**
- Water and Catchments **$302.9m**
- Energy **$257.1m**
- Other* **$853.1m**

* Includes 7 outputs with budgets <$257.1m.

Infrastructure program, 2026–27 ($534.1m)

$465.2m | $68.9m

- Existing infrastructure program
- Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$146.8m
Securing critical aviation fire services

$39.7m
Restoring flows to the Mallee Floodplain

$43.3m
Murray-Darling Basin Joint Programs

$28.1m
Solar Homes program – hot water rebates

34 new output initiatives totalling $479.7m from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$118.3m
Victorian-led Coliban Rural Water Efficiency Project

$24.9m
Maintaining critical assets for emergency and land management

$87.9m
Victorian Murray Floodplain Restoration Project Stage 2

$15.8m
Establishing VicGrid

6 new infrastructure projects

9.1 Financial analysis

The Department of Energy, Environment and Climate Action's (DEECA) output appropriations are budgeted as $1.7 billion for 2026–27, a decrease of $528 million (24%) compared to the 2025–26 revised Budget. The variation is mainly due to:

- additional funding received in 2025–26 for responding to emergencies, and
- additional funding received in 2025–26 for progressing the transition to renewable energy, which included VicGrid operations.[1]

Under expenses, DEECA's budgeted employee benefit is $842 million for 2026–27, a decrease of $104 million (11%) compared to the 2025–26 revised budget. That is due to additional funding received in 2025–26 for responding to emergencies, which included bushfire, drought and biosecurity incidents. The 2026–27 Budget also reflects a reduced workforce following implementation of the Silver Review recommendations.[2] DEECA is expected to have 239.7 fewer full-time equivalent staff in 2026–27 compared to the beginning of 2025–26 (a 4.2% decrease).[3]

9.2 Capital spend

The State Electricity Commission will continue delivery of the Delburn Wind Farm in 2026–27, with an estimated expenditure of $511.9 million in the financial year. This is 64.9% of the total estimated investment of the project.[4] The Delburn Wind Farm is Victoria's first publicly owned, utility-scale wind generation project. Construction began in March 2026 and will continue during 2026–27, with the wind farm expected to be operational by the end of 2028.[5]

9.3 Environment portfolio: key issue

The Minister for Environment is responsible for six outputs: Fire and Emergency Management (funding in 2026–27: $445.7 million), Environment and Biodiversity (funding in 2026–27: $179.5 million), Statutory Activities and Environment Protection (funding in 2026–27: $162.8 million), Circular Economy (funding in 2026–27: $146.5 million), Management of Public Land and Forests (funding in 2026–27: $380.9 million) and Parks Victoria (funding in 2026–27: $184 million).[6]

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1 Department of Energy, Environment and Climate Action, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, p. 47.

2 Ibid., p. 48.

3 Ibid., pp. 147–148.

4 Department of Treasury and Finance, *Budget Paper No. 4: 2026–27 State Capital Program*, Melbourne, 2026, p. 149.

5 Ibid.; Hon Lily D'Ambrosio MP, Minister for the State Electricity Commission, 2026–27 Budget Estimates hearing, State Electricity Commission, Melbourne, 18 May 2026, *Transcript of evidence*, p. 9.

6 Department of Energy, Environment and Climate Action, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 112–116; Department of Treasury and Finance, *Department Performance Statement 2026–27*, Melbourne, 2026, p. 18.

9.3.1 Pest animal and weed control

Delivering programs to control pest animals and weeds is an ongoing part of DEECA's service delivery that contributes to both the Environment and Agriculture portfolios. It serves to help protect biodiversity, including threatened species and agricultural production. Pest animals requiring management include deer, foxes, rabbits, and feral pigs, goats, horses and cats.[7]

Under the Environment portfolio, controlling pest animals and weeds is a core component of implementing *Protecting Victoria's Environment – Biodiversity 2037* (Biodiversity 2037).[8] This activity occurs through multiple programs with multiple delivery partners. Current programs include the *Protecting Biodiversity* program, *Weeds and Pests on Public Land* program, and *Victorian Deer Control* program.[9]

DEECA has three performance measures under its Environment and Biodiversity output that also reflect delivery of threat management under Biodiversity 2037:

- Pest herbivore control in priority locations
- Pest predator control in priority locations
- Weed control in priority locations.[10]

In addition, it has a related measure under its Parks Victoria output that also contributes to the implementation of Biodiversity 2037:

- Area treated to minimise the impact of pest plants, pest animals and over abundant native animals in parks managed by Parks Victoria.[11]

During the hearings, the Committee enquired into the Department's 2025–26 expected outcomes for the three performance measures for pest animal and weed control in priority locations and questioned why bushfire impacts were reported as the reason for expected activity being below target.[12] In particular, the Committee sought an

7 Department of Energy, Environment and Climate Action, *Protecting Biodiversity program*, 23 May 2024, <https://www.environment.vic.gov.au/biodiversity/investing-in-biodiversity/protecting-biodiversity> accessed 9 June 2026; Agriculture Victoria, *Established pest animal species*, 22 February 2024, <https://agriculture.vic.gov.au/biosecurity/pest-animals/established-pest-animal-species> accessed 9 June 2026.

8 Department of Environment, Land, Water and Planning, *Protecting Victoria's Environment – Biodiversity 2037*, Melbourne, 2017, p. 20.

9 Department of Energy, Environment and Climate Action, *Protecting Biodiversity program*, 23 May 2024, <https://www.environment.vic.gov.au/biodiversity/investing-in-biodiversity/protecting-biodiversity> accessed 9 June 2026; Department of Energy, Environment and Climate Action, *Weeds and Pests on Public Land program*, 23 March 2026, <https://www.environment.vic.gov.au/invasive-plants-and-animals/invasive-species-on-public-land/weeds-and-pests-on-public-land-program> accessed 9 June 2026; Department of Energy, Environment and Climate Action, *Victorian Deer Control Program*, 17 December 2025, <https://www.environment.vic.gov.au/invasive-plants-and-animals/deer-control-program> accessed 9 June 2026.

10 Department of Treasury and Finance, *Department Performance Statement 2026–27*, p. 30; Department of Environment, Land, Water and Planning, *Protecting Victoria's Environment – Biodiversity 2037*, p. 20.

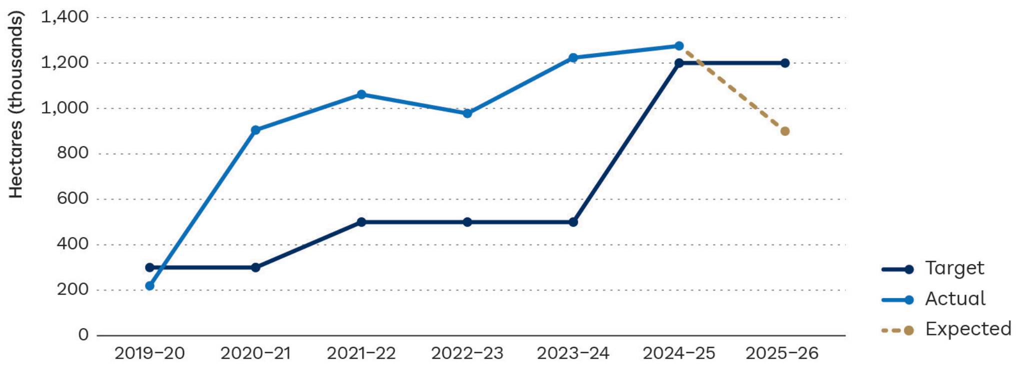
11 Department of Treasury and Finance, *Department Performance Statement 2026–27*, p. 33.

12 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Environment, Melbourne, 19 May 2026, *Transcript of evidence*, p. 6.

explanation for the reduction in herbivore control which was expected to be 300,000 hectares (25%) below target and 375,613 hectares (29%) less than delivered in 2024–25 (Figure 9.1).[13]

The Minister for Environment explained that due to 'how large the bushfires were … resources had to be redirected and reprioritised to the emergency situation'.[14] The Department further elaborated that there has been no reduction in funding but that four projects delivering on-ground herbivore control were likely to be affected by the bushfires, with activity likely to be delayed into 2026–27.[15] Whilst the Department did not explain whether the delay was due to redirection of resources or other operational factors, a possible explanation is lack of safe access to fire-affected areas, as this was the reason why on-ground herbivore control was not possible immediately following the 2019–20 bushfires.[16]

Figure 9.1 Performance measure results for pest herbivore control in priority locations show an expected decrease in service delivery for 2025–26



Source: Department of Treasury and Finance, *Departmental statements: Departmental performance measures: Department of Energy, Environment and Climate Action – output performance measures 2026–27*, 5 May 2026, <https://www.dtf.vic.gov.au/departmental-statements#departmental-performance-measures> accessed 11 June 2026; Department of Treasury and Finance, *Department Performance Statement 2026–27*, Melbourne, 2026, pp. 30, 33.

In contrast, there was no expected under-performance for pest animal and weed control on land managed by Parks Victoria which was also affected by the January 2026 bushfires.[17] In the prior year, Parks Victoria's performance was above target due to an increase in on-ground works following bushfires in the summer of 2024–25.[18]

13 Ibid.; Department of Treasury and Finance, *Department Performance Statement 2026–27*, p. 30.

14 Hon Enver Erdogan MLC, Minister for Environment, 2026–27 Budget Estimates hearing, Environment, Melbourne, 19 May 2026, *Transcript of evidence*, p. 6.

15 Carolyn Jackson, Deputy Secretary, Regions, Environment, Climate Action and First Peoples, 2026–27 Budget Estimates hearing, response to questions on notice, received 1 June 2026, p. 4.

16 Department of Environment, Land, Water and Planning, *Emergency Response Aerial Shooting Operation: Summary Report*, Melbourne, 2020, p. 11.

17 Department of Treasury and Finance, *Department Performance Statement 2026–27*, p. 33; Parks Victoria, *Fire-affected parks remain closed as others reopen*, 13 January 2026, <https://www.parks.vic.gov.au/news/2026/01/13/03/43/fire-affected-parks-remain-closed-as-others-reopen> accessed 5 June 2026.

18 Department of Energy, Environment and Climate Action, *Annual Report 2024–25*, Melbourne, 2025, p. 51.

FINDING 53: The Department of Energy, Environment and Climate Action is unlikely to meet the target for the performance measure 'Pest herbivore control in priority locations' in 2025–26 due to the 2025–26 bushfires delaying the activity of four projects delivering on-ground pest herbivore control.

The Department has previously identified the importance of pest animal and weed control following bushfires to support ecosystem recovery and protect biodiversity.[19] Following the 2019–20 bushfires, the Government invested in the *Bushfire Biodiversity Response and Recovery* (BBRR) program which included approximately $25 million over three years for controlling pest animals and weeds.[20] An evaluation of the BBRR program recommended that the pest animal and weed control should be retained as part of the framework for future similar event responses.[21]

DEECA's documented learnings from the 2019–20 bushfires demonstrate that there is a window of opportunity post-fire where conditions are optimal for aerial shooting to control pest herbivores.[22] Therefore, it is important that DEECA increases its pest herbivore control activity over 2026–27 to, at minimum, meet performance targets and support recovery of the natural environment.

FINDING 54: Pest animal and weed control is an important component of post-bushfire recovery to protect biodiversity. As such, it is important that the Department of Energy, Environment and Climate Action meet or exceed its associated performance targets in 2026–27 to support environmental recovery from the 2025–26 bushfires.

The Committee also notes that there has been little change in the extent of pest predator control in priority locations since 2023–24 despite an increase in the performance target and planned increase in activity that year, as noted by DEECA in the 2023–24 Budget Paper No. 3 (see Figure 9.2).[23] Weed control in priority locations has been consistently below its performance target in each budget year since 2019–20, despite a substantial decrease in the target in 2023–24 (Figure 9.3).[24] This under-performance is occurring in the broader context of under-performance for Biodiversity 2037, as previously reported by the Committee.[25] The Committee will continue to monitor DEECA's delivery of pest animal and weed control.

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19 Department of Energy, Environment and Climate Action, *Managing invasive species after fire*, 19 September 2023, <https://www.environment.vic.gov.au/invasive-plants-and-animals/managing-invasive-species-after-fire> accessed 5 June 2026.

20 Department of Energy, Environment and Climate Action, *Victoria's bushfire emergency: Biodiversity response and recovery*, 15 November 2024, <https://www.wildlife.vic.gov.au/home/biodiversity-bushfire-response-and-recovery> accessed 5 June 2026.

21 Ibid.

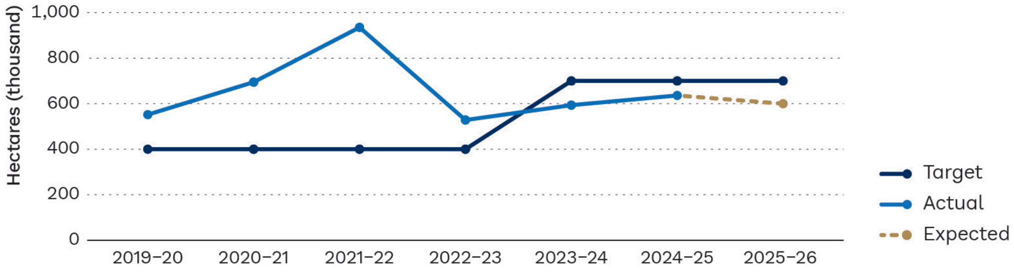
22 Department of Environment, Land, Water and Planning, *Emergency Response Aerial Shooting Operation: Summary Report*, pp. 11, 17.

23 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 151.

24 Ibid.

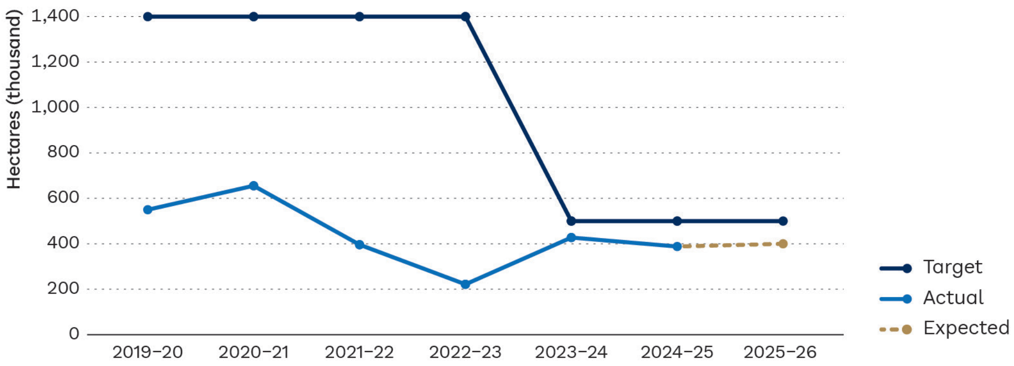
25 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. 189–194.

Figure 9.2 Performance measure results for pest predator control in priority locations shows service delivery has been below target since 2023–24



Source: Department of Treasury and Finance, *Departmental statements: Departmental performance measures: Department of Energy, Environment and Climate Action – output performance measures 2026–27*, 5 May 2026, <https://www.dtf.vic.gov.au/departmental-statements#departmental-performance-measures> accessed 11 June 2026; Department of Treasury and Finance, *Department Performance Statement 2026–27*, Melbourne, 2026, pp. 30, 33.

Figure 9.3 Performance measure results for weed control in priority locations shows service delivery has been consistently below target



Source: Department of Treasury and Finance, *Departmental statements: Departmental performance measures: Department of Energy, Environment and Climate Action – output performance measures 2026–27*, 5 May 2026, <https://www.dtf.vic.gov.au/departmental-statements#departmental-performance-measures> accessed 11 June 2026

FINDING 55: The Department of Energy, Environment and Climate Action has been consistently below its performance target for weed control in priority locations since 2019–20.

9.4 Energy and Resources portfolio: key issue

The Minister for Energy and Resources is responsible for three outputs: Energy (funding in 2026–27: $257.1 million), Resources (funding in 2026–27: $47.9 million) and Solar Victoria (funding in 2026–27: $113 million).[26]

26 Department of Energy, Environment and Climate Action, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 117–118; Department of Treasury and Finance, *Department Performance Statement 2026–27*, p. 18.

9.4.1 Energy reliability

Victoria is in the process of transitioning to renewable energy sources with legislated renewable energy targets. Accordingly, the 2026–27 Budget includes significant investment in the transition, with a focus on energy security and system reliability.[27]

System reliability is being able to supply customers with the energy they need by having enough power generation, demand response and network capacity, which is reliant on having system security. A secure energy system is one that can balance electricity supply and demand while technical parameters are maintained within certain limits. There are challenges to maintaining energy security and system reliability during the renewables transition due to the changing mix of energy generation.[28]

During the hearings, the Committee inquired into whether Victoria will have energy reliability when the Yallourn coal power station closes in 2028.[29] The Minister for Energy and Resources advised that 'for the next 10 years not only will Victoria have sufficient electricity supplies but it will have secure electricity supplies' based on modelling by the Australian Energy Market Operator (AEMO). The Minister stated that 'there is no issue of a lack of electricity or energy security for Victoria.'[30]

AEMO's modelling for the Electricity Statement of Opportunities (ESOO) provides a 10-year outlook of investment requirements to maintain reliability in the National Electricity Market. The 2025 ESOO shows that Victoria will maintain system reliability over the next 10 years if there is full and on-time delivery of all planned projects.[31]

Avoiding future delays to the Victoria to New South Wales Interconnector West and offshore wind projects—both of which have previously been delayed—will be crucial to maintaining a reliable energy system in Victoria.[32] When asked whether there would be further delays to offshore wind projects, the Minster replied that 'we keep working assiduously on this, and we are passing every milestone that we have set for ourselves'.[33]

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27 Hon Lily D'Ambrosio MP, Minister for Energy and Resources, 2026–27 Budget Estimates hearing, Energy and Resources, Melbourne, 18 May 2026, *Transcript of evidence*, p. 2; Department of Energy, Environment and Climate Action, *Victoria's electricity future*, 25 November 2025, <https://www.energy.vic.gov.au/renewable-energy/victorias-electricity-future> accessed 11 June 2026.

28 Australian Energy Market Commission, *Reliability*, 2026, <https://www.aemc.gov.au/energy-system/electricity/electricity-system/reliability> accessed 11 June 2026; Australian Energy Market Commission, *Security*, 2026, <https://www.aemc.gov.au/energy-system/electricity/electricity-system/security> accessed 11 June 2026.

29 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Energy and Resources, Melbourne, 18 May 2026, *Transcript of evidence*, pp. 3–4, 13.

30 Hon Lily D'Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, pp. 3–4, 13.

31 Committed, anticipated and federal and state government-supported generation projects, and actionable transmission developments. Source: Australian Energy Market Operator, *2025 Electricity Statement of Opportunities*, 2025, pp. 7, 58, 62.

32 Australian Energy Market Operator, *Victorian Annual Planning Report: October 2025*, 2025, pp. 3, 8–9, 23.

33 Hon Lily D'Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, p. 17.

FINDING 56: On-time delivery of currently planned energy generation, storage and transmission projects, including the Victoria to New South Wales Interconnector West and offshore wind, is crucial to support Victoria's energy reliability over the next 10 years.

Firming energy sources such as gas, hydropower and batteries are needed for energy security; they are flexible energy sources that are available at any time of day or night.[34] Greater reliance on battery storage as firming energy instead of gas-fired power generation will support cheaper energy bills for consumers.[35] As of 30 June 2025, Victoria had 0.77 Gigawatt (GW) of commissioned energy storage capacity and a further 2.3 GW of storage projects either undergoing commissioning or under construction.[36] If projects are delivered within expected timelines, the Government is on track to meet its 2030 target of 2.6 GW energy storage capacity. Timely delivery of renewable energy generation and transmission projects is also important to keep electricity prices as low as possible for consumers.[37] The Australian Energy Market Commission has forecast in its price trends report that delays to development of transmission lines and wind farms is projected to raise electricity prices by increasing reliance on gas power generation.[38]

FINDING 57: The Government is on track to meet its 2030 target of at least 2.6 gigawatt energy storage if projects are commissioned within expected timelines, which will lead to lower energy bills for consumers by reducing reliance on gas power generation for energy security.

Data centres are forecast to significantly increase electricity demand, which has implications for energy reliability.[39] The Minister assured the Committee that 'consumers should not be paying for [data centres], either through increased bills or shortages of supply'.[40] However, it is not clear how data centres are being factored into planning for the renewable energy transition. For example, the 2025 Victorian Transmission Plan considered data centres in scenario 2 but VicGrid is proceeding with an optimal development pathway based on scenario 1, which did not factor in data centres.[41] VicGrid is currently updating its demand assumptions for the next

34 Firming energy sources balance electricity supply and demand during periods where there is a surplus or shortfall in generation, thereby maintaining energy security.

35 Hon Lily D'Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, p. 11; Department of Energy, Environment and Climate Action, *Cheaper*, *Cleaner*, *Renewable: Our Plan for Victoria's Electricity Future*, Melbourne, 2024, pp. 6, 36; VicGrid, *2025 Victorian Transmission Plan*, Melbourne, 2025, p. 60.

36 Department of Energy, Environment and Climate Action, *Victoria's Renewable Energy Targets: 2024/25 Progress Report*, Melbourne, 2025, pp. 4, 9–11.

37 Hon Lily D'Ambrosio MP, Minister for Energy and Resources, 2026–27 Budget Estimates hearing, response to questions on notice, received 27 May 2026, p. 1.

38 Australian Energy Market Commission, *Residential Electricity Price Trends 2025*, 2025, pp. 14–17.

39 Australian Energy Market Operator, *2025 Electricity Statement of Opportunities*, p. 62; Australian Energy Market Operator, *Victorian Annual Planning Report: October 2025*, pp. 19, 30, 80.

40 Hon Lily D'Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, p. 14.

41 VicGrid, *2025 Victorian Transmission Plan*, Melbourne, 2025, pp. 32, 103.

iteration of the Victorian Transmission Plan to better reflect anticipated data centre development.[42] See Chapter 8 for further discussion of data centres.

FINDING 58: The energy demand of data centres has implications for Victoria's energy reliability. As VicGrid is currently updating demand assumptions for the Victorian Transmission Plan to account for data centre growth, it is not clear how the Government plans to manage the increasing demand on the energy grid as data centre development expands.

9.5 Agriculture portfolio: key issue

The Minister for Agriculture is responsible for one output: Agriculture (funding in 2026–27: $511.7 million).[43]

9.5.1 Forestry transition program grants

Commercial native timber harvesting ended in Victoria as of 1 January 2024.[44] DEECA is supporting businesses and workers whose livelihoods depended on that industry through the forestry transition program, which includes industry and community grants.[45]

During the hearings, the Committee and DEECA discussed the grant guidelines and record keeping. Specifically, the Committee sought an explanation for shortcomings in DEECA's grant processes that were identified by the Victorian Auditor-General's Office (VAGO) in its *Supporting the Transition from Native Timber Harvesting* report.[46] The Secretary of DEECA explained that there was a 'design fault within the program guidelines' and assured the Committee that the problem had been rectified.[47] DEECA has put in place an action plan in response to VAGO's audit that will ensure it improves its grant guidelines and record-keeping in future.[48] An issue cited by DEECA was that records were dispersed across various record systems rather than evidence being stored in one place, and DEECA assured the Committee that it has 'taken on board the learnings in relation to the record keeping'.[49]

9

42 VicGrid, *2027 Victorian Transmission Plan*, 29 June 2026, <https://www.vicgrid.com.au/transmission-planning/victorian-transmission-plan/2027-victorian-transmission-plan> accessed 30 June 2026; VicGrid, *Draft 2026 Victorian Transmission Plan Guidelines*, Melbourne, May 2026, pp. 5, 8.

43 Department of Energy, Environment and Climate Action, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 110–112; Department of Treasury and Finance, *Department Performance Statement 2026–27*, p. 18.

44 Department of Energy, Environment and Climate Action, *Forestry in Victoria*, 1 August 2025, <https://www.deeca.vic.gov.au/forestry/forestry-in-victoria> accessed 28 July 2026.

45 Department of Energy, Environment and Climate Action, *Annual Report 2024–25*, p. 64; Department of Energy, Environment and Climate Action, *Grants*, n.d., <https://www.deeca.vic.gov.au/forestry/grants> accessed 28 July 2026.

46 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Agriculture, Melbourne, 20 May 2026, *Transcript of evidence*, pp. 15–16; Victorian Auditor-General's Office, *Supporting the Transition from Native Timber Harvesting*, Melbourne, 2026.

47 Kate Houghton, Secretary, Department of Energy, Environment and Climate Action, 2026–27 Budget Estimates hearing, Agriculture, Melbourne, 20 May 2026, *Transcript of evidence*, p. 15.

48 Beth Jones, Deputy Secretary, Department of Energy, Environment and Climate Action, 2026–27 Budget Estimates hearing, Agriculture, Melbourne, 20 May 2026, *Transcript of evidence*, p. 16.

49 Ibid.

In addition, DEECA stated that it has provided VAGO with evidence for all of the program's grant payments:

> We have gone through and actually provided the evidence to VAGO as well, which backs up or is the evidence base for every single payment, and we are absolutely confident that every single payment that is made under those programs in turn is verified and there is an evidence base.[50]

DEECA has a performance measure 'Number of grants awarded through forestry programs' for which the target has increased: it was 40 in 2025–26 and is 65 for 2026–27. The higher target 'reflects the broadened scope of grant programs being delivered across the Victorian Forestry Program'.[51] The Committee notes the timeliness of the VAGO audit and DEECA's subsequent action plan to ensuring that future grants are awarded and used as intended.

9.6 Performance measures

9.6.1 Department-wide: analysis of new performance measures

DEECA added five new performance measures in the 2026–27 Budget, two of which replaced discontinued measures.[52] Table 9.1 summarises the issues the Committee identified with the proposed discontinuation of one performance measure.

Table 9.1 Issues with one new performance measure in 2026–27

Output	Performance measure	Issues identified by the Committee
Management of Public Land and Forests (Timeliness)	Applications for consent to use or develop marine and coastal land determined within statutory timelines	The Committee has previously highlighted that the Department of Energy, Environment and Climate Action (DEECA) has performance measures that represent minimum service delivery. This performance measure does not demonstrate performance, as DEECA must meet it because it is required to under legislation. According to the Resource Management Framework, performance measures that show a legislative requirement may not be sufficiently challenging as they represent a basic minimum standard rather than the quality of a service.

Source: Department of Energy, Environment and Climate Action, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, p. 131; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates,* October 2025, p. 147; Department of Treasury and Finance, *The Resource Management Framework Part 2 of 2 – Attachments*, Melbourne, 2026, p. 12.

50 Ibid.

51 Department of Treasury and Finance, *Department Performance Statement 2026–27*, p. 22.

52 Department of Energy, Environment and Climate Action, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 129–131, 142–145.

RECOMMENDATION 24: The Department of Energy, Environment and Climate Action review the new performance measure 'Applications for consent to use or develop marine and coastal land determined within statutory timelines' and incorporate a revised measure in the next Budget.

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

DEECA identified six performance measures for discontinuation in the 2026–27 Budget.[53] Most measures will be discontinued due to the lapsing or ending of funding for various programs. These include the discontinuation of grants for the *Distillery Door Program,* which provided support to Victorian distilleries to grow the industry.[54] The measure 'Priority conservation actions for threatened species' was also discontinued due to the program ending in June 2026. The measure related to actions taken by DEECA and delivery partners to improve the likelihood of threatened species' persistence and recovery.[55]

FINDING 59: The majority of the Department of Energy, Environment and Climate Action's discontinued performance measures in the 2026–27 Budget relate to the ending of several programs.

9

53 Ibid., pp. 142–145.

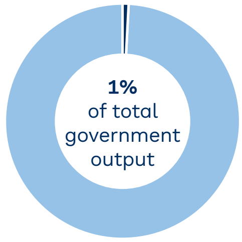
54 Ibid.; Agriculture Victoria, *Distillery Door Program*, 30 June 2025, <https://agriculture.vic.gov.au/support-and-resources/funds-grants-programs/distillery-door-program> accessed 20 May 2026.

55 Department of Energy, Environment and Climate Action, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 144.

Chapter 10
Court Services Victoria

Total output funding

2026–27 Budget	$894.7m
2025–26 revised Budget	$897.3m
2025–26 Budget	$834.2m



8th largest budget of all departments

Funding by output, 2026–27

$894.7m
allocated to Court Services Victoria's one output, Courts

Infrastructure program, 2026–27 ($263.6m)

- $225.6m — Existing infrastructure program
- $38m — Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$304.9m
Delivering serious consequences and keeping the community safe

$7.6m
Koori Hearing List

$7.2m
Fast-Tracking Homicide Cases

3 new output initiatives totalling $319.7m from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$10.6m
Maintaining our court buildings

$1.5m
Meeting the requirements of the Bail Further Amendment Act 2005

2 new infrastructure projects

10

10.1 Financial analysis

Court Services Victoria's (CSV) output appropriations are budgeted as $617 million for 2026–27, an increase of $18 million (3%) compared to the 2025–26 revised Budget.[1] CSV's employee expenses are budgeted as $513 million in 2026–27, a minimal increase from $508 million compared to the revised Budget.[2]

10.2 Court Services Victoria: key issues

10.2.1 Managing demand arising from the Community Safety Reforms

Managing demand arising from recent amendments to bail legislation is listed as the second most significant strategic issue for CSV for 2026–27.[3] The bail amendments are part of the Government's community safety reforms, discussed further in Chapter 5.

CSV has begun implementing measures that enable the court system to manage the increase in demand caused by the reforms. These include establishing the Magistrates' Court of Victoria (MCV) Remote Custody Court, an expansion of the Bail and Remand Court to Saturdays and public holidays, and related support services.[4]

The new bail laws have led to an increase in demand on the MCV as well as an increase in the percentage of applications being refused or revoked.[5] In the year ending March 2026 compared to the same period the previous year, the total number of bail applications to the MCV increased by 13,103, an increase of 42.5%. In the same period, the percentage of bail applications that were refused increased from 30.2% to 34.7%, and the percentage of bail applications that were revoked increased from 17.5% to 18.2%. The percentage of bail applications that were granted decreased from 52.3% to 47.1%.[6]

1 Court Services Victoria, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2026, p. 15.

2 Ibid., p. 16.

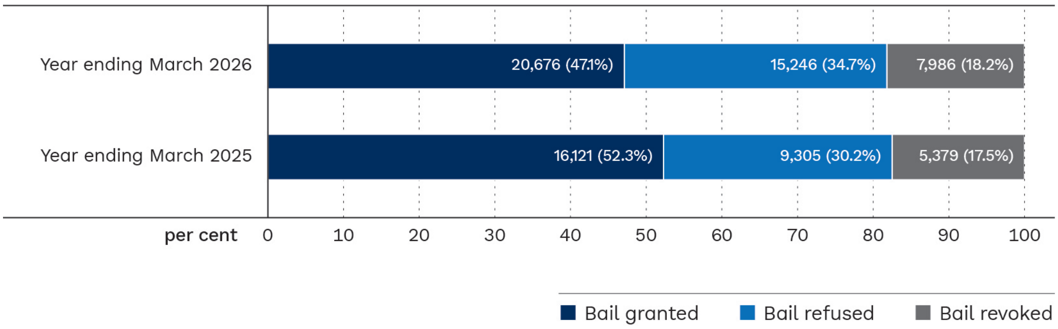
3 Ibid., 11.

4 Ibid.

5 Ibid., pp. 11, 14, 19; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Financial and Performance Outcomes*, March 2026, pp. 162–164; Court Services Victoria, *Annual Report 2024–25,* Melbourne, 2025, pp. 25–26; Crime Statistics Agency, *Bail decisions statistics, Magistrates' Court, year ending March 2026: Bail applications by outcome,* March 2026, <https://www.crimestatistics.vic.gov.au/bail-decision-statistics> accessed 2 July 2026.

6 Crime Statistics Agency, *Bail decisions statistics, Magistrates' Court, year ending March 2026: Bail applications by outcome.*

Figure 10.1 When comparing the year ending March 2025 and March 2026, there has been an increase in total bail applications, and the percentage of applications refused and revoked in the Magistrates' Court of Victoria



Source: Crime Statistics Agency, *Bail decisions statistics, Magistrates' Court, year ending March 2026,* March 2026, <https://www.crimestatistics.vic.gov.au/bail-decision-statistics> accessed 2 July 2026.

FINDING 60: Following the Victorian Government's bail amendments, between the year ending March 2025 and the year ending March 2026 there were 13,103 more bail applications in the Magistrates' Court of Victoria, an increase of 42.5%. In the same period, the percentage of bail applications refused and revoked increased, and the percentage of bail applications approved decreased.

10.2.2 Funding to meet increased demand in the courts

In the hearings the Committee asked about funding in the Budget to implement the Government's bail and sentencing reforms.[7] The 2026–27 Budget invests over $155 million to meet court system demand and ensure the courts move quickly.[8] In the hearings, the Attorney General outlined several streams of funding in the Budget.

The Attorney General advised the Committee that the Budget provides $117 million over the forward estimates for establishing a specialised County Court youth list to fast-track serious matters to the County Court.[9] The whole of government initiative, *Delivering serious consequences and keeping the community safe*, includes $10.7 million in funding for CSV in 2026–27 to establish the youth list and to construct new youth holding cells at the County Court in Melbourne.[10]

7 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Attorney General, Melbourne, 22 May 2026, *Transcript of evidence*, p. 6.

8 Hon Sonya Kilkenny MP, Attorney General, *2026–27 Budget Estimates hearings presentation: Attorney General*, supplementary evidence, p. 6.

9 Hon Sonya Kilkenny MP, Attorney General, 2026–27 Budget Estimates hearing, Attorney General, 22 May 2026, *Transcript of evidence*, p. 2.

10 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery*, Melbourne, 2026, pp. 5–6; Court Services Victoria, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 18.

The Budget also provides $1.5 million in asset initiative funding for *Meeting the requirements of the Bail Further Amendment Act 2025*. Funding is provided to ensure that the MCV's Case Management System can 'meet requirements arising from bail legislative reforms that commenced in 2025'.[11]

10.2.3 Koori Hearing List

During the hearings, the Committee asked the Attorney General about new budget measures in place to address the over-representation of Aboriginal and Torres Strait Islander peoples in the courts and justice system.[12] At 30 June 2025 in Victoria, Aboriginal and Torres Strait Islander people accounted for 13.8% of the total prison population despite representing only 1% of the Victorian population.[13]

The Attorney General committed to continuing to work to address the over-representation of Aboriginal and Torres Strait Islander people in the justice system.[14] The 2026–27 Budget allocates a further $191 million for First Nations initiatives across the whole of government, including $7.6 million to establish the Koori Hearing List at the Melbourne Magistrates' Court.[15] The Koori Hearing List will endeavour to help meet increased demand arising from the bail reforms and will deliver culturally appropriate case management for matters involving Aboriginal and Torres Strait Islander accused, including bail applications.[16] The Koori Hearing List will be supported through the reallocation of a Magistrate, alongside Elders and Respected Persons, and support staff.[17] When developing the Koori Hearing List, a range of stakeholders were consulted with further consultation to take place during implementation.[18]

CSV has stated that the benefits of this initiative will include:

- strengthened response to the over-representation of First Peoples, including women, in bail and remand matters
- timely progression and resolution of cases that will benefit court users on remand
- additional resources to enable CSV's case management system to support requirements.[19]

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11 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27,* p. 99; Court Services Victoria, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 19.

12 Public Accounts and Estimates Committee, Attorney General, *Transcript of evidence*, p. 17.

13 Corrections Victoria, *Annual Prisons Statistical Profile 2015–16 to 2024–25*, March 2026, Table 1.3 <https://www.corrections.vic.gov.au/about-the-corrections-system/statistics-and-research/annual-prisons-statistical-profile> accessed 30 June 2026; Australian Bureau of Statistics, *Victoria: Aboriginal and Torres Strait Islander population summary*, released 1 July 2022 <https://www.abs.gov.au/articles/victoria-aboriginal-and-torres-strait-islander-population-summary> accessed 30 June 2026.

14 Hon Sonya Kilkenny MP, Attorney General, *Transcript of evidence,* pp. 17–18.

15 Ibid., pp. 2–3; Department of Treasury and Finance, *Budget Paper No. 3: 2026–27,* p. 10; Court Services Victoria, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 19.

16 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27,* p. 11.

17 Court Services Victoria, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 11.

18 Ibid., p. 58.

19 Ibid., p. 55.

FINDING 61: The new Koori Hearing List has been established in the Melbourne Magistrates' Court to help meet increased demand arising from the bail reforms and deliver culturally appropriate case management for matters involving Aboriginal and Torres Strait Islander accused.

10.3 Performance measures

CSV has no new or discontinued performance measures in the 2026–27 Budget.[20]

20 Ibid., pp. 37, 39.

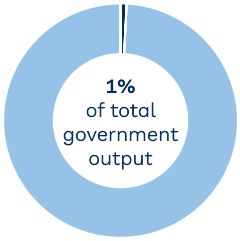
Chapter 11
Department of Government Services

Total output funding

2026–27 Budget $776.2m

2025–26 revised Budget $890.8m

2025–26 Budget $790.2m



9th largest budget of all departments

Funding by output, 2026–27

- Services to Government **$378.5m**
- Regulations of the Victorian consumer marketplace **$157.6m**
- Government services strategy and digital transformation **$88.4m**
- Local Government **$73.6m**
- Customer services to the Community **$65.9m**
- Management of Victoria's public records **$12.2m**

Infrastructure program, 2026–27 ($49.7m)

$32.7m | $17m

- Existing infrastructure program
- Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$20m
Maintaining Births, Deaths and Marriages Victoria

$5m
Investing in Victoria's digital future

$5.4m
Minimising insecure work in the local government sector

9 new output initiatives totalling $47.2m from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$7m
Children's Agenda priority workstreams – Children's digital roadmap

1 new infrastructure project

11

11.1 Financial analysis

The Department of Government Services' (DGS) output appropriations are budgeted as $565.8 million for 2026–27, a decrease of $83.5 million (12.8%) compared to the 2025–26 revised Budget.[1] The variation is due to:

- reduced funding requirements because the *Connecting Victoria mobile and broadband program* is nearing completion in 2026–27, and
- funding for Service Victoria being held in contingency.[2]

The decrease in output appropriations is partially offset by funding for initiatives announced in the 2026–27 Budget: *Investing in Victoria's digital future*; *Maintaining Birth, Deaths and Marriages Victoria*; and *Minimising insecure work in the local government sector*.[3]

Under expenses, DGS's budgeted employee benefit is $335.1 million in 2026–27, a decrease of $41.6 million (11%) compared to the 2025–26 revised Budget.[4] DGS explained that the decrease is due to funding not yet being released from contingency across several programs, including Service Victoria.[5]

In 2026–27, the following DGS outputs have large variations in funding compared to the 2025–26 Budget:

- Customer Services to the Community (-23.6%): this output includes Identity and Worker Screening Services, which was previously contained in a separate output. Worker screening has been transferred to the Department of Families, Fairness and Housing, with outcomes and targets remaining until funding transfers are finalised. The reduction reflects the timing of funding provided to Service Victoria.
- Regulation of the Victorian Consumer Marketplace (+23.6%): increased funding is provided for Rental Dispute Resolution Victoria, financial counselling programs and delivery of the Fair Fuel Plan.
- Government Services Strategy and Digital Transformation (-29.4%): the reduction is due to the Connecting Victoria mobile and broadband program nearing completion in 2026–27.[6]

1 Department of Government Services, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, p. 21.

2 Ibid.

3 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances,* Melbourne, 2026, p. 107.

4 Department of Government Services, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 21.

5 Ibid.

6 Department of Treasury and Finance, *Department Performance Statement 2026–27*, Melbourne, 2026, p. 53.

11.2 Cost-of-Living portfolio: key issue

DGS indicated in its questionnaire response that the Minister for Cost-of-Living does not have responsibility for an output in 2026–27.[7]

11.2.1 Cost-of-Living supports

The Cost-of-Living portfolio was introduced 2026 and the 2026–27 Budget allocates over $2.5 billion to cost-of-living relief.[8] The portfolio aims to help Victorians access support, fairer systems and practical assistance while addressing rising housing, rental, motoring, transport, healthcare and utility costs, and increased pressures driven by inflation and interest rates.[9]

Key initiatives highlighted during the hearings include:

- $1.2 billion to reduce transport costs, including free and discounted public transport, registration rebates, $480 million for enhanced regional public transport services,[10] $5 million to support fuel price transparency, compliance activities and enhancements to the Servo Saver app[11]
- $860 million over five years for the Social Housing Growth Fund,[12] supporting the delivery of more than 7,000 additional social homes over the next decade.[13] The Minister identified housing costs as one of the most significant household expenses and a major focus of the portfolio[14]
- $120 million to assist families with children, including savings of up to $2,600 per child through Free Kinder and continued support for School Breakfast Clubs in more than 1,200 schools[15]
- $98.7 million over five years for the Victorian Renter Rights Program,[16] including local renter advice services, a dedicated housing rights service for older Victorians and a renters helpline expected to support more than 25,000 renters[17]
- $90 million for the transition to renewable and more affordable energy through the Utility Relief Grant Scheme and expansion of the Energy Upgrades program[18]

7 Department of Government Services, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 42–47.

8 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *2026–27 Budget Estimates hearings presentation: Cost-of-Living*, supplementary evidence received 12 May 2026, p. 1.

9 Ibid.; Hon Paul Edbrooke MP, Minister for Cost-of-Living, 2026–27 Budget Estimates hearing, Cost-of-Living, Melbourne, 22 May 2026, *Transcript of evidence*, p. 5.

10 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *Transcript of evidence*, pp. 1, 2–6.

11 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *2026–27 Budget Estimates hearings presentation,* p. 4.

12 Ibid., p. 3; Hon Paul Edbrooke MP, Minister for Cost-of-Living, *Transcript of evidence*, p. 5.

13 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *Transcript of evidence*, p. 1.

14 Ibid., p. 5.

15 Ibid., p. 2; Hon Paul Edbrooke MP, Minister for Cost-of-Living, *2026–27 Budget Estimates hearings presentation,* p. 5.

16 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *2026–27 Budget Estimates hearings presentation,* p. 3

17 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *Transcript of evidence*, p. 1.

18 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *2026–27 Budget Estimates hearings presentation*, p. 5.

- $2.4 million for more place-based community information and support services, including delivery of the Bring Your Bills Day events[19]
- the Portable Rental Bond Scheme, designed to reduce upfront moving costs by allowing rental bonds to transfer between properties, as well as more efficient and cost-effective dispute resolution through Rental Dispute Resolution Victoria.[20]

A key theme of the hearing was that the Cost-of-Living portfolio is the first of its kind,[21] aiming to operate across traditional portfolio boundaries.[22] The Minister indicated that cost-of-living measures are delivered through a range of portfolios, with the Cost-of-Living portfolio undertaking a coordinating function.[23]

FINDING 62: The Cost-of-Living portfolio was established in 2026 to coordinate delivery of whole-of-government cost-of-living support initiatives worth $2.5 billion, with significant investment directed towards housing, energy, transport affordability, and renter assistance.

During the hearings, the Committee sought information on how the portfolio will measure its success and outcomes achieved.[24] The Minister stated that outcome measures exist across the various portfolios that contribute to cost-of-living initiatives and that information on those measures may be available for reporting in the future.[25] In relation to service delivery, the Minister reported that the outputs and performance measures related to the cost-of-living initiatives are 'the responsibility of the departments whose outputs are funded to deliver those initiatives'.[26] Therefore, at the time of this inquiry, there were no objectives, outputs or performance measures specifically for the Cost-of-Living portfolio.

When asked about the specific funding the portfolio has direct oversight of, the Minister and department officials stated that these include: financial counselling programs shared with Consumer Affairs Victoria, Community Information and Support Victoria support services, and the Bring Your Bills program and the Servo Saver app under DGS.[27] There are no budget paper performance measures that cover those initiatives.

FINDING 63: The Cost-of-Living portfolio does not have objectives, outputs or performance measures in the 2026–27 Budget.

19 Ibid.

20 Ibid., p. 3.

21 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *Transcript of evidence*, p. 1.

22 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *2026–27 Budget Estimates hearings presentation,* p. 1.

23 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *Transcript of evidence*, p. 7.

24 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Cost-of-Living, Melbourne, 22 May 2026, *Transcript of evidence*, p. 7.

25 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *Transcript of evidence*, p. 8.

26 Hon Paul Edbrooke MP, Minister for Cost-of-Living, 2026–27 Budget Estimates hearing, response to questions on notice, received 4 June 2026, p. 2.

27 Hon Paul Edbrooke MP, Minister for Cost-of-Living, *Transcript of evidence*, p. 7.

RECOMMENDATION 25: The Department of Government Services establish a mechanism for publicly reporting on the overall performance of cost-of-living initiatives to reflect the whole-of-government services provided under the Cost-of-Living portfolio.

11.3 Performance measures

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

DGS identified five performance measures for discontinuation in the 2026–27 Budget.[28] Three measures, relating to Working with Children and National Disability Insurance Scheme checks, were discontinued as they were transferred to the Department of Families, Fairness and Housing due to machinery of government changes.[29]

The Committee supports DGS's rationale for the discontinuation of four measures. Table 11.1 summarises the issues that the Committee identified with the proposed discontinuation of the remaining performance measure.

Table 11.1 Issues with proposed discontinuation of one performance measure in 2026–27

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Regulation of the Victorian Consumer Marketplace (Timeliness)	Percentage of intake and mediation services conducted within agreed timeframes	According to the Department of Government Services (DGS), this measure is proposed to be discontinued as it is a subset of the performance measure 'Average response time by the Victorian Government Contact Centre (phone and webchat contacts)'. Based on the Department's descriptions, these two measures seem to measure different types of activities. 'Average response time by the Victorian Government Contact Centre' has a target of five minutes or under and measures the time to a phone or webchat contact being answered. DGS advises 'Percentage of intake and mediation services conducted within agreed timeframes' relates to a dispute resolution service being provided, seeking to close 95% of cases within 40 days. Further, both measures relate to different outputs. Discontinuing this measure would result in less performance information being provided about an important area of DGS' service delivery under the output Regulation of the Victorian Consumer Marketplace.

Source: Department of Government Services, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, p. 57.

28 Department of Government Services, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 54.

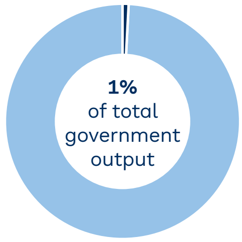
29 Ibid., pp. 59–60.

RECOMMENDATION 26: The Department of Government Services retain the measure 'Percentage of intake and mediation services conducted within agreed timeframes', as it assesses dispute resolution timeliness and provides distinct performance information not captured by contact centre response-time measures.

Chapter 12
Department of Treasury and Finance

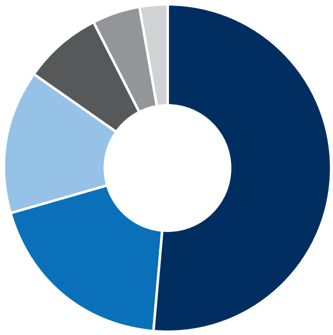
Total output funding

2026–27 Budget	$496.2m
2025–26 revised Budget	$504.5m
2025–26 Budget	$500.7m



10th largest budget of all departments

Funding by output, 2026–27



- Revenue Management and Administrative Services to Government **$255.4m**
- Commercial and Infrastructure Advice **$95.5m**
- Economic and Policy Advice **$70.4m**
- Budget and Financial Advice **$37.8m**
- Industrial relations **$23.3m**
- Other* **$13.7m**

* Includes 2 outputs with budgets <$23.3m.

Infrastructure program, 2026–27 ($55.2m)

$55.2m

- Existing infrastructure program
- Total estimated investment in new projects ($0)

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$773.7m
Social Housing Growth Fund and Affordable Housing Investment Partnerships expansion

$109.3m
Fuel Excise Relief

$22.4m
Boosting return to work support and creating safer workplaces for Victorians

$6.2m
Fair and productive Victorian workplaces

4 new output initiatives totalling $911.6m from 2025–26 to 2029–30

12

12.1 Financial analysis

The Department of Treasury and Finance's (DTF) output appropriations are budgeted as $464 million for 2026–27, a decrease of $11 million (2.3%) as compared to the 2025–26 revised Budget.[1]

Total output costs decreased for five of DTF's seven outputs.[2] Of those, the largest variation in funding was for Industrial Relations, which decreased by 29.8% compared to the 2025–26 Budget. DTF attributed that to 'the transfer of funding for Gender Equality in the VPS to other departments, and funding rephased from prior years to 2025–26 for various projects'.[3] The Industrial Relations output is discussed further in Section 12.2.

The reduction in funding for three outputs (Budget and Financial Advice, Economic and Policy Advice and Infrastructure Victoria) was attributed to 'the impact of savings from the Independent Review of the Victoria Public Service'.[4] As with other departments, DTF did not provide details of its specific allocated savings initiatives for 2026–27 in its questionnaire response. However, DTF indicated in its questionnaire response that it will reduce its Senior Executive Service and Senior Technical Specialist staff by 4.0 full-time equivalent (FTE) in 2026–27.[5] This is expected to save $3.6 million.[6]

Under expenses, DTF's budgeted employee benefit is $250 million in 2026–27, a decrease of $10 million (3.8%) compared to the 2025–26 revised Budget.[7] DTF expects staffing to increase from 1,644 to 1,665 FTE in 2026–27.[8]

12.2 Industrial Relations portfolio: key issue

The Minister for Industrial Relations is responsible for one output: Industrial Relations (funding in 2026–27: $23.3 million).[9]

12.2.1 Responding to the Wilson Review into Victorian Government Bodies' Engagement with Construction Companies and Construction Unions

During the hearings, the Minister highlighted a range of actions taken in response to the *Review into Victorian Government Bodies' Engagement with Construction*

1 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finance*, Melbourne, 2026, p. 149.
2 Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026, p. 147.
3 Ibid., p. 156.
4 Ibid., pp. 149–156.
5 Department of Treasury and Finance, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2026, p. 81.
6 Ibid.
7 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27,* p. 149.
8 Department of Treasury and Finance, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 82–83.
9 Department of Treasury and Finance, *2026–27 Department Performance Statement*, p. 156.

Companies and Construction Unions (known as the Wilson Review).[10] In July 2024, the Government appointed Greg Wilson to conduct the Review. An interim report was delivered to the Premier in August 2024 and the final report in November 2024.[11] The report made eight recommendations. The Government released the final report and its response in December 2024. It supported six recommendations in full and two recommendations in principle.[12] The 2025–26 Budget delivered $6.1 million in funding over two years to implement the Wilson Review's recommendations.[13]

DTF outlined how it had implemented the Wilson Review recommendations in its response to the Committee's questionnaire:

- Recommendation 1: The Construction Complaints Referral Service (CCRS) has been established within Workforce Inspectorate Victoria (WIV) following the passage of the *Wage Theft Amendment Act 2025.*
- Recommendation 2: The alliance has been established with membership including Victoria Police, Australian Federal Police, Industrial Relations Victoria, Labour Hire Authority, Fair Work Ombudsman, Fair Work Commission, WorkSafe Victoria, the Victorian Infrastructure Delivery Authority (VIDA) and the Suburban Rail Loop Authority.
- Recommendations 3 to 6: Acquitted through amendments in the *Labour Hire Legislation Amendment (Licensing) Act 2025* that passed the Parliament on 9 December 2025 and received Royal Assent on 16 December 2025. Regulations to fully acquit recommendation 4 are being developed for consideration with preparation of the requisite Regulatory Impact Statement in 2026.
- Recommendation 7: The Reporting Criminal and Unlawful Conduct policy commenced on 1 January 2026 and gives effect to this recommendation.
- Recommendation 8 is a proposed review of the implementation of the Wilson recommendations, which is not due yet.[14]

FINDING 64: The Department of Treasury and Finance has implemented seven of the eight recommendations from the Wilson Review into Victorian Government Bodies' Engagement with Construction Companies and Construction Unions. The final recommendation is not due yet.

12

10 Jaclyn Symes MLC, Minister for Industrial Relations, 2026–27 Budget Estimates hearings, Industrial Relations, 15 May 2026, *Transcript of evidence*, pp. 1–5.

11 Victorian Government, *Formal Review into Victorian Government Bodies' Engagement with Construction Companies and Construction Unions*, 2 June 2026, <https://www.vic.gov.au/formal-review-victorian-government-bodies-engagement-construction-companies-and-construction-unions> accessed 17 June 2026.

12 Victorian Government, *Government response to the Formal Review into Victorian Government Bodies' Engagement with Construction Companies and Construction Unions*, 2024.

13 Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, pp. 95–96.

14 Department of Treasury and Finance, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 23–24.

Workforce Inspectorate Victoria and the Construction Complaints Referral System

Wage Inspectorate Victoria, which was established in July 2021,[15] was renamed the Workforce Inspectorate Victoria (WIV) in December 2025 as part of the *Wage Theft Amendment Act 2025* (Vic). This amendment also established the CCRS within WIV, acquitting Recommendation 1 of the Wilson Review to establish a complaints referral body to receive and refer complaints relating to Victorian Government construction sites.[16]

The Minister advised the Committee that, as of 30 April 2026, the CCRS had received 49 complaints, of which 29 were referred to Victoria Police, VIDA, the Fair Work Ombudsman or WorkSafe Victoria to address. The Minister further noted:

> My advice is that there are currently seven complaints under assessment, and 13 that were received were not progressed, generally the reason being they were not relevant to the WIV or advice was provided and no further action required.[17]

FINDING 65: In December 2025, the Government established the Construction Complaints Referral Service within Workforce Inspectorate Victoria to receive and refer complaints relating to Victorian Government construction sites. As of 30 April 2026, it had received 49 complaints.

The 2026–27 Budget includes $6.2 million in output initiative funding over two years for *Fair and productive Victorian workplaces*. This funding supports WIV to continue delivering education, compliance and enforcement activities 'to ensure fair, safe and productive workplaces'.[18] This extends an initial allocation of $3.1 million for 2025–26 in last year's Budget that was lapsing.[19]

FINDING 66: The 2026–27 Budget includes $6.2 million in initiative funding for the Workforce Inspectorate Victoria, extending $3.1 million in funding that was set to lapse in 2025–26.

12

RECOMMENDATION 27: The Department of Treasury and Finance review the sustainability of funding for Workforce Inspectorate Victoria, in line with its legislated role.

15 Ibid., p. 40.

16 Ibid., p. 23.

17 Jaclyn Symes MLC, Minister for Industrial Relations, *Transcript of evidence*, p. 5.

18 Ibid., p. 4; Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery*, Melbourne, 2026, p. 96.

19 Department of Treasury and Finance, *Response to the 2026–27 Budget Estimates questionnaire*, p. 40; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26,* pp. 95–96.

Measuring performance of Workforce Inspectorate Victoria

In its questionnaire response, DTF indicated that WIV 'has undertaken informal evaluations annually' that 'have provided evidence demonstrating the efficiency and effectiveness of the Inspectorate as a regulator committed to delivering optimum outcomes for Victoria and the Victorian public'.[20] DTF's response also stated that a formal review of WIV's enforcement of wage theft laws had originally been planned for July 2024, three years after the body was established. However, due to changes including Commonwealth wage theft offences being legislated and Victoria's wage theft offences being rescinded, 'it is proposed that the formal review be conducted after 1 July 2026 (about 18 months after the operation of the new structure)'.[21] Publishing the findings of this review would provide the public and the Parliament with valuable information about WIV's effectiveness and efficiency.

RECOMMENDATION 28: The Department of Treasury and Finance plan to conduct a formal review of the Workforce Inspectorate Victoria in 2026–27.

RECOMMENDATION 29: The Department of Treasury and Finance publish its formal review of the Workforce Inspectorate Victoria on its website.

The Department of Treasury and Finance has six performance measures for the Industrial Relations output, shown in Table 12.1.

Table 12.1 Industrial relations performance measures

Type	Measure
Quantity	Public sector agreements renewed and approved within current enterprise bargaining framework
	Workforce Inspectorate Victoria: Child employment investigations and compliance activities completed
Quality	Victoria represented in major industrial relations cases and inquiries
Timeliness	Review and assessment of submitted proposed public sector enterprise bargaining agreements completed and submitted for approval within four weeks following verification of associated enterprise agreement costings
	Workforce Inspectorate Victoria: Long Service Leave investigations completed within 90 days of lodgement
Cost	Total output cost

Source: Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026, p. 156.

20 Department of Treasury and Finance, *Response to the 2026–27 Budget Estimates questionnaire*, pp. 28–29.

21 Ibid., p. 40.

The performance measure 'Public sector agreements renewed and approved within current enterprise bargaining framework' has had a target and outcome of 100% every year since 2016–17. The performance measure 'Victoria represented in major industrial relations cases and inquiries' has similarly had a target and outcome of 100% since 2010–2011. Consistently achieving a target of 100% may suggest that these measures are not sufficiently challenging and are not appropriate as performance measures.

None of these measures capture the work of the CCRS within WIV. Introducing a quality and/or timeliness performance measure capturing activities relating to construction complaints would improve the public and the Parliament's understanding of this output's performance.

FINDING 67: The Department of Treasury and Finance has six performance measures for the Industrial Relations output, but none cover the work of the Construction Complaints Referral System.

RECOMMENDATION 30: The Department of Treasury and Finance review its performance measures for the Industrial Relations output and identify alternate measures that better capture its core activities, including the work of the Construction Complaints Referral System within Workforce Inspectorate Victoria, for inclusion in the next budget.

12.3 Performance measures

12.3.1 Department-wide: analysis of new performance measures

DTF added two new performance measures in the 2026–27 Budget. One measure was 'Family satisfaction with independent support services provided as part of family support pilot'. The Committee commends the Department for acknowledging in its questionnaire response that this measure may be limited by a small sample size.[22] The Committee did not identify any issues with DTF's new performance measures.

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

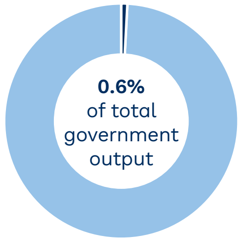
DTF identified four performance measures for discontinuation in the 2026–27 Budget. The Committee supports DTF's rationale for the discontinuation of all measures.

22 Ibid., p. 76.

Chapter 13
Department of Premier and Cabinet

Total output funding

2026–27 Budget	$494.7m
2025–26 revised Budget	$512.5m
2025–26 Budget	$399.5m



11th largest budget of all departments

Funding by output, 2026–27

Lorem ipsum

- Executive government advice and services **$130.4m**
- State electoral roll and electoral events **$122.7m**
- Self-determination policy and reform advice and programs **$121.1m**
- Multicultural affairs policy and programs **$49.5m**
- Traditional owner engagement and cultural heritage management programs **$22.4m**
- Other* **$48.7m**

* Includes 4 outputs with budgets <$48.7m.

Infrastructure program, 2026–27 ($18m)

$18m

- Existing infrastructure program
- Total estimated investment in new projects ($0)

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$5.4m
Support for Victoria's multicultural seniors

$3.4m
Making Victoria free from racism

$1m
Donation for the Good Friday Appeal 2026

4 new output initiatives totalling $13.2m from 2025–26 to 2029–30

13

13.1 Financial analysis

The Department of Premier and Cabinet's (DPC) output appropriations are budgeted as $291 million for 2026–27, a decrease of $83 million (22%) compared to the 2025–26 revised Budget. This variation is mainly due to:

- additional funding received in 2025–26 for establishment of the Violence Reduction Unit and the Multicultural Community Capacity Building Program, and
- additional funding received in 2025–26 for the Forum for Truth and Recognition for victim survivors of historical child sexual abuse in Victorian government schools.[1]

Under expenses, DPC's budgeted employee benefit is $257 million in 2026–27, an increase of $22 million (9%) compared to the 2025–26 revised Budget. That is mainly due to funding for the Victorian Electoral Commission to conduct the 2026 State Election.[2] Correspondingly, the 2026–27 Budget allocation for the State Electoral Roll and Electoral Events output has increased 190% compared to the 2025–26 Budget.[3]

13.2 First Peoples portfolio: key issue

The Minister for First Peoples is responsible for two outputs: Self-determination Policy and Reform Advice and Programs (funding in 2026–27: $121.1 million) and Traditional Owner Engagement and Cultural Heritage Management Programs (funding in 2026–27: $22.4 million).[4]

13.2.1 Gellung Warl

Victoria's Treaty with First Peoples came into effect on 12 December 2025.[5] The *Statewide Treaty Act 2025* (Vic) establishes Gellung Warl, which is the body representing First Peoples in Victoria.[6] Gellung Warl comprises three functions: the First People's Assembly of Victoria, Nginma Ngainga Wara and Nyerna Yoorrook Telkuna. As summarised by the Department during the hearings, 'the first one is the representative body, the second one is the independent accountability mechanism monitoring the government's expenditure and the third one relates to ongoing local truth-telling'.[7] The First People's Assembly of Victoria was elected on 24 April 2026.[8]

1 Department of Premier and Cabinet, *Response to the 2026–27 Budget Estimates Questionnaire*, received 11 May 2026, pp. 23–24.

2 Ibid.

3 Department of Treasury and Finance, *2026–27 Department Performance Statement*, Melbourne, 2026, p. 118.

4 Ibid.; Department of Premier and Cabinet, *Response to the 2026–27 Budget Estimates Questionnaire*, pp. 48–49.

5 Victorian Government, *Treaty timeline*, 2026, <https://www.firstpeoplesrelations.vic.gov.au/treaty-timeline> accessed 18 June 2026.

6 *Statewide Treaty Act 2025* (Vic) s 1.

7 Terry Garwood, Deputy Secretary, First Peoples–State Relations, Department of Premier and Cabinet, 2026–27 Budget Estimates hearing, First Peoples, Melbourne, 20 May 2026, *Transcript of evidence*, p. 2.

8 Victorian Government, *Treaty timeline*.

The 2026–27 Budget is the first since Treaty came into effect, and the Committee inquired about the total funding provided in 2026–27 for Gellung Warl and the Treaty Authority.[9] Both Gellung Warl and the Treaty Authority are funded through special appropriations as provided for in legislation.[10] Under the *Statewide Treaty Act 2025* (Vic), Gellung Warl can receive up to $23.8 million for operations and $20.9 million for capital expenditure in 2026–27, with the 2026–27 Budget providing those maximum amounts totalling $44.7 million.[11] Under the *Treaty Authority and Other Treaty Elements Act 2022* (Vic), the Treaty Authority receives $20.3 million in 2026–27.[12] The Budget does not disaggregate how funding for Gellung Warl will be distributed across its three functions due to the legislated principle of self-determination and autonomy, which means ‘Gellung Warl has the autonomy to set its own priorities and allocate its resources’.[13]

Funding for Gellung Warl is separate to funding for Closing the Gap initiatives, which continue to be funded through output appropriations.[14]

FINDING 68: The 2026–27 Budget provides Gellung Warl with the maximum funding amount specified in the *Statewide Treaty Act 2025* (Vic), and the distribution of that funding across the three functions will be determined by Gellung Warl.

In addition to the special appropriations for Gellung Warl in Budget Paper No. 5, the Budget includes $23.8 million in 2026–27 for the *First Statewide Treaty Agreement* initiative from the 2025–26 Budget Update.[15] The initiative is also allocated $71 million in 2027–28 and $72.2 million in 2028–29 for ‘the establishment and ongoing operation of a new entity, Gellung Warl’.[16]

FINDING 69: The Department of Premier and Cabinet’s output initiative *First Statewide Treaty Agreement* allocates a total of $167 million over 2026–27, 2027–28 and 2028–29.

9 The Treaty Authority is an independent body that oversees Treaty-making in Victoria. Source: Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, First Peoples, Melbourne, 20 May 2026, *Transcript of evidence*, pp. 2–3; Treaty Authority, *Ensuring a fair and just Treaty process for all Victorians*, 2025, <https://treatyauthority.au> accessed 18 June 2026.

10 Terry Garwood, Deputy Secretary, First Peoples–State Relations, Department of Premier and Cabinet, *Transcript of evidence*, p. 3.

11 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances,* Melbourne, 2026, p. 218; *Statewide Treaty Act 2025* (Vic) s 144.

12 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27,* p. 218; *Treaty Authority and Other Treaty Elements Act 2022* (Vic) s 16(2).

13 *Statewide Treaty Act 2025* (Vic) s 143(a); Terry Garwood, Deputy Secretary, First Peoples–State Relations, Department of Premier and Cabinet, *Transcript of evidence*, p. 3.

14 Department of Treasury and Finance, *Budget Paper No. 3: 2026–27 Service Delivery,* Melbourne, 2026, p. 10; Terry Garwood, Deputy Secretary, First Peoples–State Relations, Department of Premier and Cabinet, *Transcript of evidence*, p. 3.

15 Department of Premier and Cabinet, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 17.

16 Department of Treasury and Finance, *2025–26 Budget Update*, Melbourne, 2025, p. 142.

13.3 Performance measures

DPC did not add new performance measures to the 2026–27 Budget.[17]

DPC identified one performance measure for discontinuation in the 2026–27 Budget.[18] The Committee supports DPC's rationale for the discontinuation of that measure.

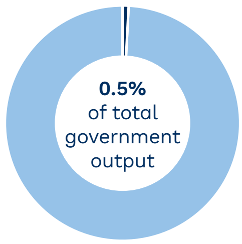
17 Department of Premier and Cabinet, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 58.

18 Ibid., p. 65.

Chapter 14
Parliament

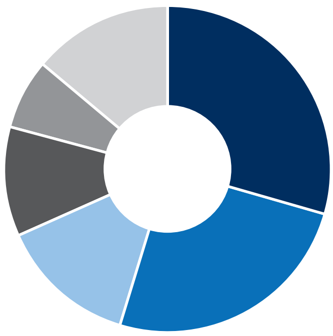
Total output funding

2026–27 Budget	$417.9m
2025–26 revised Budget	$396.5m
2025–26 Budget	$399.1m



Smallest budget of all departments

Funding by output, 2026–27



- Parliament Services **$160.9m**
- Independent Broad-based Anti-corruption Commission **$69.2m**
- Victorian Auditor-General's Office **$63.5m**
- Legislative Assembly **$50.8m**
- Legislative Council **$26.3m**
- Other* **$47.2m**

* Includes 5 outputs with budgets <26.3m.

Infrastructure program, 2026–27 ($22.9m)

$18.8m | $4.1m

- Existing infrastructure program
- Total estimated investment in new projects

New output initiatives with largest total funding allocation, 2025–26 to 2029–30

$8.7m
Supporting the operations of the Independent Broad-based Anti-corruption Commission

$3.6m
Supporting the operations of the Victorian Ombudsman

$2m
Oversight of new police powers

3 new output initiatives totalling $14.3m from 2025–26 to 2029–30

New infrastructure projects with highest total investment, 2025–26 to 2029–30

$4.1m
Supporting the operations of the Independent Broad-based Anti-corruption Commission

1 new infrastructure project

14

14.1 Financial analysis

The parliamentary departments[1] budget is $417.9 million for 2026–27, an increase of $22.1 million (5.6%) compared to the 2025–26 revised Budget.[2] The Parliamentary Services output makes up the biggest portion of funding for the parliamentary departments, with $160.9 million allocated in the 2026–27 Budget.[3]

A majority of the parliamentary departments revenue and expenditure line items had a minimal variance of less than 10% in comparison to the 2025–26 revised Budget.[4] Other operating expenses are budgeted as $48.9 million in 2026–27, which is an increase of $10.2 million (26.4%) compared to the 2025–26 revised Budget.[5] The increase is explained by the carryover of the Member's Electorate Office and Communications budget from the 2025–26 Budget.[6] The parliamentary departments forecast an operating deficit of $2 million in the 2026–27 Budget due to drawdowns on prior surpluses to fund information technology projects.[7]

14.2 Parliament: key issues

Parliament is responsible for the following four outputs:

- Legislative Council (funding in 2026–27: $26.3 million)
- Legislative Assembly (funding in 2026–27: $50.8 million)
- Parliamentary Investigatory Committees (funding in 2026–27: $6.6 million)
- Parliamentary Services (funding in 2026–27: $160.9 million).[8]

During the hearings, the Presiding Officers and the Committee discussed several issues including: physical safety at Parliament House and electorate offices, ongoing upgrades at Parliament House such as works on the upper gallery, and security related issues including surveillance technology at electorate offices.[9] In addition, the

1 Victoria's independent officers of Parliament and its integrity agencies are also grouped under Parliament's outputs in the budget papers, these include the Parliamentary Budget Office, the Victorian Auditor-General's Office, the Independent Broad-based Anti-corruption Commission, Integrity Oversight Victoria, the Victorian Ombudsman and the Parliamentary Workplace Standards and Integrity Commission. Source: Department of Treasury and Finance, *Department Performance Statement 2026–27,* Melbourne, 2026, p. 162.

2 Ibid.

3 Ibid.

4 Parliamentary Departments, *Response to the 2026–27 Budget Estimates Questionnaire*, received 8 May 2026, p. 13.

5 Ibid.

6 Ibid.

7 Department of Treasury and Finance, *Budget Paper No. 5: 2026–27 Statement of Finances*, Melbourne, 2026, p. 155.

8 Department of Treasury and Finance, *Department Performance Statement 2026–27,* p. 162.

9 Hon Maree Edwards MP, Speaker of the Legislative Assembly, 2026–27 Budget Estimates hearing, Parliamentary Departments, Melbourne, 25 May 2026, *Transcript of evidence*, pp. 4, 6–7; Trish Burrows, Secretary, Department of Parliamentary Services, 2026–27 Budget Estimates hearing, Parliamentary Departments, Melbourne, 25 May 2026, *Transcript of evidence*, pp. 7, 11.

Committee highlighted the availability of permanent office sites for Members and accessibility of those office sites to their constituents as an ongoing issue.[10]

14.2.1 Maintaining the people's house for future generations

A key strategic issue for the parliamentary departments in 2026–27 is 'Maintaining the people's house for future generations', which has been carried forward from the 2025–26 Budget as a strategic issue.[11] The Presiding Officers told the Committee that there is an ongoing water egress issue in the Parliament House Members Annexe. The Speaker confirmed the issue is being closely monitored to mitigate any further water egress, noting that the cost to the Parliament for restoration would be 'significant'.[12]

The Presiding Officers updated the Committee on progress to modernise Parliament House, including establishing a dedicated First Nations room intended for use by Gellung Warl and the completion of a dedicated prayer room.[13] Those projects contribute to three departmental objectives: Parliament for the people, a First Nations focus, and a contemporary workplace.[14]

14.2.2 Availability of electorate offices

All Members of Parliament are provided with an electorate office as a means of servicing their constituents.[15] The Committee raised the issue of a lack of availability of permanent offices for Members in certain electorates.[16] One of the reasons for the lack of availability was the Department of Parliamentary Services' (DPS) requirements for office spaces, which are in place to ensure they are appropriate for both current and future Members of Parliament.[17] Some of the requirements considered by DPS when procuring permanent office spaces include the size of the office, as well as the term of the lease, given the long term nature of these arrangements.[18]

Although concerns were raised about the standards for office sites, DPS said it was important to comply with the standards given the leases are long term, generally ranging between 10 to 20 years. DPS told the Committee that there is a balance to be struck in choosing office spaces, and that the need to secure long term leases

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10 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Parliamentary Departments, Melbourne, 25 May 2026, *Transcript of evidence,* pp. 7–9.

11 Parliamentary Departments, *Response to the 2026–27 Budget Estimates Questionnaire*, p. 10; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, October 2025, p. 181.

12 Hon Maree Edwards MP, Speaker of the Legislative Assembly, *Transcript of evidence*, pp. 6, 13–14; Hon Shaun Leane MLC, President of the Legislative Council, 2026–27 Budget Estimates hearing, Parliamentary Departments, Melbourne, 25 May 2026, *Transcript of evidence*, p. 13.

13 Hon Maree Edwards, Speaker of the Legislative Assembly, *Transcript of evidence*, pp. 2–4; Hon Shaun Leane MLC, President of the Legislative Council, *Transcript of evidence*, pp. 2–4.

14 Department of Treasury and Finance, *2026–27 Department Performance Statement,* p. 159.

15 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2025–26 Budget Estimates*, p. 182.

16 Public Accounts and Estimates Committee, 2026–27 Budget Estimates hearing, Parliamentary Departments, Melbourne, 5 June 2026, *Transcript of evidence,* pp. 7–9.

17 Trish Burrows, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 8.

18 Ibid., pp. 8–9.

had contributed to delays in sourcing permanent offices.[19] DPS noted that they have continued to use serviced offices in some Member's electorates and clarified that availability of serviced offices is not equal across all electorates.[20] DPS stated that following a review of the standards, non-compliant office spaces may be considered where there have been significant delays in procuring a permanent office space.[21]

DPS also advised that the issue of displaced Members without a permanent office will not arise to the same extent as it did after the 2022 Election, as this issue was particularly exacerbated by the changing of electoral boundaries, which required some Members to relocate to ensure they were situated within the new boundaries of their electorate.[22]

Adopted by the Public Accounts and Estimates Committee
Parliament of Victoria, East Melbourne
10 August 2026

19 Ibid.

20 Ibid., p. 8.

21 Ibid.

22 Ibid., pp. 8–9.