



Public Accounts and Estimates Committee

2025–26 Budget Estimates

Report

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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

On Budget Day, 20 May 2025, the Victorian Government presented its annual plans to raise revenue and allocate funding for the delivery of public services and infrastructure.

The Public Accounts and Estimates Committee plays a vital role in scrutinising these plans on behalf of the Parliament and Victorian community. In June, the Committee held seven days of public hearings with Ministers, departmental secretaries and senior officials to examine the Government's proposed expenditure and investment program for 2025–26. These hearings provided the Committee and the community with valuable insights into the Government's priorities, challenges and strategies for the year ahead.

This report draws on that evidence, along with other information and analysis, and contains the Committee's findings and recommendations. Key issues examined this year include the status of major transport infrastructure projects, the State's fiscal position and debt outlook, and government action to address energy and environmental challenges.

The Committee made 79 findings and 42 recommendations that focus on strengthening the transparency of government reporting, ensuring reforms and investments are properly evaluated, enhancing the quality and accessibility of data, and developing stronger performance measures to further assess the level at which government programs are achieving their intended outcomes. Together, these recommendations seek to ensure that the significant funds appropriated through the Budget deliver real and measurable benefits for Victorians.

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

Finally, I extend my thanks to 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

Executive summary

Whole of Government

The 2025–26 Budget forecasts strong gross state product growth in 2025–26, largely due to increasing household consumption. Wages are forecast to grow at a greater rate than inflation for the first time since the COVID-19 pandemic. While inflation is expected to reduce in 2025–26, cost-of-living pressures are likely to remain. The Budget includes a range of measures to ease this burden, including free public transport for children, the Power Savings Bonus, and food relief initiatives.

In 2025–26, the Government expects to deliver an operating surplus of \$600 million, achieving step three in its five-step fiscal strategy. The Committee recommends that the Department of Treasury and Finance (DTF) develop and report on more detailed targets and timelines for measures of fiscal sustainability beyond its five-step strategy, including fiscal net cash, gross debt as a proportion of public sector operating revenue and interest expense as a proportion of operating revenue.

The 2025–26 Budget includes \$3.3 billion in savings and efficiencies to be achieved over the forward estimates to 2028–29, including savings based on the interim findings of the Independent Review of the Victorian Public Service. The Committee recommended that DTF update its model annual report to require departments to report on savings.

The 2025–26 Budget also includes \$9.7 billion in contingency funds not allocated to departments. The budget papers provide new details about unallocated contingency funding, distinguishing between allocations for unforeseen circumstances, milestone payments and demand growth. The Committee found that these new details are a positive step, but that more detail is required for the Committee to adequately scrutinise these provisions. The Committee also heard that unallocated contingencies have reduced as a proportion of total appropriations. While the proportion of contingencies has reduced since its peak in 2021–22, it remains higher than the pre-pandemic proportion.

Department of Health

In 2025–26 the Department of Health (DH) has the largest budget of all departments, totalling \$31.2 billion. DH also has an infrastructure program of \$15.9 billion in 2025–26. Fifty-six per cent of DH's existing infrastructure projects had revised completion dates between 2024–25 and 2025–26.

DH provides various palliative care services, which are reported on through two performance measures. These measures demonstrate that actual palliative separations have exceeded their targets since 2021–22, but the number of separations

is expected to decrease in 2024–25 from the year prior. Actual community palliative care episodes are also expected to decrease in 2024–25 from the year prior. Demand for palliative care is expected to increase in line with Australia's ageing population.

The Victorian Virtual Emergency Department (VVED) was introduced in October 2020 and received \$436.7 million to expand its operations in the 2025–26 Budget. It has produced strong outcomes over previous years regarding patients seen and diverted from emergency departments. While it remains to be seen what the long-term impact of the VVED will be on reducing waiting times in emergency departments, early results indicate positive impacts.

The Mental Health and Wellbeing Commission (MHCW) was established in 2023. Its role is to ensure the government is accountable for the performance, quality, and safety of the mental health and wellbeing system, and to monitor the implementation of the recommendations made by the Royal Commission into Victoria's Mental Health System. In 2025–26, the MHCW will be impacted by funding changes resulting in a reduction of size and scope.

The 2025–26 Budget provides \$308.9 million over four years for *Mental health bed-based services*, which includes continuing the operation of the 170 new acute mental health beds and operationalising 30 new regional Youth Prevention and Recovery Care beds. While the funding is positive, the MHCW had raised concerns around whether there are enough inpatient beds for consumers trying to access services.

Since the COVID-19 pandemic, wait times for ambulances for Code 1 incidents have increased, primarily due to increased demand. The Government has invested in initiatives to reduce waiting times for ambulances in recent budgets. This continues with further investments in the 2025–26 Budget that aim to address overflow at emergency departments and ambulance patient offloading. DH has also introduced new Standards for Safe and Timely Ambulance and Emergency Care for Victorian in February 2025.

Department of Education

In 2025–26, the Department of Education (DE) has the second largest budget of all departments, totalling \$17.8 billion. DE also has an infrastructure program of \$7.9 billion in 2025–26.

The Victorian and Commonwealth Governments signed the *Better and Fairer Schools* funding agreement in July 2025. The agreement requires states and territories to meet certain student performance measure targets, including improving numeracy and literacy outcomes for Years 3, 5 and 7 in the yearly NAPLAN tests.

The 2025–26 Budget also contains \$46.5 million to improve numeracy awareness, enhance mathematics curriculum delivery and increase teacher support.

The \$9.3 million *Keeping schools safe from violence* initiative is a response to increasing levels of disruptive student behaviour in Victorian schools since the COVID-19 pandemic. The Budget also contains \$10.4 million for the further rollout of the successful *School-wide Positive Behaviour Support* program. Schools that have already participated in the program have found it successful in creating a safe, positive and inclusive environment for both students and staff.

The Government received the *Rapid Child Safety Review* on 15 August 2025, containing a series of legislative and regulatory recommendations to improve child safety and quality standards in Victoria's early childhood educational and care sector. At the hearings, the sector's existing complex regulatory settings were discussed, which are administered by both Commonwealth and state governments.

Department of Justice and Community Safety

In 2025–26, the Department of Justice and Community Safety (DJCS) has the third largest budget of all departments, totalling \$10.2 billion. It also has an infrastructure program of \$1.9 billion in 2025–26.

The Government announced a ban on machetes on 13 March 2025, with the ban coming into effect on 1 September 2025. Safe disposal bins for machetes were rolled out to 40 locations around Victoria. Victoria Police seized over 14,000 blades, knives and machetes over the 2024–25 financial year. The machete disposal scheme has been allocated \$13 million in the 2025–26 Budget and DJCS expects most of this funding will go toward a public awareness advertising campaign.

Following recent changes made to the *Bail Act 1977* (Vic), Victoria's adult and youth justice prison population is expected to increase over 2025–26. The *Community Safety Package* output initiative will fund an extra 1,000 adult prison and 88 youth justice system beds. The initiative will also fund 320 new roles in the youth justice system and 400 additional adult corrections staff. The Committee recommended the department review its prison workforce strategy considering the expected increase in correctional officer staffing levels, and develop performance measures relating to staff retention, and workplace safety and satisfaction.

The Victims of Crime Financial Assistance Scheme (FAS) commenced on 18 November 2024. The 2025–26 Budget contains \$284.2 million for its continuing operationalisation. The FAS replaces the Victims of Crime Assistance Tribunal and is more victim-focussed, featuring higher compensation payments and longer timelines for applications. The Committee recommended DJCS introduce a timeliness performance measure to ensure payments from the scheme are made within 30 days.

Department of Transport and Planning

In 2025–26, the Department of Transport and Planning had the fourth largest budget of all departments, totalling \$9.6 billion. It also has an infrastructure program of \$49.2 billion in 2025–26.

The 2025–26 Budget includes \$713.4 million for *Switching on the Metro Tunnel*, which is expected to commence operations in 2025. This funding will provide train services, support for commuters, wayfinding infrastructure and trial operations. Once it is operational, trains on the Cranbourne, Pakenham and Sunbury lines will run through the Metro Tunnel, freeing up the city loop and improving service frequency across the metropolitan network. This operational funding is separate to the capital cost of the project, which increased by \$837.9 million in 2025–26 to \$13.5 billion, due to reprioritised funding and an additional payment of \$745 million to the project contractor as part of a settlement agreement in 2024.

The Budget also includes \$318 million over the forward estimates to provide free public transport for children, and \$2.2 million over the forward estimates to provide free weekend public transport for seniors.

The project to update Victoria's myki public transport ticketing system to allow for phone and card payments is on track to be rolled out to the train network in 2026. The system will then be expanded to other modes of public transport, with the Government to advise of timelines at a later date. The budget papers show that the project cost has increased by \$136.7 million (25.1%) and that the completion date has been pushed back by 18 months to mid-2027 due to a 'program reset'.

The costs and completion date of the *Suburban Rail Loop East – Main Works* project remains listed as 'to be confirmed' in the budget papers, but the Government expects the project to cost between \$30 billion and \$34.5 billion. The Government plans to fund a third (\$11.5 billion) of the project through Commonwealth Government funding. The Commonwealth has committed \$2 billion to the project, pending approval by Infrastructure Australia (IA). An IA evaluation of the project's business and investment case found that it presented a significant opportunity, but raised concerns about the project costings, stated benefits and value capture mechanisms. The Government is working with IA to address its recommendations for more information as required to secure further funding. The Committee recommends that the Government and department provide an update on its progress against IA's recommendations, that it publish an updated cost-benefit analysis of the project, and that it publish details of the value-capture mechanisms it will use to fund the project.

Department of Families, Fairness and Housing

In 2025–26, the Department of Families, Fairness and Housing (DFFH) has the fifth largest budget of all departments, totalling \$5.4 billion. It also has an infrastructure program of \$35.5 million in 2025–26.

The 2025–26 Budget includes \$17.9 million to provide food relief through three key activities. DFFH does not have performance measures relating to its food relief programs. The Committee has recommended DFFH develop performance measures related to these activities, while also reporting demand information on food relief in Victoria and by how much the department meets demand through its activities.

Recommendations from the Commission for Children and Young People (CCYP) child death inquiries have led to various service improvements. In its reports, the CCYP also reiterated 56 recommendations it had previously made. In 2025–26, the Government continues its investment to address sexual exploitation of children in out of home care. While DFFH is in the process of enhancing its response to sexual exploitation, the CCYP has urged that significant progress in this area is needed.

In 2023–24, Victoria had the highest expenditure on homelessness services and the second highest number of clients per 10,000 of the population compared to Australian jurisdictions. The 2025–26 Budget includes \$61.2 million to continue critical homelessness initiatives. DFFH does not publish data that estimates the homelessness or at-risk population on an ongoing basis. The Committee has recommended DFFH work toward gathering and publishing data.

Department of Jobs, Skills, Industry and Regions

In 2025–26, the Department of Jobs, Skills, Industry and Regions (DJSIR) has the sixth largest budget of all departments, totalling \$4.8 billion. DJSIR also has an infrastructure program of \$809.7 million in 2025–26.

The 2025–26 Budget includes \$17.1 million to support Creative State initiatives, which includes First Peoples creative events and initiatives. Funding is distributed under the guidance of the First Peoples Directions Circle, who lead First Peoples actions within creative industries. There are no performance measures associated with this area, and the evaluation of the Creative State program has not been published. The Committee recommends appropriate measures are developed, or a summary of the evaluation is published.

The Victorian Fisheries Authority (VFA) has recently undergone a change in structure. These changes are due to changes in funding, strong compliance rates, and a shift in emphasis to education. The impacts of these changes will be seen in reporting statistics for the 2025–26 year.

In 2025, the Skills First program had 91 courses removed from its list. Further, 200 courses delivered in metropolitan Melbourne, all online courses and courses delivered in workplaces (with select exceptions) lost 35% of their subsidies. The Government advised it had made these changes to maintain its focus on subsidising programs aligning with its priorities, and because affected programs had low enrolment levels and completion rates. DJSIR does not publish enrolment and completion rates of all Skills First courses. The Committee recommends DJSIR provide this data for courses it removes from the Skills First Training Needs list in future.

The Government has secured several major sporting events contracts for multi-year periods, notably for the Australian Open, the AFL Grand Final, and the Australian Grand Prix. This was made possible by investments in the Major Events Fund, and the track record Victoria has with hosting these events. The Committee makes one recommendation to enhance public information about the economic benefits generated from these events.

Department of Energy, Environment and Climate Action

In 2025–26, the Department of Energy, Environment and Climate Action (DEECA) has the seventh largest budget of all departments, totalling \$2.7 billion. DEECA also has an infrastructure program of \$547.2 million in 2025–26.

The Whole of Government emissions reduction pledge outlines how the Government will reduce emissions from its own operations between 2021 and 2025. Key targets include reductions to overall emissions and transitioning to 100% renewable electricity for Government operations. Victorian Government departments do not have internal targets to reduce their emissions within the pledge. There is no annual reporting against the pledge, nor reporting on aggregated environmental performance by department. The Committee made one recommendation aiming to improve reporting by DEECA.

Established in 2024, Victoria's container deposit scheme (CDS) has been successful, with 1.8 billion containers returned and \$180 million provided in refunds and to charities since its establishment. While DEECA added a performance measure relating to the CDS in the 2025–26 Budget, this measure has already been achieved. Additionally, the scheme is purported to deliver several benefits such as reducing the state's litter by half and contributing to the Government's targets of diverting material from landfill. The Committee made two recommendations related to reporting on the performance and outcomes of the CDS.

The 2025–26 Budget includes several initiatives related to electricity prices and cost of living supports, and to supporting the Government's energy transition program. Through its transition to 95% renewable electricity in the state, the Government and department expect that electricity affordability will increase.

Court Services Victoria

In 2025–26, Court Services Victoria (CSV) has the eighth largest budget of all departments, totalling \$834.2 million. CSV also has an infrastructure program of \$215.1 million in 2025–26.

The 2025–26 Budget includes \$114.3 million to operationalise the new Wyndham law courts. Construction of the new court facility was completed in March 2025 with an opening date to be confirmed, slated for the end of 2025, pending operationalisation activities such as employment of staff. The new courts will house three jurisdictions under one roof: the Magistrates Court, the Children's Court of Victoria and the Victorian Civil and Administrative Tribunal. A full suite of programs is expected to be available at the court by 2027.

Department of Government Services

In 2025–26, the Department of Government Services (DGS) has the ninth largest budget of all departments, totalling \$790.2 million. DGS also has an infrastructure program of \$42.5 million in 2025–26.

Since 2021, the Government has introduced legislation to strengthen rental protections. In 2024 and 2025, funding was also provided for the renting taskforce and the rental stress support package. While the Victoria has strong rental protections in comparison to other jurisdictions, data from 2024 shows renters continue to experience challenges related to rental affordability, accessibility and landlords meeting minimum requirements.

Department of Treasury and Finance

In 2025–26, the Department of Treasury and Finance (DTF) has the tenth largest budget of all departments, totalling \$500.7 million. DTF also has an infrastructure program of \$53 million in 2025–26.

The 2025–26 Budget outlines details of proposed financial reform, including changes to modernise the *Financial Management Act 1994* (Vic). The Committee commends a number of these changes, including an inclusion of the explicit expectation that departments and agencies operate within their yearly budgets and further reporting on Treasurer's Advances.

Financial management reform is continuing in future years. The Committee has recommended that DTF publish information about ongoing reform on its website, and that it also publish information about any review or change to the Resource Management Framework.

Department of Premier and Cabinet

In 2025–26, the Department of Premier and Cabinet (DPC) has the eleventh largest budget of the departments, totalling \$399.5 million. DPC also has an infrastructure program of \$18 million in 2025–26.

Formal Treaty negotiations between the Government and the First Peoples' Assembly of Victoria commenced in November 2024. The Government expects that a statewide Treaty will be completed by the end of the 2025–26 financial year.

The Migrant Workers' Centre recently attained community legal centre status and the 2025–26 Budget includes \$7.6 million to support the Centre to deliver its services. The Centre was established in Melbourne in 2018 and was Australia's first government-funded organisation to respond to exploitation, mistreatment, and workplace issues faced by migrant workers and international students.

Parliament

In 2025–26, the Parliament of Victoria has a budget of \$399.4 million, and is the smallest budget of the departments.

One of Parliament’s strategic issues for 2025–26 is ‘maintaining the people’s House for future generations’. During 2025, Parliament will be undertaking building works to address water leaks in Parliament House’s Member Annexe.

A further strategic priority in 2025–26 is for the Parliament to be a contemporary workplace. In early 2025, a carer’s facility, Charlotte’s Room, was opened inside Parliament House to support parliamentarians with young children to help balance their work and caring duties.

Findings and recommendations

1 Introduction

FINDING 1: In response to the Committee's questionnaire, departments only provided one executive summary of a lapsing program out of 95 identified programs, primarily citing Cabinet in Confidence restrictions.

6

RECOMMENDATION 1: The Department of Premier and Cabinet adopt a best practice model of routinely publishing all program evaluations, including lapsing program evaluations, on a central registry.

6

RECOMMENDATION 2: The Department of Health identify ways to report on the impacts of financial reform and financial discipline measures undertaken in 2024–25 and 2025–26 on Victoria's health system and publish information about these impacts.

7

FINDING 2: The Government and Department of Health are unable to disaggregate the \$1.5 billion in off-budget funding to health services provided in August 2024.

8

RECOMMENDATION 3: When responding to the Public Accounts and Estimates Committee's recommendations, the Victorian Government and all applicable government departments and agencies address the content of the recommendation fully in their response.

8

RECOMMENDATION 4: The Department of Education or the Victorian School Building Authority find an appropriate public mechanism to publish demand and condition information that demonstrates how asset investment priorities are determined for new and existing schools.

10

2 Whole of Victorian Government

FINDING 3: The Government will continue to progress its five-step fiscal strategy in 2025–26. It expects to achieve step three, returning to an operating surplus, in 2025–26. The Government also projects it will achieve step four, stabilising net debt as a proportion of gross state product, within the forward estimates.

15

FINDING 4: While the Government's progress against its five-step fiscal strategy is a good sign of budget recovery, other measures of fiscal sustainability may impact long-term financial sustainability, such as increasing interest expenses as a proportion of revenue.

16

RECOMMENDATION 5: The Department of Treasury and Finance create specific targets and timelines for its goal of reducing interest payments on debt as a proportion of general government sector operating revenue and publish these in the budget papers. 16

RECOMMENDATION 6: The Department of Treasury and Finance set measures and targets for achieving fiscal net cash surpluses and reducing gross debt as a proportion of public sector operating revenue and publish them in the budget papers.

16

FINDING 5: Department of Treasury and Finance modelling shows that increased interest rates would increase debt and reduce forecast surpluses.

17

FINDING 6: The 2025–26 Budget includes several cost-of-living measures, including Free public transport for kids, increased Camps, Sports and Excursions Fund payments, Power Savings Bonus for vulnerable consumers and food security initiatives. 22

FINDING 7: Government infrastructure investment peaked in 2023–24 and is expected to reduce to \$15.6 billion by the end of the estimates.

23

FINDING 8: The 2025–26 Budget includes \$3 billion in savings and efficiency measures across the forward estimates. The Budget and questionnaire response provided limited details about how departments will achieve these substantial savings. 26

RECOMMENDATION 7: The Department of Treasury and Finance amend the model report to require departments to report on the delivery of saving initiatives in their annual reports.

26

FINDING 9: Some savings and efficiencies in the 2025–26 Budget were informed by the Independent Review of the Victorian Public Service.

27

FINDING 10: The 2025–26 Budget includes new information about contingency funding, which improves transparency. Of the \$9.7 billion in contingencies not allocated to departments in the 2025–26 Budget, \$100 million is categorised as provision for unforeseen circumstances, \$591 million is for future service demand, and \$9 billion is for output and asset milestones. The Treasurer advised that more detailed information about milestone payments cannot be provided because it is commercially sensitive.

30

FINDING 11: While more detailed reporting on unallocated contingencies in the 2025–26 Budget is a positive step, additional detail is still required to be able to adequately scrutinise this significant provision of funds.

30

FINDING 12: The proportion of annual appropriations provided as unallocated contingencies has fallen since its peak in 2021–22 but remains higher than the pre-pandemic proportion.

31

3 Department of Health

FINDING 13: In Budget Paper No. 4, the majority of the Department of Health's projects with revised timelines were changed due to 'a revised project schedule'.

36

RECOMMENDATION 8: In future budgets, the Department of Treasury and Finance and the Department of Health outline reasons why a project schedule was revised in Budget Paper No. 4 when a project has a revised completion date.

36

FINDING 14: The Department of Health is expected to surpass its targets in 2024–25 for both 'palliative separations' and 'community palliative care episodes'.

39

FINDING 15: Peak bodies for palliative care have emphasised that demand for palliative care services in Victoria is increasing. The Government's overall funding for palliative care services is not disaggregated in the budget papers. The Minister advised the Committee that the specific amount of palliative care patients able to be treated has increased.

40

FINDING 16: The 2025–26 Budget provides \$436.7 million over four years to expand the Victorian Virtual Emergency Department (VVED). As at March 2025, the VVED has assisted 500,000 Victorians in accessing medical services from home, diverting 86% of its patients from emergency waiting rooms.

41

FINDING 17: The 2025–26 Budget reduces funding for the Mental Health and Wellbeing Commission to reshape the Mental Health portfolio’s funding towards frontline services.

42

FINDING 18: The Mental Health and Wellbeing Commission has raised concerns regarding whether there are enough inpatient beds for consumers trying to access services. The Minister advised the Committee that over 170 mental health beds have been added in Victoria in response to recommendations made by the Royal Commission into Victoria’s Mental Health System.

43

RECOMMENDATION 9: The Department of Health update its response to Recommendation 11(3) on its website to provide information regarding how, where, and when it will deliver the 100 additional mental health beds across Victoria.

44

FINDING 19: Ambulance wait times for Code 1 incidents in Victoria are expected to increase for 2024–25, continuing a trend that began with the onset of the COVID-19 pandemic. Since 2020–21, the Government has invested in several initiatives to reduce Code 1 response times.

47

FINDING 20: To decrease ambulance response times the Department of Health has introduced new Standards for Safe and Timely Ambulance and Emergency Care for Victorians, and the Government provided \$58.4 million for Improving emergency access and flow and \$436.7 million for the Victorian Virtual Emergency Department in the 2025–26 Budget, all of which aim to address overflow at emergency departments and ambulance patient offload.

48

4 Department of Education

FINDING 21: Adjustments made to the Department of Education’s capital program over 2025–26 will reduce the total estimated investment costs of its existing capital projects by \$45.5 million.

54

FINDING 22: *Better and Fairer Schools* is a ten-year funding agreement between the Commonwealth and state and territory governments committing the parties to a 25/75% split to fully fund the Schooling Resource Standard. The timing of the full implementation of the agreed funding levels is subject to bilateral agreements between the Commonwealth and individual state and territory governments. Negotiations between the Commonwealth and Victorian Governments are ongoing.

57

FINDING 23: The Better and Fairer Schools agreement calls on state and territory governments to improve their student outcomes for Year 12 certification, the proportion of 20–24-year-olds with Year 12 qualifications, and student attendance rates to improve national rates around these measures. Victoria performs above the current national average against these three measures.

59

FINDING 24: The Department of Education performance measure targets for the proportion of Years 3, 5 and 7 students demonstrating ‘strong and exceeding’ proficiency in reading and numeracy NAPLAN results have not changed and have been met since their introduction in 2023–24.

62

FINDING 25: The proportion Victorian Years 3, 5 and 7 students demonstrating ‘strong and exceeding’ proficiency in reading and numeracy NAPLAN results must increase by 10% by 2030, under the terms of the *Better and Fairer* schools funding agreement.

62

RECOMMENDATION 10: The Department of Education review the NAPLAN performance measure targets for primary and secondary schooling outcomes in the budget papers to reflect the improvement measure targets set out in the national *Better and Fairer Schools* agreement.

62

FINDING 26: Some of the reasons behind the Australian and Victorian students reducing improvement in mathematics proficiency performance include lower teacher confidence with the subject material, issues with learning materials and professional development opportunities and limited timetabling for mathematics education in schools.

63

FINDING 27: Classroom behaviour at Victorian schools has declined since the onset of the COVID-19 pandemic.

65

FINDING 28: The increase in poor behaviour, and sometimes violence, by students and parents towards teachers and school leaders since COVID-19 has resulted in higher occupational health and safety claims. It has also contributed to more teachers and school principals considering leaving the profession altogether.

66

FINDING 29: Victorian schools that have completed the School-wide Positive Behaviour Support program showed improved student engagement and behaviour, greater staff confidence, and lower and shorter suspension rates.

67

5 Department of Justice and Community Safety

FINDING 30: The 2025–26 Budget includes \$13 million for the delivery of a machete disposal scheme following a Victorian Government ban on the possession and sale of machetes in March 2025. The scheme is an amnesty program that will operate from 1 September 2025 to 30 November 2025 for owners or people in possession of machetes and other prohibited weapons.

74

FINDING 31: A significant proportion of the \$13 million budgeted in 2025–26 for the Government's machete disposal scheme will go towards a public education campaign.

75

FINDING 32: In the year to June 2025, Victoria's prison population increased by an extra 681 prisoners (or 11.5%) to reach 6,596 people, driven by an 29.7% increase in the unsentenced prison population. The increase in unsentenced prison population reflects changes enacted in March 2025 to the *Bail Act 1977* (Vic).

76

FINDING 33: It is anticipated that the expected increase in the prison population due to Victorian bail law changes will be met due to recently completed prison capacity expansion projects, as well as the new Western Plains correctional facility, and Victoria's existing low prison capacity utilisation rate.

78

FINDING 34: The Department of Justice and Community Safety does not currently have performance measures relating to correctional staff retention, safety or workplace satisfaction.

79

RECOMMENDATION 11: The Department of Justice and Community Safety review its prison workforce strategy in light of the expected increase of Victoria's prison population and following this, increases to Victoria's correctional officer staffing levels.

79

RECOMMENDATION 12: The Department of Justice and Community Safety develop a set of performance measures relating to correctional staff retention, workplace safety and/or workplace satisfaction.

79

FINDING 35: The Victims of Crime Financial Assistance Scheme was introduced in November 2024. It improves upon the previous system by being less adversarial and more user-friendly. It has also increased the amount of compensation available for crime victims and extended the compensation application timeframes.

81

FINDING 36: At the time of the hearings the Victims of Crime Financial Assistance Scheme was experiencing an 1,800 invoice backlog.

82

RECOMMENDATION 13: The Department of Justice and Community Safety introduce a timeliness performance measure in the 2026–27 Budget for Victims of Crime Financial Assistance Scheme payments made within 30 days, to bring payments made under the scheme in line with the departmental payment target.

82

RECOMMENDATION 14: The Department of Justice and Community Safety maintain the performance measure proposed to be discontinued relating to the liquor regulator's client services delivery until a suitable replacement measure is developed.

83

6 Department of Transport and Planning

FINDING 37: The Department of Transport and Planning and VicTrack have a total estimated investment of \$123 billion on new and existing capital projects, with \$48 billion remaining expenditure after 2025–26, excluding the Suburban Rail Loop East–Main Works project or other projects listed as 'to be confirmed' (tbc).

88

FINDING 38: In 2025–26, the total estimated investment in existing Department of Transport and Planning and VicTrack capital projects increased by \$1.9 billion compared to 2024–25.

89

FINDING 39: Nine Department of Transport and Planning capital projects listed as existing projects in the 2025–26 Budget did not appear in prior budgets because they were wholly or majority funded by the Commonwealth Government.

90

RECOMMENDATION 15: In future budget papers, the Department of Treasury and Finance report the proportion of each department or entity's total estimated investment in capital projects that is funded by the Commonwealth Government.

90

FINDING 40: Due to contract amendments in 2024, the Government committed an additional \$745 million to the Metro Tunnel project, with the contractor required to pay a 'commensurate amount', depending on whether the contractor meets its milestones.

91

FINDING 41: The Government expects the Metro Tunnel to begin operating in 2025, with all five new stations taking passengers. The 2025–26 Budget includes \$713.4 million for train services through the tunnel, trial operations and commuter support. This is separate to the total estimated investment of \$13.5 billion to construct the tunnel.

92

FINDING 42: The 2025–26 Budget includes \$320.2 million in funding over the forward estimates for free public transport for children and free weekend public transport travel for seniors on weekends.

93

FINDING 43: The Department of Transport and Planning is upgrading Victoria's ticketing system to enable ticketless travel and initial roll-out to metropolitan trains is planned for early 2026. Due to a program reset, the total estimated investment in the project has increased by \$136.7 million (25.1%), and the estimated completion date has been delayed by 18 months.

94

FINDING 44: The Government has signed contracts worth \$6.3 billion towards construction of the Suburban Rail Loop East.

95

FINDING 45: 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.

96

FINDING 46: Infrastructure Australia recommended that before the Commonwealth Government commits more funding to the Suburban Rail Loop East project, the Victorian Government provide updated cost estimates, a comprehensive financing strategy detailing how value capture will work and an updated cost-benefit analysis.

96

FINDING 47: The Victorian Government is continuing to work with Infrastructure Australia (IA) to secure additional Commonwealth Government funding for the Suburban Rail Loop East. To do so, the Victorian Government needs to address IA's recommendations providing further information.

98

RECOMMENDATION 16: 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.

98

RECOMMENDATION 17: The Suburban Rail Loop Authority or Department of Transport and Planning publish an updated cost-benefit analysis of the Suburban Rail Loop East project.

98

FINDING 48: The Suburban Rail Loop East–Main Works costs remain ‘tbc’ in the budget papers. The Government still expects the project will cost between \$30 billion and \$34.5 billion, and will be delivered on time and on budget.

99

FINDING 49: The Government plans to fund a third of the Suburban Rail Loop East through value capture mechanisms.

100

RECOMMENDATION 18: 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 Suburban Rail Loop East project.

100

RECOMMENDATION 19: The Department of Transport and Planning address the issues identified by the Committee in relation to a new performance measure in the Ports and Freights output.

101

FINDING 50: The Department of Transport and Planning’s justifications for modifying performance measure targets relating to scheduled works do not provide the public or Parliament with an adequate understanding of the basis for the change.

102

RECOMMENDATION 20: 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.

102

RECOMMENDATION 21: 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.

103

7 Department of Families, Fairness and Housing

FINDING 51: The 2025–26 Budget includes \$17.9 million to increase food relief and food security in Victoria, in response to the ongoing cost-of-living crisis.

108

FINDING 52: The Department of Families, Fairness and Housing does not have performance measures related to its food relief activities in the 2025–26 Budget.

109

RECOMMENDATION 22: The Department of Families, Fairness and Housing include performance measures related to its food relief activities in the next budget.

109

RECOMMENDATION 23: The Department of Families, Fairness and Housing report through an appropriate mechanism on the changing demand for food relief in Victoria over time and by how much its activities meet this demand.

109

FINDING 53: Recommendations from the Commission for Children and Young People (CCYP) child death inquiries in 2023–24 have led to service improvements in practice, process, policy and training for child protection practitioners and other services. The CCYP also reiterated 56 recommendations it had made previously in areas such as cumulative harm, family violence practice and identifying and responding to suicide risk.

110

FINDING 54: In 2025–26, \$3.6 million in funding is provided for addressing the sexual exploitation of children in care through hiring additional sexual exploitation practice leads (SEPLs). SEPLs are central to the Department of Families, Fairness and Housing's efforts to identify and prevent sexual exploitation in out-of-home care.

111

FINDING 55: The Child Sexual Exploitation Enhanced Response Model pilot, which showed promising results, has not continued and the Committee was not made aware of the reasons why.

112

FINDING 56: The Department of Families, Fairness and Housing is in the process of significantly enhancing its response to sexual exploitation in out-of-home care, including developing a joint strategy with Victoria Police and creating a new Child Exploitation Strategy.

112

FINDING 57: In 2023–24, Victoria spent the most on homelessness services of all states and territories. It also had the highest number of homelessness services clients in Australia (approximately 102,000) and the second highest number of clients per 10,000 of the population (150).

114

FINDING 58: The Department of Families, Fairness and Housing does not publish data that estimates the homeless or at-risk population in Victoria. Estimates of people who are experiencing homelessness or marginally housed are captured every five years in the Australian Bureau of Statistics Census.

115

RECOMMENDATION 24: The Department of Families, Fairness and Housing work toward gathering and publishing better data on the demand for homelessness services and changes to the homeless and at-risk populations in Victoria.

115

FINDING 59: In 2023–24, 34.4% of specialist homeless sector clients who had a need for accommodation were not provided it or referred to another service for accommodation. Seventy per cent of clients who needed long-term housing were not provided it or referred to another service.

116

FINDING 60: The Department of Families, Fairness and Housing does not report on its objective indicators as published in the budget papers. Instead, it replicates performance measures as indicator results in its annual reports.

117

RECOMMENDATION 25: The Department of Families, Fairness and Housing review all of the objective indicators it reports on in its annual report to ensure they demonstrate progress toward the achievement of its objectives and are in compliance with the Resource Management Framework.

118

RECOMMENDATION 26: The Department of Families, Fairness and Housing improve its objective indicators under the Housing Assistance output to ensure they demonstrate progress toward the objective ‘All Victorians have stable, affordable and appropriate housing’ and give some information about how its funded services are reducing homelessness and housing insecurity and are meeting increased demand for these services.

118

FINDING 61: While the Department of Families, Fairness and Housing supported the Committee’s recommendation to publish long-term data on social housing allocations, applications and wait times on its website, it has not yet done so.

118

RECOMMENDATION 27: Where possible, the Department of Families, Fairness and Housing develop further performance measures that fill the performance reporting gaps identified in the Free Pads and Tampons in Public Places initiative. **119**

RECOMMENDATION 28: The Department of Families, Fairness and Housing retain the budget paper performance measure ‘Number of clients assisted to address and prevent homelessness due to family violence’. **121**

8 Department of Jobs, Skills, Industry and Regions

FINDING 62: There is dedicated funding for First Peoples programs within the 2025–26 Budget initiative *Creative State initiatives*, delivered through the First Peoples Directions Circle. **126**

RECOMMENDATION 29: Creative Victoria either: publish on its website a high-level summary of the *Creative State* program’s evaluation or develop performance measures relating to First Peoples creative industries. **126**

FINDING 63: In 2025–26, the Victorian Fisheries Authority (VFA) is undergoing a structural change, which includes a reduction in fisheries officers, the closure of two bayside fishing stations, and additional resources for a Major Fisheries Crime Unit. These changes reflect funding changes, a strong compliance record in the fishing community and the intention to shift the VFA’s focus to education, engagement, and deliberate organised fisheries crime. **128**

FINDING 64: The Government has stated the impacts from the changes to the Victoria Fisheries Authority (VFA) will be minimal. Any impacts of the restructure on the VFA’s enforcement capacity will be evident in 2025–26 annual reporting. **128**

FINDING 65: For 2025, 91 programs have been removed from the Training Needs list for the Skills First program. Subsidies for private training providers have been lowered by 35% for approximately 200 programs in metropolitan Melbourne and for most online and workplace programs. **130**

FINDING 66: The Department of Jobs, Skills, Industry and Regions does not publish enrolment and completion dates for all courses on the Training Needs list for the Skills First program. **130**

RECOMMENDATION 30: Where the Department of Jobs, Skills, Industry and Regions removes courses from the Training Needs list, it provide enrolment and completion data for the previous three years on its website.

130

FINDING 67: The Department of Jobs, Skills, Industry and Regions anticipates that any courses that cannot be run by private Registered Training Organisations due to the changes in subsidies will be taken up by TAFE providers.

130

FINDING 68: The Victorian Government has secured several long-term contracts for major sporting events, as well as select international sporting events for 2025 and 2026. It has been able to secure these with financial support through its Major Events Fund, as well as its strong track record of holding such events.

132

FINDING 69: The economic impacts of major sporting events for Victoria—including the Australian Grand Prix Formula One, the Australian Open, and the Melbourne Cup—are stated to be in the millions.

133

RECOMMENDATION 31: Where possible, the Department of Jobs, Skills, Industry and Regions publish information on its website regarding the economic benefits and how they are calculated of major sporting events in Victoria.

134

RECOMMENDATION 32: The Department of Jobs, Skills, Industry and Regions retain its performance measure or create new measures relating to mRNA manufacturing capability for inclusion in the 2026–27 Budget.

135

9 Department of Energy, Environment and Climate Action

FINDING 70: The Commonwealth Government has a well-developed strategy and reporting to reach net zero emissions in its operations by 2030. The Victorian Government does not annually track progress towards a *Whole of government emissions reduction pledge*.

142

RECOMMENDATION 33: The Department of Energy, Environment and Climate Action report annually on the environmental impact of government operations. This should include progress made toward the *Whole of Government emissions reduction pledge*, aggregated environmental performance by departments, aggregated greenhouse gas emissions and aggregated energy usage broken down by energy type.

142

FINDING 71: Since starting in 2024, 640 refund sites have been established for Victoria's container deposit scheme, 1.8 billion containers have been deposited and \$180 million has been provided to charities and individuals through container refunds. **144**

RECOMMENDATION 34: The Department of Energy, Environment and Climate Action develop stronger performance measures relating to the container deposit scheme. **144**

RECOMMENDATION 35: The Department of Energy, Environment and Climate Action identify an appropriate avenue for reporting on the actual outcomes of the container deposit scheme, including by how much the scheme has reduced litter, diverted beverage containers from landfill and any other environmental benefits. **144**

FINDING 72: As a result of its transition to 95% renewable electricity, the Government expects improved electricity affordability due to cheaper electricity generation. **147**

RECOMMENDATION 36: The Department of Energy, Environment and Climate Action review the new performance measure 'Delivery of statutory outputs under the Climate Action Act 2017 within statutory timeframes'. **147**

RECOMMENDATION 37: The Department of Energy, Environment and Climate Action create new, relevant performance measures for the Climate Action output that reflect its breadth of work, for inclusion in the 2026–27 Budget. **149**

RECOMMENDATION 38: The Department of Energy, Environment and Climate Action address the issues identified with its discontinued performance measures. **149**

10 Court Services Victoria

FINDING 73: Construction of the Wyndham law courts facility was completed in March 2025. The facility accommodates the Magistrates Court, the Children's Court of Victoria, the Victorian Civil and Administrative Tribunal as well as various legal support agencies. The various court facilities and services available at Wyndham law courts will be opened in a staged process, with the full suite of programs expected to be available in 2027. **155**

11 Department of Government Services

FINDING 74: Through legislative changes in 2021 and 2025 the Government has strengthened renters' rights and is a leading jurisdiction in this area. **161**

FINDING 75: Despite reform around renters' rights in Victoria, data from 2024 shows renters continue to experience issues with rental affordability, accessibility and landlords meeting minimum legislated standards. **162**

RECOMMENDATION 39: The Department of Government Services address the issues identified with three of its discontinued performance measures. **163**

12 Department of Treasury and Finance

FINDING 76: Amendments to the *Financial Management Act 1994* (Vic) have resulted in decreased financial reporting and a loss of information in election years. **170**

RECOMMENDATION 40: The Department of Treasury and Finance ensure all information that was included in the Budget Update and the quarter 1 financial report be included in future pre-election budget updates (PEBU). This includes information that was not previously included in the PEBU and actual results to September 30 of an election year. **170**

FINDING 77: In the 2024–25 Budget, the Department of Treasury of Finance outlined several areas of financial management reform, with the work ongoing. **171**

RECOMMENDATION 41: The Department of Treasury and Finance publish information about proposed and ongoing financial management reform measures on its website. **171**

RECOMMENDATION 42: The Department of Treasury and Finance publish information about any review or change to the Resource Management Framework in the context of broader financial management reform on its website by the end of 2025. **172**

13 Department of Premier and Cabinet

FINDING 78: According to the Minister for Treaty and First Peoples, Victorians should expect a statewide Treaty by the end of the 2025–26 financial year.

176

FINDING 79: The Migrant Workers Centre received \$7.6 million over four years in the 2025–26 Budget to continue its work, including delivering a new legal service to migrants due to its new status as a community legal centre.

177

Acronyms

ACT	Australian Capital Territory
ACU	Australian Catholic University
AIHW	Australian Institute of Health and Welfare
AMA	Australian Medical Association
AO	Australian Open
CAV	Consumer Affairs Victoria
CCTV	Closed-circuit television
CCYP	Commission for Children and Young People
CDS	Container Deposit Scheme
CEO	Chief Executive Officer
CFA	Country Fire Authority
CIC	Cabinet-in-Confidence
CPI	Consumer price index
CSV	Court Services Victoria
DBDRV	Domestic Building Dispute Resolution 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
DTF	Department of Treasury and Finance
DTP	Department of Transport and Planning
ECEC	Early childhood education and care
ESC	Essential Services Commission
ESVF	Emergency Services and Volunteer Fund
F1	Australian Grand Prix Formula One

FAS	Financial Assistance Scheme
FMA	Financial Management Act (Vic) 1994
FTE	Full-time equivalent
GGS	General government sector
GII	Government infrastructure investment
GSP	Gross state product
GST	Goods and Services Tax
IA	Infrastructure Australia
IBAC	Independent Broad-based Anti-corruption Commission
IOV	Integrity Oversight Victoria
LA	Legislative Assembly
LC	Legislative Council
LCV	Liquor Control Victoria
MHWC	Mental Health and Wellbeing Commission
mRNA	Messenger Ribonucleic Acid
Mt CO ₂ -e	Million tonnes of carbon dioxide equivalent
NAPLAN	National Assessment Program—Literacy and Numeracy
NFL	National Football League
NDS	National Disability Service
OHS	Occupational Health and Safety
PBO	Parliamentary Budget Office
PEBU	Pre-election budget update
PISA	Programme for International Student Assessment
PNFC	Public non-financial corporation
PV	Photovoltaic
QARD	Quality Assessment and Regulation Division
RFE	Rolling Facilities Evaluation program
RMF	Resource Management Framework
RSSP	Rental Stress Support Package
SEPL	Sexual exploitation practice lead
SHS	Specialist Homelessness Services
SRL	Suburban Rail Loop
SRLA	Suburban Rail Loop Authority
SRS	Schooling Resourcing Standard

SWPBS	School-wide Positive Behaviour Support
TEI	Total estimated investment
VAGO	Victorian Auditor-General's Office
VCAT	Victorian Civil and Administrative Tribunal
VDO	Victorian Default Offer
VEU	Victorian Energy Upgrades
VFA	Victorian Fisheries Authority
VHBA	Victorian Health Building Authority
VIDA	Victorian Infrastructure Delivery Authority
VO	Victorian Ombudsman
VoCAT	Victims of Crime Assistance Tribunal
VPS	Victorian Public Service
VRC	Victorian Racing Club
VSBA	Victorian School Building Authority
VVED	Victorian Virtual Emergency Department

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 2025–26 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 20 May 2025.²

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.

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

² Department of Treasury and Finance, *2025–26 State Budget*, 20 May 2025, <<https://www.dtf.vic.gov.au/2025-26-state-budget>> accessed 11 August 2025.

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
- spending on contractors, consultants and labour hire
- climate change
- community consultation on budget initiatives
- Victoria's Housing Statement
- the Early Intervention Investment Framework
- cyber security
- health spending.³

The Committee also held seven days of public hearings, from 3 June to 12 June 2025. 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 2025–26 Budget. During the hearings, some witnesses agreed to take questions on notice.

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.

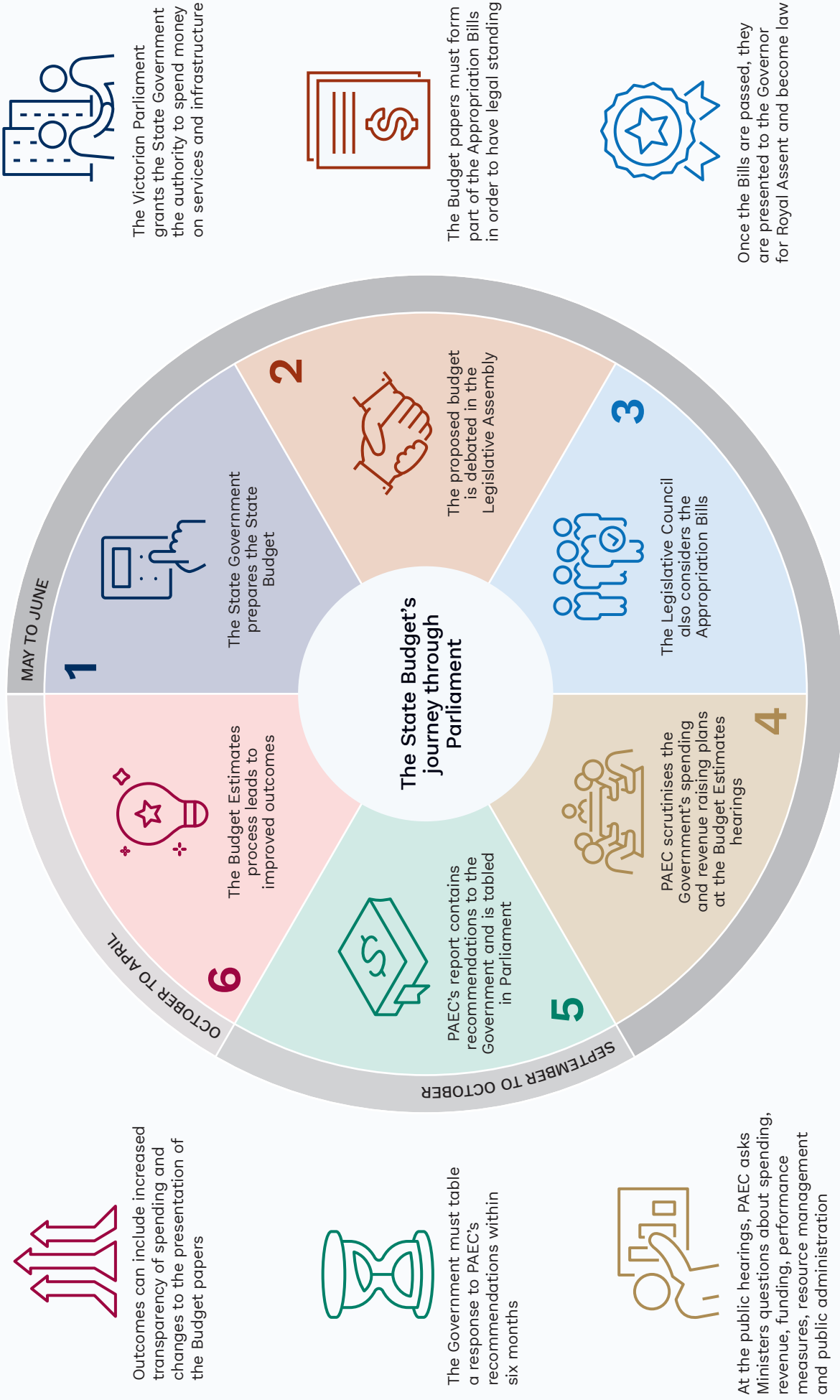
The Committee utilises the 2025–26 budget papers, evidence from public hearings, information from departments in the questionnaire and responses to questions taken on notice to prepare this report.

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, *Public Accounts and Estimates Committee—Inquiry into the 2025–26 Budget Estimates*, 2025, <<https://www.parliament.vic.gov.au/get-involved/inquiries/inquiry-into-the-2025-26-budget-estimates/questionnaires>> accessed 11 August 2025.

The budget estimates inquiry process



1.4 Key findings of this report

This report makes 42 recommendations. Many of these recommendations relate to:

- **strengthening government and department accountability and transparency** relating to information published in the Budget, including on how departments report on the savings they are allocated and on how Commonwealth investment in capital projects is reported
- **improved reporting on financial sustainability** directed toward the Department of Treasury and Finance
- **enhanced performance reporting** on NAPLAN results, food relief funding, homelessness services and changes to Department of Transport and Planning targets
- **the need for demand and outcomes information** related to Department of Families, Fairness and Housing service areas.

The economic outlook for Victoria is characterised by an expected reduction in cost-of-living pressures, with wage growth expected to exceed inflation for the first time since the COVID-19 pandemic.⁴ Real economic growth is expected to increase, fuelled by increased consumer spending.⁵ The Budget forecasts that employment growth will moderate slightly, while unemployment is expected to rise.⁶

The Government forecasts an operating surplus of \$600 million in 2025–26, achieving the third step in its five-step fiscal strategy.⁷ Government infrastructure investment will continue to taper down to \$21.3 billion in 2025–26, following a peak of \$24.2 billion in 2023–24.⁸ General government sector net debt is expected to increase to \$194 billion in 2028–29, but the proportion of net debt to gross state product is expected to moderate by the end of the forward estimates, in line with the Government's fiscal strategy.⁹ The Government is making good progress on its fiscal strategy but other measures, such as increasing interest expense as a proportion of revenue, pose longer-term financial risks.

The 2025–26 Budget includes \$3.3 billion in whole of government savings and efficiencies across the forward estimates to 2028–29.¹⁰ This is in addition to savings identified in prior budgets. The Committee found that the information provided in the budget papers and in response to the Committee's questionnaire could be enhanced to better demonstrate how savings will be achieved.

⁴ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26 Strategy and Outlook*, Melbourne, 2025, p. 3.

⁵ Ibid., p. 17.

⁶ Ibid., p. 27.

⁷ Ibid., pp. 4–5.

⁸ Ibid., p. 5.

⁹ Ibid., pp. 4–5.

¹⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 102.

1.5 Key issues affecting all departments

1.5.1 Lapsing program evaluations

Programs or initiatives are ‘lapsing’ when the government funds them for a limited period. The Resource Management Framework requires departments to evaluate lapsing programs that are seeking continued funding within 12 months of when the funding is due to lapse. If the program receives less than \$20 million in annual funding, the department may provide either an evaluation report or other appropriate evidence as part of a budget submission for continued funding.¹¹

As part of its questionnaire, the Committee requested that departments provide executive summaries of any evaluations of lapsing programs with continuing funding.¹² Departments identified 95 lapsing programs that received ongoing funding in 2025–26.¹³ The Department of Justice and Community Safety attached an executive summary for one program.¹⁴ Departments did not provide executive summaries for the remaining 94 programs. The Government spent a combined total of \$1.8 billion on these programs in 2024–25.¹⁵

Of these, departments indicated that executive summaries of evaluations could not be provided for 64 of these programs (totalling approximately \$1.1 billion in funding in 2024–25) because the evaluations had formed part of business cases prepared for Cabinet consideration, so they were ‘Cabinet-in-Confidence’ (CIC), and it is up to the Government whether to release the evaluation reports.¹⁶ The remainder either:

- did not require an evaluation report because they were below the \$20 million funding threshold
- had an evaluation planned
- had not been evaluated
- were evaluated through other processes, such as routine monitoring.

The Department of Families, Fairness and Housing also indicated that another two evaluation reports were CIC, but did not explain why.¹⁷

¹¹ Department of Treasury and Finance, *The Resource Management Framework Part 1 of 2 – Main document*, Melbourne, 2025, pp. 135–137.

¹² Public Accounts and Estimates Committee, *2025–26 Budget Estimates General Questionnaire: Question 8*.

¹³ All departments and Court Services Victoria, *2025–26 Budget Estimates General Questionnaire: Question 8*.

¹⁴ Department of Justice and Community Safety, *Response to the 2025–26 Budget Estimates Questionnaire*, update received 4 August 2025, p. 81.

¹⁵ It is difficult to determine how much is budgeted for these initiatives in 2025–26 because some are continuing as part of other combined initiatives. Source: All departments and Court Services Victoria, *2025–26 Budget Estimates General Questionnaire: Question 8*.

¹⁶ All departments and Court Services Victoria, *2025–26 Budget Estimates General Questionnaire: Question 8*.

¹⁷ Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, pp. 51–52.

Program evaluations are a highly valuable source of information about the effectiveness of government initiatives. Providing lapsing program evaluations to the Committee and publishing them on department websites would provide valuable transparency for the expenditure of public funds and assist the Committee to scrutinise the budget estimates. Departments publish other material that forms part of cabinet submissions, such as business cases for major capital projects.

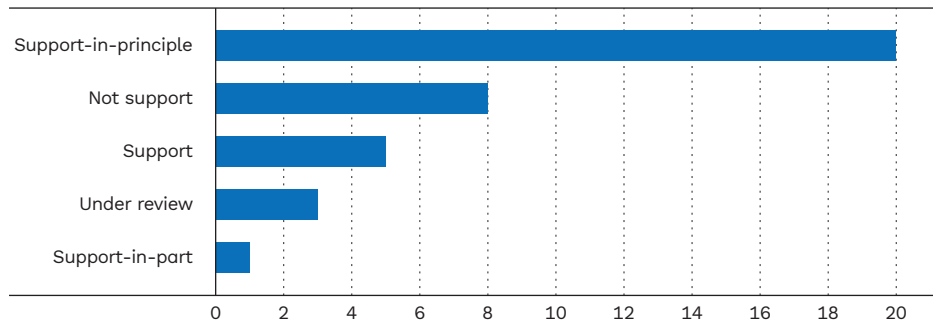
FINDING 1: In response to the Committee’s questionnaire, departments only provided one executive summary of a lapsing program out of 95 identified programs, primarily citing Cabinet in Confidence restrictions.

RECOMMENDATION 1: The Department of Premier and Cabinet adopt a best practice model of routinely publishing all program evaluations, including lapsing program evaluations, on a central registry.

1.5.2 The Government’s response to the Committee’s recommendations

In October 2024 the Committee made 37 recommendations in its *Report on the 2024–25 Budget Estimates*.¹⁸ Of the 37 recommendations made, most were supported or supported-in-principle (Figure 1.1). The Government’s response to key Committee recommendations is discussed in more detail below.

Figure 1.1 The Government supported or supported-in-principle most of the recommendations made in the *Report on the 2024–25 Budget Estimates*



Source: Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2024–25 Budget Estimates*, 3 April 2025.

18 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024.

Recommendations 4 and 5

Through its reports, the Committee has repeatedly discussed the financial challenges facing Victoria's health care system and the strategies put in place by the Department of Health (DH) to increase financial sustainability in Victoria's health services.¹⁹ In its *Report on the 2024–25 Budget Estimates*, the Committee discussed two areas of reform and investment stemming from the 2024–25 Budget, aimed at containing costs and bolstering health services' funding.²⁰ The first was a set of sector directives provided by the Secretary to health services to 'enhance efficiency and manage cost growth effectively'. The second was a \$1.5 billion Treasurer's Advance provided to support Victorian hospitals.²¹

The Committee made two recommendations about these two actions to increase the transparency and accountability for cost containment measures relating to the use of off-budget funding in the health system.

RECOMMENDATION 4 The Department of Health report on the impacts on health services of sector wide cost containment measures, including any effects on care.²²

The Government and DH did not support this recommendation as 'specific impacts of these levers cannot be separated from the rest of the reforms and interventions implemented in the past 12 months. As such, the department is unable to disaggregate performance such that it solely reflects the impact of any cost containment measures' and directed the Committee to its generalised performance reporting.²³ The Committee understands it may be difficult to report on the impact of several reforms and interventions on the healthcare system. However, it is imperative that reforms are tracked and reported on through an appropriate public avenue to demonstrate their outcomes.

RECOMMENDATION 2: The Department of Health identify ways to report on the impacts of financial reform and financial discipline measures undertaken in 2024–25 and 2025–26 on Victoria's health system and publish information about these impacts.

In relation to the \$1.5 billion Treasurer's Advance provided to DH in August 2024 the Committee recommended:

RECOMMENDATION 5 The Department of Health publish a breakdown of the additional \$1.5 billion in off-budget funding, including the proportion allocated to implement the recommendations of the Health Services Plan.²⁴

¹⁹ Ibid., pp. 34–37; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Financial and Performance Outcomes*, April 2025, pp. 44–48.

²⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, pp. 34–37.

²¹ Ibid.

²² Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2024–25 Budget Estimates Report*, 3 April 2025, p. 3.

²³ Ibid.

²⁴ Ibid.

The Government and DH did not support the recommendation, stating: ‘The \$1.5 billion formed part of the total allocation pool provided to health services for the 2024–25 financial year and cannot be disaggregated further. Funding provided to individual health services is publicly reported through their annual reports’.²⁵ The Committee notes that during the subsequent *Inquiry into the 2023–24 Financial and Performance Outcomes* hearings, DH did provide a breakdown of all Treasurer’s Advances provided in the 2023–24 year by the amount each hospital received from Treasurer’s Advances.²⁶

FINDING 2: The Government and Department of Health are unable to disaggregate the \$1.5 billion in off-budget funding to health services provided in August 2024.

Recommendation 7

The 2024–25 Budget announced that a planned hospital in Arden would not proceed, and the project would change to focus solely on redeveloping the existing Parkville hospital precinct, including the Royal Melbourne Hospital and the Royal Women’s Hospital. To increase clarity around the change the Committee recommended:

RECOMMENDATION 7 The Department of Health publish on the Victorian Infrastructure Delivery Authority’s (VIDA) website revised forecasts for the number of jobs, the increase to hospital capacity, and the work and investment expended on the Arden site that can and cannot be repurposed for the redevelopment of the Royal Melbourne Hospital and Royal Women’s Hospital at Parkville.²⁷

The recommendation was supported in principle, with the Government response stating:

The Department of Health notes that the Victorian Health Building Authority (VHBA) routinely publishes information for projects when in delivery; this includes job figures. VHBA transferred from DH in April 2024 to become part of the Victorian Infrastructure Delivery Agency within the auspice of the Department of Transport and Planning.²⁸

The Government response does not address if the requested information on the Arden or Parkville hospital sites will be published on VIDA’s website.

RECOMMENDATION 3: When responding to the Public Accounts and Estimates Committee’s recommendations, the Victorian Government and all applicable government departments and agencies address the content of the recommendation fully in their response.

²⁵ Ibid.

²⁶ Professor Euan Wallace, Secretary, Department of Health, 2023–24 Financial and Performance Outcomes hearing, response to questions on notice, received 3 December 2024, pp. 2–3.

²⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, pp. 42–43.

²⁸ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2024–25 Budget Estimates Report*, p. 3.

Recommendation 10

The Department of Education (DE) assesses school infrastructure through the Rolling Facilities Evaluation program (RFE). The RFE assesses approximately 300 schools annually, which allows the Victorian School Building Authority (VSBA) to maintain up-to-date data to inform investments in school upgrades and maintenance.²⁹ In the *Report on the 2024–25 Budget Estimates* the Committee recommended that:

RECOMMENDATION 10 The Victorian School Building Authority publish a report every five years on the results and findings of the Rolling Facilities Evaluation (RFE) program, beginning with a report on the first complete RFE cycle between 2018 and 2023. This should include both statewide school asset condition scores and a breakdown by local government area, as well as details of the maintenance and upgrades underway to amend priority defects.³⁰

The Committee made this recommendation because public information is limited in relation to how the Government and DE determine investment priorities for school infrastructure and the need for new schools and school upgrades.³¹ Considering the significant yearly investment of public money in school infrastructure, it is important that the public and Parliament have information about how these decisions are made.³²

In 2017, the Government agreed to publish ‘demand and condition information annually to provide transparency about how investment priorities are made for new and existing schools’. This is yet to be implemented.³³ The Committee recommended in its *Report on the 2021–22 Budget Estimates* that the VSBA ‘publish available planning data regarding the need for new schools and school upgrades on its website and update this data regularly’.³⁴ Although this recommendation was supported in principle, it is also yet to be implemented.³⁵

The Government did not support recommendation 10 of the Committee’s *Report on the 2024–25 Estimates* because:

The condition score is only a limited snapshot of a school’s condition, providing one assessment factor within a comprehensive asset management system which works to identify defects and prioritise funding and maintenance cadence to ensure that schools remain safe and in good condition.³⁶

²⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, p. 55.

³⁰ Ibid., p. 57.

³¹ Ibid., p. 56.

³² Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, p. 31.

³³ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 45.

³⁴ Ibid.

³⁵ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2021–22 Budget Estimates*, March 2022, p. 3.

³⁶ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2024–25 Budget Estimates Report*, p. 4.

Further, the Government advised that condition scores for a school are often quickly out of date where a high-priority issue has been identified and addressed.³⁷ While the Committee understands this reason for not supporting the recommendation, it is still important that the department publish demand and condition information to improve transparency around how investment priorities are established for school infrastructure.

RECOMMENDATION 4: The Department of Education or the Victorian School Building Authority find an appropriate public mechanism to publish demand and condition information that demonstrates how asset investment priorities are determined for new and existing schools.

1.6 Report structure

This report presents the Committee's findings and recommendations from its Inquiry into the 2025–26 Budget Estimates.

Chapter 2 considers Victoria's economic and fiscal outlook at the time of the 2025–26 Budget, including results and forecasts for macroeconomic indicators and government revenue and expenditure. It also considers new and existing savings measures and contingency funding.

Chapters 3 to 14 scrutinise the budget estimates by department or entity in the order of total output funding, from largest to smallest. Each chapter includes an overview and financial analysis of the department or entity. Key issues identified during the Committee's inquiry by portfolio are examined, followed by an analysis of performance measures that are new and proposed to be discontinued.

The report also includes a financial snapshot for Chapters 3 to 14, summarising information on the department or entity's output funding, new output and asset initiatives and infrastructure program. Explanatory information for the snapshots can be found in Appendix A.

³⁷ Ibid.

Chapter 2

Whole of Victorian Government

2.1 Overview

This chapter examines the Government's economic and fiscal outlook for 2025–26 and the budget estimates for the general government sector (GGS), including revenue and expenses, net debt and infrastructure investment.

The Department of Treasury and Finance (DTF) expects strong gross state product (GSP) growth, driven by an increase in household consumption, largely due to wages growing faster than consumer prices for the first time since the COVID-19 pandemic.¹ DTF expects employment growth to slow, and the unemployment rate to rise slightly.² Global events, including U.S. trade policies, introduce some uncertainty in the overall economic picture.³

The Government has budgeted for an operating surplus of \$600 million in 2025–26, which is a smaller operating surplus than anticipated for 2025–26 in the 2024–25 Budget.⁴ If the Government achieves this operating surplus, it will achieve one of the key elements of its five-step fiscal strategy. However, there are still some longer-term financial risks, such as increasing interest expenses on the State's debt as a proportion of revenue.

This chapter also examines new and expanded sources of revenue, key expenditure areas, savings initiatives and contingency funding.

2.2 Economic outlook for 2025–26

The next two pages give a detailed snapshot of Victoria's economic outlook for 2025–26.

¹ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26 Strategy and Outlook*, Melbourne, 2025, p. 18.

² Ibid., p. 27.

³ Ibid., p. 32.

⁴ Ibid., p. 5; Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, p. 6.

Gross state product

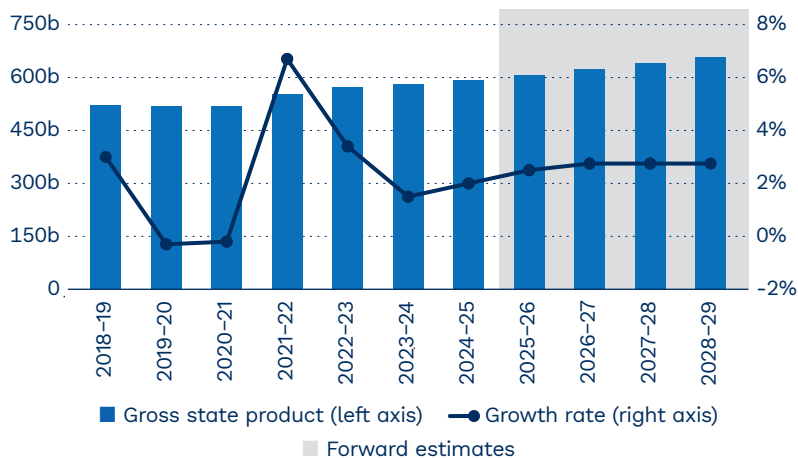


GSP is the total value of all the goods and services produced in Victoria over a year.

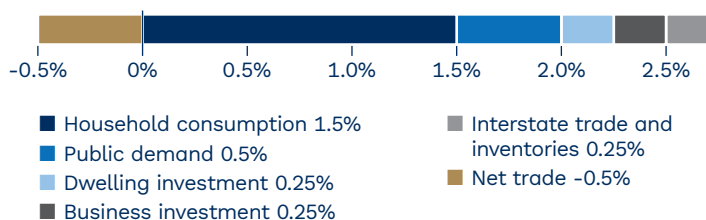
DTF expects growth in 2025–26 to be higher than the previous two years, reflecting increasing economic activity.

Higher disposable income due to real wage growth is expected to fuel increased household consumption. Increased business investment and dwelling construction are also expected to contribute to GSP growth.

Gross state product



Components of GSP change 2025-26

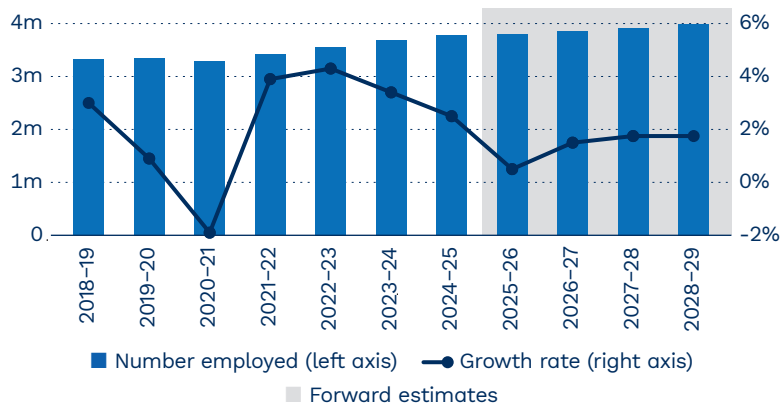


Labour market

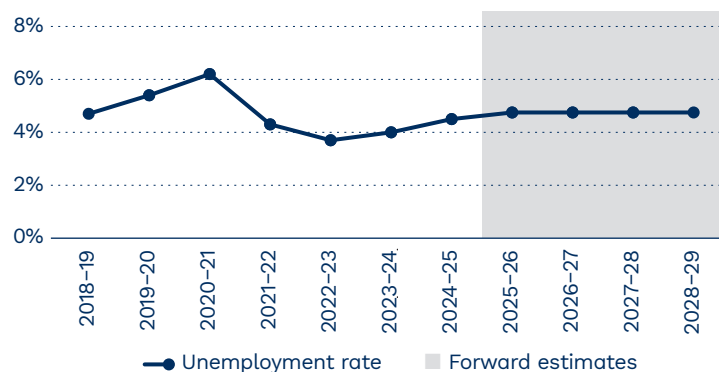


DTF expects the number of people employed in Victoria to continue growing after reaching record highs, but the growth rate is expected to fall from 2.5% in 2024–25 to 0.5% in 2025–26.

Employment



Unemployment



Unemployment has remained low despite high inflation and interest rate increases. DTF expects the unemployment rate to rise to 4.75% in 2025–26 due to growth in labour supply exceeding labour demand, which continues to ease.

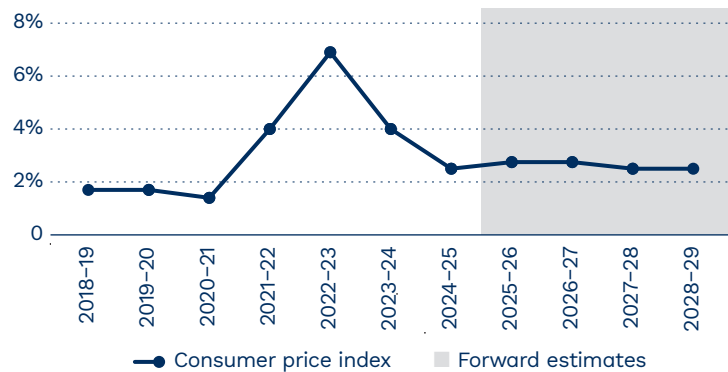
Prices



The consumer price index is a measure of inflation.

Inflation has eased from its peak in 2022 and is expected to be 2.75% in 2025–26 and 2026–27. While business investment growth has been strong, higher prices and interest rates have reduced consumer spending and housing construction. Global uncertainty may impact prices and confidence.

Consumer price index

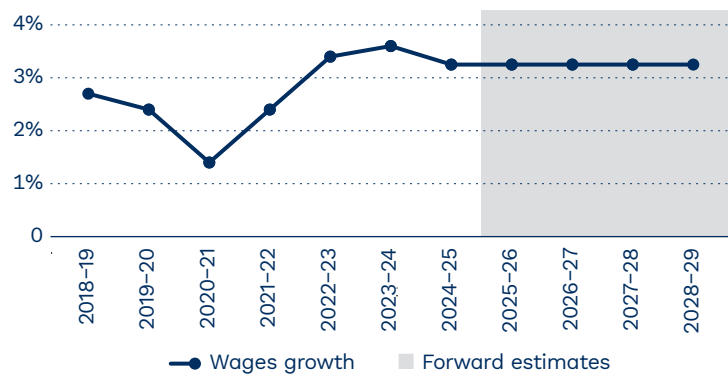


Wages

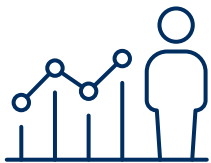


DTF expects wages to grow faster than inflation from 2024–25, creating real wages growth for the first time since 2019–20.

Wage growth

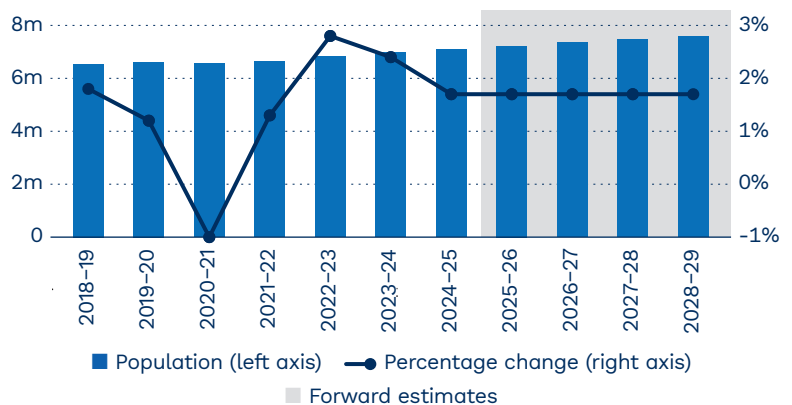


Population



After two years of strong increases in 2022 and 2023, DTF expects population growth to return to the long-term trend of 1.7% from 2024–25.

Population



2.3 Fiscal strategy

2.3.1 Progress against the five-step fiscal strategy

The Committee heard that the Government is ‘on track’ against its five-step fiscal strategy.⁵ The Government introduced a four-step fiscal strategy in the 2020–21 Budget, adding a fifth step in 2024–25.⁶ The five steps are outlined below:

Step one is ‘creating jobs, reducing unemployment and restoring economic growth’. The strong employment and economic outcomes and forecasts, as outlined above, show good progress against this aim.

Step two is ‘returning to an operating cash surplus’. As noted in the Committee’s *Report on the 2023–24 Financial and Performance Outcomes*, the Government achieved step two in 2022–23 when it achieved an operating cash surplus.⁷

Step three is ‘returning to operating surpluses’. As anticipated in the 2024–25 Budget, the Government expects to achieve an operating surplus (net result from transactions) in the general government sector (GGS) in 2025–26. The Treasurer told the Committee this is ‘a critical achievement as this is the point at which the state’s revenue covers both cash expenditure and the ongoing replacement of existing assets’.⁸ The \$600 million expected surplus is \$1 billion lower than the \$1.6 billion surplus estimated in the 2024–25 Budget Update.⁹

The Government projects ongoing operating surpluses across the forward estimates to 2028–29.

Step four is ‘stabilising net debt levels as a proportion of GSP’, which involves reducing the State’s reliance on borrowings by delivering increasing surpluses while growing the economy. The Government expects net debt as a proportion of GSP to peak at 25.2% in 2026–27.¹⁰ If, as forecast, net debt to GSP stops growing beyond that point, the Government will achieve this step.

Step five is ‘reducing net debt as a proportion of GSP’. The Government added this step in the 2024–25 Budget.¹¹ Following the peak in 2026–27, the Government expects net debt to decline as a proportion of GSP across the forward estimates.¹²

5 Ms Jaclyn Symes MLC, Treasurer, 2025–26 Budget Estimates hearing, Treasurer, Melbourne, 3 June 2025, *Transcript of evidence*, p. 2.

6 Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 2; Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 4.

7 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Financial and Performance Outcomes*, April 2025, p. 14.

8 Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 9.

9 Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 5; Department of Treasury and Finance, *2024–25 Budget Update*, Melbourne, 2024, p. 19.

10 Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 5.

11 *Ibid.*, p. 4.

12 *Ibid.*, p. 5.

FINDING 3: The Government will continue to progress its five-step fiscal strategy in 2025–26. It expects to achieve step three, returning to an operating surplus, in 2025–26. The Government also projects it will achieve step four, stabilising net debt as a proportion of gross state product, within the forward estimates.

2.3.2 Risks to financial sustainability

As the Committee noted in its *Report on the 2023–24 Financial and Performance Outcomes*, there are several emerging risks to the Government’s fiscal strategy including:

- growing debt and interest costs
- rising employee costs
- increased operating expenses due to service demand
- limited new revenue and income streams
- unplanned infrastructure cost increases.¹³

Fiscal net cash shows whether the Government’s cash inflows from operations exceed its recurrent and capital outlays.¹⁴ A fiscal cash surplus means the state has enough available cash to deliver public services, reduce debt or save to bolster the state’s finances against unexpected events. On the other hand, a fiscal cash deficit means the Government must borrow to invest in infrastructure for delivering public services. The fiscal cash deficit is expected to be \$15 billion in 2024–25, declining to \$10 billion in 2025–26, with ongoing fiscal cash deficits forecast across the forward estimates period.¹⁵

Gross debt as a proportion of public sector operating revenue is an alternative measure to net debt as a proportion of GSP. Gross debt shows the state’s total repayment obligation, without subtracting liquid financial assets. Gross debt to revenue can be a more useful measure of fiscal sustainability than net debt to GSP, especially when the interest rate is higher than GSP and revenue growth, as is currently the case. This is because it more directly reflects the state’s ability to service its debt. The Budget forecasts that gross debt will continue rising as a proportion of GGS operating revenue, from 181% in 2023–24 to 202% in 2028–29.¹⁶

Interest expense as a proportion of operating revenue shows how much of public sector revenue is used to service debt costs. Increasing interest expenses reduce the

¹³ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Financial and Performance Outcomes*, p. 15; Victorian Auditor-General’s Office, *Auditor-General’s Report on the Annual Financial Report of the State of Victoria: 2023–24*, Melbourne, 2024, p. 25.

¹⁴ Victorian Auditor-General’s Office, *Updated dashboard with financial outcomes of the 2025–26 State Budget*, May 2025, <<https://www.audit.vic.gov.au/dashboards/updated-dashboard-financial-outcomes-2025-26-state-budget>> accessed 30 June 2026.

¹⁵ Ibid.

¹⁶ Ibid.

funds that can be spent on delivering public services.¹⁷ ‘Interest expense to revenue’ is one of the Government’s own measures of long-term financial management, with a target of stabilising GGS interest expense as a percentage of revenue in the medium term.¹⁸ This is not part of its five-step fiscal strategy. Interest expenses have grown from 3.4% of GGS operating revenue in 2019–20, to 6.1% in 2023–24, and are expected to increase to 9% by 2028–29. The Government does not have a clear target or timeline for reducing interest expense to revenue, which would help to promote more disciplined financial management.¹⁹

FINDING 4: While the Government’s progress against its five-step fiscal strategy is a good sign of budget recovery, other measures of fiscal sustainability may impact long-term financial sustainability, such as increasing interest expenses as a proportion of revenue.

RECOMMENDATION 5: The Department of Treasury and Finance create specific targets and timelines for its goal of reducing interest payments on debt as a proportion of general government sector operating revenue and publish these in the budget papers.

RECOMMENDATION 6: The Department of Treasury and Finance set measures and targets for achieving fiscal net cash surpluses and reducing gross debt as a proportion of public sector operating revenue and publish them in the budget papers.

2.3.3 Net debt

During the hearings the Treasurer told the Committee that the Government’s investment in ‘productive infrastructure’ is the reason for the high levels of state debt.²⁰ Net debt is expected to increase from \$188.3 billion in 2024–25 to \$235.2 billion in 2028–29.²¹

The Treasurer stated that this investment has helped to grow the economy, which will make it easier to pay for the debt:

By the end of the forwards ... our economy is going to be worth around \$780 billion. That makes debt more easily serviceable, because it will be around 8 to 9 per cent of the total by the end of the forwards ... That is why it is important to invest and grow the economy, to ensure that those percentages remain low compared to the size of our economy.²²

¹⁷ Ibid.

¹⁸ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 7.

¹⁹ Victorian Auditor-General’s Office, *Auditor-General’s Report on the Annual Financial Report of the State of Victoria: 2023–24*, p. 17.

²⁰ Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 5.

²¹ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26*, Melbourne, 2025, p. 43.

²² Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, pp. 6–7.

However, as discussed in Section 2.3.2, interest expenses on the State's debt are forecast to increase at a greater rate than revenue, which means that an increasing proportion of revenue will be dedicated to servicing interest payments and less will be available to fund services.

Modelling interest rate changes

The Committee asked during the hearings whether DTF models the impacts of any potential changes to Victoria's credit rating on the budget. The Secretary acknowledged that DTF does not model the budgetary impact of a change to the State's credit rating, but noted that the primary impact would be a change in interest rates, which the Department does model.²³

Budget Paper No. 2, Chapter 6 – Sensitivity Analysis shows the fiscal impact of possible variations in macroeconomic factors. It shows net result and net debt if interest rates were 1% higher than expected in each year of the forward estimates.²⁴ The sensitivity analysis does not show how an increase in the interest rate would affect the State's interest repayments on its debt.

Table 2.1 DTF modelling shows that a 1% increase in the interest rate would increase the State's debt and reduce forecast surpluses

Year	Net result from transaction (\$ million)			Net debt (\$ million)		
	Estimate in 2025–26 Budget	Impact of change	Alternate estimate	Estimate in 2025–26 Budget	Impact of change	Alternate estimate
2025–26	611	(83)	528	202,650	83	202,733
2026–27	1,925	(5)	1,920	214,407	366	214,773
2027–28	2,379	(233)	2,146	224,222	893	225,115
2028–29	1,504	(460)	1,045	235,202	1,671	236,873

Source: Department of Treasury and Finance, *Budget Paper No. 2: 2025–26 Strategy and Outlook*, Melbourne, 2025, p. 85; Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 43.

FINDING 5: Department of Treasury and Finance modelling shows that increased interest rates would increase debt and reduce forecast surpluses.

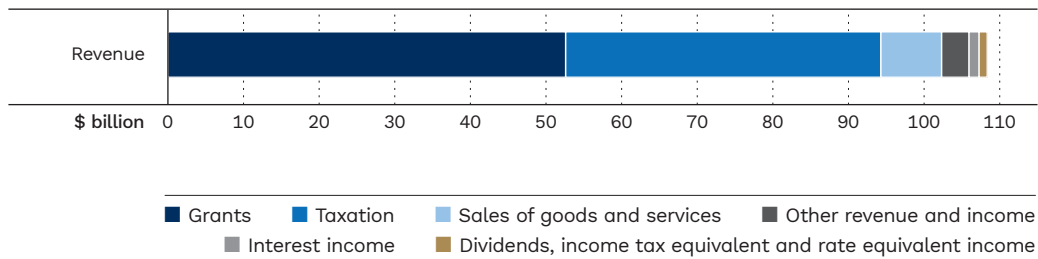
²³ Mr Chris Barrett, Secretary, Department of Treasury and Finance, 2025–26 Budget Estimates hearing, Treasurer, Melbourne, 3 June 2025, *Transcript of evidence*, p. 7.

²⁴ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, pp. 83–85.

2.4 Revenue

DTF expects \$108.3 billion in revenue in 2025–26. This is 7.7% higher than the revised figure for 2024–25, driven primarily by an increase in Goods and Services Tax (GST) and taxation revenue.²⁵

Figure 2.1 Most revenue in 2025–26 is expected to come from grants and taxation



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 160.

The budget papers show that Victoria raises less revenue per capita than any other state. Compared to some other Australian states that raise significant royalty revenue from resource extraction, Victoria relies on alternative revenue sources.²⁶ New and expanded forms of taxation revenue are discussed further below.

2.4.1 Taxation

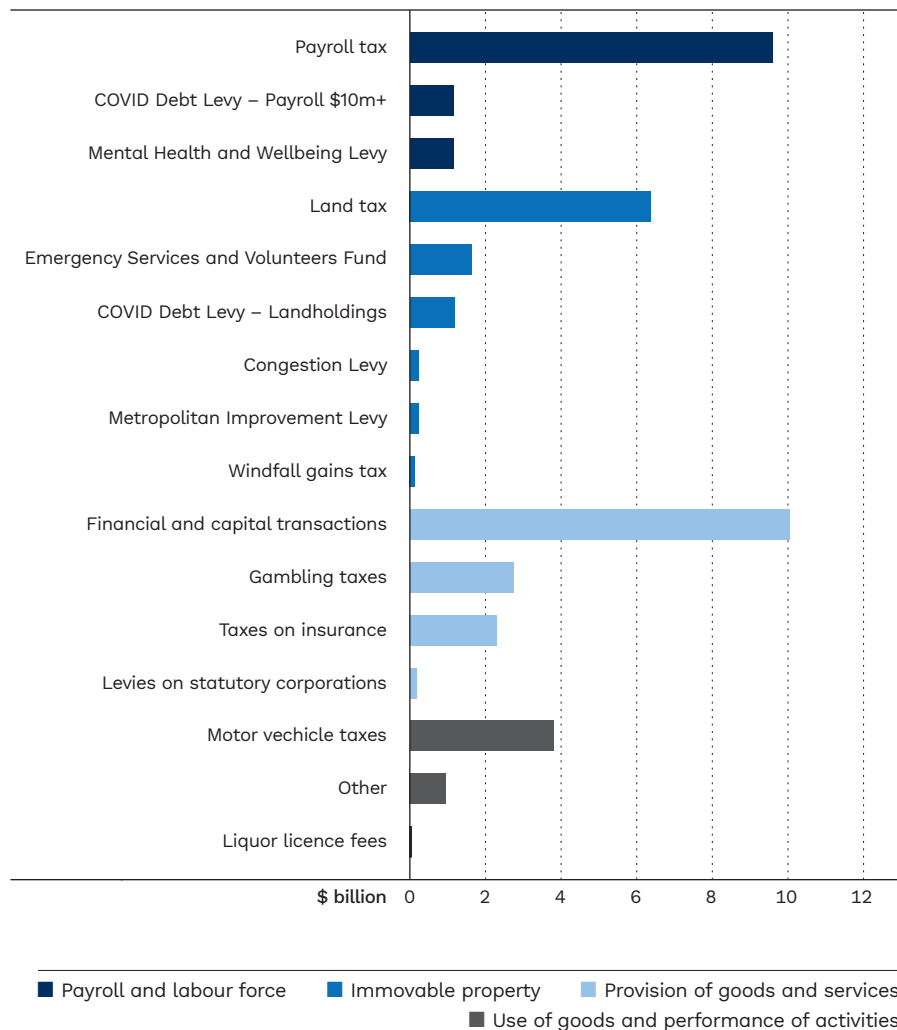
Total taxation revenue is expected to be \$41.7 billion in 2025–26, 6.4% higher than the revised estimate for 2024–25. DTF expects tax revenue to increase by an average of 4.7% per year across the forward estimates.²⁷ Figure 2.2 breaks down the sources of tax revenue in the 2025–26 Budget.

²⁵ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26*, p. 159.

²⁶ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 47.

²⁷ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26*, p. 162.

Figure 2.2 Taxes on provision of goods and services are the largest contributor to tax revenue



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 19.

Emergency Services and Volunteers Fund

The Emergency Services and Volunteer Fund replaces the Fire Services Property Levy. It is a tax on immovable property intended to raise additional funds for emergency services—including Fire Rescue Victoria, the Country Fire Authority (CFA), Victoria State Emergency Service, Triple Zero Victoria, the State Control Centre and Emergency Recovery Victoria—to address increasingly frequent and severe natural disasters.²⁸ It is expected to collect \$1.6 billion in 2025–26, which is \$590 million more than the 2024–25 revised figure for the Fire Services Property Levy.²⁹

²⁸ Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 15.

²⁹ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26*, p. 162.

In the hearings, the Committee discussed with the Treasurer community concerns that the new levy could disproportionately increase the tax burden on rural landholders, many of whom volunteer for the CFA. The Treasurer stated that there will be exemptions for CFA volunteers, and changes to the legislation mean that they will pay less than under the previous levy, or not pay anything.³⁰ The Treasurer also clarified that volunteers will be able to elect to exempt their principle place of residence or their farm, and exemptions apply to ‘two or more parcels of land in a single farming enterprise in which you have a direct or indirect interest’.³¹

COVID debt levy

The COVID debt levy was introduced in the 2023–24 Budget as part of the *COVID Debt Repayment Plan*, which aims to pay down \$31.5 billion in debt over ten years.³²

DTF expects to raise \$2.3 billion from the COVID Debt Levy in 2025–26, including \$1.1 billion from payroll tax on businesses with national payrolls greater than \$10 million, and \$1.2 billion from the additional charge on landholdings. The Government plans to raise \$14 billion through the COVID debt levies by the end of the forward estimates.³³

Table 2.2 The COVID Debt Levy on payroll and land holdings is expected to raise \$14 billion by the end of the forward estimates

	2023–24 actual (\$ million)	2024–25 revised (\$ million)	2025–26 budget (\$ million)	2026–27 estimate (\$ million)	2027–28 estimate (\$ million)	2028–29 estimate (\$ million)	Total (\$ million)
COVID Debt Levy – Payroll \$10m+	934	1,096	1,147	1,215	1,287	1,364	7,043
COVID Debt Levy – Landholdings	1,164	1,138	1,177	1,223	1,300	1,386	7,388
Total	2,098	2,234	2,324	2,438	2,587	2,750	14,431

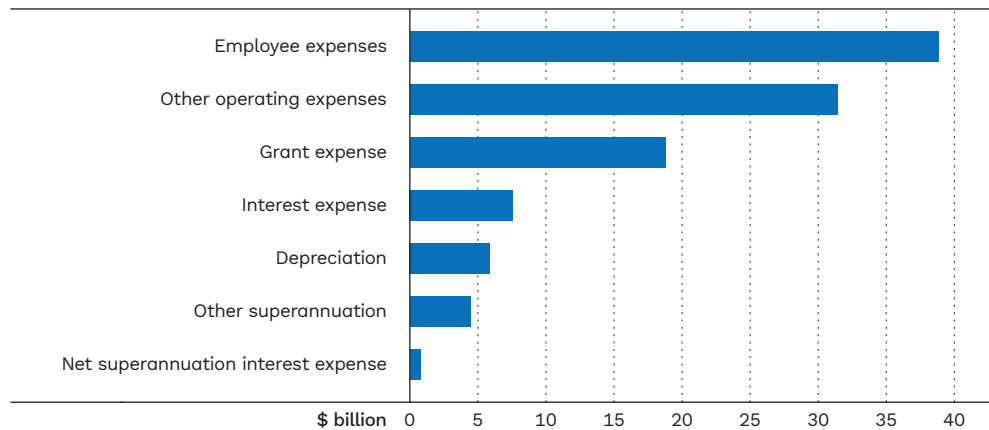
Source: Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, p. 9; Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finance*, Melbourne, 2025, p. 19.

2.5 Expenditure

Figure 2.3 shows GGS expenditure by category. Employee expenses continue to be the greatest expense across government, budgeted for \$38.8 billion in 2025–26, and are expected to reach \$42.4 billion by 2028–29.³⁴

30 Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 16.
31 Ibid.
32 Department of Treasury and Finance, *COVID Debt Repayment Plan*, Melbourne, 2023, p. 16.
33 Department of Treasury and Finance, *Budget Paper No. 5: 2025–26*, p. 162.
34 Ibid., p. 7.

Figure 2.3 Employee expenses are the largest expense category in 2025–26



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 7.

2.5.1 Cost-of-living measures

While the Budget forecasts that inflation will ease and wages will grow in real terms, many Victorians are still experiencing cost-of-living pressures due to global inflationary pressures, with overall consumer prices 16% higher than 2021.³⁵ The Treasurer highlighted a number of initiatives intended to ease these pressures in the 2025–26 Budget.³⁶ These include:

- \$318.2 million over the forward estimates for Free public transport for kids, which commences statewide on 1 January 2026 and is expected to save families up to \$750 a year per child³⁷
- \$152.4 million over the forward estimates to increase Camps, Sports and Excursions Fund payments to \$400 for eligible students³⁸ to assist families with the cost of camps, sporting activities and excursions at schools³⁹
- \$50.6 million in 2025–26 for the Power Savings Bonus for vulnerable consumers, which provides a one-off payment of \$100 to Victorian concession card households that use the Victorian Energy Compare website to find a cheaper electricity deal⁴⁰
- \$17.9 million over the forward estimates for the Strengthening food security across Victoria initiative, which includes increased funding for Regional Foodshares and the Regional Food Security Alliance, an expanded Community Food Relief grants

³⁵ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, pp. 8, 29.

³⁶ Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, pp. 16–19.

³⁷ Ibid., p. 19; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, pp. 83–84.

³⁸ Eligible applicants are parents or carers who hold a financially means-tested card, students who are considered a mature minor over 16 who hold a valid concession card (such as a Youth Allowance Health Care Card or Disability Support Pension Card), or parents or carers of children over 16 who have a financially means tested card but aren't considered a mature minor. Source: Department of Education, *Camps, Sports and Excursions Fund (CSEF)*, 2 June 2025, <<https://www2.education.vic.gov.au/pal/camps-sports-and-excursions-fund/guidance/eligibility>> accessed 15 July 2025.

³⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 15, 18.

⁴⁰ Ibid., pp. 28, 32; Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 17.

program, funding to support Foodbank Victoria to divert surplus farm produce and supporting the Foodbank GROW program to distribute food to the emergency food relief sector⁴¹

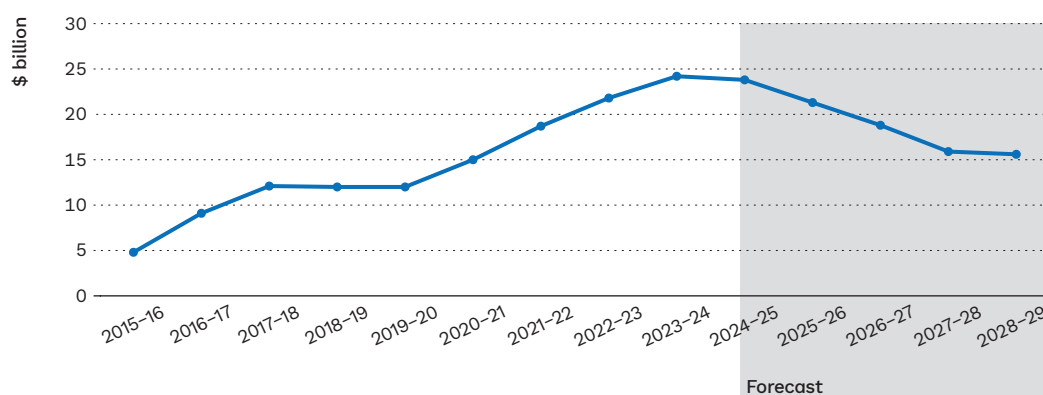
- \$4 million over the forward estimates for Mortgage Stress Victoria to support Victorians who are struggling to pay their mortgages.⁴²

FINDING 6: The 2025–26 Budget includes several cost-of-living measures, including Free public transport for kids, increased Camps, Sports and Excursions Fund payments, Power Savings Bonus for vulnerable consumers and food security initiatives.

2.5.2 Infrastructure investment

Government infrastructure investment (GII) is expected to be \$21.3 billion in 2025–26. As forecast in the 2024–25 Budget, GII peaked in 2023–24 at \$24.2 billion.⁴³ The revised result for 2024–25 is \$23.8 billion, \$0.5 billion higher than the original 2024–25 Budget figure.⁴⁴ The Government plans to gradually reduce its expenditure on infrastructure to pre-pandemic levels.⁴⁵ GII is expected to decline to \$15.6 billion in 2028–29, as shown in Figure 2.4.

Figure 2.4 Government infrastructure investment is expected to reduce across the forward estimates



Source: Department of Treasury and Finance, *Budget Paper No. 2: Strategy and Outlook, 2017-18 to 2025-26*.

The Treasurer told the Committee that it is important for the Government to ‘taper down’ infrastructure expenditure to more fiscally sustainable levels in a way that maintains a pipeline of construction jobs and avoids negatively affecting the job

⁴¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 38, 40.

⁴² Ibid., pp. 47, 48.

⁴³ Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 6.

⁴⁴ Ibid., p. 5.

⁴⁵ Ibid., p. 43; Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 2.

market.⁴⁶ As noted in Section 2.1, DTF expects employment growth to slow and unemployment to rise slightly across the forward estimates.⁴⁷

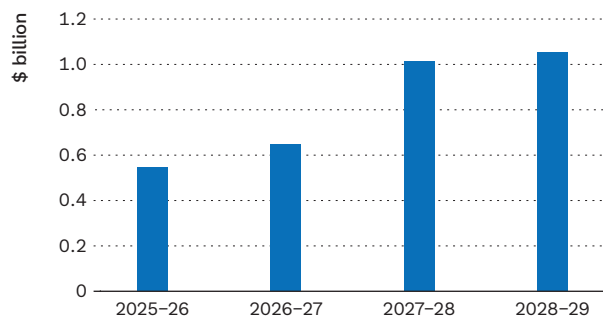
FINDING 7: Government infrastructure investment peaked in 2023–24 and is expected to reduce to \$15.6 billion by the end of the estimates.

2.6 Savings initiatives

Given the significant levels of public debt and prior budget deficits, it is important for the Government to identify opportunities to reduce expenditure. This is required to help the Government achieve surpluses and begin paying down debt.

The 2025–26 Budget quantifies the total value of savings and efficiencies the Government expects departments to achieve in 2025–26 and across the forward estimates. As Figure 2.5 shows, savings are expected to increase each year, from \$545 million in 2025–26 to \$1.1 billion in 2028–29, totalling \$3.3 billion.⁴⁸ This is in addition to savings identified for 2025–26 in previous budgets, which the Department of Government Services advised are cumulative.⁴⁹ Including the 2023–24 Budget, *COVID Debt Repayment Plan*, 2024–25 Budget and 2025–26 Budget, savings and efficiencies for 2025–26 total \$1.7 billion.⁵⁰

Figure 2.5 Whole of government savings and efficiencies increase across the forward estimates



Source: Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 102.

⁴⁶ Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, pp. 6, 35.

⁴⁷ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 18.

⁴⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

⁴⁹ Department of Government Services, correspondence, 7 August 2025.

⁵⁰ Department of Treasury and Finance, *Budget Paper 3: 2023–24*, Melbourne, 2023, pp. 6, 118; Department of Treasury and Finance, *Budget Paper 3: 2024–25*, Melbourne, 2024, p. 92; Department of Treasury and Finance, *Budget Paper 3: 2025–26*, p. 102.

Budget Paper No. 3 states that savings and efficiency measures in the 2025–26 Budget include:

- non-frontline corporate savings including by automating activities and services, using technology to track procurement spending and consolidating accommodation
- consolidating similar functions that are duplicated across departments and agencies
- ending or reducing activities where the original aims have been achieved, or less investment is needed to achieve those aims.⁵¹

In the hearings, the Committee asked the Treasurer how the Government expects to achieve the substantial savings planned over the forward estimates. The Treasurer stated that these would come from ‘some corporate savings from non-frontline functions across government ... such as automation and scaling back our accommodation footprint’, as well as ‘some lapsing programs, particularly some COVID-era programs, that were no longer required’.⁵²

The Committee asked about the use of AI in automation and whether it would contribute to the loss of public sector jobs. The Treasurer advised:

We are not replacing humans with robots, but we are certainly looking at efficiencies and technology and ensuring that people can do their job as effectively as possible ... freeing up people from repetitive tasks so they can really target their work to the things that matter most to the Victorian community.⁵³

The Committee asked departments to detail their savings in the Inquiry questionnaire. It is important for the Government to report clearly and transparently on saving and efficiency initiatives because these initiatives have the potential to impact the delivery of public services. All departments’ responses to the Committee’s questionnaire show many of the same issues as identified in VAGO’s recent performance audit (discussed below).

The Committee asked departments to quantify their savings and efficiency targets. The most substantial savings are in the Departments of Health (DH) and Education (DE). Figure 2.6 shows the departments’ saving targets across the forward estimates, based on their questionnaire responses.

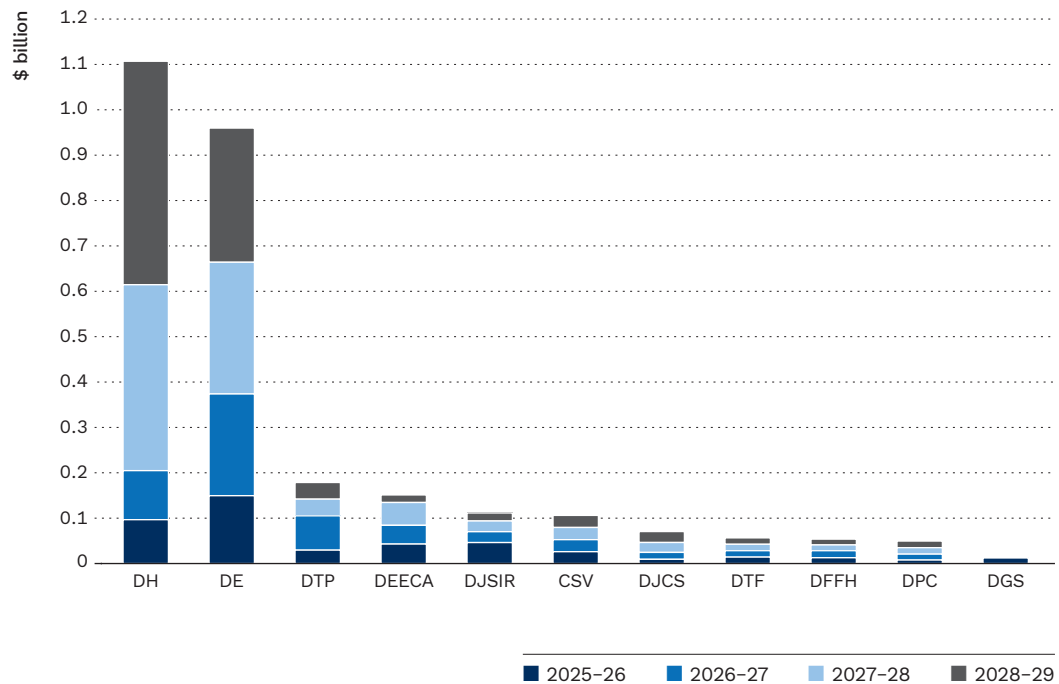
As in 2025–26, DH and DE make up the majority (\$2.1 billion, or 72%) of planned savings across the forward estimates.

⁵¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

⁵² Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 32.

⁵³ *Ibid.*, p. 33.

Figure 2.6 The Department of Education and the Department of Health account for most of the 2025–26 Budget savings across the estimates



Source: Department responses to the 2025–26 Budget Estimates Questionnaire, question 15.

Given the size of the output appropriations for these departments, it is understandable that they will have the most significant saving targets. However, the Committee found in its *Report on the 2023–24 Financial and Performance Outcomes* that DH experienced financial pressures and received significant supplementary funding through Treasurer’s Advances in 2023–24.⁵⁴

In its *Report on the 2024–25 Budget Estimates*, the Committee recommended that:

Departments report individually and accurately on how they are achieving savings, including any staffing reductions, that form part of the whole of government savings initiatives outlined in Budget Paper No. 3, as well as savings measures that formed the 2023–24 Budget’s COVID Debt Repayment Plan, in future Committee questionnaires.⁵⁵

While the Government indicated that it has completed this recommendation, departmental responses to the Committee’s 2025–26 questionnaire did not provide

⁵⁴ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Financial and Performance Outcomes*, pp. 46–48.

⁵⁵ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, p. 20.

any additional details on how they will achieve savings targets.⁵⁶ For savings targets in the 2025–26 Budget, all departments gave similar responses, such as:

The department will be providing further details to Government on implementation of the savings, however, the target is expected to be met through general savings and efficiencies measures across the department, including reduced spending on corporate and back-office functions, administrative efficiencies, such as streamlining processes, and realignment of priorities.⁵⁷

FINDING 8: The 2025–26 Budget includes \$3 billion in savings and efficiency measures across the forward estimates. The Budget and questionnaire response provided limited details about how departments will achieve these substantial savings.

RECOMMENDATION 7: The Department of Treasury and Finance amend the model report to require departments to report on the delivery of saving initiatives in their annual reports.

The Independent Review of the Victorian Public Service

The Treasurer told the Committee that some of the savings in the 2025–26 Budget had been informed by the interim findings of the Independent Review of the Victorian Public Service led by Helen Silver AO, referred to as the Silver Review.⁵⁸ As the Treasurer described, the review’s ‘goal is to reduce inefficiencies so that we can really focus on key government services, particularly frontline services, but it is also an opportunity to just look at how we are operating to make sure that we are as efficient but as focused as possible’.⁵⁹

The Treasurer discussed potential future savings based on the Silver Review, including through:

- reducing inefficiencies and improving productivity
- ‘consolidating’ public bodies
- reducing duplication between departments and with the Commonwealth, local government and the private sector.⁶⁰

The Treasurer acknowledged that the interim findings of the Silver Review had informed the savings initiatives in the Budget, including consolidating office accommodation. The Treasurer advised ‘it will be more appropriate for me to detail

⁵⁶ Department of Treasury and Finance, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, p. 100.

⁵⁷ Departmental responses to the *2025–26 Budget Estimates Questionnaire*, question 15.

⁵⁸ Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 32.

⁵⁹ *Ibid.*, p. 9.

⁶⁰ *Ibid.*, pp. 9–10.

the findings of the Silver review once the final report is made'.⁶¹ The report was delivered to the Government in late June 2025. The Government has advised it will publish the report and its response 'in the coming months' but has not provided more specific timelines.⁶²

In the questionnaire, the Committee asked all departments to identify initiatives or programs affected by the Silver Review. In their responses, all departments deferred to DTF and the Department of Premier and Cabinet.⁶³

In DTF's response, the department stated:

Data cannot be provided at this stage, as specific savings initiatives and related FTE impacts are subject to future industrial relations and staff consultation processes. Further information will be provided following consultation processes and in the Government's response to the Independent Review final report.⁶⁴

FINDING 9: Some savings and efficiencies in the 2025–26 Budget were informed by the Independent Review of the Victorian Public Service.

The Victorian Auditor-General's Office has identified limitations in the way departments report on savings

A recent report by the Victorian Auditor-General's Office (VAGO) identified a number of issues surrounding how departments identify, track and report on their savings and highlighted the role of the Committee's questionnaires as a public source of information about departmental savings. It found that this reporting to the Committee lacks consistency, transparency and clear connections to specific savings initiatives.⁶⁵

VAGO also found that all departments except the Department of Energy, Environment and Climate Action only monitor their overall budgets to track savings, rather than individual savings targets. This makes it difficult for departments to demonstrate that they have met initiative targets, or tie staff reductions to the initiatives. This may limit departments' ability to respond to the Committee's questionnaires or otherwise report on savings in enough detail to provide transparency and accountability.⁶⁶

⁶¹ Ibid., p. 32.

⁶² Victorian Government, *Independent Review of the Victorian Public Service*, Melbourne, 11 July 2025, <<https://www.vic.gov.au/yps-review>> accessed 4 August 2025.

⁶³ Departmental responses to the *2025–26 Budget Estimates Questionnaire*, questions 2 and 34.

⁶⁴ Department of Treasury and Finance, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 11, 82.

⁶⁵ Victorian Auditor-General's Office, *Delivering Savings Under the COVID Debt Repayment Plan*, Melbourne, 2025, pp. 7, 8, 22, 23.

⁶⁶ Ibid.

2.7 Contingency funding

The Committee has previously written about the increasing size and limited details provided in contingency allocations and Treasurer’s Advances.⁶⁷ The 2025–26 Budget provides new detail about the makeup of unallocated contingency funding compared to prior years. During the hearings, the Treasurer stated, ‘This is a more transparent process than we have ever had before in Treasurer’s Advances’.⁶⁸

Table 2.3 shows how unallocated output and asset contingencies were categorised in previous budgets compared to the 2025–26 Budget. This added detail is welcome as it gives more transparency about the purposes for which the Government sets aside the unallocated contingencies.

Table 2.3 The 2025–26 Budget provides more detail on unallocated contingencies than previous budgets

Contingencies not allocated to departments	Previous budgets	2025–26 Budget
Output contingencies	• Decisions made but not yet allocated • Funding not allocated to specific purposes	• Output milestone • Future services demand allocation • Provision for unforeseen circumstances
Asset contingencies	• Decisions made but not yet allocated • Funding not allocated to specific purposes	• Asset milestone • Future growth allocation

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, pp. 34, 36.

As the Treasurer described in the hearings, the **‘provision for unforeseen circumstances’** is for ‘things that you could not have possibly known were going to happen’.⁶⁹ The Treasurer also described how this kind of Treasurer’s Advance may be used when Commonwealth Government funding is contingent on the Victorian Government also providing funding.⁷⁰ This category aligns most closely with the definition of ‘urgent claims’ in the Resource Management Framework.⁷¹

‘Future services demand allocation’ and **‘future growth allocation’** are categories of contingency funding for ‘additional price and demand growth for sectors such as health and education’.⁷²

⁶⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 25; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Financial and Performance Outcomes*, April 2025, pp. 27–31.

⁶⁸ Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 4.

⁶⁹ Ibid., p. 3.

⁷⁰ Ibid., p. 11.

⁷¹ Department of Treasury and Finance, *The Resource Management Framework: Part 1 of 2 – Main document*, Melbourne, 2025, p. 88.

⁷² Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 11.

The provisions for ‘**output milestone**’ and ‘**asset milestone**’ are mechanisms ‘to release funds as milestones are reached’, such as on major infrastructure projects.⁷³

In the questionnaire, the Committee asked DTF to identify the capital projects and amount of money held in contingency. DTF advised that:

... as a general principle, DTF does not publicly disclose detailed information on contingency allocations ... Disclosure of specific contingency amounts or intended uses could, for example, prejudice commercial negotiations or undermine the Government’s bargaining position.⁷⁴

During the hearings, the Committee asked why this funding cannot be broken down by department. The Treasurer responded that the Budget does not give exact amounts because doing so could undermine the Government’s position in contractual negotiations and raise ‘commercial in confidence’ issues.⁷⁵

The Treasurer also advised that holding funds centrally is intended to improve financial management.⁷⁶ The Treasurer advised the Committee, ‘It is just a mechanism to enable us to release money as and when appropriate’.⁷⁷ The 2025–26 Budget provides more detail than prior budgets about the composition of contingencies not allocated to departments.

Table 2.4 shows how much funding is allocated to each of these categories in the 2025–26 Budget.

Table 2.4 Unallocated contingencies in the 2025–26 Budget

Unallocated contingency	Category	2025–26 budget (\$ million)	2026–27 estimate (\$ million)	2027–28 estimate (\$ million)	2028–29 estimate (\$ million)
Output	Output milestone	2,976	4,422	4,427	4,624
	Future services demand allocation	591	2,363	3,979	5,652
	Provision for unforeseen circumstances	100	100	100	100
	Total output contingencies	3,667	6,885	8,507	10,376
Asset	Asset milestone	6,019	8,348	8,249	9,458
	Future growth allocation		600	1,785	1,769
	Total asset contingencies	6,019	8,948	10,034	11,228
Total unallocated contingencies		9,686	15,833	18,541	21,604

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, pp. 34, 36.

⁷³ Ibid., p. 4.

⁷⁴ Department of Treasury and Finance, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 162.

⁷⁵ Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, pp. 4, 11.

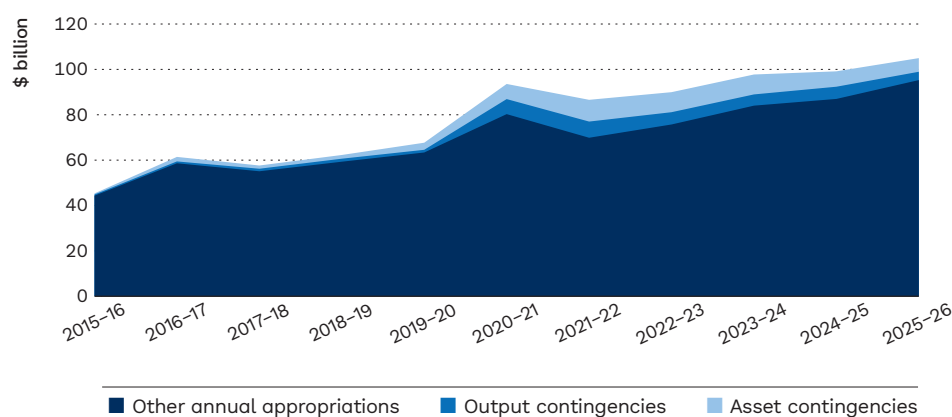
⁷⁶ Ibid., p. 4; Department of Treasury and Finance, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 163.

⁷⁷ Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 11.

The Treasurer advised the Committee, ‘The new reporting shows that almost 99 per cent of all contingencies are set aside for a specific purpose, and it is only 1 per cent of the contingencies that are unallocated’.⁷⁸ This means that there is almost \$9.7 billion in funding that the Government may distribute through Treasurer’s Advances in 2025–26 that cannot be scrutinised in the same way as the rest of the Budget. The Treasurer advised the Committee that the Government cannot provide more detailed information about contingency funding for milestone payments by project or department because this information is ‘commercial in confidence’ and revealing it could undermine the Government’s negotiating position.⁷⁹

As Figure 2.7 shows, the size of the unallocated output and asset contingencies has grown over the last decade.

Figure 2.7 The size of contingencies has increased over time



Source: Department of Treasury and Finance, *Budget Paper No. 5*, 2015–16 to 2025–26.

FINDING 10: The 2025–26 Budget includes new information about contingency funding, which improves transparency. Of the \$9.7 billion in contingencies not allocated to departments in the 2025–26 Budget, \$100 million is categorised as provision for unforeseen circumstances, \$591 million is for future service demand, and \$9 billion is for output and asset milestones. The Treasurer advised that more detailed information about milestone payments cannot be provided because it is commercially sensitive.

FINDING 11: While more detailed reporting on unallocated contingencies in the 2025–26 Budget is a positive step, additional detail is still required to be able to adequately scrutinise this significant provision of funds.

The Treasurer also highlighted to the Committee that ‘as a proportion of total appropriations Treasurer’s Advances have fallen by 50 per cent in the last four years’.⁸⁰

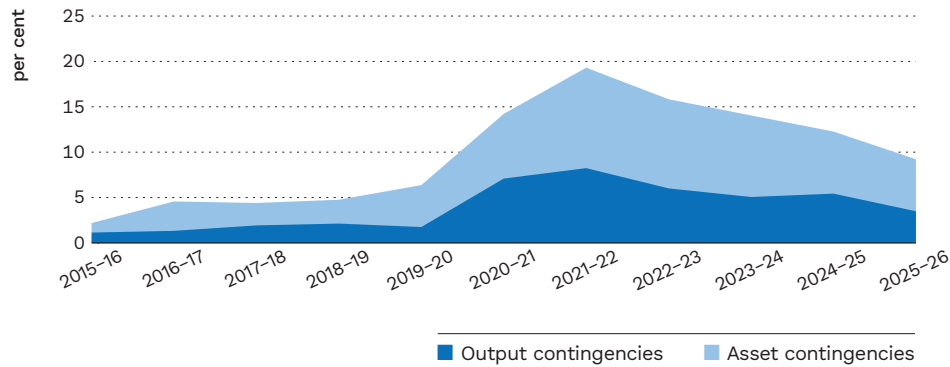
⁷⁸ Ibid., p. 11.

⁷⁹ Ibid., p. 4.

⁸⁰ Ibid.

Figure 2.8 shows that unallocated contingencies have decreased from a peak of 19.3% of annual appropriations in 2021–22 to 9.2% in 2025–26. While this is half the proportion at its peak, it is still over double the proportion in 2018–19 of 4.4%.⁸¹

Figure 2.8 The proportion of total annual appropriations not allocated has decreased, but remains higher than before COVID-19



Source: Department of Treasury and Finance, *Budget Paper No. 5: Statement of Finances*, 2015–16 to 2025–26.

FINDING 12: The proportion of annual appropriations provided as unallocated contingencies has fallen since its peak in 2021–22 but remains higher than the pre-pandemic proportion.

⁸¹ Department of Treasury and Finance, *Budget Paper No. 5: Statement of Finances*, 2015–16 to 2025–26.

Chapter 3

Department of Health

3.1 Overview

The Department of Health's (DH) vision is that Victorians are the healthiest people in the world.

In 2025–26, DH supports six portfolios: Health, Health Infrastructure, Mental Health, Ambulance Services, Children and Ageing.¹

In 2025–26, DH's objectives are:

- keep people healthy and safe in the community
- provide care closer to home
- keep improving care
- improve Aboriginal health and wellbeing
- move from competition to collaboration
- a stronger workforce
- a safe and sustainable health system.²

This chapter examines the budget initiatives and key issues relevant to three portfolios that were identified during the Budget Estimates hearings: Health, Mental Health and Ambulance Services.

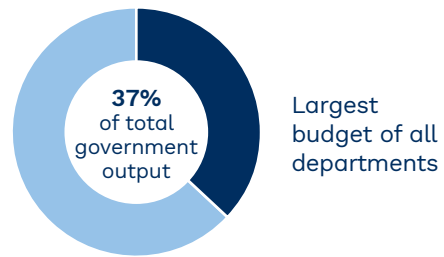
¹ The portfolio of Ageing is shared with the Department of Families, Fairness and Housing, and the portfolio of Children is shared with the Department of Families, Fairness and Housing and the Department of Education. Sources: Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 138; Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates questionnaire*, received 23 May 2025, pp. 74, 75; Department of Education, *Response to the 2025–26 Budget Estimates questionnaire*, received 23 May 2025, p. 92.

² Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 138.

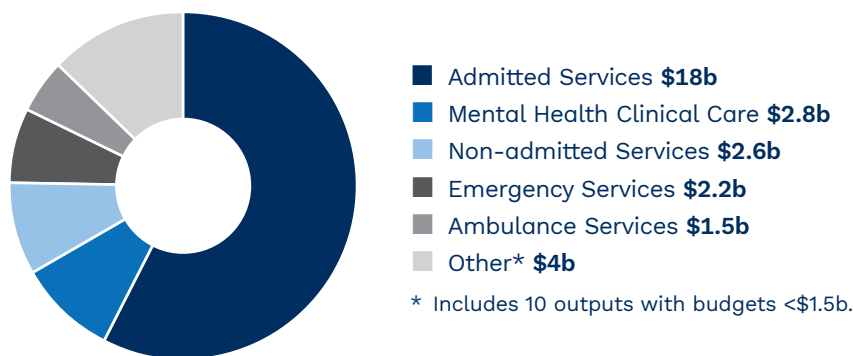
Department of Health

Total output funding

2025–26 Budget	\$31.2b
2024–25 revised Budget	\$30.6b
2024–25 Budget	\$27.2b



Funding by output, 2025–26



Infrastructure program, 2025–26 (\$15.9b)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



\$8.6b Backing our hospitals	\$436.7m Expanding the Victorian Virtual Emergency Department
\$634.3m Opening and operating hospital facilities	\$308.9m Mental health bed-based services



38 new output initiatives totalling \$10.9b from 2024–25 to 2028–29

New infrastructure projects with highest total investment, 2024–25 to 2028–29



\$61.8m Engineering Infrastructure Replacement Program 2025–26	\$52.3m Medical Equipment Replacement Program 2025–26
\$57.4m Royal Melbourne Hospital Critical Infrastructure Works	\$15.8m Safer Digital Healthcare Program 2025–26



7 new infrastructure projects

3.2 Financial analysis

DH's output appropriations are budgeted as \$1.7 billion for 2025–26, an increase of \$134 million (0.8%) compared to the 2024–25 revised Budget.³ DH explained that the variation was due to new government initiatives in the 2025–26 Budget offset by lapsing initiatives and an increase in special appropriations.⁴

DH forecasts an operating surplus of \$190 million for 2025–26, compared to an operating surplus of \$244 million in 2024–25.⁵

DH has a total of 15 outputs. All but two had an increased budget compared to 2024–25. Five outputs had variations over 10%, with two showing significant variations from the 2024–25 Budget:

- Emergency Services: an increase of 100.4% (\$1.1 billion) – DH advised this was due to alignment of funding streams with the National Health Reform Agreement, and a revision to estimated hospital revenue.⁶
- Aged and Home Care: an increase of 32.4% (\$176.8 million) – DH advised this was due to an increase in estimated hospital revenues and new funding from the Commonwealth and State Governments.⁷

DH has a total savings target of \$96.6 million for 2025–26, which makes up 17.7% of the whole of government efficiencies for 2025–26.⁸ DH advised it would provide further details to government about how it would implement these savings, but does not anticipate any material impacts on frontline service delivery or infrastructure projects.⁹

3.3 Capital spend

DH has a large infrastructure budget, with 64 existing projects and eight new projects in 2025–26, with a total estimated investment (TEI) of \$15.9 billion.¹⁰ In the 2025–26 Budget, 56% of DH's projects recorded changed completion dates and 9% of all DH projects recorded a TEI change from the year prior.¹¹

Figure 3.1 below shows by how much projects with a changed completion date were revised by. Most revised projects (26 of 36) have revised timelines of less than two years.

³ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 105.

⁴ Department of Health, *Response to the 2025–26 Budget Estimates questionnaire*, received 27 May 2025, p. 38.

⁵ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26*, p. 105.

⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 139.

⁷ Ibid.

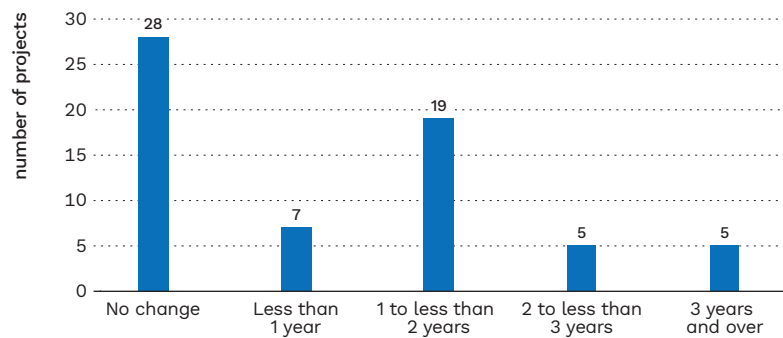
⁸ Department of Health, *Response to the 2025–26 Budget Estimates questionnaire*, p. 112; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

⁹ Department of Health, *Response to the 2025–26 Budget Estimates questionnaire*, p. 112.

¹⁰ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, pp. 31, 61–66.

¹¹ Ibid., pp. 61–66; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, pp. 63–69.

Figure 3.1 Fifty-six per cent of the Department of Health’s infrastructure projects have been revised between 2024–25 and 2025–26



Sources: Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, pp. 61–66; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, pp. 63–69.

In Budget Paper No. 4, DH provided various reasons for why completion dates changed or 56% of its projects. The most common reason for the delay (affecting 23 out of 36 projects) was a ‘revised project schedule’.¹² This reasoning makes it difficult to determine the reason for the changed completion date. Other reasons for delays included revised scope, delays with procurement, and land/site acquisition and related approvals.¹³

FINDING 13: In Budget Paper No. 4, the majority of the Department of Health’s projects with revised timelines were changed due to ‘a revised project schedule’.

RECOMMENDATION 8: In future budgets, the Department of Treasury and Finance and the Department of Health outline reasons why a project schedule was revised in Budget Paper No. 4 when a project has a revised completion date.

Six projects’ TEIs changed due to market escalation, land acquisition delays, and revised project schedules. Only one of the projects’ TEI decreased, the *Hospital Infrastructure Delivery Fund (statewide)*, by \$13 million due to a revised project scope.¹⁴ The overall cost increase of the six projects (including the single decrease) was \$494 million, primarily due to the *New Melton Hospital (Cobblebank)* which increased by approximately \$488 million. DH advised the increase was due to ‘a Public Private Partnership where the upfront capital investment has resulted in additional scope and whole-of-life benefits over the 25-year operating term’.¹⁵

¹² Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, pp. 62–66.

¹³ Ibid.

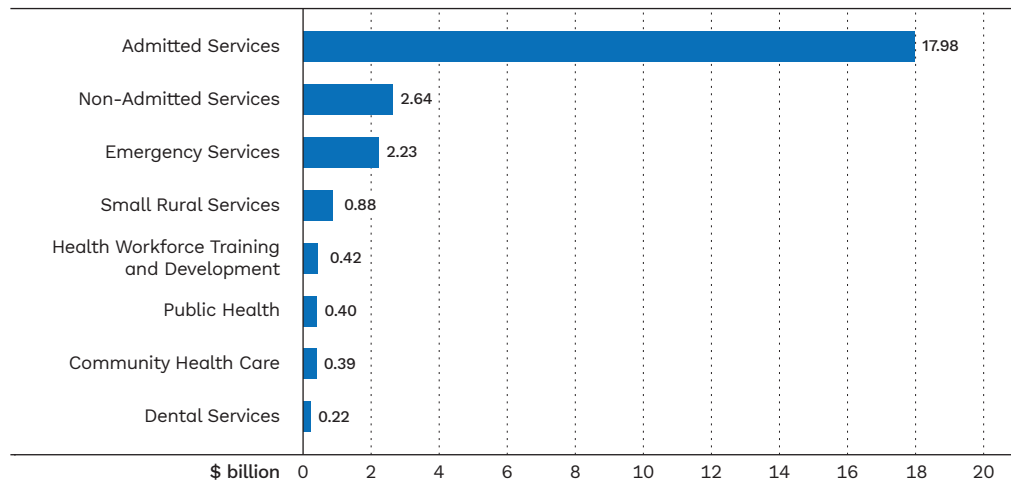
¹⁴ Ibid.

¹⁵ Ibid.; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 63–69.

3.4 Health portfolio: key issues

The Minister for Health is responsible for eight outputs, totalling \$25.2 billion.¹⁶

Figure 3.2 The vast majority of funding for the Health portfolio in 2025–26 is for the Admitted Services output



Sources: Department of Health, *Response to the 2025–26 Budget Estimates questionnaire*, received 27 May 2025, pp. 116–121; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 139.

Admitted Services includes acute and subacute patient services (elective and non-elective) provided at Victorian metropolitan and rural public hospitals. It includes initiatives such as *Backing our hospitals*, which supports staffing, medicines, and any other resources required to provide hospital care to Victorians, and *Opening and operating hospital facilities*, which supports the new Footscray Hospital, the redeveloped Frankston Hospital, Maryborough and District Hospital, and three community hospitals.¹⁷

Admitted services also includes funding for palliative care services, which is discussed below.

¹⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 139.

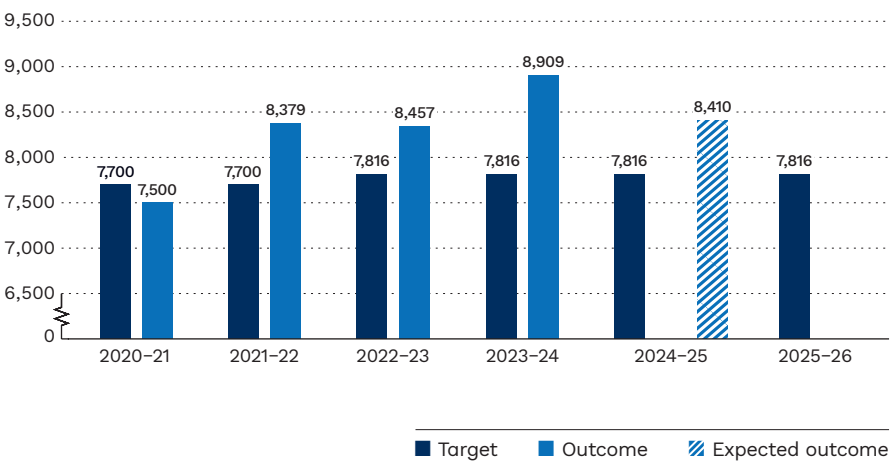
¹⁷ *Ibid.*, pp. 49–51.

3.4.1 Palliative care demand and services

DH provides various palliative care services,¹⁸ including: phone-based services, community palliative care, inpatient palliative care, consultancy teams, and outpatient clinics, among others.¹⁹ In the 2024–25 Budget, DH received \$36.9 million in new output funding for palliative care, including \$9.1 million for the 2025–26 financial year.²⁰ Funding for palliative care services is provided within the Admitted Services and Non-Admitted Services outputs, but how much is provided specifically for palliative care is not clear because the funding amounts are not disaggregated.²¹

DH’s work in providing palliative care services was discussed during the hearings, notably around whether services were meeting demand. While government-funded health sector entities provide service data to the government for funding purposes, it is not publicly available. The only accessible information detailing palliative care activity is from DH’s performance measures published in the budget papers. DH has two associated performance measures: the number of palliative separations and community palliative care episodes.²² The data from these performance measures is demonstrated in the graphs below.

Figure 3.3 Palliative separations have been exceeding their target since 2021–22, yet the actual number of separations is expected to decrease in 2024–25 from the year prior



Source: Department of Treasury and Finance, ‘Department of Health – output performance measures 2025–26’, *Departmental Statements*, 22 May 2025, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 30 June 2025.

18 Palliative care is care provided for a person with an active, progressive, advanced disease, who has little or no prospect of cure and who is expected to die, and for whom the primary goal is to optimise the quality of life. Source: Palliative Care Australia, *What is palliative care?*, 2025, <<https://palliativecare.org.au/resource/what-is-palliative-care>> accessed 29 July 2025.

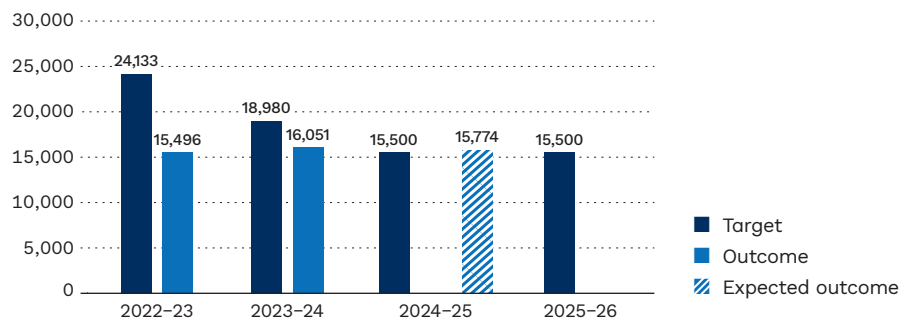
19 Department of Health, *Accessing palliative care*, 5 October 2015, <<https://www.health.vic.gov.au/patient-care/accessing-palliative-care>> accessed 30 June 2025; Department of Health, *Statewide palliative care services*, 8 December 2021, <<https://www.health.vic.gov.au/patient-care/statewide-palliative-care-services>> accessed 30 June 2025.

20 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 47.

21 Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, pp. 64–65; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 139.

22 Department of Treasury and Finance, *2025–26 Department Performance Statement*, pp. 64–65.

Figure 3.4 Actual community palliative care episodes provided are expected to decrease in 2024–25 from the year prior



Source: Department of Treasury and Finance, 'Department of Health – output performance measures 2025–26', *Departmental Statements*, 22 May 2025, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 30 June 2025.

In the budget papers, DH explained that the expected outcome in 2024–25 for palliative separations was higher than the target due to 'flexible use of inpatient bed capacity to meet demand', indicating that demand for palliative care was stronger than the target.²³ During the hearings, the Minister explained why DH had surpassed both its palliative care targets by stating that they had 'seen an increase in the number of people that have been able to receive palliative care in our health service system'.²⁴ For both measures, the expected outcome in 2024–25 was lower than the outcome in 2023–24, demonstrating that fewer people received palliative care versus the year prior.

FINDING 14: The Department of Health is expected to surpass its targets in 2024–25 for both 'palliative separations' and 'community palliative care episodes'.

Based on both performance measures exceeding their targets, the Committee questioned whether there was unmet demand for palliative care.²⁵ The Minister reiterated to the Committee that 'the actual number of patients that are able to be treated has increased'.²⁶ Demand for palliative care services is increasing according to Palliative Care Australia. From a baseline in 2022, estimated demand is expected to increase by 50% by 2035 and by 100% by 2050, in line with Australia's ageing population.²⁷ During the hearings, the Minister stated that any performance issues or funding needs in this area would be addressed as they arose.²⁸

²³ Ibid., p. 64.

²⁴ Hon Mary-Anne Thomas MP, Minister for Health, 2025–26 Budget Estimates hearing, Health, Melbourne, 10 June 2025, *Transcript of evidence*, p. 13.

²⁵ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Health, Melbourne, 10 June 2025, *Transcript of evidence*, pp. 13–14.

²⁶ Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 14.

²⁷ Palliative Care Australia, *Palliative Care Australia Roadmap 2022–2027*, Canberra, 2024, p. 4.

²⁸ Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 19.

FINDING 15: Peak bodies for palliative care have emphasised that demand for palliative care services in Victoria is increasing. The Government's overall funding for palliative care services is not disaggregated in the budget papers. The Minister advised the Committee that the specific amount of palliative care patients able to be treated has increased.

3.4.2 Victorian Virtual Emergency Department

The Committee has previously written about the Government's initiatives to reduce waiting times in emergency departments.²⁹ One such initiative is the Victorian Virtual Emergency Department (VVED), which was first introduced at Northern Hospital Epping in October 2020 as a pilot initiative to help relieve pressure on emergency waiting rooms, and to allow people to access medical care from their homes.³⁰ The VVED received funding to expand statewide in February 2022, and in March 2025 hit the milestone of having supported 500,000 patients.³¹ It received \$436.7 million over four years to further expand its services in the 2025–26 Budget.³²

During the hearings, the Minister emphasised that the VVED was successfully diverting patients away from emergency waiting rooms, noting that 86% of VVED patients would have otherwise gone to a physical emergency room.³³ The VVED can handle category 3, 4, and 5 cases, which frees up space in emergency waiting rooms to allow category 1 and 2 patients to be seen more quickly.³⁴ The Minister advised that expanding the VVED would allow more patients to be seen by doctors and would continue to widen accessibility to the public healthcare system. While the VVED is open to all, the Minister noted that it is most used by parents of young children and seniors.³⁵

The VVED has produced strong outcomes since 2020 regarding patients seen and diverted from emergency departments. One of its objectives is to 'relieve pressure on emergency waiting rooms'.³⁶ The performance measure 'Emergency patients treated within clinically recommended 'time to treatment'' is still expected to be under target

²⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, pp. 40–42; Department of Treasury and Finance, 'Department of Health – output performance measures 2025–26', *Departmental Statements*, 22 May 2025, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 30 June 2025.

³⁰ Individuals or health professionals can call the VVED for non-urgent health issue where they would have otherwise presented to an emergency department and will be connected with an emergency doctor or nurse to provide assistance. Source: Victorian Virtual Emergency Department, *About VVED*, 2025, <<https://www.vved.org.au/about-us>> accessed 1 July 2025.

³¹ Jason Talevski et. al., 'From concept to reality: A comprehensive exploration into the development and evolution of a virtual emergency department', *J Am Coll Emerg Physicians Open*, vol. 5, no. 4, 2024; Department of Health, *Response to the 2025–26 Budget Estimates questionnaire*, p. 33.

³² Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 49.

³³ Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 22.

³⁴ Patients are categorised according to their recommended time of treatment. Category 1 patients require treatment immediately, Category 2 patients require treatment within 10 minutes, Category 3 patients require treatment within 30 minutes, Category 4 patients require treatment within 1 hour, and Category 5 patients require treatment within 2 hours. Sources: Victorian Agency for Health Information, *Patients treated by urgency category*, May 2025, <<https://vahi.vic.gov.au/emergency-care/patients-treated-urgency-category>> accessed 30 July 2025; Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 22.

³⁵ Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, pp. 22–23.

³⁶ Victorian Virtual Emergency Department, *About VVED*.

for 2024–25: 71.5% against a target of 80%, due to ‘high service demand’.³⁷ However, this is an improvement on prior years, and continues an upward trend from a low of 64% in 2021–22.³⁸ Recently released data from April to June 2025 shows that the median emergency room waiting time for patients is 15 minutes, after briefly dipping to 14 minutes from January to March 2025.³⁹ While there is still room for improvement, the results so far indicate the VVED—alongside other initiatives—is having a positive impact on emergency room wait times.

The VVED is the first comprehensive virtual statewide emergency department in Australia, and as such, there is no comparable jurisdiction to help understand the anticipated longer-term impacts of the VVED. The Committee will monitor these performance measures in the subsequent years to determine how strongly the VVED is meeting its objective to relieve pressure on emergency waiting rooms.

FINDING 16: The 2025–26 Budget provides \$436.7 million over four years to expand the Victorian Virtual Emergency Department (VVED). As at March 2025, the VVED has assisted 500,000 Victorians in accessing medical services from home, diverting 86% of its patients from emergency waiting rooms.

3.5 Mental Health portfolio: key issues

The Minister for Mental Health is responsible for three outputs: Drug Services (funding in 2025–26: \$380.8 million), Mental Health Clinical Care (funding in 2025–26: \$2.8 billion), and Mental Health Community Support Services (funding in 2025–26: \$175.4 million).⁴⁰

3.5.1 Mental Health and Wellbeing Commission

The Mental Health and Wellbeing Commission (the MHWC) was established on 1 September 2023 under the *Mental Health and Wellbeing Act 2022* (Vic).⁴¹ Its main objective is ‘to ensure the government is accountable for the performance, quality, and safety of the mental health and wellbeing system, including the implementation of recommendations made by the Royal Commission into Victoria’s Mental Health System’.⁴² It does this through performance monitoring and reporting, and uses five

³⁷ Department of Treasury and Finance, *2025–26 Department Performance Statement*, p. 66.

³⁸ Department of Treasury and Finance, ‘Department of Health – output performance measures 2025–26’, *Departmental Statements*.

³⁹ Victorian Agency for Health Information, *Waiting time to treatment*, May 2025, <<https://vahi.vic.gov.au/emergency-care/waiting-time-treatment>> accessed 30 July 2025.

⁴⁰ Department of Health, *Response to the 2025–26 Budget Estimates questionnaire*, pp. 122–125; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 139.

⁴¹ Mental Health and Wellbeing Commission, *About us*, 16 May 2025, <<https://www.mhwc.vic.gov.au/about-mental-health-and-wellbeing-commission>> accessed 1 July 2025; Mental Health and Wellbeing Commission, *Our annual report*, 1 April 2025, <<https://www.mhwc.vic.gov.au/our-annual-report>> accessed 2 July 2025.

⁴² Mental Health and Wellbeing Commission, *Our objectives*, 28 January 2025, <<https://www.mhwc.vic.gov.au/our-objectives>> accessed 1 July 2025.

main methods to convey its findings: an annual report, a deep dive report, reports following an inquiry or systemic review, annual budget reviews, and media releases.⁴³

During the hearings, funding for the MHWC for 2025–26 was discussed by the Committee and Minister for Mental Health. The Minister explained that the mental health portfolio was focusing on frontline services for 2025–26, and that as such they had to ‘make responsible decisions around the scale and scope of our mental health governance and oversight bodies’.⁴⁴ When asked for further details regarding the amount of funding received and the impacts on the MHWC, the Minister assured that DH was engaging directly with Commissioners about the funding changes and any operational impacts. The Minister advised that the changes ‘will not reduce scrutiny and the powers that the Commission have’.⁴⁵

At the time of writing,⁴⁶ the MHWC has released two statements on its website regarding the funding changes.⁴⁷ The statements note several elements surrounding ‘significant changes that will impact [the MHWC’s] operations and functions’, explaining that the changes are ‘tied to the State Budget ... which includes drastically reduced funding in 2025–26’.⁴⁸

Both updates urged the Government to provide clarity regarding these changes, and to explain how the MHWC would still be able to fulfill its oversight function and ensure the delivery of the recommendations of the Royal Commission. While the Minister noted there would be no reduction in scrutiny, the MHWC explicitly stated its concern that the changes would not allow it to monitor the Government’s implementation of the Royal Commission’s recommendations.⁴⁹ Independent monitoring of the Royal Commission’s recommendations is critical to determining the impact of the Government’s mental health reform.

FINDING 17: The 2025–26 Budget reduces funding for the Mental Health and Wellbeing Commission to reshape the Mental Health portfolio’s funding towards frontline services.

⁴³ Mental Health and Wellbeing Commission, *Monitoring and Reporting Plan*, Melbourne, 2024, p. 9.

⁴⁴ Hon Ingrid Stitt MLC, Minister for Mental Health, 2025–26 Budget Estimates hearing, Mental Health, Melbourne, 12 June 2025, *Transcript of evidence*, p. 14.

⁴⁵ *Ibid.*, p. 15.

⁴⁶ 12 August 2025.

⁴⁷ Mental Health and Wellbeing Commission, *Changes to the Mental Health and Wellbeing Commission*, 10 June 2025, <<https://www.mhwc.vic.gov.au/changes>> accessed 2 July 2025.

⁴⁸ Mental Health and Wellbeing Commission, *Changes to the Mental Health and Wellbeing Commission*, media release, 3 June 2025.

⁴⁹ Mental Health and Wellbeing Commission, *Changes to the Mental Health and Wellbeing Commission Update 2*, media release, 6 June 2025; Hon Ingrid Stitt MLC, Minister for Mental Health, *Transcript of evidence*, p. 15.

3.5.2 Inpatient mental health beds

The Department of Health's 2025–26 initiatives for inpatient mental health beds

The 2025–26 Budget provides \$308.9 million over four years for *Mental health bed-based services*.⁵⁰ This includes continuing the operation of the 170 new acute mental health beds and operationalising 30 new regional Youth Prevention and Recovery Care beds.⁵¹ These actions implement the Royal Commission's Interim Recommendation 02, which was completed in 2024, and respond in part to Recommendations 11 and 21, noting that DH has until 2026 to complete them within the timelines prescribed.⁵²

There is no publicly available information around how the number of inpatient mental health beds are responding to demand, as DH does not have publicly available information on how many beds Victoria needs to adequately address the demand for mental health bed-based services.⁵³ The MHWC's 2023–24 Annual Report also notes that the number of consumers accessing bed-based services remained steady in recent years—and while this could be a positive reflection, it was not clear to the MHWC, and that 'further work is needed to confirm whether additional bed-based service delivery is needed, and whether there has been a net increase in service accessibility in the community'.⁵⁴

The Minister also discussed updated information regarding the implementation of the Royal Commission's recommendations for additional beds.⁵⁵ These recommendations have deadlines for the end of 2026. DH's strategic document *The next phase of reform*, published in December 2024, outlines priorities and key initiatives related to progressing the Royal Commission's recommendations. It does not provide specific timelines regarding inpatient mental health beds. Its key initiative 'Delivering more mental health acute beds in Shepparton and undertaking planning for further regional beds' has the stated timeline of '2024–ongoing'.⁵⁶

FINDING 18: The Mental Health and Wellbeing Commission has raised concerns regarding whether there are enough inpatient beds for consumers trying to access services. The Minister advised the Committee that over 170 mental health beds have been added in Victoria in response to recommendations made by the Royal Commission into Victoria's Mental Health System.

⁵⁰ Hon Ingrid Stitt MLC, Minister for Mental Health, *Transcript of evidence*, pp. 6, 10, 11, 13, 14; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 50.

⁵¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 50, 55.

⁵² Hon Ingrid Stitt MLC, Minister for Mental Health, 2025–26 Budget Estimates hearing, response to questions on notice, received 20 June 2025, p. 2; Department of Health, *The next phase of reform*, Melbourne, 2024, p. 12; Victorian Health Building Authority, 7 January 2025, *Mental Health Beds Expansion Program – Royal Melbourne Hospital*, <<https://www.vhba.vic.gov.au/mental-health/hospital-based-care/mental-health-beds-expansion-program-royal-melbourne-hospital>> accessed 5 August 2025.

⁵³ Mental Health and Wellbeing Commission, *MHWC Annual Report 2023–24*, Melbourne, 2024, p. 41.

⁵⁴ Ibid.

⁵⁵ Hon Ingrid Stitt MLC, Minister for Mental Health, *Transcript of evidence*, p. 6.

⁵⁶ Department of Health, *The next phase of reform*, p. 44.

RECOMMENDATION 9: The Department of Health update its response to Recommendation 11(3) on its website to provide information regarding how, where, and when it will deliver the 100 additional mental health beds across Victoria.

Supply of mental health beds

The *Royal Commission into Victoria’s Mental Health System’s Final Report* noted a major theme that had emerged throughout its research: ‘demand [for services] has overtaken capacity ... the system is overwhelmed and cannot keep up with the number of people who seek treatment, care and support’.⁵⁷ Its data demonstrated that from 2010 to 2020, more people sought to access mental health services than the services that were provided.⁵⁸ The increasing demand for mental health services has continued to grow since the publication of the Commission’s Final Report, and the MHWC noted in its 2023–24 Annual Report that it was still seeing increased rates of distress and additional demand for support.⁵⁹

The Minister provided an update to the Committee on how many additional mental health beds the Government had delivered as a result of the Royal Commission’s recommendations. The Minister advised that over 170 beds in total had been added in locations such as the Sunshine, Northern and Royal Melbourne Hospitals. Thirty-five beds were also added to Wren, the first publicly funded female-dedicated mental health beds in the state.⁶⁰

Table 3.1 Three recommendations from the Royal Commission into Victoria’s Mental Health System relate to establishing additional mental health beds in the public healthcare system

Recommendation #	Description	Deadline	Status
Interim Recommendation 02	... Provide funding for 170 additional youth and adult acute mental health beds	Mid-2022	Completed
Recommendation 11(3)	Build on the interim report’s Recommendation 02 about the need for the expansion of acute mental health services and deliver at least 100 additional beds ^(a) in settings that reflect optimal allocation and distribution across Victoria	End of 2026	In progress

⁵⁷ Royal Commission into Victoria’s Mental Health System, *Final Report: Summary and recommendations*, Melbourne, 2021, p. 8.
⁵⁸ Ibid., p. 9.
⁵⁹ Mental Health and Wellbeing Commission, *MHWC Annual Report 2023–24*, p. 41.
⁶⁰ Hon Ingrid Stitt MLC, Minister for Mental Health, *Transcript of evidence*, p. 10.

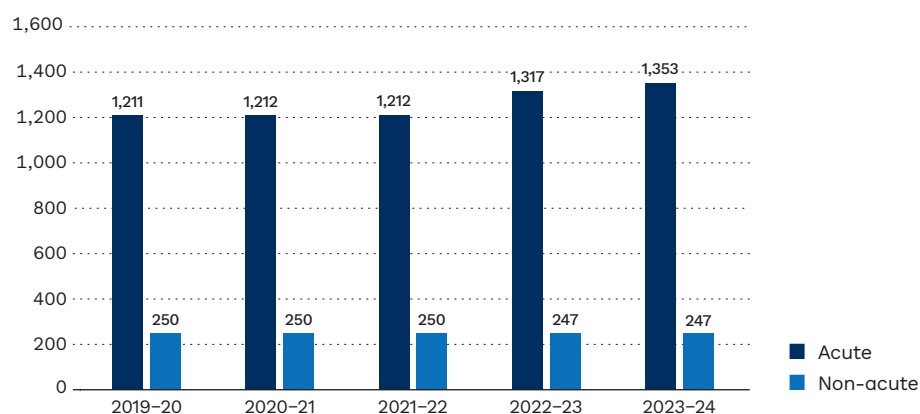
Recommendation #	Description	Deadline	Status
Recommendation 21(2) (a) and (b)	Ensuring every region has a Youth Prevention and Recovery Centre for young people aged 16 to 25, supported through a common and consistent model of care	End of 2026	In progress
	Creating a new stream of inpatient beds ^a across Victoria for young people aged 18 to 25 by reconfiguring existing inpatient beds for adults and using an allocation of the 100 new beds referred to in Recommendation 11(3)	End of 2026	In progress

a. It is not specified in the recommendation whether these beds are acute or non-acute.

Sources: Royal Commission into Victoria's Mental Health System, *Royal Commission into Victoria's Mental Health System: Interim Report*, Melbourne, 2019, p. 361; Department of Health, *Interim Recommendation 02*, 11 December 2024, <<https://www.health.vic.gov.au/mental-health-reform/interim-recommendation-2>> accessed 2 July 2025; Department of Health, *Recommendation 11*, 9 December 2024, <<https://www.health.vic.gov.au/mental-health-reform/recommendation-11>> accessed 2 July 2025; Department of Health, *Recommendation 21*, 11 December 2024, <<https://www.health.vic.gov.au/mental-health-reform/recommendation-21>> accessed 2 July 2025.

The Government has made investments in mental health beds in recent years, primarily to respond to Recommendation 02 from the Interim Report.⁶¹ In 2024, the Australian Medical Association (AMA) noted that Victoria had increased its number of specialised mental health public hospital beds over recent years at a 'nation-leading rate'—however this increase was effectively offset by an increasing population.⁶² Over the previous five years, the growth of Victoria's total number of acute and non-acute beds was as follows: acute beds in 2023–24 were 11.7% higher than in 2019–20, and non-acute beds in 2023–24 were 1.2% lower than in 2019–20.⁶³ This is demonstrated in the graph below.

Figure 3.5 The total number of mental health beds in Victoria has risen by 9.5% between 2019–20 and 2023–24



Source: Chief Officer for Mental Health and Wellbeing, *Chief Officer for Mental Health and Wellbeing annual report 2023–24*, Melbourne, 2025, p. 90.

⁶¹ Victorian Health Building Authority, *Mental Health Beds Expansion Program*, 7 January 2025, <<https://www.vhba.vic.gov.au/mental-health/hospital-based-care/mental-health-beds-expansion-project>> accessed 5 August 2025.

⁶² Australian Medical Association, *Public Hospital Report Card 2024 – Mental Health Edition*, Barton, 2024, p. 19.

⁶³ Chief Officer for Mental Health and Wellbeing, *Chief Officer for Mental Health and Wellbeing annual report 2023–24*, Melbourne, 2025, p. 90.

3.6 Ambulance Services portfolio: key issue

The Minister for Ambulance Services is responsible for one output: Ambulance Services (funding in 2025–26: \$1.5 billion).⁶⁴

3.6.1 Wait times for Code 1 incidents

Increased wait times for ambulances for Code 1 incidents⁶⁵ are an issue that has emerged since the beginning of the COVID-19 pandemic in 2020. Wait times are primarily attributed to increased demand. The Minister for Ambulance Services told the Committee that there has been a 35% increase in Code 1 incidents since the pandemic began.⁶⁶ Increased demand has led to overflow in emergency rooms, which results in ambulance patient offload,⁶⁷ keeping ambulances off the road and contributing to longer ambulance wait times.⁶⁸

To respond to this issue, the Government has invested significantly in reducing ambulance wait times in previous budgets. This has included:

- \$266.3 million in the 2021–22 Budget for Ambulance demand—‘to respond to growing demand for ambulance services ... and to respond to changing demand patterns following the coronavirus pandemic’.⁶⁹
- \$201.5 million in the 2023–24 Budget for System-wide improvements to support timely emergency care—‘to respond to the growing demand for ambulance services ... [and] to connect people to the right care’.⁷⁰
- \$146.3 million in the 2024–25 Budget for Timely emergency care—‘to connect people to the right care ... [and] to continue initiatives that improve patient flow and reduce pressure on emergency departments’.⁷¹

The 2025–26 Department Performance Statement shows that the wait times for emergency incidents (Code 1) are expected to grow from 2023–24 to 2024–25, both

⁶⁴ Department of Health, *Response to the 2025–26 Budget Estimates questionnaire*, pp. 121–122; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 139.

⁶⁵ Code 1 incidents are designated for patients who require urgent paramedic and hospital care, and who receive a ‘lights and sirens’ response. Source: Ambulance Victoria, *Ambulance Victoria’s Performance: 2024/25 Quarter 3 (1st January 2025 to 31st March 2025)*, 2025, Melbourne, p. 1.

⁶⁶ Hon Mary-Anne Thomas MP, Minister for Ambulance Services, 2025–26 Budget Estimates hearing, Ambulance Services, Melbourne, 10 June 2025, *Transcript of evidence*, p. 4.

⁶⁷ Ambulance patient offloading is when there are delays in the transfer of care of patients between the ambulance and the emergency department, resulting in delays in the ambulances being able to leave the hospital. The Victorian Government defines transfer of care as ‘the total time in minutes that it takes from when an ambulance arrives at an emergency department to the time when the patient is transferred to the hospital and handover is complete’. Source: Australian Medical Association, *Ambulance Ramping Report Card 2025*, ACT, 2025, pp. 4–5.

⁶⁸ Department of Health, *Response to the 2025–26 Budget Estimates questionnaire*, p. 33; Australian Medical Association Victoria, *Submission 137*, Submission to the Parliament of Victoria Legislative Council Legal and Social Issues Committee, Inquiry into Ambulance Victoria, 27 February 2025, pp. 1–2.

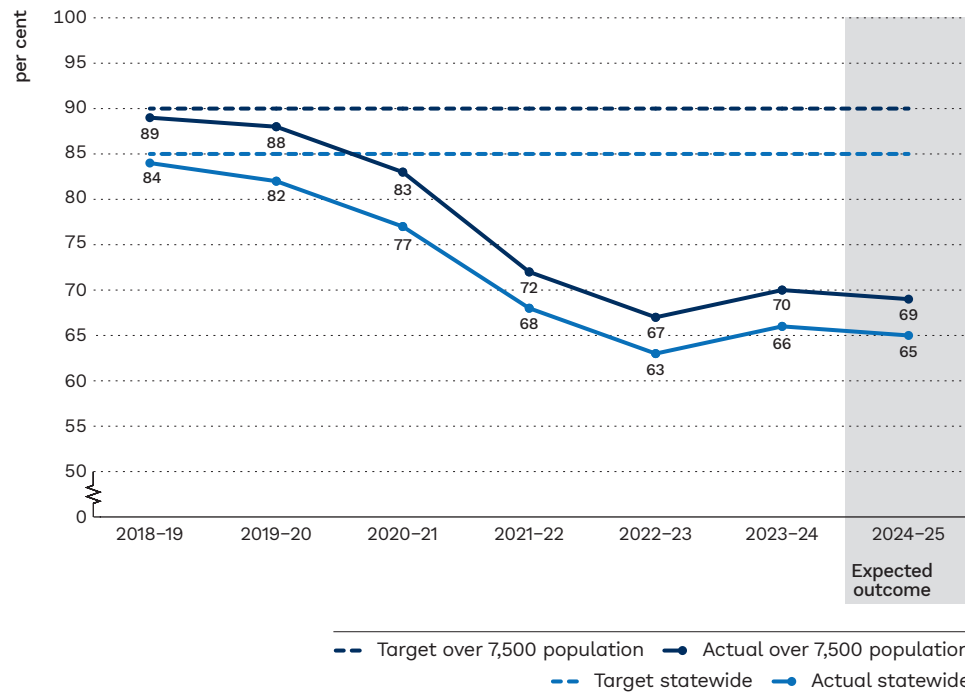
⁶⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, pp. 59, 62.

⁷⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 54, 57.

⁷¹ Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, pp. 46, 49.

in metropolitan areas and statewide.⁷² This continues the trend of increasing wait times over the last few years with the exception of 2023–24, which showed a marginal improvement.

Figure 3.6 Proportion of emergency (Code 1) incidents responded to within 15 minutes, 2020–21 to 2024–25



Source: Department of Treasury and Finance, 'Department of Health – output performance measures 2025–26', *Departmental Statements*, 22 May 2025, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 18 July 2025.

FINDING 19: Ambulance wait times for Code 1 incidents in Victoria are expected to increase for 2024–25, continuing a trend that began with the onset of the COVID-19 pandemic. Since 2020–21, the Government has invested in several initiatives to reduce Code 1 response times.

To continue addressing response times, the 2025–26 Budget invests \$58.4 million for *Improving emergency access and flow* and \$436.7 million in the *Victorian Virtual Emergency Department* (discussed in Section 3.4.2).⁷³ The Government also recently introduced the Standards for Safe and Timely Ambulance and Emergency Care for Victorians (the Standards), which establish best practices for public hospital emergency departments.⁷⁴

The Minister explained that it was 'the interface between Ambulance Victoria and our hospitals that is really critical to driving down ambulance response times', and as such,

⁷² Department of Treasury and Finance, *2025–26 Department Performance Statement*, p. 69.

⁷³ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 49.

⁷⁴ Hon Mary-Anne Thomas MP, Minister for Ambulance Services, *Transcript of evidence*, pp. 9–10.

the initiatives focus on strengthening this interface to improve ambulance response times.⁷⁵ The AMA Victoria has stated similarly, emphasising ambulance wait times are due to discharge delays and hospital flow, administrative burdens, funding and system coordination, as well as avoidable hospital admissions and lack of hospital and workforce capacity.⁷⁶ The funding for *Improving emergency access and flow* will open additional bed capacity during periods of peak demand and increase the capacity of emergency departments, while the expansion of the VVED will send fewer ambulances to emergency departments. The Standards' 10 best practice standards—addressing different elements of emergency departments and ambulance care, such as ambulance distribution, patient transfer, clearing process, discharges—are currently being implemented, and their progress will be monitored by DH.⁷⁷

FINDING 20: To decrease ambulance response times the Department of Health has introduced new Standards for Safe and Timely Ambulance and Emergency Care for Victorians, and the Government provided \$58.4 million for Improving emergency access and flow and \$436.7 million for the Victorian Virtual Emergency Department in the 2025–26 Budget, all of which aim to address overflow at emergency departments and ambulance patient offload.

There are early signs to suggest that ambulance response times are beginning to improve. Regarding ambulance response times, Ambulance Victoria provides data for every quarter, with the latest release from April to June 2025 showing a slight worsening for quarter four as compared to quarter three both for statewide responses and metropolitan area responses to Code 1 incidents.⁷⁸ However, this came after an improvement for quarter three as compared to quarter two.⁷⁹ Ambulance transfers have also reportedly begun to improve, with the Minister noting although the Standards were only introduced in February, 'the impact ... has been enormous from the get-go'.⁸⁰ She stated that the Standards had already improved ambulance transfer times at hospitals, in some cases by 10%.⁸¹ The Committee will continue to monitor these results in future inquiries.

⁷⁵ Ibid., p. 9.

⁷⁶ Australian Medical Association Victoria, *Submission 137*, Submission to Parliament of Victoria Legislative Council's Legal and Social Issues Committee, Inquiry into Ambulance Victoria, pp. 3–4.

⁷⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 52; Department of Health, *Standards for Safe and Timely Ambulance and Emergency Care for Victorians*, 7 April 2025, <<https://www.health.vic.gov.au/patient-care/standards-for-safe-and-timely-ambulance-and-emergency-care-for-victorians>> accessed 18 July 2025.

⁷⁸ Ambulance Victoria, *Our performance*, 7 August 2025, <<https://www.ambulance.vic.gov.au/our-performance>> accessed 12 August 2025; Ambulance Victoria, *Ambulance Victoria's Performance: 2024/25 Quarter 4 (1st April 2025 to 30th June 2025)*, 2025, Melbourne, p. 2.

⁷⁹ Ambulance Victoria, *Ambulance Victoria's Performance: 2024/25 Quarter 4 (1st April 2025 to 30th June 2025)*, p. 2.

⁸⁰ Hon Mary-Anne Thomas MP, Minister for Ambulance Services, *Transcript of evidence*, p. 9.

⁸¹ Ibid.

3.7 Performance measures

3.7.1 Department-wide: analysis of new performance measures

DH added six new performance measures in the 2025–26 Budget, all of which replaced discontinued measures.⁸² The Committee did not identify any issues with the new performance measures and commends DH for including new performance measures that better demonstrate the nuances of its performance.

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

DH identified seven performance measures for discontinuation in the 2025–26 Budget, six of which were replaced by new measures.⁸³ The Committee supports DH's rationale for the discontinuation of all measures.

⁸² Department of Health, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 159–163.

⁸³ *Ibid.*, pp. 178–182.

Chapter 4

Department of Education

4.1 Overview

The Department of Education (DE) aims to provide a great education for all children and young people to make Victoria a fairer, smarter and more prosperous state.¹

In 2025–26, DE supports two portfolios: Children and School Education.²

In 2025–26, DE's objectives are to:

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

This chapter examines the budget initiatives and key issues relevant to the School Education and Children portfolios that were identified during the Budget Estimates hearings.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 104.

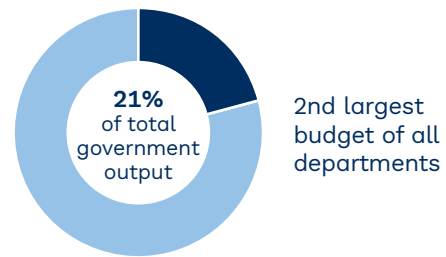
² Ibid.

³ Ibid.

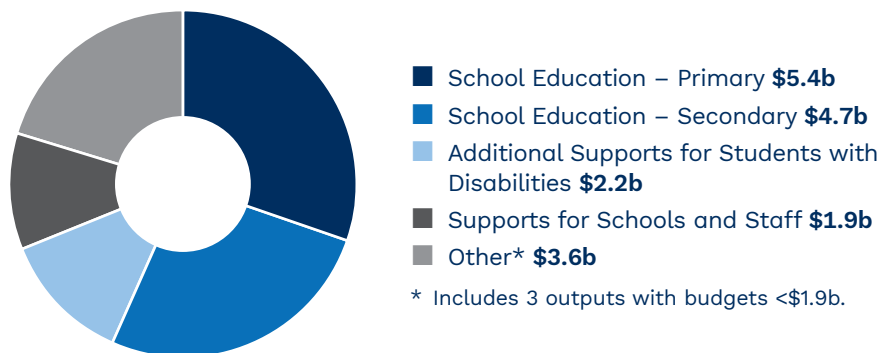
Department of Education

Total output funding

2025–26 Budget	\$17.8b
2024–25 revised Budget	\$17.1b
2024–25 Budget	\$16.8b



Funding by output, 2025–26



Infrastructure program, 2025–26 (\$7.9b)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



\$2b Best Start, Best Life	\$323m Essential maintenance and compliance
\$394m School enrolment-based funding	\$319.8m Statewide rollout of Disability Inclusion



41 new output initiatives totalling \$3.7b from 2024–25 to 2028–29

New infrastructure projects with highest total investment, 2024–25 to 2028–29



\$336.4m New schools construction	\$237.4m Land acquisition
\$321.7m School upgrades	\$148.4m Modular Classrooms Program



9 new infrastructure projects

4.2 Financial analysis

DE's budgeted output appropriations are \$17.4 billion for 2025–26, an increase of \$700 million (4%) compared to the 2024–25 revised Budget.⁴ This variation is due to:

- enrolment growth in government schools
- additional funding to support wage increases under the Victorian Government Schools Agreement and Victorian Public Service (VPS) Enterprise Agreement
- the ongoing expansion of Best Start, Best Life reforms including the opening of Early Learning and Childcare Centres
- the continued statewide rollout of the Disability Inclusion and Mental Health in Primary Schools initiatives.⁵

Employee expenses are DE's highest expense and are expected to be \$10.6 billion over 2025–26, an increase of \$304 million (2.9%) compared to the 2024–25 revised Budget. In addition to the items listed above, DE also nominated the scaling up of *Career Start* and new funding for the *Expanding Support for Positive School Behaviour* and *Keeping School Staff Safe from Violence* initiatives as reasons for this expenditure increase.⁶ The *Expanding Support for Positive School Behaviour* and *Keeping School Staff Safe from Violence* initiatives are discussed in Section 4.4.5.

DE noted that enterprise bargaining for the Victorian Early Childhood Teachers and Educators Agreement 2020 and the Early Education Employees Agreement 2020 is continuing, with the existing agreements expiring in September 2024.⁷ While these agreements cover teachers and early childhood educators in community-based and local government kindergartens, as a funder of kindergarten services 'and in particular as the sole funder of most sessional services', the department indicated it would be affected by any wage increases forming part of these future enterprise bargaining agreements.⁸

DE also noted the current enterprise agreement for the Victorian Teaching Service, the Victorian Government Schools Agreement 2022, has a nominal expiry date of 31 December 2025 and negotiations are expected to commence later in the year.⁹

The number of DE's VPS full-time equivalent (FTE) employees is expected to increase by an annual average of 4% between 2023–24 and 2025–26.¹⁰ The Government teaching service is expected to rise from 76,649.7 FTE in 2023–24, to 82,222 FTE in 2025–26, an average annual increase of 3.4%.¹¹ In addition to VPS and teaching staff

4 Ibid., p. 105.

5 Department of Education, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, p. 43.

6 Ibid.

7 Ibid., p. 135.

8 Ibid.

9 Ibid.

10 Ibid., pp. 126–127.

11 Ibid., p. 127.

increases, the opening of the Early Childcare Centres and establishing Early Learning Victoria will create an extra 50 FTE positions in 2024–25, and increase to 250 FTE staff in 2025–26.¹²

DE has a total savings target of \$149.5 million for 2025–26, making up 27.5% of the whole of government savings and efficiencies for that financial year.¹³

4.3 Capital spend

DE's capital program is the third largest of any department, with the total estimated investment (TEI) for new capital programs (\$1.2 billion) comprising 32% of the general government sector (GGS) new project total.¹⁴ The TEI of all DE capital projects, new and ongoing, for 2025–26 (\$7.9 billion) is 10.2% of the GGS total.¹⁵

This year's budget papers show completion date changes for 32 out of the 102 existing DE capital projects (or 31.4%) with 23 delayed for a year or under, and eight delayed by more than a year.¹⁶ The *Diggers Rest Primary School 2022–23 (Diggers Rest)* and *Exford Primary School 2020–21 (Exford)* projects experienced the longest completion date delays, with both projects now expected to be completed more than two years after their initial completion dates of quarter four 2024–25.¹⁷ The budget papers note the Diggers Rest Primary School project is now subject to a 'revised project schedule due to market conditions'.¹⁸

The TEI of 19 existing DE projects (18.6% of all projects) has been changed, with 10 experiencing downward TEI revisions, while nine projects experienced budget increases. Overall this resulted in a net decrease of costs of \$45.5 million.¹⁹ The highest budget increase was \$80.6 million for the *New schools construction 2023–24 (statewide)* program due to 'market escalation in the construction sector'.²⁰ The largest TEI decrease was \$104.3 million within the *Essential maintenance and compliance 2024–25 (statewide)* program due to the reclassification of certain project funds from capital expenditure to operating expenditure.²¹

FINDING 21: Adjustments made to the Department of Education's capital program over 2025–26 will reduce the total estimated investment costs of its existing capital projects by \$45.5 million.

¹² Ibid.

¹³ Ibid., p. 89; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

¹⁴ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, pp. 31–32.

¹⁵ Ibid.

¹⁶ Ibid., pp. 42–49; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, pp. 35–49.

¹⁷ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, pp. 42–49; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 35–49.

¹⁸ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 43.

¹⁹ Ibid., pp. 42–49; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 35–49.

²⁰ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 46.

²¹ Ibid., p. 44.

4.4 Education portfolio: key issues

The Minister for Education is responsible for six outputs that total \$15.8 billion in 2025–26, an increase of \$723 million (4.8%) compared to the 2024–25 Budget.²²

Figure 4.1 Primary and secondary school education outputs comprise 64% of the Department of Education’s total output costs for 2025–26



Source: Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 104.

Funding was increased across all education portfolio outputs for 2025–26 compared to the previous budget year, apart from the Promoting Equal Access to Education output, which decreased by \$290.2 million (or 20%) due to one-off funding in 2024–25 for the *School Saving Bonus* initiative.²³

4.4.1 Better and Fairer Schools agreement

The Victorian Government signed the ten-year school funding agreement with the Commonwealth Government in July 2025, committing the Commonwealth to a 25% funding contribution of the Schooling Resourcing Standard (SRS) over the life of the agreement.²⁴ The SRS is used by the Commonwealth Government as a basis for funding distribution to state and territory governments and non-government schools. It estimates the total public funding needed by each school to meet its student’s educational needs, including a base funding amount and loadings for recognised sources of disadvantage.²⁵

The agreement comes after many years of negotiation centred around the funding split between the Commonwealth and state and territory governments. At the 2023–24 Budget Estimates hearings, the Committee heard the Victorian Government was

22 Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 104.
23 Ibid.
24 Australian Government, Department of Education, *Better and Fairer Schools Agreement – Full and Fair Funding 2025–2034*, March 2025, <<https://www.education.gov.au/recurrent-funding-schools/national-school-reform-agreement/better-and-fairer-schools-agreement-20252034>> accessed 7 July 2025, p. 27.
25 Department of Education, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 136.

advocating that the Commonwealth Government agree to increase their proportion of the SRS from 20% to 25%.²⁶ The finalisation of the *Better and Fairer Schools* agreement commits the Commonwealth Government to contributing 25% of the SRS over the ten-year life of the agreement.²⁷

The timing and level of state/Commonwealth contributions towards the 75/25% target are subject to 'bilateral' agreements brokered by each state and territory jurisdiction and the Commonwealth Government, with the agreement between the Commonwealth and Victorian Governments remaining underway at the time of writing.²⁸

At the 2023–24 Budget Estimates hearings, the Committee was informed by the then Minister for Education that the Government has a commitment to meeting the 75% target of the SRS by 2028.²⁹ At the 2025–26 hearings, the Committee questioned the Minister about reports that the department has provided advice outlining the impact of delaying the implementation of Victoria's funding increase to 75% from 2028 to 2031.³⁰ The Minister confirmed the Government's ongoing commitment to funding government schools at 75% of the SRS and noted the timing of this implementation is still subject to the bilateral agreement negotiations.³¹

In the questionnaire response, DE indicated that Victoria's contribution target for government school education is 70.43% of the SRS for 2025, and the Commonwealth Government's contribution target is 20%.³² Reflecting the ongoing negotiations of the bilateral agreement, DE noted the forecast Commonwealth funding for Victorian government schools remains at 20% of the SRS over the 2025–26 Budget forward estimates period.³³

Non-government schools have been funded at 100% of the SRS since 2023, where Victoria's contribution is 20% and the Commonwealth contribution is 80%.³⁴

²⁶ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 58.

²⁷ Australian Government, Department of Education, *The Better and Fairer Schools Agreement (2025–2034)*, 27 June 2025, <<https://www.education.gov.au/recurrent-funding-schools/national-school-reform-agreement/better-and-fairer-schools-agreement-20252034>> accessed 8 July 2025.

²⁸ Department of Education, *The Better and Fairer Schools Agreement (2025–2034)*, 30 July 2025, <<https://www.education.gov.au/recurrent-funding-schools/national-school-reform-agreement/better-and-fairer-schools-agreement-20252034>> accessed 6 August 2025.

²⁹ Hon Natalie Hutchins MP, Minister for Education, 2023–24 Budget Estimates hearing, Education, Melbourne, 13 June 2023, *Transcript of evidence*, p. 18.

³⁰ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Education, Melbourne, 4 June 2025, *Transcript of evidence*, p. 5.

³¹ Hon Ben Carroll MP, Minister for Education, 2025–26 Budget Estimates hearing, Education, Melbourne, 4 June 2025, *Transcript of evidence*, p. 7.

³² Department of Education, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 136.

³³ Ibid.

³⁴ Ibid.

FINDING 22: *Better and Fairer Schools* is a ten-year funding agreement between the Commonwealth and state and territory governments committing the parties to a 25/75% split to fully fund the Schooling Resource Standard. The timing of the full implementation of the agreed funding levels is subject to bilateral agreements between the Commonwealth and individual state and territory governments. Negotiations between the Commonwealth and Victorian Governments are ongoing.

4.4.2 Better and Fairer Schools goals, objectives, outcomes and improvement measures

The *Better and Fairer Schools* agreement commits the parties to improvement measures for schools and education systems covering three goals. These are:

- **Equity and excellence** – equipping schools and education systems to provide all students with highly effective evidence-based teaching and equitable learning opportunities, supporting students in maximising their learning.
- **Wellbeing for learning and engagement** – providing all students with highly effective evidence-based teaching and equitable learning opportunities.
- **A strong and sustainable workforce** – whereby the teaching workforce is respected and continues to grow.³⁵

The agreement then commits state and territory governments to a series of improvement measures falling under these three goals.³⁶

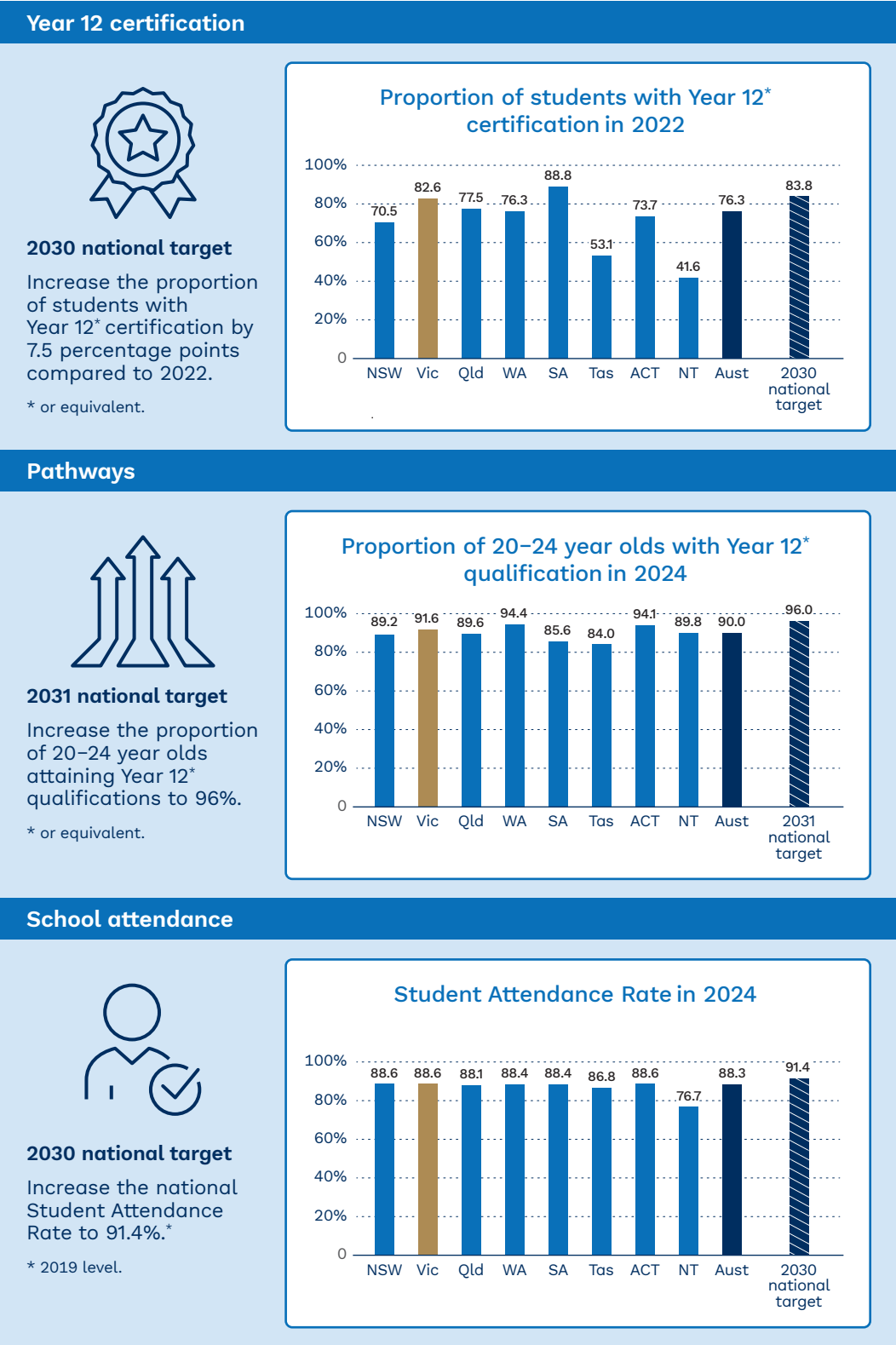
Figure 4.2 shows targets under the *Better and Fairer Schools* agreement that will be measured at the national level. The latest data shows Victoria is already above the national average for Year 12 certification, the proportion of 20–24-year-olds attaining Year 12 or equivalent and the Student Attendance Rate.³⁷ However, these rates will still need to increase to meet the national targets.

³⁵ Australian Government, Department of Education, *Better and Fairer Schools Agreement – Full and Fair Funding 2025–2034*, pp. 13–14.

³⁶ Ibid., pp. 16–17.

³⁷ Productivity Commission, *Report on Government Services 2025, Part 4: School Education*, 10 June 2025, <<https://www.pc.gov.au/ongoing/report-on-government-services/2025/child-care-education-and-training/school-education>> accessed 15 July 2025.

Figure 4.2 Certain targets under the Better and Fairer Schools agreement will be measured at the national level



FINDING 23: The Better and Fairer Schools agreement calls on state and territory governments to improve their student outcomes for Year 12 certification, the proportion of 20–24-year-olds with Year 12 qualifications, and student attendance rates to improve national rates around these measures. Victoria performs above the current national average against these three measures.

In terms of the teaching workforce, the agreement sets out improvement measures focussing on increasing the workforce and creating greater sustainability. It includes increasing the engagement rate for domestic students enrolled in initial teacher education and developing measures to capture the number and proportion of early career teachers remaining in the sector after three and five years.

These workforce measures are also intended to be reported on nationally. The Victorian Government has funded a number of initiatives in recent years aimed at increased retention including developing a scholarship program, international recruitment campaigns, and implementing a Returning Teacher Support Service.³⁸ In its *Report on the 2023–24 Financial and Performance Outcomes*, the Committee noted the improvements in the projected shortfall for Victorian teachers, but also observed the difficulty of linking falling teacher vacancy rates to the effectiveness of the funded programs.³⁹

4.4.3 State and territory NAPLAN reading and numeracy targets

The equity and excellence improvement measures relating to schooling outcomes call for improvements to each state and territory's National Assessment Program—Literacy and Numeracy (NAPLAN) results by 2030. Specifically, each state and territory must increase the proportion of all students in the 'strong and exceeding' proficiency levels by 10% for Years 3, 5 and 7 by 2030, while also reducing the proportion of all students in the 'needs additional support' proficiency level by 10%. States and territories must also achieve upward trends for the proportion of priority equity cohort students in the 'strong and exceeding' proficiency levels.⁴⁰

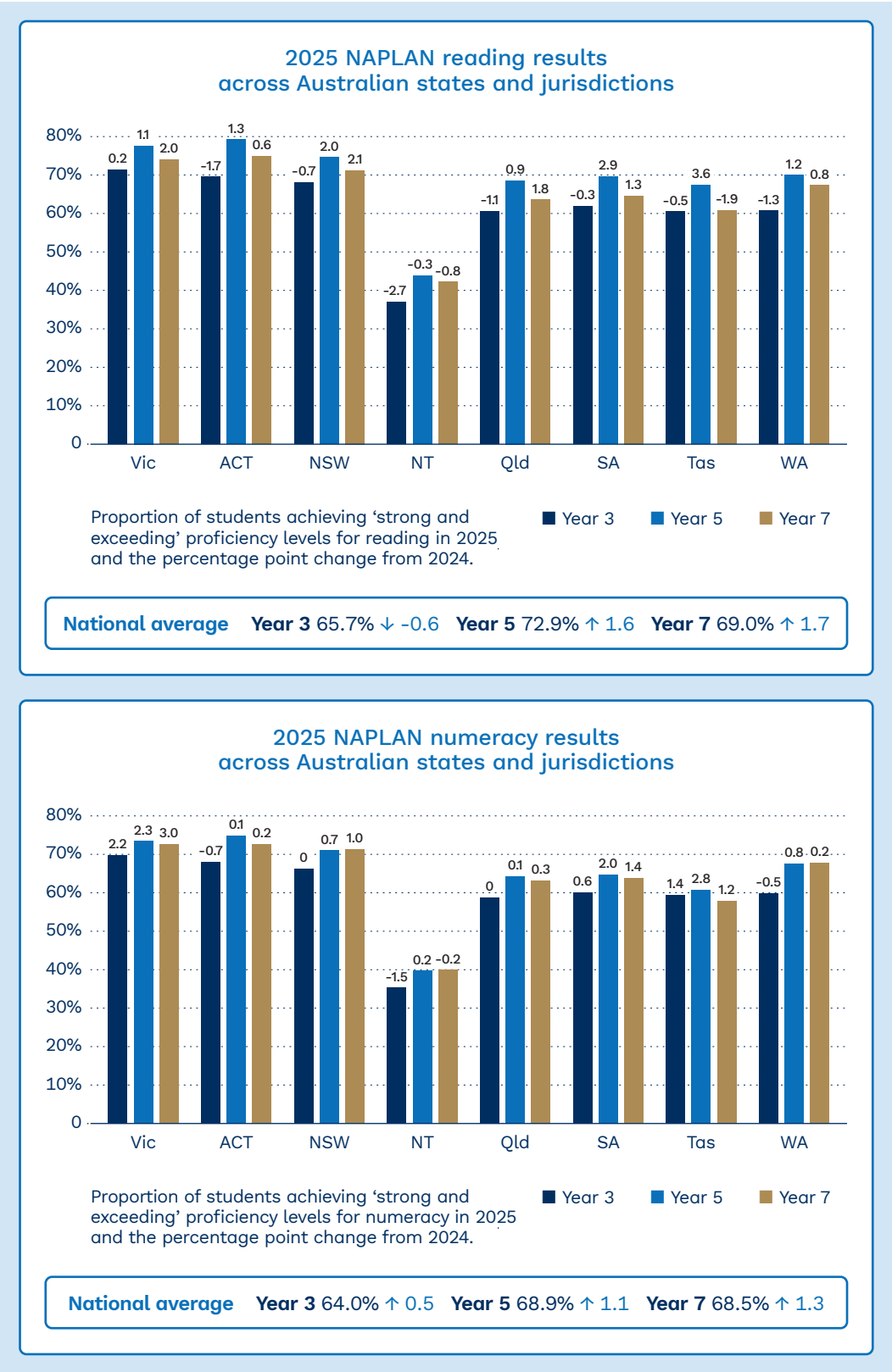
The latest (2025) NAPLAN results shown in Figure 4.3 demonstrate Victoria performs well in comparison to other states and territories against these proficiency measures.

³⁸ Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, pp. 150–151.

³⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Financial and Performance Outcomes*, April 2025, pp. 66–67.

⁴⁰ Australian Government, Department of Education, *Better and Fairer Schools Agreement – Full and Fair Funding 2025–2034*, p. 16.

Figure 4.3 Victoria's 2025 NAPLAN results for reading and numeracy proficiency were amongst the highest in Australia

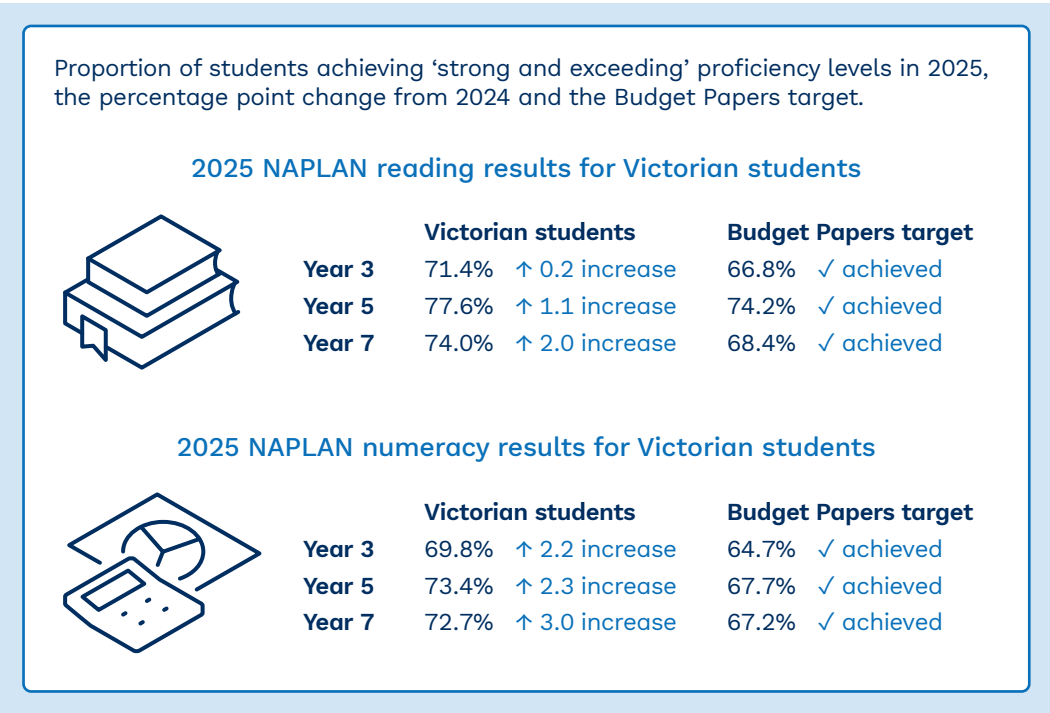


Source: Australian Curriculum Reporting and Assessment Authority, *NAPLAN national results*, n.d., <<https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/naplan-national-results>> accessed 11 August 2025.

The NAPLAN proficiency categories—‘exceeding’, ‘strong’, ‘developing,’ and ‘needs additional support’—across the areas of numeracy, reading, writing and convention of language (spelling, and grammar and punctuation) were introduced in 2023.⁴¹ DE introduced performance measures and targets that reflect the *Better and Fairer Schools* agreement proficiency in the ‘strong and exceeding’ category improvement measures in 2023–24, and 2023 was the first year of reporting against these measures.⁴²

Figure 4.4 shows Victoria’s latest (2025) results against the NAPLAN outcomes for reading and numeracy, whereby Victoria increased the percentage of students achieving ‘strong and exceeding’ proficiency. The results also exceed the current departmental targets set out for these measures in the budget papers.⁴³

Figure 4.4 Victorian students’ 2025 NAPLAN reading and numeracy results for ‘strong and exceeding’ continue to improve



Source: Productivity Commission, *Report on Government Services 2025, Part 4: School education*, 10 June 2025, <<https://www.pc.gov.au/ongoing/report-on-government-services/2025/child-care-education-and-training/school-education>> accessed 15 July 2025; Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, pp. 6–7.

The *Better and Fairer Schools* agreement does not indicate which year serves as the basis for the improvement target of 10% by 2030. If 2024 serves as the basis year, there are six years to increase the proportion across these measures by 1.6% annually to

41 Australian Curriculum Assessment and Reporting Authority (ACARA), *NAPLAN national results*, n.d. <<https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/naplan-national-results>> accessed 11 August 2025.

42 Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, pp. 6–7, 12.

43 Ibid., pp. 6–7.

reach the target 10% increase. Victoria's 2025 NAPLAN results showed year-on-year improvement of over 2% for all numeracy measures as well as Year 7 reading outcomes, demonstrating annual increases of 1.6% and over are possible.

While the current Resource Management Framework guidance on setting targets for performance measures states they remain consistent over time to enable comparison of performance, the Committee believes that DE's NAPLAN targets that align with the *Better and Fairer Schools* agreement should be regularly reviewed with a view to increasing them, reflecting Victoria's commitment to the aims of the *Better and Fairer Schools* agreement.⁴⁴

FINDING 24: The Department of Education performance measure targets for the proportion of Years 3, 5 and 7 students demonstrating 'strong and exceeding' proficiency in reading and numeracy NAPLAN results have not changed and have been met since their introduction in 2023–24.

FINDING 25: The proportion Victorian Years 3, 5 and 7 students demonstrating 'strong and exceeding' proficiency in reading and numeracy NAPLAN results must increase by 10% by 2030, under the terms of the *Better and Fairer* schools funding agreement.

RECOMMENDATION 10: The Department of Education review the NAPLAN performance measure targets for primary and secondary schooling outcomes in the budget papers to reflect the improvement measure targets set out in the national *Better and Fairer Schools* agreement.

4.4.4 Excellence in Maths education

The 2025–26 Budget contains the \$46.5 million *Excellence in Maths education* initiative which aims to enhance numeracy curriculum delivery and improve currently poor numeracy awareness among Victorian primary school students.⁴⁵

While Victoria's 2025 NAPLAN results show students performed well in numeracy awareness in comparison with students from other states and jurisdictions, internationally benchmarked data demonstrates Victorian students' mathematics and numeracy proficiency performance has stagnated over time.

The most recent results (2022) for the Programme for International Student Assessment (PISA) in mathematical literacy shows the proportion of 15 year old Victorian students achieving the national proficiency standard had fallen in

⁴⁴ Department of Treasury and Finance, *The Resource Management Framework Part 2 of 2 – Attachments – Effective from 1 July 2022*, Melbourne, 2024, p. 12.

⁴⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 15, 19.

comparison to the 2018, 2015, 2012, and 2009 PISA results.⁴⁶ The Minister for Education noted this performance to the Committee, stating ‘... the PISA results ... show that we need to continue to work very hard on improving our mathematics response and making sure it is a really key part of the curriculum’.⁴⁷

The 2025 Grattan Institute’s *The Maths Guarantee* report points to a number of causes behind Victorian and Australian students’ stagnating mathematics proficiency performance. One key factor is a lack of teacher confidence and unfamiliarity with the mathematics curriculum. A survey undertaken as part of the Grattan Institute report found that one in five primary school teachers worry more about teaching mathematics compared to other subjects, with female and beginner teachers particularly likely to report feeling this way. Twenty-eight per cent of respondents admitted to feeling less confident in teaching Year 6 mathematics and less than half (48%) of respondents felt confident supporting high achieving mathematics students with elements of the Years 7 and 8 curricula.⁴⁸

The Minister advised the Committee at the hearings that the *Excellence in Maths education* initiative addresses this issue, as it contains funding to ‘updat[e] the curriculum around mathematics, supported by helping teachers better meet diverse learning needs, [because this] is really important too...’.⁴⁹ The Grattan Institute survey found some teachers feel the time allocated to mathematics teaching and class room timetabling has been limiting, and that the emphasis on literacy education has come at the expense of teaching mathematics.⁵⁰ The Minister acknowledged this to the Committee when commenting on the success of the recently implemented phonics teaching programs in early primary education across Victoria:

After we announced the new reading position, most stakeholders – teachers, parents were saying, ‘Well, when are you are doing maths? Maths has got to be next around explicit instruction’.⁵¹

FINDING 26: Some of the reasons behind the Australian and Victorian students reducing improvement in mathematics proficiency performance include lower teacher confidence with the subject material, issues with learning materials and professional development opportunities and limited timetabling for mathematics education in schools.

Part of the *Excellence in Maths education* initiative addressing these issues is the instigation of Victorian Lesson Plans for mathematics available throughout 2025, providing teachers with high-quality, ready-to-use classroom resources.⁵²

⁴⁶ ‘Proficiency’ is achieving level 3 (‘more than minimal skills expected’) or above on a 6 level mathematical literacy scale. Levels 5 and 6 demonstrate high proficiency. Source: Productivity Commission, *Report on Government Services 2025, Part 4: School education*.

⁴⁷ Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 15.

⁴⁸ Grattan Institute, *The Maths Guarantee: How to boost students learning in primary schools*, Melbourne, 2025, pp. 31–32.

⁴⁹ Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 15.

⁵⁰ Grattan Institute, *The Maths Guarantee: How to boost students learning in primary schools*, pp. 40–41.

⁵¹ Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 15.

⁵² Hon Jacinta Allan MP, *We’re Backing Public Schools – And Making Maths Count*, media release, 22 May 2025.

A Year 1 Numeracy check will also be implemented in 2026. Similar to the Year 1 Phonics test introduced this year, the incoming numeracy check will be ‘simple and quick for teachers to administer for individuals or small groups’ and should identify students falling behind in numeracy skills and offer targeted support.⁵³ Development of an early years numeracy check is also part of the *Better and Fairer Schools* agreement’s national enabling initiatives.⁵⁴

The *Excellence in Maths education* initiative contains further measures to broaden the opportunities to students who excel in mathematics, including funding for 1,000 students to attend a five-day advanced mathematics camp. The Government is also undertaking a feasibility study to establish a dedicated mathematics and science school in Melbourne’s north-west.⁵⁵

Overall the programs funded through the *Excellence in mathematics education* initiative will contain student support through early primary level numeracy checks, explicit learning instruction and mathematics camps for Years 9 and 10 students.⁵⁶ For teachers the initiative contains curriculum delivery support such as lesson plans and opportunities to upskill in mathematics teaching through micro-credentials.⁵⁷ The Minister advised the Committee that the suite of programs demonstrates:

Essentially maths is for everybody. We want to encourage maths, we want to encourage STEM. That is what this big investment in mathematics is about. Often it has been overlooked, but it is critical to success.⁵⁸

4.4.5 Responses to disruptive and threatening student behaviour

Two initiatives in this year’s Budget address the issue of increasing poor student behaviour and threats of violence towards staff within Victorian schools. The \$10.4 million *School-wide positive behaviour* initiative aims to improve the capability of teachers in managing student behaviour, as well as fostering a respectful environment in classrooms. The \$9.3 million *Keeping school safe from violence* initiative aims to improve safety support and services for school staff at risk of harm.⁵⁹

Causes behind the recent increase in disruptive student behaviour

DE noted the increasing need for such programs in their questionnaire response, informing the Committee that ‘[s]ince COVID-19, teachers across Australia have reported more frequent and challenging student behaviours’ and that in Victoria

⁵³ Ibid.; Hon Ben Carroll MP, Minister for Education, *Phonics Plus Sets Up Students For Life-Long Success*, media release, 28 April 2025.

⁵⁴ Australian Government, *Heads of Agreement for the Better and Fairer Schools Agreement – Full and Fair Funding 2025–2034*, March 2025, Canberra, p. 21.

⁵⁵ Hon Jacinta Allan MP, *We’re Backing Public Schools – And Making Maths Count*.

⁵⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 19.

⁵⁷ Ibid.

⁵⁸ Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 15.

⁵⁹ Department of Education, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 47–48, 51.

'concerns about classroom behaviour, workplace violence, and staff safety have become more prominent'.⁶⁰

Victorian students, and Melbourne-based school students especially, were impacted by COVID-19 pandemic related lockdowns.⁶¹ The Committee also learned of the disruptive and harmful impact of vaping and e-cigarette use has had on student behaviour in schools in its Inquiry into vaping and tobacco controls conducted last year.⁶²

FINDING 27: Classroom behaviour at Victorian schools has declined since the onset of the COVID-19 pandemic.

Impact on staff

DE identified a series of factors behind the need for the *Keeping school safe from violence* initiative including:

- increasing concerns regarding work-related violence in schools
- compliance with Occupational Health and Safety (OHS) Act obligations
- public perception of decreased safety for school staff post-COVID-19, impacting teacher attraction and retention.⁶³

At the hearings, the Minister advised the Committee that '[t]he wellbeing of our teachers and our teaching workforce is of the utmost importance. The safety of students, staff and the broader school community is paramount' and that the \$9.3 million *Keeping school safe from violence* initiative will 'support schools to implement the safety measures where school staff are at risk from work-related violence'.⁶⁴ Monash University's *Australian Teachers' Perceptions of their Work in 2022* report found that poor student behaviour and violence, as well as threats from parents, was a contributing factor towards the desire to leave the profession before retirement, as well as feeling unsafe at work.⁶⁵

The Australian Catholic University's (ACU) *Australian Principal Occupational Health, Safety, and Wellbeing Survey* for 2024 found that 49.6% of surveyed school leaders were subjected to physical violence, an 81.6% increase since the survey's inception in 2011.⁶⁶ 54.5% of respondents experienced threats of violence, also the highest level

⁶⁰ Ibid., p. 51.

⁶¹ Ian Macreadie, *Reflections from Melbourne, the world's most locked-down city, through the COVID-19 pandemic and beyond*, Microbiology Australia, Melbourne, 2022, p. 1.

⁶² Parliament of Victoria, Public Accounts and Estimate Committee, *Inquiry into Vaping and Tobacco Controls*, August 2024, pp. 29–31.

⁶³ Department of Education, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 47–48.

⁶⁴ Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 27.

⁶⁵ Monash University, *Australian Teachers' Perceptions of their Work in 2022*, Melbourne, 2022, p. 38.

⁶⁶ Australian Catholic University, Institute for Positive Psychology and Education, *The Australian Principal Occupational Health, Safety, and Wellbeing Survey*, Sydney, 2025, pp. 34–35.

recorded since 2011, with 63.7% of respondents reporting these threats of violence came from parents of students.⁶⁷

The ACU survey results also found a higher percentage of school leaders who have indicated they intend to quit show they experienced high rates of physical violence (55.5%) and threats of violence (61.3%) compared to overall number of surveyed school leaders.⁶⁸

OHS data provided by WorkSafe Victoria on the number of claims made teachers since 2011 show these increased rapidly after the onset of the COVID-19 pandemic in 2020, with over 1,600 claims made in 2023. The number of claims averaged just over 1,000 a year between 2011 and 2019.⁶⁹

FINDING 28: The increase in poor behaviour, and sometimes violence, by students and parents towards teachers and school leaders since COVID-19 has resulted in higher occupational health and safety claims. It has also contributed to more teachers and school principals considering leaving the profession altogether.

The School-wide Positive Behaviour Support program

\$10.4 million in funding has been budgeted to expand the *School-wide Positive Behaviour Support* (SWPBS) program, which was first introduced in 2018. According to DE, more than 700 Victorian government schools have participated in SWPBS since its inception. SWPBS is ‘a globally recognised, evidence-based framework that helps schools create safe, positive, and inclusive environments where students and staff can thrive’.⁷⁰

The program consists of:

- comprehensive professional learning for school leaders and teams
- individualised support from a specialist SWPBS coach
- annual assessment of implementation
- access to the Online Resources Hub.⁷¹

An assessment made by schools participating in the program over 2020 to 2022 found a positive percentage improvement to measures relating to:

- higher level of student engagement in their learning (increasing from 46% in 2020 to 69%)

⁶⁷ Ibid.

⁶⁸ Ibid., p. 35.

⁶⁹ WorkSafe Victoria, *Claims statistical report by calendar year*, 19 June 2024, <<https://www.worksafe.vic.gov.au/resources/claims-statistical-report-calendar-year>> accessed 21 July 2025.

⁷⁰ Victorian Government, *School-wide Positive Behaviour Support*, 24 June 2025, <<https://www.vic.gov.au/school-wide-positive-behaviour-support>> accessed 21 July 2025.

⁷¹ Ibid.

- a more consistent response to problem behaviour (increasing from 64% to 87%)
- staff are teaching the expected behaviours to students (increasing from 57% to 80% in 2022)
- improved social and emotional wellbeing of students (increasing from 42% to 80%).⁷²

Furthermore the evaluation found that of schools that had completed the program (reaching ‘fidelity’) in comparison to the wider government school system, the SWPBS schools demonstrated improved classroom behaviour, a decrease in the incidence of bullying, increases in staff confidence and improvements in schools respect for diversity and sense of inclusion.⁷³ The program participants also achieved a 25% lower suspension rate compared to the state average and 14% shorter suspension periods.⁷⁴

The introduction of explicit instructional models to teaching in Victorian have been put forward by some education stakeholders as effective in combatting disruptive behaviour in classrooms, and following this, improvements in Victoria’s recent NAPLAN results.⁷⁵ The Minister told the Committee

I really do believe that explicit instruction hurts no-one and benefits everyone. This is why, through the work of the department, the VTLM 2.0, we are making sure that we have the highest education standards in our curriculum and inside our classrooms.⁷⁶

FINDING 29: Victorian schools that have completed the School-wide Positive Behaviour Support program showed improved student engagement and behaviour, greater staff confidence, and lower and shorter suspension rates.

4.5 Children portfolio: key issue

4.5.1 Regulation of Victoria’s child care industry

After the Committee’s hearings, in response to reports of the abuse of children attending certain Victorian child care centres by a staff member between 2017 and 2025, on 1 August 2025 the Premier announced an urgent review of child safety in early childhood education and care settings focussing on immediate actions the State Government could take while national reform in relation to the early childhood education and care (ECEC) sector was underway.⁷⁷

⁷² Dandolo Partners, *Evaluation of the School-wide positive behaviour initiative in Victoria*, November 2023, p. 40.

⁷³ Ibid., pp. 54–56.

⁷⁴ Ibid., p. 59.

⁷⁵ Australian Parliament, The Senate, Education and Employment References Committee, *The issue of increasing disruption in Australian school classrooms Interim Report*, December 2023, Canberra, pp. 39–41; Hon Ben Carroll MP, *Victorian Students Top of the Class In NAPLAN*, media release, 31 July 2025.

⁷⁶ Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 14.

⁷⁷ Victorian Government, *Investigation of alleged incidents in childcare centres*, 25 July 2025, <<https://www.vic.gov.au/childcare-centres-investigation>> accessed 1 August 2025; Hon Jacinta Allan MP, *Statement from the Premier*, media release, 3 July 2025.

At the time of the Review announcement (1 August 2025), the Premier also announced the Victorian Government would be:

- banning personal devices in Victorian childcare centres, with every centre required to adopt the ban by Friday 26 September
- imminently establishing a register of early childhood educators to track employment history and patterns. It is anticipated that this will be able to be linked into a national registration system, once that is established.⁷⁸

The *Rapid Child Safety Review*, led by Mr Jay Weatherill AO and Ms Pam White PSM, was delivered to the Victorian Government on 15 August 2025.⁷⁹ Many of the Review's recommendations relate to legislative and regulatory changes to be implemented at the national level, including:

- establishing a National Early Childhood Worker Register to prevent predators infiltrating the ECEC system and
- establishing a National Early Childhood Reform Commission to oversee reform.⁸⁰

In terms of action the Victorian Government can undertake immediately, recommendations included:

- establishing an ECEC regulator that is independent of DE
- overhauling the working with children check system
- trialling the use of CCTV in ECEC settings.⁸¹

The Government announced they accepted all 22 recommendations made in the review on 20 August 2025.⁸² The regulatory settings of Victoria's child care industry was discussed by the Committee at the inquiry hearings, in the context of child care operators continuing operation while under administration.⁸³ The discussion at the hearings illustrates the 'complex regulatory system' the child care and early childhood education sector currently operates under, with regulatory and legal oversight shared between Commonwealth and state and territory governments.⁸⁴ The Committee raised the issue of nonpayment for staff by child care companies under administration with DE officials and was informed that 'insolvency and employment matters, fall[s] within the Commonwealth jurisdiction'.⁸⁵

⁷⁸ Hon Jacinta Allan MP, *Statement from the Premier*.

⁷⁹ Victorian Government, *Rapid Child Safety Review*, 21 August 2025, <<https://www.vic.gov.au/rapid-child-safety-review>> accessed 21 August 2025.

⁸⁰ Mr Jay Weatherill AO, Ms Pam White PSM, *Rapid Child Safety Review*, 15 August 2025, Melbourne, pp. 5–7.

⁸¹ Ibid., pp. 8–9, 12–13.

⁸² Hon Jacinta Allan MP, *Child Safety Overhaul*, media release, 20 August 2025.

⁸³ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Children, Melbourne, 10 June 2025, *Transcript of evidence*, p. 18.

⁸⁴ Mr Tony Bates, Acting Secretary, Department of Education, 2025–26 Budget Estimates hearing, Children, Melbourne, 10 June 2025, *Transcript of evidence*, p. 18.

⁸⁵ Hon Lizzie Blandthorn MLC, Minister for Children, 2025–26 Budget Estimates hearing, Children, Melbourne, 10 June 2025, *Transcript of evidence*, p. 18.

Under the current system, enforcement actions are undertaken by DE's Quality Assessment and Regulation Division (QARD) and are posted on the DE website.⁸⁶ The Committee asked the Minister about the delay in publishing investigation outcomes and actions taken by QARD.⁸⁷ The Committee was informed 'QARD updates enforcement action quarterly, but they have to wait until all internal or external review periods have elapsed to be able to do that'.⁸⁸ Enforcement actions for the first quarter of 2025 were published online in June 2025.⁸⁹

The Committee raised the lack of public information regarding what had occurred at sanctioned child care centres that were found to be in breach of regulations after a QARD investigation, as the publicly available information on the website only lists the section of the Act that was breached.⁹⁰ DE representatives informed the Committee that 'we go through the various either sections of the Act or the various regulations ... [b]y reading those explanations we do have in the publication, you can get a pretty good understanding of the issues of concern'.⁹¹

DE staff also reiterated the need to adhere to 'strict obligations about not revealing information that could lead to the identification of children or other staff unless they are subject to specific disciplinary procedures'.⁹²

DE repeated that Victoria has a higher rate of compliance with National Quality Standards compared to other states, undertaking 'over 4700 visits to services each year' equating to 94.6% of services delivered in the Victorian childcare sector at or above the national minimum standards, compared to a national average of 90% in 2024.⁹³

4.6 Performance measures

4.6.1 Department-wide: analysis of new performance measures

DE added four new performance measures in the 2025–26 Budget, three of which replaced discontinued measures.

⁸⁶ Victorian Government, *Role of the Regulatory Authority*, 19 May 2025, <<https://www.vic.gov.au/role-quality-assessment-and-regulation-division>> accessed 24 July 2025; Victorian Government, *Enforcement action taken by the Regulatory Authority, 2025 Enforcement Actions – National Law*, 27 June 2025, <<https://www.education.vic.gov.au/Documents/childhood/professionals/support/Enforcement-Actions-National-Law-2025.pdf>> accessed 1 August 2025.

⁸⁷ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Children, *Transcript of evidence*, p. 18.

⁸⁸ Hon Lizzie Blandthorn MLC, Minister for Children, *Transcript of evidence*, p. 18.

⁸⁹ Victorian Government, *Enforcement action taken by the Regulatory Authority, 2025 Enforcement Actions – National Law*.

⁹⁰ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Children, *Transcript of evidence*, p. 19.

⁹¹ Mr Tony Bates, Acting Secretary, Department of Education, *Transcript of evidence*, p. 19.

⁹² Ibid.

⁹³ Ibid.; Productivity Commission, *Report on Government Services 2025, Part 3: 3 Early childhood education and care*, 10 June 2025, <<https://www.pc.gov.au/ongoing/report-on-government-services/2025/child-care-education-and-training/early-childhood-education-and-care>> accessed 28 July 2025.

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

DE identified three performance measures for discontinuation in the 2025–26 Budget. The Committee supports DE’s rationale for the discontinuation of all measures.

Chapter 5

Department of Justice and Community Safety

5.1 Overview

The Department of Justice and Community Safety (DJCS) aims to be a trusted justice and community safety system that works together to build a just, safe, and resilient Victoria.¹

In 2025–26, DJCS supports 10 portfolios: Attorney-General, Emergency Services, Natural Disaster Recovery, Police, Community Safety, Racing, Corrections, Youth Justice, Victims, and Casino, Gaming and Liquor Regulation.²

In 2025–26, DJCS' objectives are:

- ensuring community safety through policing, law enforcement and crime prevention activities
- reduce the impact of natural disasters and emergencies on people, infrastructure, the economy and environment
- effective management of prisoners and offenders and provision of opportunities for rehabilitation and reparation
- effective supervision of children and young people through the provision of youth justice services promoting rehabilitation
- a fair and accessible justice system where Victorians are protected with equal opportunities, rights and information freedoms
- promoting responsible liquor, tobacco and gambling industries and supporting a safe and sustainable racing sector.³

This chapter examines the budget initiatives and key issues relevant to the Community Safety, Corrections, Youth Justice and Victims portfolios that were identified during the Budget Estimates hearings.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 156.

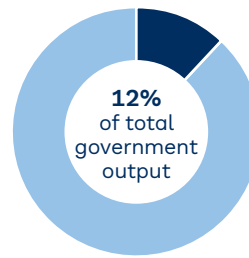
² Ibid.

³ Ibid., pp. 156–157.

Department of Justice and Community Safety

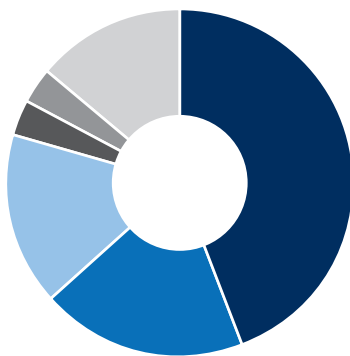
Total output funding

2025–26 Budget	\$10.2b
2024–25 revised Budget	\$10.6b
2024–25 Budget	\$9.6b



3rd largest budget of all departments

Funding by output, 2025–26



- Policing and Community Safety **\$4.5b**
- Emergency Management Capability **\$2b**
- Prisoner Supervision and Support **\$1.6b**
- Public Prosecutions and Legal Assistance **\$363.9m**
- Fines and Road Safety Enforcement **\$339.8m**
- Other* **\$1.4b**

* Includes 10 outputs with budgets <\$300m.



Infrastructure program, 2025–26 (\$1.9b)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



\$759.2m
Community Safety Package

\$128.2m
Road Safety Action Plan 2

\$284.2m
Victims of Crime Financial Assistance Scheme (FAS) continued

\$95.6m
Supporting a safe and effective Youth Justice system



30 new output initiatives totalling \$1.7b from 2024–25 to 2028–29

New infrastructure projects with highest total investment, 2024–25 to 2028–29



\$53.1m
Further supporting our emergency services and volunteers

\$18.4m
Building more Country Fire Authority stations

\$20m
Continuity of the road safety camera network

\$13.3m
Delivering a new Victoria State Emergency Service Footscray unit



8 new infrastructure projects

5.2 Financial analysis

DJCS's output appropriations are budgeted as \$9.8 billion for 2025–26, a decrease of \$377 million (3.5%) compared to the 2024–25 revised Budget.⁴ This variation is due to one-off payments for the Victorian Public Sector Enterprise Agreement and fixed term funding ceasing for various initiatives.⁵

DJCS has a total savings target of \$9.3 million for 2025–26, comprising 1.7% of the whole of government savings for 2025–26.⁶ DJCS did not provide details on how these savings would be met but stated that there was no anticipated impact on service delivery or projects.⁷

DJCS forecasts an operating deficit of \$34 million for 2025–26, compared to an operating deficit of \$53 million in 2024–25.⁸ DJCS attributes this decrease to expected trust fund expenditure relating to the implementation of the *Emergency Management Operational Communications Program*, which will be drawn from trust fund revenue received in prior financial years.⁹

5.3 Community Safety portfolio: key issue

The Minister for Community Safety is responsible for one output: Community Crime Prevention (funding in 2025–26: \$15.7 million).¹⁰

5.3.1 Machete disposal scheme

In order to protect the community and in response to a record number of knives being seized by police in 2024, the Government announced a ban on machetes on 13 March 2025.¹¹ As part of the ban, the Government announced the *Control of Weapons Act 1990* will be amended to reclassify machetes from 'controlled' to 'prohibited' weapons, taking effect from 1 September 2025.¹² The Government subsequently announced a ban on machete sales in Victoria in May 2025.¹³

Further legislative amendments announced by the Government in May 2025 include introducing the *Terrorism (Community Protection) Act 2003* (Vic) and the *Control of*

⁴ Ibid., p. 159.

⁵ Department of Justice and Community Safety, *Response to the 2025–26 Budget Estimates Questionnaire*, received 29 May 2025, p. 45.

⁶ Ibid., p. 112.

⁷ Department of Education, *Response to the 2025–26 Budget Estimates Questionnaire*, received 25 May 2025, p. 33.

⁸ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 116.

⁹ Ibid.

¹⁰ Department of Justice and Community Safety, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 123; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 160.

¹¹ Hon Jacinta Allan MP, Premier, *First Machete Ban in Australia*, media release, 13 March 2025.

¹² Ibid.

¹³ Hon Jacinta Allan MP, Premier, *Machete Sales Banned*, media release, 26 May 2025.

Weapons Amendment Bill to allow police greater timeframes to conduct searches for weapons, from the existing 12 hours to six months.¹⁴

At the Consumer Affairs portfolio hearing, the Minister advised that the ban on the sale of machetes is intended to dry up the supply of the items before they become classified as ‘prohibited’ weapons on 1 September 2025.¹⁵ At the hearing, the Committee heard a machete taskforce has been set up by Consumer Affairs Victoria (CAV), which had undertaken 359 retail inspections to date.¹⁶ In terms of online retailing, the Minister advised major retailer Amazon had banned the sale of machetes to Australia following Victoria’s announcement of a ban, while CAV continues to monitor eBay to ensure online machete sales into Victoria do not occur.¹⁷

An amnesty program will operate from 1 September 2025 to 30 November 2025 for owners or people in possession of prohibited weapons to dispose of these at 40 locations around Victoria.¹⁸ The machete disposal scheme has been allocated \$13 million within the \$759.2 million *Community Safety Package* in this year’s Budget.¹⁹

Data provided by Victoria’s Crime Statistics Agency shows that there were 5,768 ‘possession of a controlled weapon’ offences in the year to March 2025. While this was a 12.5% increase on the previous year and a 7.5% increase compared to when the COVID-19 pandemic ended in 2022, the number has not substantially increased compared to the pre-COVID-19 era, when there were 5,453 offences in 2016 (or 5.5% less than the March 2025 figure).²⁰

In addition to the recent increase in controlled weapon possession offences, at the hearings the Committee was told Victoria Police seized over 14,000 blades, knives and machetes over the 2024–25 financial year.²¹

FINDING 30: The 2025–26 Budget includes \$13 million for the delivery of a machete disposal scheme following a Victorian Government ban on the possession and sale of machetes in March 2025. The scheme is an amnesty program that will operate from 1 September 2025 to 30 November 2025 for owners or people in possession of machetes and other prohibited weapons.

¹⁴ Hon Jacinta Allan MP, Premier, *First Machete Ban in Australia*, media release.

¹⁵ Hon Nick Staikos MP, Minister for Consumer Affairs, 2025–26 Budget Estimates hearing, Consumer Affairs, Melbourne, 10 June 2025, *Transcript of evidence*, p. 6.

¹⁶ Ms Nicole Rich, Executive Director, Regulatory Services, Department of Government Services, 2025–26 Budget Estimates hearing, Consumer Affairs, Melbourne, 10 June 2025, *Transcript of evidence*, p. 5.

¹⁷ Hon Nick Staikos MP, Minister for Consumer Affairs, *Transcript of evidence*, p. 7; Ms Nicole Rich, Executive Director, Regulatory Services, Department of Government Services, *Transcript of evidence*, p. 8.

¹⁸ Victoria Police, *Machete Ban, Machete Amnesty, and Machete Safe Disposal Bins*, 31 July 2025, <<https://www.police.vic.gov.au/machete-ban>> accessed 8 August 2025.

¹⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 70, 75; Hon Anthony Carbines MP, Minister for Community Safety, 2025–26 Budget Estimates hearing, Community Safety, Melbourne, 5 June 2025, *Transcript of evidence*, pp. 1, 6.

²⁰ Crime Statistics Agency, *Recorded Offences*, June 2025, <<https://author.crimestatistics.vic.gov.au/crime-statistics/latest-victorian-crime-data/recorded-offences-2>> accessed 7 August 2025.

²¹ Ms Kate Houghton, Secretary, Department of Justice and Community Safety, 2025–26 Budget Estimates hearing, Community Safety, Melbourne, 5 June 2025, *Transcript of evidence*, p. 3.

The ban on machetes in Victoria follows measures taken in other jurisdictions to prevent knife crime through bans, greater search powers and restricting the sale of knives, machetes and/or similarly defined items.²²

When asked about projections or estimates for the number of machetes and similar items to be seized over the course of the amnesty, the Minister advised the Committee that while the Government does not have an estimate, they are confident that there will be sufficient bins.²³ Victoria Police has posted over 40 locations for drop-off sites on their website.²⁴

In terms of how much funding will go towards the disposal scheme itself, departmental officials informed the Committee that a 'significant' proportion of the \$13 million will go towards a public awareness advertising campaign. While unable to give an exact figure, the Committee was advised this would be a 'fair chunk' of the funding and is expected to be in the millions.²⁵

FINDING 31: A significant proportion of the \$13 million budgeted in 2025–26 for the Government's machete disposal scheme will go towards a public education campaign.

5.4 Corrections and Youth Justice portfolios: key issue

The Minister for Corrections is responsible for two outputs: Community Based Offender Supervision (funding in 2025–26: \$279 million) and Prisoner Supervision and Support (funding in 2025–26: \$1.6 billion).²⁶

5.4.1 Expansion of Victoria's adult and youth prison system

The prison population across Victoria's correctional facilities is expected to increase over 2025–26, reflecting the changes made to the *Bail Act 1977* (Vic) enacted in March 2025.²⁷ These changes include the introduction of two new offences—'committing an indictable offence while on bail' and 'breach of bail conditions'—to be considered by bail decision-makers as reasons to refuse bail.²⁸ The new offences incur a three month imprisonment period in addition to any other sentences imposed for other crimes. The new bail laws also treat 'high harm' offences such as aggravated

22 The Honourable Dan Purdie, Minister for Police and Emergency Services, Queensland Government, *Expanded Jack's Law now in effect*, media release, 19 July 2025; New South Wales Police Force, *Knife Crime*, n.d. <https://www.police.nsw.gov.au/crime/knife_crime> accessed 8 August 2025.

23 Hon Anthony Carlines MP, Minister for Community Safety, *Transcript of evidence*, p. 3.

24 Victoria Police, *Machete Ban, Machete Amnesty, and Machete Safe Disposal Bins*.

25 Mr Bill Kyriakopoulos, Deputy Secretary, Police, Racing, Victims and Coordination, Department of Justice and Community Safety, 2025–26 Budget Estimates hearing, Community Safety, Melbourne, 5 June 2025, *Transcript of evidence*, p. 4.

26 Department of Justice and Community Safety, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 129–130; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 162.

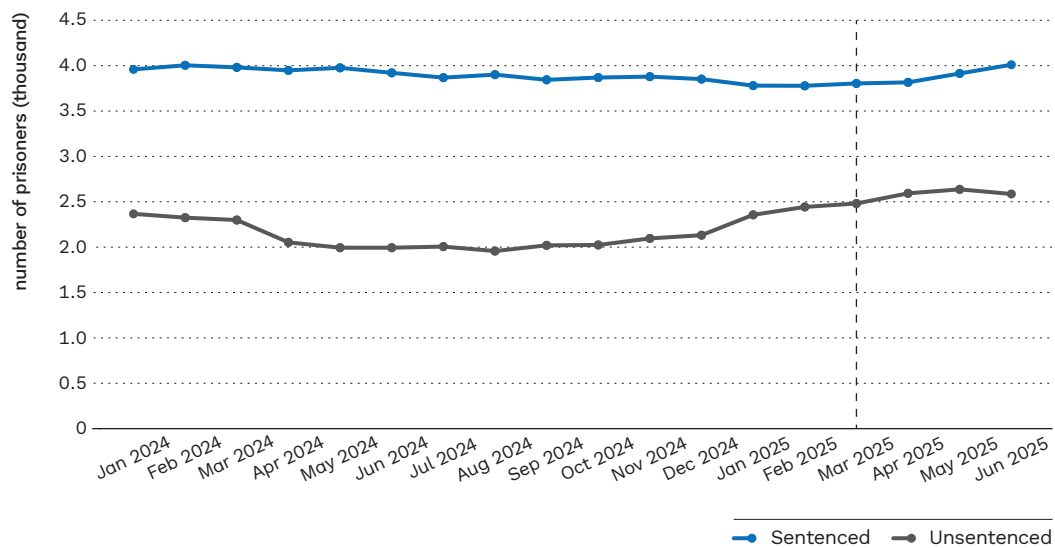
27 Victorian Government, *Bail laws*, 22 July 2025, <<https://www.vic.gov.au/bail-laws>> accessed 12 August 2025; Hon Jacinta Allan MP, Premier, *Toughest Bail Laws in Australia Pass Parliament*, media release, 21 March 2025; Hon Jacinta Allan MP, Premier, *Tough New Bail Laws Demand More Prison Beds*, media release, 13 May 2025.

28 Hon Jacinta Allan MP, Premier, *Toughest Bail Laws in Australia Pass Parliament*, media release.

burglary, home invasion, carjacking and armed robbery to tougher bail tests, so bail is less likely to be granted on first offences.²⁹ The Government expects that the new bail changes will result in ‘knife and weapon offences like machete violence [to] be subject to a presumption against bail’.³⁰

The 2025–26 Budget allocates \$727 million to prepare for the expected increase prison capacity.³¹ Data on Victoria’s prison population shows 6,596 people in prison in June 2025, an extra 681 prisoners (or 11.5%) compared to the year before.³² Figure 5.1 shows the unsentenced (or ‘remand’) prison population has increased the most substantially, increasing by 592 or 29.7% over the year to June 2025 to reach 2,586 prisoners.³³

Figure 5.1 The numbers of Victoria’s unsentenced prison population has increased over 2025, reflecting the changes made to the *Bail Act 1977* (Vic) enacted in March 2025



Source: Corrections Victoria, *Monthly time series prison and community corrections data*, 22 July 2025, <<https://www.corrections.vic.gov.au/about-the-corrections-system/statistics-and-research/monthly-time-series-prison-and-community>> accessed 14 August 2025.

FINDING 32: In the year to June 2025, Victoria’s prison population increased by an extra 681 prisoners (or 11.5%) to reach 6,596 people, driven by an 29.7% increase in the unsentenced prison population. The increase in unsentenced prison population reflects changes enacted in March 2025 to the *Bail Act 1977* (Vic).

29 Ibid.
30 Ibid.
31 Hon Enver Erdogan MLC, Minister for Corrections, *2025–26 Budget Estimates hearings presentation: Corrections*, supplementary evidence received 4 June 2025, p. 4.
32 Corrections Victoria, *Monthly time series prison and community corrections data*, 22 July 2025, <<https://www.corrections.vic.gov.au/about-the-corrections-system/statistics-and-research/monthly-time-series-prison-and-community>> accessed 14 August 2025.
33 Ibid.

Expected extra capacity in Victoria's adult and youth justice correctional facilities

The Government expects the extra funding provided through the *Community Safety Package* to cover an estimated 1,000 additional adult prison beds and 88 additional beds in the youth justice system.³⁴ Most of the additional beds in the adult prison system will be provided at the new Western Plains facility based at Lara, which became operational in July 2025.³⁵ The Committee was advised by Corrections Victoria officials that they expect to 'ramp up to the 665 beds over a four- or five-month period', and following this, 'turn on the other remaining two communities to get to the 312 ... by the end of this calendar year'.³⁶

In terms of the youth justice system, 88 additional beds are expected to become operational at the Parkville and Cherry Creek facilities.³⁷ At the time of the hearings, the Committee was advised there were currently 154 young people in these two facilities, with the daily average over the previous 12 months increasing from 93 to 124.³⁸ Further to this, 93 of the 154 young people (or 60.4%) in the facilities were on remand.³⁹

In the 2023–24 and 2024–25 Budget Estimates hearings, the Minister for Corrections and Youth Justice advised the Committee of declining populations across both the adult correctional and youth justice facilities in Victoria.⁴⁰ In 2023–24, the Minister advised this was partly due to falling levels of crimes committed over the pandemic, but also due to improvements in recidivism and diversion rates 'in line with the government's increasing investment in rehabilitation, early intervention and diversion programs'.⁴¹ In the 2024–25 Budget Estimates Youth Justice portfolio hearing, the Committee was advised about support programs and initiatives to prevent young people entering the justice system.⁴²

In 2023–24, the Minister advised that although prison population rates were declining, prison capacity expansion projects being undertaken at Barwon Prison, Middleton Prison, Hopkins Correctional Centre, the Metropolitan Remand Centre and Marngoneet Correctional Centre, in addition to building the new Western Plains correctional

³⁴ Hon Jacinta Allan MP, Premier, *Tough New Bail Laws Demand More Prison Beds*, media release.

³⁵ Hon Enver Erdogan MLC, Minister for Corrections, *Western Plains Correctional Centre Ready for Prisoners*, media release, 26 June 2025.

³⁶ Ms Larissa Strong, Commissioner, Corrections Victoria, 2025–26 Budget Estimates hearing, Corrections, Melbourne, 5 June 2025, *Transcript of evidence*, p. 3.

³⁷ Hon Jacinta Allan MP, Premier, *Tough New Bail Laws Demand More Prison Beds*, media release.

³⁸ Ms Andrea Davidson, Commissioner, Youth Justice, Department of Justice and Community Safety, 2025–26 Budget Estimates hearing, Youth Justice, Melbourne, 5 June 2025, *Transcript of evidence*, p. 4; Hon Enver Erdogan MLC, Minister for Youth Justice, Department of Justice and Community Safety, 2025–26 Budget Estimates hearing, Youth Justice, Melbourne, 5 June 2025, *Transcript of evidence*, p. 4.

³⁹ Ms Andrea Davidson, Commissioner, Youth Justice, Department of Justice and Community Safety, *Transcript of evidence*, p. 4.

⁴⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, p. 78; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, pp. 78–81.

⁴¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, p. 78.

⁴² Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, pp. 77–78.

facility, would mean that the correctional system had the ability to scale up or down depending on demand.⁴³

In response to a question from the Committee at this year's hearings regarding the capacity of Victoria's prison system to cope with the expected influx of population, the Minister advised that 'the men's system definitely [has] the physical capacity to manage the population'.⁴⁴ In 2023–24, Victoria's prison capacity utilisation rate was one of the lowest of Australian jurisdictions.⁴⁵

FINDING 33: It is anticipated that the expected increase in the prison population due to Victorian bail law changes will be met due to recently completed prison capacity expansion projects, as well as the new Western Plains correctional facility, and Victoria's existing low prison capacity utilisation rate.

Impact of prisoner population increases on correctional staff

In addition to the extra prison beds, the *Community Safety Package* initiative will also fund 320 new roles in the youth justice system and 400 additional corrections staff in adult prisons to meet the expected increase in demand.⁴⁶ A new recruitment campaign will also take place, including sign-on bonuses of \$8,000 for new staff across the Victorian adult prison system.⁴⁷

Reflecting the possibility of additional pressure placed on correctional staff due to the growing prisoner population, the Government also announced amendments to the *Corrections Act 1986* (Vic) to increase penalties for prisoners who commit assaults on staff in May 2025.⁴⁸

Incentives for new correctional workers was discussed at the hearings, with the Minister advising the Committee about sign-on bonuses, noting 'It is not that you just get \$8,000 from day one. We give the first half in the first six months. You complete 12 months, and you get the total amount'.⁴⁹ The Minister advised the Committee that 'those bonuses will play a big role. We have had an increase in applications. I get that report from the department regularly, and so definitely with increased marketing, an increased sign-on bonus and increased interest in community safety, I think we are seeing an increase in applications. And that is a good outcome'.⁵⁰

⁴³ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, p. 79.

⁴⁴ Hon Enver Erdogan MLC, Minister for Corrections, 2025–26 Budget Estimates hearing, Corrections, Melbourne, 5 June 2025, *Transcript of evidence*, p. 8.

⁴⁵ Productivity Commission, *Report on Government Services 2025–Corrective Services: Prison capacity utilisation*, 4 February 2025, <<https://www.pc.gov.au/ongoing/report-on-government-services/2025/justice/corrective-services>> accessed 14 August 2025.

⁴⁶ Hon Jacinta Allan MP, Premier, *Tough New Bail Laws Demand More Prison Beds*, media release.

⁴⁷ Ibid.

⁴⁸ Ibid.; *Corrections Act 1986* (Vic).

⁴⁹ Hon Enver Erdogan MLC, Minister for Corrections, *Transcript of evidence*, p. 10.

⁵⁰ Ibid.

The sign-on bonus addresses difficulties the corrections system has had in the past relating to the recruitment and high attrition of staff.⁵¹ At the hearings, the Committee was advised that the current attrition rate for custodial staff of 8% ‘is actually probably about what we normally do have across the prison system. Most years it is actually 10 per cent, but this year it is 8 per cent’.⁵²

Corrections Victoria released the *Prison Workforce Strategy* in October 2024 to guide improvements in the working environment, career pathways, safety and recruitment of Victoria’s prison officers.⁵³ The *Strategy* noted recent success in targeted marketing strategies and rolling recruitment campaigns leading to 92% of recruitment targets being filled in 2023–24, compared to just 54% in 2022–23.⁵⁴

The *Prison Workforce Strategy* outlines a thorough agenda for improvements to enhance Victoria’s prison workforce and its capacity.⁵⁵ It also contains an implementation schedule for a list of action items to be undertaken within two years.⁵⁶ The Committee notes the strategy and list of action items were published prior to the announcement of changes to Victoria’s bail laws in March 2025, before the prison population’s expected increase and the planned increase to Victoria’s corrections officer staff numbers.

FINDING 34: The Department of Justice and Community Safety does not currently have performance measures relating to correctional staff retention, safety or workplace satisfaction.

RECOMMENDATION 11: The Department of Justice and Community Safety review its prison workforce strategy in light of the expected increase of Victoria’s prison population and following this, increases to Victoria’s correctional officer staffing levels.

RECOMMENDATION 12: The Department of Justice and Community Safety develop a set of performance measures relating to correctional staff retention, workplace safety and/or workplace satisfaction.

51 Corrections Victoria, *Prison Workforce Strategy 2024–2034: Safer Prisons, Safer People, Safer Communities*, Melbourne, 2024, p. 8.

52 Ms Larissa Strong, Commissioner, Corrections Victoria, *Transcript of evidence*, p. 12.

53 Corrections Victoria, *Prison Workforce Strategy 2024–2034*, pp. 10–12.

54 Ibid., p. 29.

55 Ibid., pp. 8–13, 24–59.

56 Ibid., pp. 60–65.

5.5 Victims portfolio: key issue

The Minister for Victims is responsible for one output: Advocacy, Human Rights and Victim Support (funding in 2025–26: \$196.2 million).⁵⁷

5.5.1 Victims of Crime financial assistance scheme

This year's Budget contains \$284.2 million for the *Victims of Crime Financial Assistance Scheme (FAS) continued operations* initiative.⁵⁸ This follows \$71.9 million the FAS received in the *Operationalising a new financial assistance scheme for victims of crime* initiative in the 2024–25 Budget.⁵⁹

The FAS replaces the Victims of Crime Assistance Tribunal (VoCAT), reflecting reforms to the victims of crime service system announced in the 2022–23 Budget, following recommendations made by the Victorian Law Reform Commission in 2018.⁶⁰ At the hearings, the Minister advised this will see Victoria 'transitioning from a more adversarial, court-based VoCAT system to the FAS, which has always of course been a victim-built system, if you like – a victim-centred system'.⁶¹ The FAS has been in operation since 18 November 2024.⁶²

Key features of the FAS that improve upon the previous VoCAT scheme include:

- The amount of compensation available has increased.⁶³
- Victims are allowed longer timeframes to apply for compensation. Adult victims of sexual or family violence offences now have up to 10 years after the last violent act, while victims of other offences have three years. Victims of child or family abuse that occurred when they were under 18 have an unlimited timeframe in which to apply for compensation.⁶⁴
- The application process is easier and more user-friendly. Individuals can apply themselves through the new portal, or have it submitted by someone on their behalf.⁶⁵ This only needs to be someone the victim has a personal or professional

⁵⁷ The Advocacy, Human Rights and Victim Support portfolio is shared with the Attorney-General. Source: Department of Justice and Community Safety, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 126; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 165.

⁵⁸ *Ibid.*, pp. 70–71.

⁵⁹ *Ibid.*, pp. 66–67.

⁶⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, pp. 84–85.

⁶¹ Hon Anthony Carbines MP, Minister for Victims, 2025–26 Budget Estimates hearing, Victims, Melbourne, 5 June 2025, *Transcript of evidence*, p. 7.

⁶² *Ibid.*, p. 4.

⁶³ Victorian Government, *Victims of Crime Financial Assistance Scheme: Financial Assistance Scheme Guidelines*, Melbourne, 2025, p. 18; Victoria Legal Aid, *New Financial Assistance Scheme for Victims of Crime*, 20 November 2024, <<https://www.legalaid.vic.gov.au/new-financial-assistance-scheme-victims-crime>> accessed 25 August 2025.

⁶⁴ Victorian Government, *Victims of Crime Financial Assistance Scheme*, p. 15; Victoria Legal Aid, *New Financial Assistance Scheme for Victims of Crime*.

⁶⁵ Hon Anthony Carbines MP, Minister for Victims, 2025–26 Budget Estimates hearings presentation: Victims, supplementary evidence received 5 June 2025, p. 6.

relationship with, as opposed to a legal practitioner, which was the case under the previous VoCAT system.⁶⁶

- The set of definitions has been updated and expanded, including the definition of primary victims to cover children exposed to an act of violence and expanding the types of relationships covered under the term ‘family relationships’.⁶⁷ The FAS also expands the definition of relevant differences, including a greater range of sexual-related offences, such as image-based sexual offences.⁶⁸

The FAS can fund and connect victims to counselling and referral services for extra support.⁶⁹ There is also specialist support for Indigenous victims, including a dedicated phone line and specialist staff trained on best practices for working alongside Aboriginal and Torres Strait Islander communities.⁷⁰

Successful applicants to the scheme can also receive an acknowledgement on behalf of the State of the effect the act of violence may have had on the victim and can request a recognition meeting held to acknowledge these effects, expressing the State’s condolences.⁷¹

FINDING 35: The Victims of Crime Financial Assistance Scheme was introduced in November 2024. It improves upon the previous system by being less adversarial and more user-friendly. It has also increased the amount of compensation available for crime victims and extended the compensation application timeframes.

Performance measures introduced for 2025–26 are quantity and quality measures of the Scheme’s impact. They are:

- the number of applications lodged with the Victims of Crime Financial Assistance Scheme (target: 20,000)
- the proportion of applicants that are satisfied with the Victims of Crime Financial Assistance Scheme service and agree that their recovery needs are met (target: 60%).⁷²

In relation to compensation payments, the Committee was advised that while the DJCS’s aim for FAS payments to eligible applicants was the department-wide target of 30 days, at the time of the hearing there was an 1,800 invoice backlog.⁷³

⁶⁶ Hon Anthony Carbines MP, Minister for Victims, *Transcript of evidence*, p. 2.

⁶⁷ Victorian Government, *Victims of Crime Financial Assistance Scheme*, pp. 30–31; Victoria Legal Aid, *New Financial Assistance Scheme for Victims of Crime*; Hon Anthony Carbines MP, Minister for Victims, *2025–26 Budget Estimates hearings presentation*, p. 6.

⁶⁸ Victorian Government, *Victims of Crime Financial Assistance Scheme: Financial Assistance Scheme Guidelines*, p. 36; Hon Anthony Carbines MP, Minister for Victims, *2025–26 Budget Estimates hearings presentation*, p. 7.

⁶⁹ *Ibid.*, pp. 6–7.

⁷⁰ *Ibid.*, p. 7.

⁷¹ Victorian Government, *Victims of Crime Financial Assistance Scheme*, p. 114.

⁷² Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, pp. 114–115.

⁷³ Ms Marnie Williams, Chief Executive Officer, Victims of Crime Financial Assistance Scheme, 2025–26 Budget Estimates hearing, Victims, Melbourne, 5 June 2025, *Transcript of evidence*, p. 4.

Given the importance of a victim-centred system and making the compensation scheme more user friendly, less bureaucratic and less time consuming, the Committee recommends the department introduce a timeliness performance measure in relation to payments made to victims under the FAS, to address the backlog and to also recognise the need for a streamlined and timely compensation recognition process.

FINDING 36: At the time of the hearings the Victims of Crime Financial Assistance Scheme was experiencing an 1,800 invoice backlog.

RECOMMENDATION 13: The Department of Justice and Community Safety introduce a timeliness performance measure in the 2026–27 Budget for Victims of Crime Financial Assistance Scheme payments made within 30 days, to bring payments made under the scheme in line with the departmental payment target.

5.6 Performance measures

5.6.1 Department-wide: analysis of new performance measures

DJCS added 18 new performance measures in the 2025–26 Budget, eight of which replace discontinued measures.⁷⁴ The Committee did not identify any issues with the new measures.

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

DJCS identified 21 performance measures for discontinuation in the 2025–26 Budget.⁷⁵

The Committee supports DJCS's rationale for the discontinuation of 20 measures. Table 5.1 summarises the issues that the Committee identified with the remaining performance measure proposed to be discontinued by relevant output.

⁷⁴ Department of Justice and Community Safety, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 154–165.

⁷⁵ Department of Treasury and Finance, *2025–26 Department Performance Statement*, pp. 191–194.

Table 5.1 Issues with performance measures proposed to be discontinued in 2025–26

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Liquor, Tobacco, Gambling and Casino Regulation	Calls to liquor regulator client services answered within 60 seconds	This performance measure is proposed to be discontinued in 2025–26 as Liquor Control Victoria (LCV) is focused on ‘enhancing service delivery through improved processing times, new digital application forms, and website improvements that make it easier for licensees to find the information they need and self-serve’. The Committee recognises that LCV clients can receive information across various online formats, such as digital forms and the LCV website, in addition to telephone calls. However, the Committee recommends retaining this timeliness performance measure while a replacement measure covering the various forms of LCV’s service delivery, including online services, is developed and implemented.

Source: Department of Treasury and Finance, 2025–26 *Department Performance Statement*, Melbourne, 2025, p. 194.

RECOMMENDATION 14: The Department of Justice and Community Safety maintain the performance measure proposed to be discontinued relating to the liquor regulator’s client services delivery until a suitable replacement measure is developed.

Chapter 6

Department of Transport and Planning

6.1 Overview

The Department of Transport and Planning (DTP) plans, builds and operates Victoria's transport network, manages the land, planning building and heritage systems and oversees the delivery of major transport infrastructure.¹

In 2025–26, DTP supports eight portfolios: Transport Infrastructure, Public and Active Transport, Planning, Suburban Rail Loop, Development Victoria and Precincts, Housing and Building, Roads and Road Safety and Ports and Freight.²

In 2025–26, DTP's objectives are:

- reliable and people-focused transport services
- safe and well-regulated transport services
- a safe and quality-built environment
- effective management of Victoria's land assets
- build prosperous and connected communities.³

This chapter examines the budget initiatives and key issues relevant to the Transport Infrastructure, Public and Active Transport, and Suburban Rail Loop portfolios that were identified during the Budget Estimates hearings.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 174.

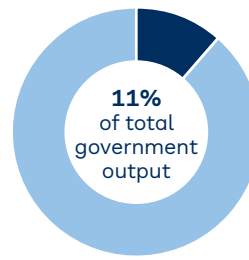
² Ibid.

³ Ibid., pp. 174–176.

Department of Transport and Planning

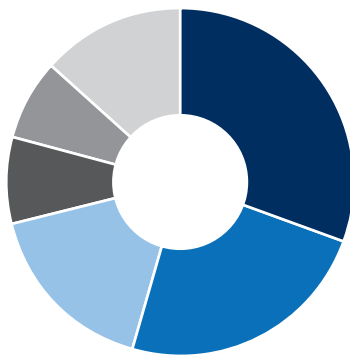
Total output funding

2025–26 Budget	\$9.6b
2024–25 revised Budget	\$9.8b
2024–25 Budget	\$8.8b



4th largest budget of all departments

Funding by output, 2025–26



- Train Services **\$2.9b**
- Road Operations **\$2.3b**
- Bus Services **\$1.6b**
- Tram Services **\$775.7m**
- Road Asset Management **\$723.5m**
- Other* **\$1.3b**

* Includes 8 outputs with budgets <\$700m.



Infrastructure program, 2025–26 (\$49.2b)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



\$713.4m
Switching on the Metro Tunnel

\$318.2m
Free public transport for kids

\$489.6m
COVID-19 impacts on the transport network

\$157.5m
Road maintenance



22 new output initiatives totalling \$2.3b from 2024–25 to 2028–29

New infrastructure projects with highest total investment, 2024–25 to 2028–29



\$4.1b
Sunshine Station Superhub

\$250m
Werribee Main Road Interchange Upgrade

\$1.2b
Road Blitz

\$239m
Road Safety Action Plan 2



16 new infrastructure projects

6.2 Financial analysis

DTP's output appropriations are budgeted as \$6.3 billion for 2025–26, a decrease of \$237 million (4%) when compared to the 2024–25 revised estimate 'primarily due to the timing of funding releases from DTF [Department of Treasury and Finance] central contingency for various Big Build projects, including the Level Crossing Removal Program and the Suburban Rail Loop'.⁴

Revenue from 'Sales of goods and services' is budgeted as \$791 million, which is a \$108 million (16%) increase compared to the 2024–25 revised Budget. This variation is due to increased farebox revenues, including a changed revenue share arrangement as part of the new tram franchise agreement.⁵

DTP's employee expenses are budgeted as \$714 million in 2025–26, which is a \$208 million (23%) reduction compared to the 2024–25 revised Budget. DTP attributed this variation to 'the timing of releases of operating funding relating to the capital program and once-off lump sum payments made in 2024–25 as part of the new VPS [Victorian Public Service] enterprise agreement'.⁶

DTP forecasts an operating deficit of \$347 million in 2025–26, compared to an operating deficit of \$85 million in 2024–25, attributed to 'the timing of assets received free of charge'.⁷ The department's net assets position is expected to decrease by \$14.2 billion in 2025–26 due to the transfer of the completed Metro Tunnel rail assets to the Victorian Rail Track Corporation (VicTrack).⁸

6.3 Capital spend

This section includes discussion of public non-financial corporation entity VicTrack's capital program. This is because many of the Government's major transport infrastructure projects are budgeted under VicTrack, which owns Victoria's rail assets, including land, buildings and infrastructure.

As discussed in Chapter 2, Section 2.5.2, the Government aims to reduce its infrastructure investment over the forward estimates.⁹ In line with this, DTP and VicTrack have relatively few new capital projects in 2025–26. The biggest new transport infrastructure project is the \$4.1 billion *Sunshine Station Superhub*, which is listed under VicTrack and includes a \$2 billion contribution from the Commonwealth Government.¹⁰ The project is intended to 'untangle a complex section of the rail network around Sunshine Station'

⁴ Department of Transport and Planning, *Response to the 2025–26 Budget Estimates Questionnaire*, received 5 June 2025, p. 32.

⁵ Ibid.

⁶ Ibid., p. 33.

⁷ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 131.

⁸ Ibid.

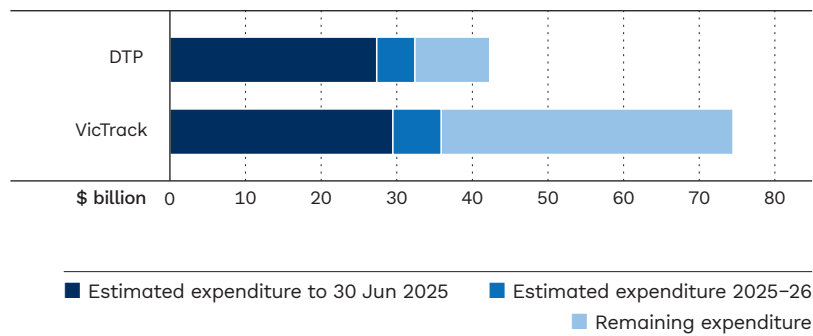
⁹ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26 Strategy and Outlook*, Melbourne, 2025, p. 43.

¹⁰ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, p. 164.

and includes two new dedicated regional platforms, an extended concourse, three new rail bridges, new tracks and signalling technology and passenger and freight rail realignment. This will enable more trains to travel through Sunshine Station, facilitate Melbourne Airport Rail and increase train services to Melton and Wyndham Vale.¹¹

Despite the expected decline in infrastructure expenditure, there is still a substantial infrastructure pipeline. According to the Budget Papers, DTP's new and existing capital projects have a total estimated investment (TEI) of \$49 billion, with \$9.9 billion remaining expenditure after 2025–26. DTP's capital investment represents 63.8% of all general government sector capital TEI. In addition, VicTrack's new and existing capital projects have a TEI of \$74.5 billion, with \$38.6 billion left to spend after 2025–26. This does not include projects with a TEI listed as 'to be confirmed' (tbc), such as the *Suburban Rail Loop East–Main Works* packages, which the Government expects to cost between \$30 billion and \$34.5 billion.¹²

Figure 6.1 The Department of Transport and Planning and VicTrack have \$48 billion left to spend on new and existing capital projects



Note: This does not include projects listed as 'tbc'.

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, pp. 32, 36.

FINDING 37: The Department of Transport and Planning and VicTrack have a total estimated investment of \$123 billion on new and existing capital projects, with \$48 billion remaining expenditure after 2025–26, excluding the Suburban Rail Loop East–Main Works project or other projects listed as 'to be confirmed' (tbc).

As Table 6.1 shows, since the 2024–25 Budget, 23 DTP projects (36.5%) had a changed TEI with a net increase of \$759 million (1.7%). Twenty-four VicTrack projects (53.3%) had a changed TEI, with a net increase of \$1.1 billion (3.6%). Common reasons for a changed TEI include scope changes, contract renegotiations and reclassification of expenses based on accounting requirements (from operating expenditure to capital expenditure, or vice-versa).¹³

¹¹ Ibid., p. 12.

¹² Ibid., pp. 28–36.

¹³ Department of Transport and Planning, *Response to the 2025–26 Budgets Estimates Questionnaire*, pp. 76–126; Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, pp. 76–81, 164–168.

Table 6.1 The total estimated investment in existing Department of Transport and Planning and VicTrack capital projects increased by \$1.9 billion compared to 2024–25

Entity	Number of existing capital projects	Projects with changed TEI	Net change in TEI (\$ million)
Department of Transport	63	23	758.6
VicTrack	45	24	1,127.7
Total	108	47	1,886.3

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, pp. 79–84, 185–188; Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, pp. 76–81, 164–168.

FINDING 38: In 2025–26, the total estimated investment in existing Department of Transport and Planning and VicTrack capital projects increased by \$1.9 billion compared to 2024–25.

The biggest TEI change for DTP's projects was *Suburban Roads Upgrade–Northern Roads Upgrade and South Eastern Roads Upgrade* which increased by \$795.5 million (31.5%) to \$3.3 billion 'due to the addition of the *Yan Yean Road Upgrade–Stage 2* initiative, as well as market escalation and utility relocation costs'.¹⁴ For VicTrack, the biggest TEI increase was an additional \$837.9 (6.6%) million for the *Metro Tunnel*, bringing the TEI to \$13.5 billion.¹⁵ This is discussed further below in Section 6.4.1. *Regional Rail Revival–Gippsland Line Upgrade Stage 1* increased by \$309.5 million (55%) 'due to market escalation and complex signalling implementation', while the *Metropolitan rail infrastructure renewal program* decreased by \$366.7 million (38.9%) because this is a 'rolling program of works' and the TEI varies each year.¹⁶

DTP projects that were not previously published in the budget papers

Nine of the projects DTP listed as existing projects had not appeared in prior budget papers. These projects have a combined TEI of \$494.6 million. In response to the Committee's enquiry about this, the department advised that:

Periodic review of the capital program and capital reporting identified existing projects in their planning and delivery phase that should be reported in BP4. These projects were likely omitted from BP4 reporting previously as they were either fully or majority commonwealth funded projects. They have now been included and the State will continue to review and ensure similar projects are reported in its budget paper publications going forward.¹⁷

¹⁴ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 81.

¹⁵ Ibid., p. 165.

¹⁶ Ibid., pp. 166–167.

¹⁷ Department of Transport and Planning, correspondence, 20 June 2025.

Table 6.2 shows the relevant projects, their TEIs and the share of Commonwealth Government funding.

Table 6.2 Nine existing projects were not listed in prior budgets

Project	TEI (\$'000)	Commonwealth Government contribution	
		(\$'000)	(%)
Ballarat West Employment Zone Freight Hub (Ballarat)	55,000	27,750	50
Camerons Lane Interchange development (Beveridge)	30,000	30,000	100
Mallacoota–Genoa Road Upgrade (East Gippsland)	10,000	10,000	100
Princes Highway Corridor (regional various)	155,813	145,328	93
Roads of Strategic Importance–Green Triangle (Glenelg)	25,772	24,066	93
Roads of Strategic Importance – Calder Highway (regional various)	22,674	22,674	100
Roads of Strategic Importance – Western Highway – Stawell to SA Border (regional various)	25,681	23,222	90
Strengthening Our Dairy Supply Chain (statewide)	17,500	17,500	100
Urban Congestion Fund (Statewide)	152,182	152,182	100

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, pp. 76–81.

The Committee welcomes DTP's commitment to ensuring it consistently reports on similar Commonwealth-funded projects through the budget papers. The footnotes for each of these projects state how much of the project TEI is funded by the Commonwealth Government.¹⁸ Disaggregating the proportion of each department's capital project TEI that is Commonwealth-funded would provide greater transparency about the source of funds for the Government's capital projects.

FINDING 39: Nine Department of Transport and Planning capital projects listed as existing projects in the 2025–26 Budget did not appear in prior budgets because they were wholly or majority funded by the Commonwealth Government.

RECOMMENDATION 15: In future budget papers, the Department of Treasury and Finance report the proportion of each department or entity's total estimated investment in capital projects that is funded by the Commonwealth Government.

¹⁸ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, pp. 76–81.

6.4 Transport Infrastructure portfolio: key issues

The Minister for Transport Infrastructure is responsible for one output: Transport Infrastructure (funding in 2025–26: \$347.3 million).¹⁹

6.4.1 Operationalising the Metro Tunnel

The Government plans to begin operating the Metro Tunnel in late 2025. Once operational, the Cranbourne, Pakenham and Sunbury metropolitan train lines will run through the tunnel, freeing up capacity on the city loop.²⁰ In the hearings, the Minister advised the Committee that the 2025–26 Budget includes funding over five years to deliver turn-up-and-go services along these lines, as well as more frequent services on the rest of the metropolitan network due to the extra capacity in the city loop.²¹ The Minister told the Committee that all five new stations will be taking passengers when the tunnel opens.²²

Capital costs

In the 2025–26 Budget, the Metro Tunnel's TEI increased by \$837.9 million (6.6%) to \$13.5 billion. The Budget Papers state that this was 'due to the additional payment of \$745 million agreed between the State and Cross Yarra Partnership under the 2024 settlement agreement' as well as reprioritised savings from other projects.²³

The Committee asked the Minister about these additional costs during the hearings.²⁴ The Minister advised that the contractor, Cross Yarra Partnership, will contribute 'a commensurate amount'. The Minister advised that the amount that the Cross Yarra Partnership must pay may differ depending on whether the contractor meets certain milestones, but explained that if there are any delays against these, the State will pay less.²⁵

The Budget also includes \$148 million in funding over 2025–26 for the *Metro Tunnel Readiness 2023–24 and 2024–25* asset initiative, which has a TEI of \$400.6 million.²⁶

FINDING 40: Due to contract amendments in 2024, the Government committed an additional \$745 million to the Metro Tunnel project, with the contractor required to pay a 'commensurate amount', depending on whether the contractor meets its milestones.

¹⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 177; Department of Transport and Planning, *Response to the 2025–26 Budgets Estimates Questionnaire*, p. 140.

²⁰ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 5.

²¹ Hon Gabrielle Williams MP, Minister for Transport Infrastructure, 2025–26 Budget Estimates hearing, Transport Infrastructure, Melbourne, 5 June 2025, *Transcript of evidence*, p. 2.

²² *Ibid.*, p. 6.

²³ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 165.

²⁴ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Transport Infrastructure, Melbourne, 5 June 2025, *Transcript of evidence*, p. 4.

²⁵ Hon Gabrielle Williams MP, Minister for Transport Infrastructure, *Transcript of evidence*, p. 4.

²⁶ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 166.

Operational costs

The 2025–26 Budget includes \$713.4 million in output funding across the forward estimates for *Switching on the Metro Tunnel*, including \$128.6 million in 2024–25 and \$157.5 million in 2025–26.²⁷ When the Committee asked how this funding will be used during the hearings, the Minister advised that ‘a significant part of that is towards services’, referring to train operations.²⁸ The Minister also advised that the funding also covered ‘periods of hypercare’, which involves more intensive customer support to help commuters navigate new features such as platform screen doors.²⁹ In the Public and Active Transport portfolio hearing, the Minister further advised that the funding covered a range of work required to prepare the Metro Tunnel for opening, including trial operations, installing wayfinding and customer information, testing equipment and systems, and performing mass evacuation exercises.³⁰

The Minister advised that the funding for *Switching on the Metro Tunnel* is separate to the \$13.5 billion in capital costs for the construction of the Metro Tunnel, discussed above.³¹

The initiative *More trains, more often* also provides \$98.7 million across the forward estimates for additional metropolitan train services after the Metro Tunnel opens, as well as extra regional train services.³²

FINDING 41: The Government expects the Metro Tunnel to begin operating in 2025, with all five new stations taking passengers. The 2025–26 Budget includes \$713.4 million for train services through the tunnel, trial operations and commuter support. This is separate to the total estimated investment of \$13.5 billion to construct the tunnel.

6.5 Public and Active Transport portfolio: key issues

The Minister for Public and Active Transport is responsible for five outputs: Bus Services (funding in 2025–26: \$1.6 billion), Train Services (funding in 2025–26: \$2.9 billion), Tram Services (funding in 2025–26: \$775.7 million), Regulation of Commercial Passenger Vehicle Services (funding in 2025–26: \$117.1 million), and Transport Safety and Security (funding in 2025–26: \$27.7 million).³³

²⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 83.

²⁸ Hon Gabrielle Williams MP, Minister for Transport Infrastructure, *Transcript of evidence*, p. 6.

²⁹ Ibid.

³⁰ Hon Gabrielle Williams MP, Minister for Public and Active Transport, 2025–26 Budget Estimates hearing, Public and Active Transport, Melbourne, 5 June 2025, *Transcript of evidence*, p. 14.

³¹ Hon Gabrielle Williams MP, Minister for Transport Infrastructure, *Transcript of evidence*, p. 13.

³² Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 83.

³³ Ibid., pp. 179–180; Department of Transport and Planning, *Response to the 2025–26 Budgets Estimates Questionnaire*, pp. 135–139.

6.5.1 Free public transport initiatives

As noted in Chapter 2, two of the Government's key cost-of-living initiatives in the 2025–26 Budget are *Free public transport for kids* and *Free weekend public transport for seniors*.³⁴

The *Free public transport for kids* initiative will cost \$318 million over the forward estimates, providing free public transport for every person under 18, from 1 January 2026.³⁵ The initiative will save families up to \$755 a year per child, based on the cost of an annual student pass. The saving may be higher for children who do not have an annual pass but regularly use public transport.³⁶ The Minister advised the Committee that there will be a dedicated Youth Myki card for children which will cost \$5, covering the cost of printing the card.³⁷ The Minister advised that the initiative is intended to ensure 'younger generations are fluent in public transport use and more likely to continue that into adulthood'.³⁸ The Committee asked if children will be fined for travelling without a Youth Myki.³⁹ The Minister advised that the Government will take an 'educational approach to enforcement', encouraging children to 'have their cards and to use them' to enable monitoring of patronage patterns.⁴⁰

The *Free weekend public transport for seniors* initiative is expected to cost \$2.2 million over the forward estimates.⁴¹ It expands on existing benefits allowing free weekend travel in two consecutive zones, to allow Victorian Seniors Card holders to travel for free on weekends state-wide.⁴²

FINDING 42: The 2025–26 Budget includes \$320.2 million in funding over the forward estimates for free public transport for children and free weekend public transport travel for seniors on weekends.

6.5.2 Ticketless travel

The *Public Transport Ticketing Asset Renewal (statewide)* project will upgrade Victoria's public transport ticketing system, allowing passengers to 'tap and go' using a credit or debit card or smart device to pay for fares.⁴³ Budget Paper No. 4 shows that the TEI has increased by \$136.7 million (25.1%) to \$680.4 million 'due to a program reset'.

³⁴ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 8.

³⁵ Hon Gabrielle Williams MP, Minister for Public and Active Transport, *Transcript of evidence*, p. 2.

³⁶ Ibid., p. 6.

³⁷ Ibid., p. 7.

³⁸ Ibid., p. 2.

³⁹ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Public and Active Transport, Melbourne, 5 June 2025, *Transcript of evidence*, p. 15.

⁴⁰ Hon Gabrielle Williams MP, Minister for Public and Active Transport, p. 15.

⁴¹ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 8.

⁴² Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 83–84.

⁴³ Public Transport Victoria, *myki is getting an upgrade*, n.d., <<https://www.ptv.vic.gov.au/tickets/myki-upgrade>> accessed 30 July 2025.

The footnote also states that ‘The estimated completion date has been revised to quarter 2 2028–29 due to a program reset and the finalisation of design requirements with delivery partners’.⁴⁴ In the 2024–25 Budget, the estimated completion date was quarter 4, 2026–27, therefore this is a delay of 18 months.⁴⁵

In response to the Committee’s questions, the Minister advised that the project has not been delayed and that there had been no change to the schedule for commencement of the rollout.⁴⁶ The Secretary stated that the initial rollout is still scheduled for 2026, as planned when the contract was originally signed.⁴⁷ The Minister told the Committee that the rollout ‘will start on our train network and then gradually roll out to the remainder of the network from there’.⁴⁸ The Committee notes that while the commencement date remains the same, the Minister’s comments do not align with the change to the project completion date in the Budget Papers. The Minister advised that the Government will provide updates on the timeline to expand the system to tram and bus services once it has ensured that the technology is working as expected.⁴⁹

The Committee asked about the implications of the phased rollout for customers that move between different modes of public transport.⁵⁰ The Secretary advised that DTP is ‘working on what the phasing of the rollout will be next year’ and that ‘there are a number of options open to us at this point in time’.⁵¹

FINDING 43: The Department of Transport and Planning is upgrading Victoria’s ticketing system to enable ticketless travel and initial roll-out to metropolitan trains is planned for early 2026. Due to a program reset, the total estimated investment in the project has increased by \$136.7 million (25.1%), and the estimated completion date has been delayed by 18 months.

6.6 Suburban Rail Loop portfolio: key issues

The Minister for the Suburban Rail Loop is responsible for one output: Transport Infrastructure (funding for 2025–26: \$347.3 million).⁵²

⁴⁴ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 167.

⁴⁵ Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, p. 186.

⁴⁶ Hon Gabrielle Williams MP, Minister for Public and Active Transport, *Transcript of evidence*, p. 8.

⁴⁷ Mr Jeroen Weimar, Secretary, Department of Transport and Planning, Public and Active Transport, 2025–26 Budget Estimates hearing, Public and Active Transport, Melbourne, 5 June 2025, *Transcript of evidence*, p. 8.

⁴⁸ Hon Gabrielle Williams MP, Minister for Public and Active Transport, *Transcript of evidence*, p. 8.

⁴⁹ *Ibid.*, pp. 8–9.

⁵⁰ Public Accounts and Estimates Committee, Public and Active Transport, *Transcript of evidence*, p. 10.

⁵¹ Mr Jeroen Weimar, Secretary, Department of Transport and Planning, *Transcript of evidence*, p. 10.

⁵² Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 183; Department of Transport and Planning, Response to the 2025–26 Budgets Estimates Questionnaire, p. 147.

Budget Paper No. 4 states that ‘Planning, development and construction works for the Suburban Rail Loop are progressing’.⁵³ The Government has signed several contracts for planning and construction of Suburban Rail Loop (SRL) East, as shown in Table 6.3.

Table 6.3 Contracts awarded to June 2025 on the Suburban Rail Loop total \$6 billion

Contract	Contractor	Value (\$ million ex GST)
Initial and early works	Laing O’Rourke Australia Construction Pty Ltd	967
Power works	United Energy Group Pty Ltd	33
Tunnels South–Cheltenham to Glen Waverley	Suburban Connect	3,610
Tunnels North–Glen Waverley to Box Hill	Terra Verde	1,710
Total		6,320

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025, pp. 19, 168.

Budget Paper No. 4 states that the Suburban Rail Loop Authority (SRLA) expects to award the contract for the SRL East ‘Linewide package to deliver, operate and maintain trains and systems’ in 2025.⁵⁴

FINDING 44: The Government has signed contracts worth \$6.3 billion towards construction of the Suburban Rail Loop East.

6.6.1 Infrastructure Australia evaluation of the project’s business and investment case

The Government estimates that the SRL East will cost between \$30 billion and \$34.5 billion.⁵⁵ It has requested that the Commonwealth Government fund a third (\$11.5 billion) of the project cost.⁵⁶ Projects seeking more than \$250 million in Commonwealth funding must be evaluated by Infrastructure Australia (IA), an independent statutory advisory body.⁵⁷ On 31 January 2025, IA completed its *Business Case Evaluation Report* for SRL East project. In the report, IA recommended that the Commonwealth allocate \$2.2 billion to ‘tangible elements’ of the project’s scope such as land acquisition and road upgrades.⁵⁸ IA’s evaluation found that:

SRL East presents a significant opportunity to directly improve quality of life for residents in the middle and outer suburbs of Melbourne’s east by increasing the

⁵³ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 17.

⁵⁴ Ibid., p. 168.

⁵⁵ Ibid.

⁵⁶ Infrastructure Australia, *Business Case Evaluation Report: Suburban Rail Loop East*, Sydney, 2025, p. 1.

⁵⁷ Infrastructure Australia, *What we do*, n.d., <<https://www.infrastructureaustralia.gov.au/what-we-do>> accessed 19 August 2025.

⁵⁸ Infrastructure Australia, *Business Case Evaluation Report: Suburban Rail Loop East*, p. 1.

transport choice, connecting major employment, health, education and retail areas, and facilitating new housing.⁵⁹

IA considered the results of the project's economic appraisal contained in the business investment case to be overstated and it had 'low confidence in the cost estimate for SRL East, presenting a major risk to the SRL East project, and the SRL Program as a whole'.⁶⁰ IA recommended that before the Commonwealth Government commits further funding to the project, it should receive and approve:

- an updated and detailed cost estimate for SRL East and supporting station precinct interventions
- a comprehensive funding and financing strategy with supporting quantitative analysis that details how value capture will fund one third of SRL East's cost
- an analysis (including cost-benefit analysis) that demonstrates the benefits of SRL East in terms of social, economic and environmental outcomes and its contributions to the SRL program.⁶¹

The Commonwealth Government Minister for Infrastructure, Transport, Regional Development, and Local Government has indicated that further funding will depend on IA's advice.⁶²

FINDING 45: 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.

FINDING 46: Infrastructure Australia recommended that before the Commonwealth Government commits more funding to the Suburban Rail Loop East project, the Victorian Government provide updated cost estimates, a comprehensive financing strategy detailing how value capture will work and an updated cost-benefit analysis.

At the hearings, the Committee asked if the Government has provided IA with the information addressing the updated costs recommendations.⁶³ The Minister advised the Committee that, 'We continue to provide Infrastructure Australia with information'.⁶⁴

⁵⁹ Ibid., p. 2.

⁶⁰ Ibid.

⁶¹ Ibid., pp. 1–2.

⁶² The Hon Catherine King, Minister for Infrastructure, Transport, Regional Development and Local Government (Federal), *ABC News with Patricia Karvelas*, media release, 12 February 2025, <<https://minister.infrastructure.gov.au/c-king/interview/abc-news-patricia-karvelas>> accessed 15 February 2025.

⁶³ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Suburban Rail Loop, Melbourne, 5 June 2025, *Transcript of evidence*, p. 6.

⁶⁴ Hon Harriet Shing MLC, Minister for the Suburban Rail Loop, 2025–26 Budget Estimates hearing, Suburban Rail Loop, Melbourne, 6 June 2025, *Transcript of evidence*, p. 7.

In its *Report on the 2024–25 Budget Estimates*, the Committee recommended that ‘The Department of Transport and Planning provide copies of any requests for information from and responses to Infrastructure Australia in relation to the Suburban Rail Loop to the Committee since 2022’.⁶⁵ The department did not support this recommendation stating, ‘The information contains commercially sensitive project cost information that, if released, may prejudice the State’s position in the market, and is the subject of ongoing engagement with the Commonwealth’.⁶⁶

During the hearings, the Premier advised:

we simply cannot afford not to build the Suburban Rail Loop. The business and investment case demonstrates that for every dollar invested it returns up to \$1.70.⁶⁷

However, IA and the Victorian Auditor-General’s Office (VAGO) have raised concerns about the business case which shows a benefit-cost ratio of between \$1.00 and \$1.70 for every dollar spent.⁶⁸ These include that the business case does not:

- adequately demonstrate how the benefits are direct consequences of the SRL
- provide comprehensive evidence of the root causes of the problems being addressed or the need for immediate action
- appropriately assess other options, including deferring or delaying the project, or alternate modes of transport and route alignments
- quantify benefits specifically attributable to SRL East (as opposed to the combined benefits with SRL North)
- apply the standard 7% discount rate, instead relying on a reduced 4% discount rate.⁶⁹

IA concluded that, based on the information provided by the Victorian Government, ‘There is insufficient justification to conclude that the project is the most appropriate response to addressing the identified problems underpinning the case for change’.⁷⁰ These identified issues mean that the business case may overstate the economic benefits attributable to SRL East, and may not adequately consider other, more cost-effective ways to address the problems that the project seeks to address. Greater transparency about the information provided to IA would help to give Parliament and the public greater confidence in the rationale for this investment.

⁶⁵ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, p. 92.

⁶⁶ 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. 8.

⁶⁷ Hon Jacinta Allan MP, Premier, 2025–26 Budget Estimates hearing, Premier, Melbourne, 3 June 2025, *Transcript of evidence*, p. 5.

⁶⁸ Infrastructure Australia, *Business Case Evaluation Report: Suburban Rail Loop East*, pp. 2, 4, 8–9; Victorian Auditor-General’s Office, *Quality of Major Transport Infrastructure Project Business Cases*, Melbourne, 2022, pp. 5–7, 18, 32–36.

⁶⁹ The ‘discount rate’ is part of the cost-benefit analysis which is used to estimate future costs and benefits of a project in terms of the present value. Source: Mark Harrison, *Valuing the Future: the social discount rate in cost-benefit analysis*, Melbourne, 2010, p. 2.

⁷⁰ Infrastructure Australia, *Business Case Evaluation Report: Suburban Rail Loop East*, p. 4.

FINDING 47: The Victorian Government is continuing to work with Infrastructure Australia (IA) to secure additional Commonwealth Government funding for the Suburban Rail Loop East. To do so, the Victorian Government needs to address IA's recommendations providing further information.

RECOMMENDATION 16: 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.

RECOMMENDATION 17: The Suburban Rail Loop Authority or Department of Transport and Planning publish an updated cost-benefit analysis of the Suburban Rail Loop East project.

6.6.2 Project costs and funding mechanisms

Project costs

Many elements of the SRL East project costs remains listed as 'tbc' in the budget papers, including the:

- TEI
- estimated expenditure to 30 June 2025
- estimated expenditure 2025–26
- remaining expenditure
- estimated completion date.⁷¹

In its *Report on the 2024–25 Budget Estimates*, the Committee found that the Government still expects the project to be delivered for between \$30 billion and \$34.5 billion, despite construction costs increasing by 22% since 2021.⁷² At the 2025–26 hearings, the Committee again asked about the increase in construction costs.⁷³ The Minister advised that the estimate remains the same despite increased construction costs due to improvements in contract negotiations and the division of the project

⁷¹ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 168.

⁷² Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, p. 90.

⁷³ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Suburban Rail Loop, Melbourne, *Transcript of evidence*, p. 2.

into multiple contracts.⁷⁴ Further, that the use of ‘incentivised target contracts’, which differ from other major projects, will ensure the project delivers ‘on a range of other metrics’.⁷⁵

While the Minister also advised ‘as the reporting shows, we are on time and on budget’, the Committee notes a project of such significant size and cost, constructed over such a long period is likely to face many risks to its delivery.⁷⁶ VAGO has previously found the SRL East early works package was delayed by around nine months and that SRLA was resetting the price with the contractor.⁷⁷ VAGO identified a risk that delays in the early works package ‘could delay the main works package’ and noted that a Government gateway review had recommended SRLA ‘develop clearer contingency options in case the main works are delayed or do not go ahead’.⁷⁸

FINDING 48: The Suburban Rail Loop East–Main Works costs remain ‘tbc’ in the budget papers. The Government still expects the project will cost between \$30 billion and \$34.5 billion, and will be delivered on time and on budget.

6

Value capture mechanisms

The Government plans to raise a third of the project’s cost through value capture mechanisms.⁷⁹ Value capture involves using taxes and levies to ‘recover’ a proportion of the economic benefits on individuals and businesses that will benefit privately from a project.⁸⁰ Budget Paper No. 4 states that value capture mechanisms for SRL East ‘will include harnessing existing tax revenue collected within the precincts, along with additional measures to be progressed for detailed design and implementation’.⁸¹ IA’s evaluation stated:

While we acknowledge the role value capture can play in funding infrastructure, there is insufficient detail in the submission to provide confidence that these mechanisms can provide such a large proportion of the required funding, presenting a major risk to the project.⁸²

⁷⁴ Hon Harriet Shing MLC, *Transcript of evidence*, pp. 2–3.

⁷⁵ Ibid., p. 4. Incentivised target cost contracts are used on major projects where there is significant uncertainty and/or complexity and include provisions for the government and the contractor to share any underspends or overruns against the budget. This redistributes the risk compared to standard fixed-price design and construct contracts and incentivises the contractor to remain within budget. Source: Department of Treasury and Finance, *Incentivised Target Cost Contract Suite – Commercial Principles*, Melbourne, 2023, pp. 3–4.

⁷⁶ Hon Harriet Shing MLC, Minister for the Suburban Rail Loop, *Transcript of evidence*, p. 3.

⁷⁷ Victorian Auditor-General’s Office, *Case study: Suburban Rail Loop East – Early Works*, Melbourne, 2025, p. 5. The early works package involves a range of preparatory works including purchasing land, establishing construction sites, installing power and relocating utilities. The main works package involves the construction of the tunnels, stations and operational technology such as power and communications systems. Source: Victorian Auditor-General’s Office, *Case study: Suburban Rail Loop East – Early Works*, Melbourne, 2025, pp. 3–4.

⁷⁸ Ibid., p. 5.

⁷⁹ Infrastructure Australia, *Business Case Evaluation Report: Suburban Rail Loop East*, p. 4.

⁸⁰ Infrastructure Victoria, *Value Capture – Options, challenges and opportunities for Victoria*, Melbourne, 2016, pp. 14–15.

⁸¹ Department of Treasury and Finance, *Budget Paper No. 4: 2025–26*, p. 19.

⁸² Infrastructure Australia, *Business Case Evaluation Report: Suburban Rail Loop East*, p. 3.

The evaluation also found:

- it is unclear whether engagement with community, local government and industry had informed the value capture mechanisms, and stakeholder buy-in poses a risk to this funding source
- it was unclear from the submission when the value capture funding will be generated, and ‘any value capture revenues required after the project’s delivery may need to substantially exceed \$11.5 billion in nominal terms to offset the upfront cost in real terms’
- potential reliance on value capture to cover any shortfall in Commonwealth funding presents a major risk to the project.⁸³

During the hearings, the Minister responded to the Committee’s questions about value capture by advising that contributions through value capture ‘will be delivered through a progressive return on the investment’.⁸⁴

FINDING 49: The Government plans to fund a third of the Suburban Rail Loop East through value capture mechanisms.

RECOMMENDATION 18: 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 Suburban Rail Loop East project.

6.7 Performance measures

6.7.1 Department-wide: analysis of new performance measures

DTP added three new performance measures in the 2025–26 Budget, one of which replaced discontinued measures. Table 6.4 summarises the issues that Committee identified with these performance measures by relevant output.

⁸³ Ibid., pp. 7–8.

⁸⁴ Hon Harriet Shing MLC, Minister for the Suburban Rail Loop, *Transcript of evidence*, p. 12.

Table 6.4 Issues with new performance measures in 2025–26

Output	Performance measures	Issues identified by the Committee
Ports and Freight (Timeliness)	Structures assessed by new automated system for Class 1 Heavy Vehicle Applications	Replaces the measure 'Heavy vehicle access consents for Class 1 vehicles completed within three business days, based on pre-approved and mapped routes'. The Department of Transport and Planning indicated it is replacing this measure 'to more accurately and appropriately capture the work undertaken and investment to deliver efficiencies. The Committee supports the intention to more accurately reflect the work completed, but the new measure also lacks clarity because it is not clear from the wording of the measure what it captures. The wording does not make it clear what it is measuring, or what this is a proportion of. The inclusion of the word 'new' in the name of the measure is also not necessary. The wording in the description provided may be more appropriate: 'Structural assessments for Class 1 heavy vehicles conducted using automated route evaluation'.

Source: Department of Transport and Planning, *Response to the 2025–26 Budget Estimates Questionnaire*, received 5 June 2025, p. 158.

RECOMMENDATION 19: The Department of Transport and Planning address the issues identified by the Committee in relation to a new performance measure in the Ports and Freights output.

6.7.2 Department-wide: analysis of modified performance measures

DTP modified the targets of 61 existing performance measures in the 2025–26 Budget. Table 6.5 summarises the issues that Committee identified with these performance measures by relevant output.

Table 6.5 Issues with modified performance measures in 2025–26

Output	Performance measures	Issues identified by the Committee
Precincts and Suburbs	Projects that assist Melbourne’s seven growth councils to build community facilities	The target for 2025–26 is zero. The Department of Transport and Planning (DTP) expects to achieve its target of five projects in 2024–25. The explanation for the new target is that is ‘based on the schedule of works planned for the financial year’. This does not provide enough detail for the Committee to understand the underlying reasons for a change to a target that means that no projects will be completed for this performance measure.
Road Asset Management	Road area major patched: roads in regional Victoria	The target for 2025–26 is 70m². The target for 2024–25 was 1000m², and DTP has an expected outcome of 566m². The explanation for the change to the target is that it ‘reflects the works for completion in 2025–26’. This does not provide enough detail for the Committee to understand the underlying reasons for the 93% reduction in the target following a 43% underperformance against the prior year’s target because it does not give a rationale for the change other than that this is the work DTP plans to do.

Source: Department of Transport and Planning, *Response to the 2025–26 Budget Estimates Questionnaire*, received 5 June 2025, pp. 173–177.

DTP justified 13 of its modified measures, including those in the table above, based on the number of projects or activities ‘scheduled for completion’ in 2025–26.⁸⁵ It did not describe the factors informing the schedule, or explain the change in planned project compared to 2024–25. Similarly, the *Department Performance Statement* states that many performance measure targets reflect works or projects ‘scheduled for completion’ in 2025–26 but does not give further details.⁸⁶

FINDING 50: The Department of Transport and Planning’s justifications for modifying performance measure targets relating to scheduled works do not provide the public or Parliament with an adequate understanding of the basis for the change.

RECOMMENDATION 20: 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.

While it can be valuable to know the number of projects or activities the department plans to complete, whether it does so, and how this compares to prior years, these quantity measures often provide inadequate context to understand performance over time.

⁸⁵ Department of Transport and Planning, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 159–189.

⁸⁶ Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, pp. 135–148.

There are many ways that departments could better measure service efficiency and effectiveness, as the Resource Management Framework requires.⁸⁷ Quantity measures can be easily converted into **efficiency** measures by combining them with a cost measure, showing the unit cost of a service.⁸⁸ For example, the department could consider measures of the cost per trip of each mode of public transport in metropolitan Melbourne and regional Victoria. To better understand **effectiveness** of services, a measure of the proportion of the target population or total area can also be more useful than a simple count of projects or services delivered.⁸⁹ For example, in addition to measuring the number of level tram stops upgraded in a year, the department could measure the proportion of tram stops that meet accessibility requirements.

RECOMMENDATION 21: 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.

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

DTP identified five performance measures for discontinuation in the 2025–26 Budget.⁹⁰ The Committee supports DTP's rationale for the discontinuation of all five measures. As noted above, the Committee has identified issues with one of the proposed replacement measures.

⁸⁷ Victorian Auditor-General's Office, *Fair Presentation of Service Delivery Performance 2024*, Melbourne, 2024, p. 12; Department of Treasury and Finance, *Resource Management Framework Part 1 of 2 – Main document*, Melbourne, 2025, p. 35.

⁸⁸ Victorian Auditor-General's Office, *Measuring and Reporting on Service Delivery*, Melbourne, 2021, pp. 40–41.

⁸⁹ Ibid., pp. 42.

⁹⁰ Department of Treasury and Finance, *2025–26 Department Performance Statement*, p. 195.

Chapter 7

Department of Families, Fairness and Housing

7.1 Overview

The Department of Families, Fairness and Housing's (DFFH) vision is safe and supported children and families, in stable homes and strong communities.¹

In 2025–26, DFFH supports 10 portfolios: Children, Prevention of Family Violence, Disability, Carers and Volunteers, Ageing, Veterans, Equality, Women, Youth, and Housing and Building.²

In 2025–26, DFFH's objectives are:

- Aboriginal voice, knowledge and cultural leadership drive Aboriginal policy, legislation and system reform
- children, young people and families are safe, strong and supported
- Victorian communities are safe, fair, inclusive and resilient
- all Victorians have stable, affordable and appropriate housing
- our social services system is integrated, effective, person-centred and sustainable.³

This chapter examines the budget initiatives and key issues relevant to the Carers and Volunteers, Children, and Housing and Building portfolios that were identified during the Budget Estimates hearings.

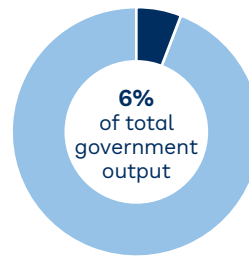
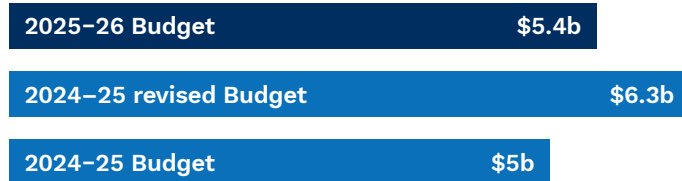
1 Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 122.

2 Responsibility for the Children and Ageing portfolios are shared with the Department of Health. In December 2024, the Housing and Building portfolio was established. Responsibility for this portfolio is shared with the Department of Transport and Planning. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 122, 138; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, p. 101; Department of Transport and Planning, *Response to the 2025–26 Budget Estimates Questionnaire*, received 27 May 2025, p. 133.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 122–123.

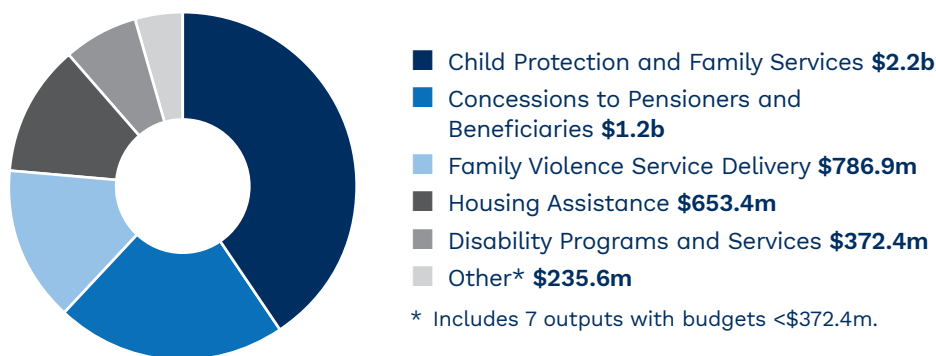
Department of Families, Fairness and Housing

Total output funding



5th largest budget of all departments

Funding by output, 2025–26



Infrastructure program, 2025–26 (\$35.5m)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



\$264.2m
Civil claims costs for historical child abuse

\$90.2m
Improving outcomes for children and young people in care

\$167.5m
Strong Families, Safe Children: connecting, strengthening and restoring

\$79.8m
Supporting Victoria's response to family violence



22 new output initiatives totalling \$865.1m from 2024–25 to 2028–29

New infrastructure projects with highest total investment, 2024–25 to 2028–29



\$101.1m
Housing Support Program – Priority Works

\$19.2m
Specialist Disability Accommodation (SDA) safety: fire panel



2 new infrastructure projects

7.2 Financial analysis

DFFH's output appropriations are budgeted as \$5.5 billion for 2025–26, a decrease of \$856 million or 14% compared to the 2024–25 revised Budget.⁴ This variation was explained by DFFH as representing additional funding received from the Commonwealth in 2024–25 for the *Energy bill relief* concession payments and further investment in several initiatives including the *Regional housing fund* and *High rise development* program.⁵

DFFH's expense line items are relatively similar when comparing the 2025–26 Budget to the 2024–25 revised Budget. Employee expenses are budgeted as \$709 million, compared to \$740 million in the revised Budget.⁶

In 2025–26 DFFH has a number of outputs that have large funding variations when compared to the 2024–25 Budget. The Concessions to Pensioners and Beneficiaries and Support to Veterans in Victoria outputs have increased by 48.3% and 40.2% respectively. The Primary Prevention of Family Violence output reduced by 15.9% and Women's Policy reduced by 13.5%.⁷ DFFH explained that these reductions were due to 'the successful completion of government initiatives'.⁸ This suggests that the budgets for these outputs are lower because funding has completed or lapsed for initiatives funded in previous budgets.⁹

7.3 Carers and Volunteers portfolio: key issue

The Minister for Carers and Volunteers is responsible for two outputs: Community Participation (funding in 2025–26: \$69.7 million) and Seniors Programs and Participation (funding in 2025–26: \$63.1 million).¹⁰

7.3.1 Cost of living support—food relief

As an explicit response to cost-of-living pressures, the 2025–26 Budget includes \$17.9 million to provide food relief and strengthen food security for people in need.¹¹

⁴ Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, pp. 30–31.

⁵ Ibid., p. 30.

⁶ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 92.

⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 124.

⁸ Ibid.

⁹ Ibid.; Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 61–62.

¹⁰ Responsibility for the Seniors Programs and Participation output is shared with the Ageing and Disability portfolios. Source: Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 76; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 124.

¹¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 38, 40.

The Minister for Carers and Volunteers advised that the \$17.9 million in the Budget builds on a combined \$74 million for food relief provided since 2020.¹² During the hearings, the Minister outlined the three key activities that the \$17.9 million would fund:

1. \$6 million to expand support for regional foodshares.

Six foodshares in Albury-Wodonga, Shepparton, Mildura, Bendigo, Warrnambool and Geelong and the Regional Food Security Alliance are to receive funding. The Committee was told between July and September 2024 the six foodshares distributed approximately 1.4 million kilos of food, an equivalent of 2.7 million meals for regional Victorians.¹³

2. \$3 million for Foodbank Victoria's GROW program.

The GROW program redirects surplus farm produce to Victorians in need of food relief. Further, Foodbank receives \$3.3 million in core funding annually.¹⁴

3. \$9 million to expand the community food relief program.

The Minister advised that competitive grants through the program allow organisations to strengthen food relief efforts at the local, regional and state levels. The local stream of the program provides grants for community food relief providers, volunteer organisations and neighbourhood houses to meet community need. The coordination stream provides grants to strengthen food relief supply and distribution.¹⁵

FINDING 51: The 2025–26 Budget includes \$17.9 million to increase food relief and food security in Victoria, in response to the ongoing cost-of-living crisis.

The Committee asked DFFH about the social and/or economic factors that drove the need for the funding in the departmental questionnaire. DFFH advised 'Victorian communities are safe, fair, inclusive and resilient'—one of its objectives.¹⁶

The Community Participation output does not have performance measures relating to food relief. The output has three measures related to neighbourhood house and the Men's Shed.¹⁷ If providing funding or supporting food relief is a major activity within the output, it should be reflected in the performance measures.¹⁸ Adding appropriate measures related to food relief may also demonstrate the need for food relief in Victoria and how the department is responding to need over time.

¹² Hon Ros Spence MP, Minister for Carers and Volunteers, *2025–26 Budget Estimates hearing presentation: Carers and Volunteers*, supplementary evidence received 11 June 2025, p. 2.

¹³ Hon Ros Spence MP, Minister for Carers and Volunteers, *2025–26 Budget Estimates hearing, Carers and Volunteers*, Melbourne, 11 June 2025, *Transcript of evidence*, pp. 1, 5.

¹⁴ *Ibid.*, p. 5.

¹⁵ *Ibid.*, pp. 5–6.

¹⁶ Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 36.

¹⁷ *Ibid.*, p. 5; Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 43.

¹⁸ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document – effective 1 July 2025*, Melbourne, 2025, p. 35.

FINDING 52: The Department of Families, Fairness and Housing does not have performance measures related to its food relief activities in the 2025–26 Budget.

RECOMMENDATION 22: The Department of Families, Fairness and Housing include performance measures related to its food relief activities in the next budget.

RECOMMENDATION 23: The Department of Families, Fairness and Housing report through an appropriate mechanism on the changing demand for food relief in Victoria over time and by how much its activities meet this demand.

7.4 Children portfolio: key issue

The Minister for Children is responsible for three outputs: Child Protection and Family Services (funding in 2025–26: \$2.2 billion), Kindergarten Delivery (funding in 2025–26: \$1.3 billion), and Maternal and Child Health and Parenting Services (funding in 2025–26: \$202.9 million).¹⁹

7.4.1 Commission for Children and Young People recommendations

The Commission for Children and Young People (CCYP) is an independent statutory body that ‘promotes improvement in policies and practices affecting the safety and wellbeing of Victorian children and young people’.²⁰ As part of its legislated functions it undertakes inquiries into the systems and services for vulnerable children and makes recommendations through its inquiries to improve relevant systems and responses.²¹

Child death inquiries

Under legislation the CCYP is required to hold inquiries in instances where a child dies and was known to child protection in the 12 months prior to death. These inquiries focus on services provided to the child before they died and look to promote improvements in policies and practices and identify how the child protection system can be improved.²²

¹⁹ Only Child and Family Protection is an output under DFFH. Kindergarten Delivery is a Department of Education output, while Maternal and Child Health Services is administered by the Department of Health. Source: Department of Health, *Response to the 2025–26 Budget Estimates Questionnaire*, received 27 May 2025, p. 128; Department of Education, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, p. 92; Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 74; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 104, 124, 139.

²⁰ Commission for Children and Young People, *Who we are*, 2025, <<https://ccyp.vic.gov.au/about-us/who-we-are>> accessed 9 July 2025.

²¹ Commission for Children and Young People, *Inquiries*, 2025, <<https://ccyp.vic.gov.au/inquiries>> accessed 9 July 2025.

²² Commission for Children and Young People, *Child death inquiries*, 2025, <<https://ccyp.vic.gov.au/inquiries/child-death-inquiries>> accessed 9 July 2025.

The CCYP's child death inquiries and associated recommendations were discussed in detail with the Minister during the Committee's hearings.²³ The Minister told the Committee that in 2023–24, 45 child death inquiries were completed and 13 recommendations were made. Of those recommendations, eight were supported and five were not supported by the Government. The Committee notes that recommendations from child death inquiries are not made public. It also notes that the Minister was not questioned around the reasoning of acceptance of recommendations. Only one recommendation was still in progress, while four were waiting for acquittal from the CCYP.²⁴ The CCYP Annual Report shows it made 16 recommendations to government entities.²⁵

The Minister spoke to the Committee about how CCYP recommendations had led to service improvements in practice, process, policy and training for child protection practitioners and other services.²⁶ The CCYP Annual Report provides further detail about improvements made by the Government and department through its recommendations. It noted that over the past five years, implemented recommendations had strengthened information sharing in child protection and between services, including support provided to schools and improving procedures in health care services.²⁷

The CCYP noted that in 2023–24 it reiterated 56 of its recommendations from previous inquiries across 16 child death inquiries. Reiterated recommendations covered areas such as improving the prevention of and responses to cumulative harm, the need to improve family violence practice and the need to better identify and respond to suicide risk.²⁸

FINDING 53: Recommendations from the Commission for Children and Young People (CCYP) child death inquiries in 2023–24 have led to service improvements in practice, process, policy and training for child protection practitioners and other services. The CCYP also reiterated 56 recommendations it had made previously in areas such as cumulative harm, family violence practice and identifying and responding to suicide risk.

Out of Sight report

During the hearings, the Committee discussed the ongoing issue of sexual exploitation in out-of-home care with the Minister, in the context of the Government's investment and recommendations made in the CCYP's *Out of Sight* report.²⁹

²³ Hon Lizzie Blandthorn MLC, Minister for Children, 2025–26 Budget Estimates hearing, Children, Melbourne, 10 June 2025, *Transcript of evidence*, p. 4.

²⁴ Ibid., p. 5.

²⁵ Commission for Children and Young People, *Annual Report 2023–24*, Melbourne, 2024, p. 44.

²⁶ Hon Lizzie Blandthorn MLC, Minister for Children, *Transcript of evidence*, p. 4.

²⁷ Commission for Children and Young People, *Annual Report 2023–24*, p. 46.

²⁸ Ibid., p. 45.

²⁹ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Children, Melbourne, 10 June 2025, *Transcript of evidence*, pp. 6, 9, 10–11; Hon Lizzie Blandthorn MLC, Minister for Children, *Transcript of evidence*, pp. 8, 9, 10–11.

In 2025–26, there is \$3.6 million in funding from a larger investment of \$13.4 million to better address sexual exploitation of children in care through hiring additional sexual exploitation practice leads (SEPLs). The Minister told the Committee SEPLs are central to the department's efforts to identify and prevent sexual exploitation.³⁰ The Committee has discussed SEPLs and other measures put in place to prevent and address abuse of children in care in previous reports.³¹

When asked how sexual exploitation was being prevented, the Minister added that in early 2025 enhancements had been made to DFFH's client relationship software used in child protection to strengthen intelligence and visibility of persons exploiting children. The Minister added that these changes enhanced information sharing with Victoria Police and were developed in consultation with Victoria Police.³²

FINDING 54: In 2025–26, \$3.6 million in funding is provided for addressing the sexual exploitation of children in care through hiring additional sexual exploitation practice leads (SEPLs). SEPLs are central to the Department of Families, Fairness and Housing's efforts to identify and prevent sexual exploitation in out-of-home care.

Despite efforts to respond to and prevent sexual exploitation of children in care, '[t]he Commission remains seriously concerned about the sexual exploitation of children and young people in residential care and the under-reporting of these incidents'.³³ In 2023–24, there were 190 recorded incidents of sexual exploitation in out-of-home care, a decrease of 21% compared to 2022–23. The CCYP says due to under-reporting this is likely to represent 'a small proportion of the exploitation that providers know or suspect is occurring'.³⁴

The 2021 *Out of Sight* report inquired into children and young people who are absent or missing from residential care, finding a link between those who go missing from care and experiences of victimisation, including sexual exploitation.³⁵

The Committee discussed with the Minister evidence from the inquiry that showed certain initiatives had previously been in place to protect children from sexual exploitation and had been successful but had since ceased.³⁶ The inquiry report found that DFFH and other government agencies were taking proactive steps to address sexual exploitation of children in care in recent years, including establishing SEPLs.³⁷

³⁰ Hon Lizzie Blandthorn MLC, Minister for Children, *Transcript of evidence*, pp. 8–9.

³¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, p. 107.

³² Hon Lizzie Blandthorn MLC, Minister for Children, *Transcript of evidence*, p. 9.

³³ Commission for Children and Young People, *Annual Report 2023–24*, p. 60.

³⁴ *Ibid.*, pp. 57, 60.

³⁵ Commission for Children and Young People, *Out of sight: Systemic inquiry into children and young people who are absent or missing from residential care*, 2025, <<https://ccyp.vic.gov.au/inquiries/systemic-inquiries/out-of-sight-systemic-inquiry-into-children-and-young-people-who-are-absent-or-missing-from-residential-care>> accessed 9 July 2025.

³⁶ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Children, Melbourne, 10 June 2025, *Transcript of evidence*, pp. 10–11.

³⁷ Commission for Children and Young People, *Out of sight: Systemic inquiry into children and young people who are absent or missing from residential care*, Melbourne, 2021, p. 158.

A key initiative that the CCYP referenced was the Child Sexual Exploitation Enhanced Response Model pilot which operated in 2016 and 2017 and resulted in significant improvements in the way sexual exploitation was responded to in practice, and improved coordination of responses and information sharing between the department and Victoria Police. An evaluation of the pilot found it was innovative and that 'Victoria was leading the way nationally'.³⁸ As a result, the CCYP recommended this initiative be continued (Recommendation 5).³⁹

The Government's latest progress report on the *Out of Sight* recommendations provides an insight into its continued response to sexual exploitation of children in care in response to Recommendation 5. DFFH advises its response to sexual exploitation is undergoing significant enhancement, which includes developing a joint strategy with Victoria Police and a new Child Exploitation Strategy.⁴⁰ DFFH have not publicly provided information about the timeline for finalising these pieces of work. In the context of the recommendations, the CCYP has urged urgent progress is needed, given what they continue to see during their monitoring activities.⁴¹

FINDING 55: The Child Sexual Exploitation Enhanced Response Model pilot, which showed promising results, has not continued and the Committee was not made aware of the reasons why.

FINDING 56: The Department of Families, Fairness and Housing is in the process of significantly enhancing its response to sexual exploitation in out-of-home care, including developing a joint strategy with Victoria Police and creating a new Child Exploitation Strategy.

7.5 Housing and Building portfolio: key issue

The Minister for Housing and Building is responsible for one output: Housing Assistance (funding in 2025–26: \$653.4 million).⁴²

³⁸ Ibid., pp. 158–159.

³⁹ Commission for Children and Young People, *Progress against past inquiries: Out of sight—2022–23*, 2023, <<https://ccyp.vic.gov.au/assets/Publications-inquiries/Inquiry-Progress-Tables-202223/CCYP-Progress-table-OOS.pdf>> accessed 9 July 2025, p. 8.

⁴⁰ Commission for Children and Young People, *Progress against past inquiries: Out of sight—2023–24*, 2024, <<https://ccyp.vic.gov.au/assets/Publications-inquiries/Inquiry-Progress-Tables-202324/Progress-table-2023-24-Out-of-sight-Commission-for-Children-and-Young-People.PDF>> accessed 9 July 2025, p. 6.

⁴¹ Commission for Children and Young People, *Annual Report 2023–24*, p. 68.

⁴² Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 79; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 124.

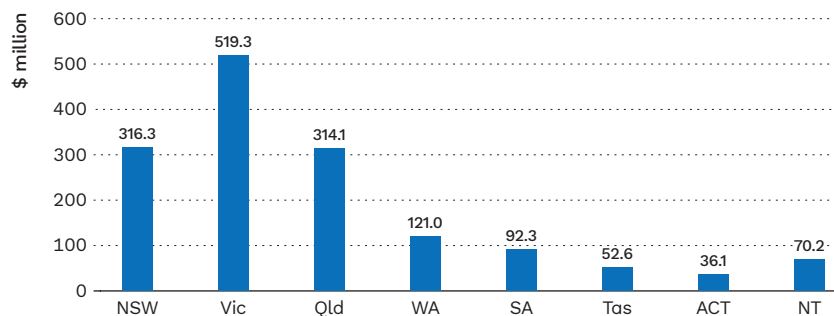
7.5.1 Continuing services to address homelessness and community needs

The 2025–26 Budget includes \$61.2 million in funding for *Continuing critical services to address homelessness and community needs*.⁴³ As outlined in the Budget Papers, funding is provided to continue a number of homelessness services that did not otherwise have ongoing funding.⁴⁴ The funding has been welcomed by the homelessness sector.⁴⁵

During the hearings the Committee discussed whether the number of homeless people in Victoria had grown over recent years and how the portfolio demonstrates outcomes related to reducing homelessness with the Minister.⁴⁶ The Minister told the Committee that the need for homelessness support was changing, and at least 30% of people seeking support for the first time were coming from private rentals. The Minister advised this was indicative of the cost-of-living crisis and a general shortage of supply of homes.⁴⁷

In response to questions about how much homelessness has grown in Victoria in recent years, the Minister told the Committee that Victoria has ‘nation-leading’ homelessness support, delivering over 34% of Australia’s homelessness services funding.⁴⁸ Expenditure on homelessness services in 2023–24 across Australia is shown in Figure 7.1.

Figure 7.1 In 2023–24, Victoria had the highest expenditure on homelessness services (\$ million)



Source: Productivity Commission, *Report on Government Services 2023–24: 19A Homelessness services—Table 19A.1, 2024*, <<https://www.pc.gov.au/ongoing/report-on-government-services/2025/housing-and-homelessness/homelessness-services>> accessed 2 July 2025.

⁴³ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 38.

⁴⁴ The Committee has discussed homelessness service provision in previous reports, including the *Report on the 2022–23 Budget Estimates*. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, pp. 116–118; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, p. 43; Victorian Council of Social Service, *A deep dive on the 2025 Victorian Budget*, 2025, <<https://vcoss.org.au/vicbudget/2025-victorian-budget>> accessed 3 July 2025.

⁴⁵ Victorian Council of Social Service, *A deep dive on the 2025 Victorian Budget*.

⁴⁶ Hon Harriet Shing MLC, Minister for Housing and Building, 2025–26 Budget Estimates hearing, Housing and Building, Melbourne, 6 June 2025, *Transcript of evidence*, pp. 3–4.

⁴⁷ *Ibid.*, p. 3.

⁴⁸ *Ibid.*, p. 4.

While Victoria had the highest expenditure on homelessness services of all states and territories in 2023–24, it also provided services to the most clients (101,964 or 36% of all national clients) and it had the second highest number of clients per 10,000 of the population (150 per 10,000 persons). A jurisdictional comparison is provided in Table 7.1.

Table 7.1 Jurisdictional comparison of homelessness services provision 2023–24

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Aust
Total clients	67,891	101,964	48,818	24,993	18,717	6,672	4,006	10,080	280,078
Percentage of total national clients	24%	36%	17%	9%	7%	2%	1%	4%	100%
Number of clients per 10,000 of population	81	150	89	87	101	116	86	399	105

Source: Australian Institute of Health and Welfare, *Specialist homelessness services annual report 2023–24*, 2025, <<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/summary>> accessed 3 July 2025; Australian Institute of Health and Welfare, *Specialist homelessness services 2023–24 data tables: CLIENTS.2*, 2024, <<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/data>> accessed 2 July 2025.

FINDING 57: In 2023–24, Victoria spent the most on homelessness services of all states and territories. It also had the highest number of homelessness services clients in Australia (approximately 102,000) and the second highest number of clients per 10,000 of the population (150).

DFFH advised the Committee demand for homelessness services is growing.⁴⁹ The Australian Bureau of Statistics Census estimates the number of individuals experiencing homelessness but is only undertaken every five years. The last Census was undertaken in 2021 and showed over 30,000 Victorians were experiencing homelessness.⁵⁰

Data in Table 7.1 above reflects a monthly collection from Specialist Homelessness Services (SHS) but does not give an indication of demand for services and excludes people experiencing or at risk of homelessness who did not seek or receive services.⁵¹ Victoria having the highest number of clients in 2023–24 in Australia may be representative of the high investment in homelessness services, or it may indicate higher need in the state. Clients accessing services have fluctuated marginally year

⁴⁹ Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 22–23.

⁵⁰ Australian Bureau of Statistics, *Estimating homelessness: Census*, 22 March 2023, <<https://www.abs.gov.au/statistics/people/housing/estimating-homelessness-census/latest-release>> accessed 3 July 2025; Council to Homeless Persons, *Data and demographics*, 2024, <<https://chp.org.au/about-homelessness/data-and-demographics>> accessed 3 July 2025.

⁵¹ Australian Institute of Health and Welfare, *Specialist homelessness services annual report 2023–24: Clients, services and outcomes*, 11 March 2025, <<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/clients-services-and-outcomes>> accessed 10 July 2025.

on year in Victoria, reaching a high in 2017–18 of approximately 117,000.⁵² The Minister advised the Committee that the investment in homelessness services in the 2025–26 Budget would allow the Government to support the operation of over 70 entry points for homelessness services and work toward making homelessness brief, rare and nonrecurring.⁵³

There is no publicly available data from DFFH that estimates the homeless or at-risk population in Victoria.

FINDING 58: The Department of Families, Fairness and Housing does not publish data that estimates the homeless or at-risk population in Victoria. Estimates of people who are experiencing homelessness or marginally housed are captured every five years in the Australian Bureau of Statistics Census.

RECOMMENDATION 24: The Department of Families, Fairness and Housing work toward gathering and publishing better data on the demand for homelessness services and changes to the homeless and at-risk populations in Victoria.

Similarly, while Victoria provided the most homelessness services funding in 2023–24, the lack of public data on the number of Victorians experiencing or at risk of homelessness over time means that it is not possible to assess whether the demand for services is being met in full. DFFH does not publish information about how well SHS services meet demand in Victoria.

Data from the Australian Institute of Health and Welfare goes some way to outlining whether there is unmet need in the SHS.⁵⁴ In Victoria in 2023–24, 34.4% of clients who were identified as needing accommodation were not provided accommodation and were not referred on to another provider.⁵⁵ For services other than accommodation, Victoria performed significantly better with just 0.2% of clients with an unmet need. These results are broadly similar to the national average.⁵⁶

52 Australian Institute of Health and Welfare, *Supplementary tables – Historical tables SHSC 2011–12 to 2023–24: HIST.CLIENTS*, 2024, <<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/data>> accessed 2 July 2025.

53 Hon Harriet Shing MLC, Minister for Housing and Building, *Transcript of evidence*, pp. 4–5.

54 The Australian Institute of Health and Welfare explains that unmet need is when people approach Specialist Homelessness Services and do not receive all the services they require. There are a range of reasons an agency may not provide a service. These reasons include that ‘the person may be seeking a specialised service not offered by that particular agency, the agency may not have the capacity to provide assistance at that time or the person may not be in the target group for the agency’. Source: Australian Institute of Health and Welfare, *Services provided and unmet need*, 11 March 2025, <<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/services-provided-and-unmet-need>> accessed 3 July 2025.

55 Australian Institute of Health and Welfare, *Specialist homelessness services 2023–24 data tables: CLIENTS.24*, 2024, <<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/data>> accessed 2 July 2025.

56 Ibid.; Productivity Commission, *Report on Government Services 2023–24: 19A Homelessness services—Table 19A.11—Proportion of clients with unmet need for accommodation or services other than accommodation*, 2024, <<https://www.pc.gov.au/ongoing/report-on-government-services/2025/housing-and-homelessness/homelessness-services>> accessed 2 July 2025.

Table 7.2 In 2023–24, 34.4% of Specialist Homeless Sector clients in Victoria who had a need for accommodation were not provided or referred to another service for accommodation

Service and assistance type	Not provided or referred as percentage of need identified (%)
Short-term or emergency accommodation	28.6
Medium-term/transitional housing	57.6
Long-term housing	70.0
Total clients not provided or referred as a percentage of need identified	34.4

Source: Australian Institute of Health and Welfare, *Specialist homelessness services 2023–24 data tables: CLIENTS*, 2024, <<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/data>> accessed 2 July 2025.

FINDING 59: In 2023–24, 34.4% of specialist homeless sector clients who had a need for accommodation were not provided it or referred to another service for accommodation. Seventy per cent of clients who needed long-term housing were not provided it or referred to another service.

Measuring the impact of homelessness services

During the hearings the Committee discussed with the Minister how the outcomes of the funded homelessness services in the Budget would be demonstrated, and whether homelessness in Victoria would reduce as a result of the funding.⁵⁷

The budget papers contain useful information for the public to understand and assess DFFH’s activities relating to homelessness. DFFH has performance measures under the Housing Assistance output which relate to the department’s activities in homelessness services, including ‘Number of client’s assisted to prevent and address homelessness’ and ‘Number of clients provided with accommodation’.⁵⁸ Performance measures demonstrate a department’s output or service delivery, rather than its outcomes.⁵⁹

The budget papers also include DFFH’s overall objective, and its objective indicators related to housing and homelessness services. Its objective is ‘All Victorians have stable, affordable and appropriate housing’.⁶⁰ To monitor the progress toward this objective and to demonstrate its achievements DFFH has objective indicators.⁶¹

⁵⁷ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Housing and Building, Melbourne, 6 June 2025, *Transcript of evidence*, pp. 3–5.

⁵⁸ Department of Treasury and Finance, 2025–26 *Department Performance Statement*, pp. 49–50.

⁵⁹ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document – effective 1 July 2025*, Melbourne, 2025, p. 35; Victorian Auditor-General’s Office, *Measuring and Reporting on Service Delivery*, Melbourne, May 2021, p. 44.

⁶⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 129.

⁶¹ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document – effective 1 July 2025*, p. 34.

DFFH's objective indicators related to homelessness as outlined in the budget papers could be useful for understanding its outcomes in relation to homelessness services and its progress toward its overall objective. Its objective indicators include 'increase housing stability for people experiencing or at risk of rough sleeping, homelessness, and other insecure housing arrangements', 'improve the quality, environmental sustainability, appropriateness and accessibility of social housing' and 'improve transitions to independent living arrangements', all of which when measured over time, could show the outcomes of the department's funding for homelessness services.⁶²

However, DFFH does not report on the objective indicators published in the budget in its annual report as required by the Resource Management Framework (RMF)⁶³ and has not done so since the department was established in 2020–21.⁶⁴ Instead, DFFH replicates several of its performance measures as indicator results in its annual report.⁶⁵ This may not be in compliance with the RMF, as performance measures demonstrate outputs the department provides. The purpose of objective indicators is to measure the outcome that services delivered by the department achieve or contribute to, in relation to an overall objective.⁶⁶

This has an impact on the reporting on homelessness services delivered by the department. A majority of the indicator results published under the objective 'All Victorians have stable, affordable and appropriate housing' count services delivered by the department, rather than providing an understanding of what progress DFFH has made toward its overall objective. DFFH should work to improving its objective indicators under the output to better demonstrate how its work and associated funding in the 2025–26 Budget is reducing housing insecurity and homelessness.⁶⁷

FINDING 60: The Department of Families, Fairness and Housing does not report on its objective indicators as published in the budget papers. Instead, it replicates performance measures as indicator results in its annual reports.

⁶² Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 129.

⁶³ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document – effective 1 July 2025*, p. 32; Victorian Auditor-General's Office, *Measuring and Reporting on Service Delivery*, p. 17.

⁶⁴ In relation to the objective 'All Victorians have stable, affordable and appropriate housing' and 'Victorians are safe and secure' (the previous objective that included housing and homelessness), see: Department of Families, Fairness and Housing, *Annual Report 2023–24*, Melbourne, 2024, pp. 24, 43; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 190; Department of Families, Fairness and Housing, *Annual Report 2022–23*, Melbourne, 2023, pp. 24, 43; Department of Treasury and Finance, *Budget Paper No. 3: 2022–23 Service Delivery*, Melbourne, 2022, p. 214; Department of Families, Fairness and Housing, *Annual Report 2021–22*, Melbourne, 2022, pp. 22, 41; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 203; Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, pp. 15, 26; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 238.

⁶⁵ Department of Families, Fairness and Housing, *Annual Report 2023–24*, pp. 43, 67.

⁶⁶ Victorian Auditor-General's Office, *Measuring and Reporting on Service Delivery*, p. 26.

⁶⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 129.

RECOMMENDATION 25: The Department of Families, Fairness and Housing review all of the objective indicators it reports on in its annual report to ensure they demonstrate progress toward the achievement of its objectives and are in compliance with the Resource Management Framework.

RECOMMENDATION 26: The Department of Families, Fairness and Housing improve its objective indicators under the Housing Assistance output to ensure they demonstrate progress toward the objective ‘All Victorians have stable, affordable and appropriate housing’ and give some information about how its funded services are reducing homelessness and housing insecurity and are meeting increased demand for these services.

7.6 Department-wide: key issues

7.6.1 Implementation of previous recommendations

2023–24 Budget Estimates

In the *Report on the 2023–24 Budget Estimates* the Committee recommended that DFFH begin publishing long-term data on social housing applications, allocations and average wait times for all categories on its website. The Committee recommended DFFH do so to increase the transparency of trends in social housing applications and wait times.⁶⁸ DFFH supported the recommendation.⁶⁹

In its response to the departmental questionnaire, DFFH told the Committee that it publishes data related to the social housing wait list on a quarterly basis and that data sets relating to applications, allocations and waiting times is available publicly.⁷⁰ However, DFFH and Homes Victoria continue to only publish data for the past five quarters on its website, with older data being removed from the website once data for a new quarter is available.⁷¹ The Committee encourages DFFH to retain and publish long-term data on the social housing waitlist on its website as soon as possible.

FINDING 61: While the Department of Families, Fairness and Housing supported the Committee’s recommendation to publish long-term data on social housing allocations, applications and wait times on its website, it has not yet done so.

⁶⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 114.

⁶⁹ Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 145.

⁷⁰ Ibid.

⁷¹ Homes Victoria, *Applications on the Victorian Housing Register (VHR)*, 2025, <<https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr>> accessed 9 July 2025.

7.7 Performance measures

7.7.1 Department-wide: analysis of new performance measures

DFFH added five new performance measures in the 2025–26 Budget, two of which replaced discontinued measures.⁷² Table 7.3 summarises the issues that the Committee identified with these performance measures by relevant output.

Table 7.3 Issues with new performance measures in 2025–26

Output	Performance measures	Issues identified by the Committee
Women's Policy (Quantity)	The number of free pads and tampons dispensers installed	The Committee commends the Department of Families, Fairness and Housing (DFFH) for adding this measure that relates to a significant policy under the output. DFFH clearly outlines the limitations of the measure in the departmental questionnaire—it does not allow for 'project insights or reporting against other project objectives, including destigmatisation of periods and reducing period poverty'. Where possible the Committee recommends DFFH develop performance measures that fill these gaps related to reporting on the Free Pads and Tampons in Public Places.

Source: Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, p. 93.

RECOMMENDATION 27: Where possible, the Department of Families, Fairness and Housing develop further performance measures that fill the performance reporting gaps identified in the Free Pads and Tampons in Public Places initiative.

7.7.2 Department-wide: analysis of modified performance measures

In Table 7.4 the Committee provides comment on modified performance measures included in the 2025–26 Budget.

72 Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 92–95.

Table 7.4 Commentary on modified performance measures in 2025–26

Output	Performance measures	Performance measure results and targets	Comment
Youth (Quantity)	Participation by young people in programs that provide opportunities to be involved in social and economic life in their communities.	The result for this performance measure was almost 390,000 in 2023–24. The expected result for 2024–25 is 255,000 from a target of the same number. In 2025–26 the target has been reduced by 100,000 to 155,000.	For both measures DFFH states it has reduced its targets in 2025–26 due to the Government’s ‘efforts to ensure spending is aligned with front line service priorities’, suggesting spending has been reduced from activities that contribute to these measures. DFFH does not outline what activities have been changed, modified or reduced as part of a shift to front line services priorities, or state what these priorities are or whether they remain within the Youth output.
Youth (Quantity)	Participation by young people in programs that provide opportunities to be involved in decision making in their community.	The result for this performance measure was 4,449 in 2023–24. The expected result for 2024–25 is 3,400 from a target of 2,800. In 2025–26 the target has been reduced to 2,500.	

Source: Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 47; Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, pp. 106–107.

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

DFFH identified three performance measures for discontinuation in the 2025–26 Budget. Two of those measures were replaced with further performance measures.⁷³

The Committee supports DFFH’s rationale for the discontinuation of two measures. Table 7.5 summarises the issues that the Committee identified with the remaining performance measures proposed to be discontinued by relevant output.

⁷³ Department of Treasury and Finance, *2025–26 Department Performance Statement*, p. 188.

Table 7.5 Issues with performance measures proposed to be discontinued in 2025–26

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Housing Assistance (Quantity)	Number of clients assisted to address and prevent homelessness due to family violence	The Department of Families, Fairness and Housing’s (DFFH) reasoning for discontinuing this measure is that ‘the capacity of the homelessness system to support clients is already reported by the Australian Institute of Health and Welfare (AIHW) and on Victoria’s Homelessness Data Collection’. AIHW’s website does not state clearly whether it reports on the exact same data i.e. clients assisted to prevent homelessness due to domestic violence. Further, it is unclear whether the data reported on AIHW’s website relates to service provision solely provided by DFFH or the Orange Door Network, or associated services. Additionally, in 2024–25 DFFH assisted 43,500 clients under this performance measure, suggesting that this area of service provision is significant under the output. For this reason and those listed above, the Committee recommends DFFH retain this performance measure.

Source: Department of Families, Fairness and Housing, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, pp. 117–118; Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 188; Australian Institute of Health and Welfare, *Specialist homelessness services annual report 2023–24: Clients who have experienced family and domestic violence*, 26 November 2024, <<https://www.aihw.gov.au/reports/homelessness-services/specialist-homelessness-services-annual-report/contents/clients-who-have-experienced-fdsv>> accessed 5 June 2025.

RECOMMENDATION 28: The Department of Families, Fairness and Housing retain the budget paper performance measure ‘Number of clients assisted to address and prevent homelessness due to family violence’.

Chapter 8

Department of Jobs, Skills, Industry and Regions

8.1 Overview

The Department of Jobs, Skills, Industry and Regions (DJSIR) is dedicated to fostering economic development and creating opportunities for growth.¹

In 2025–26, DJSIR supports nine portfolios: Community Sport, Creative Industries, Economic Growth and Jobs, Industry and Advanced Manufacturing, Outdoor Recreation, Regional Development, Skills and TAFE, Small Business and Employment, and Tourism, Sport and Major Events.²

In 2025–26, DJSIR's objectives are:

- create and maintain jobs
- foster a competitive business environment
- economic growth through trade and investment attraction
- build prosperous and liveable regions, and manage and promote outdoor recreation
- grow vibrant, active and creative communities.³

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

¹ Department of Treasury and Finance, *Budget Paper No. 3: Service Delivery 2025–26*, Melbourne, 2025, p. 145.

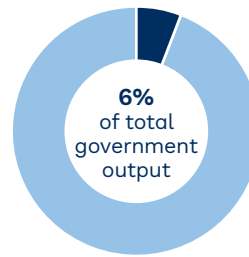
² Ibid.

³ Ibid., pp. 146–147.

Department of Jobs, Skills, Industry and Regions

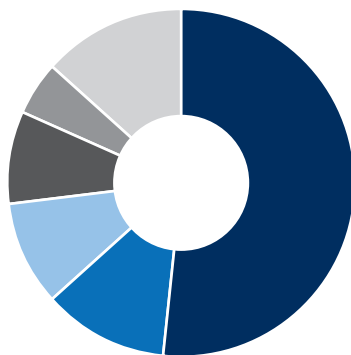
Total output funding

2025–26 Budget	\$4.8b
2024–25 revised Budget	\$5b
2024–25 Budget	\$4.8b



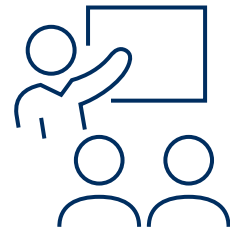
6th largest budget of all departments

Funding by output, 2025–26



- Training, Higher Education and Workforce Development **\$2.5b**
- Sport and Recreation **\$563.8m**
- Creative Industries Portfolio Agencies **\$471.5m**
- Industry, Small Business and Medical Research **\$413.3m**
- Regional Development **\$245.6m**
- Other* **\$636.5m**

* Includes 6 outputs with budgets <\$245.6m.



Infrastructure program, 2025–26 (\$809.7m)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



- \$475.3m** Supporting our creative agencies for success
- \$171.3m** Boosting access to Free TAFE and training services
- \$150m** Victorian Investment Fund
- \$121m** TAFE Services Fund



52 new output initiatives totalling \$1.4b from 2024–25 to 2028–29

New infrastructure projects with highest total investment, 2024–25 to 2028–29



- \$25m** Delivering a Future of Housing Construction
- \$5m** Victorian Industry Development Fund
- \$9.6m** Conserving the Royal Exhibition Building
- \$4.9m** TAFE Asset Strategy



5 new infrastructure projects

8.2 Financial analysis

DJSIR's output appropriations are budgeted as \$3.6 billion for 2025–26, a decrease of \$31 million (0.9%) compared to the 2024–25 revised Budget. DJSIR's spending on grants is budgeted as \$110 million for 2025–26, a decrease of \$218 million (66.5%) compared to the 2024–25 revised Budget. The variation is due to major events funding received in 2024–25.⁴

DJSIR's Jobs output had the largest decrease in funding between the 2024–25 and 2025–26 Budgets: a decrease of \$20.1 million (39.4%).⁵ DJSIR stated the variance reflected the Government's efforts to ensure spending is aligned with frontline service priorities.⁶

Two other outputs had notable decreases in funding between the 2024–25 and 2025–26 Budgets: Trade and Investment decreased by \$36 million (18.1%) and Regional Development decreased by \$51.1 million (17.2%).⁷ DJSIR stated that the Trade and Investment output budget decreased due to a shift in frontline service priorities in the Trade and Global Engagement sub-output and the rephasing of funding for initiatives within the Investment Attraction sub-output. The Regional Development output decreased due to the funding profile of certain initiatives.⁸

DJSIR has a total savings target of \$46.2 million for 2025–26, which makes up 8.5% of the whole of government efficiencies for 2025–26.⁹

8.3 Creative Industries portfolio: key issue

The Minister for Creative Industries is responsible for three outputs: Creative Industries Access, Development and Innovation (funding in 2025–26: \$70.4 million), Creative Industries Portfolio Agencies (funding in 2025–26: \$471.5 million) and Cultural Infrastructure and Facilities (funding in 2025–26: \$57.9 million).¹⁰

8.3.1 First Peoples creative events

The 2025–26 Budget provides \$17.1 million over four years for *Creative State initiatives*, including First Peoples creative events and initiatives.¹¹ During the hearings, the Minister for Creative Industries outlined how this funding supports First Peoples

⁴ Department of Jobs, Skills, Industry and Regions, *Response to the 2025–26 Budget Estimates questionnaire*, received 23 May 2025, p. 29.

⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 149.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Department of Jobs, Skills, Industry and Regions, *Response to the 2025–26 Budget Estimates questionnaire*, p. 106; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

¹⁰ Department of Jobs, Skills, Industry and Regions, *Response to the 2025–26 Budget Estimates questionnaire*, pp. 113–114; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 149.

¹¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 61, 62.

organisations and communities and how it reflects the Government's commitment to self-determination.¹² The dedicated First Peoples funding will be delivered through the guidance of the First Peoples Directions Circle (the Circle), a group of First Peoples who work within Creative Victoria to lead all First Peoples actions, strategic initiatives, policy development and delivery of creative initiatives.¹³

The dedicated funding and the way in which it is distributed reflects 'First Peoples First', one of the five implementation principles of Creative Victoria's strategic plan, *Creative State 2025*.¹⁴ Creative Victoria advises that this principle means 'putting First Peoples knowledge, practice, protocols and cultural authority at the heart of the creative industries, and forging stronger and enduring partnerships with First Peoples creative communities'.¹⁵ This principle aligns with self-determination.¹⁶

While there are performance measures relating to *Creative State initiatives* more broadly, there are no associated performance measures regarding First Peoples creative initiatives.¹⁷ DJSIR stated in its questionnaire that it had conducted an evaluation of the *Creative State* program as part of its business case for the 2025–26 Budget, but that it was Cabinet-in-Confidence.¹⁸

FINDING 62: There is dedicated funding for First Peoples programs within the 2025–26 Budget initiative *Creative State initiatives*, delivered through the First Peoples Directions Circle.

RECOMMENDATION 29: Creative Victoria either: publish on its website a high-level summary of the *Creative State* program's evaluation or develop performance measures relating to First Peoples creative industries.

8.4 Outdoor Recreation portfolio: key issue

The Minister for Outdoor Recreation is responsible for one output: Fishing, Boating and Game Management (funding in 2025–26: \$94.1 million).¹⁹

¹² Hon Colin Brooks MP, Minister for Creative Industries, 2025–26 Budget Estimates hearing, Creative Industries, Melbourne, 12 June 2025, *Transcript of evidence*, p. 5.

¹³ Hon Colin Brooks MP, Minister for Creative Industries, *Transcript of evidence*, p. 5; Creative Victoria, *First Peoples Directions Circle*, 2025, <<https://creative.vic.gov.au/first-peoples/first-peoples-directions-circle>> accessed 29 July 2025.

¹⁴ Creative Victoria, *Creative State 2025*, Melbourne, 2021, p. 22.

¹⁵ Creative Victoria, *First Peoples First*, 2025, <<https://creative.vic.gov.au/first-peoples/first-peoples-first>> accessed 1 August 2025.

¹⁶ Self-determination is a human right as enshrined in the United Nations Declaration of the Rights of Indigenous Peoples, and in practice places decision making for Aboriginal issues back to Aboriginal communities and leaders. Source: United Nations, *United Nations Declaration on the Rights of Indigenous Peoples*, 2008; Victorian Government, *Aboriginal Self-Determination*, 19 April 2021, <<https://www.vic.gov.au/family-violence-reform-rolling-action-plan-2020-2023/reform-principles/aboriginal-self-determination>> accessed 1 August 2025; Creative Victoria, *First Peoples First*.

¹⁷ Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 90; Department of Jobs, Skills, Industry and Regions, *Response to the 2025–26 Budget Estimates questionnaire*, pp. 35–36.

¹⁸ Department of Jobs, Skills, Industry and Regions, *Response to the 2025–26 Budget Estimates questionnaire*, p. 71.

¹⁹ Ibid., p. 117; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 149.

8.4.1 Victorian Fisheries Authority

The Victorian Fisheries Authority (VFA) is a statutory authority responsible for managing and developing Victoria's fisheries resources to ensure their sustainability, as well as promoting responsible boating, fishing and fishing-related activities to increase accessibility for Victorians.²⁰ Part of its role includes ensuring compliance with fishing regulations.²¹ In 2024–25, fisheries officers conducted over 28,000 inspections.²²

During the hearings the Minister for Outdoor Recreation and the Chief Executive Officer (CEO) of the VFA discussed upcoming changes to the Authority's structure.²³ These changes include:

- a decrease in total staffing numbers from approximately 192 to 157
- a decrease in filled fisheries officer positions from approximately 51 to 36
- additional resources for a Major Fisheries Crime Unit to increase focus on targeting deliberate organised fisheries crime
- the closure of the Braeside and Altona stations, and the reduction of officers at the Cowes, Mornington and Queenscliff stations, and an overall reduced staffing profile at Port Phillip Bay.²⁴

There are several reasons for the changes. During the hearings, the CEO of the VFA stated that Victorians are over 90% compliant with regulations, and the Minister noted that because of this the VFA was in a strong position to be managed with fewer resources.²⁵ The Fishing, Boating and Game Management output decreased by 11.6% between the 2024–25 Budget and the 2025–26 Budget. This amount is not reported in a disaggregated format.²⁶ Further, the VFA advised that it is adapting to 'evolving fisheries' and shifting its approach to focus more on deliberate organised fisheries crime, as opposed to the general population. The VFA summarised that these changes reflect its 'continued commitment to protecting our fisheries while focusing more on education and engagement with the recreational fishing community'.²⁷

20 Victorian Fisheries Authority, *2023–24 Annual Report*, Melbourne, 2024, p. 2.

21 Victorian Fisheries Authority, *Fisheries officers*, 23 May 2025, <<https://vfa.vic.gov.au/enforcement/fisheries-officers>> accessed 22 August 2025.

22 Victorian Fisheries Authority, *Enforcement outcomes*, 28 July 2025, <<https://vfa.vic.gov.au/enforcement/enforcement-outcomes>> accessed 14 August 2025.

23 Mr Travis Dowling, Chief Executive Officer, Victorian Fisheries Authority, 2025–26 Budget Estimates hearing, Outdoor Recreation, Melbourne, 10 June 2025, *Transcript of evidence*, p. 4; Hon Steve Dimopoulos MP, Minister for Outdoor Recreation, 2025–26 Budget Estimates hearing, Outdoor Recreation, Melbourne, 10 June 2025, *Transcript of evidence*, p. 5.

24 Victorian Fisheries Authority, *2025 workforce changes*, 21 May 2025, <<https://vfa.vic.gov.au/about/change-proposal>> accessed 25 July 2025; Mr Travis Dowling, Chief Executive Officer, Victorian Fisheries Authority, *Transcript of evidence*, p. 4.

25 Mr Travis Dowling, Chief Executive Officer, Victorian Fisheries Authority, *Transcript of evidence*, p. 4; Hon Steve Dimopoulos MP, Minister for Outdoor Recreation, *Transcript of evidence*, p. 5.

26 Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 149.

27 Victorian Fisheries Authority, *2025 workforce changes*.

FINDING 63: In 2025–26, the Victorian Fisheries Authority (VFA) is undergoing a structural change, which includes a reduction in fisheries officers, the closure of two bayside fishing stations, and additional resources for a Major Fisheries Crime Unit. These changes reflect funding changes, a strong compliance record in the fishing community and the intention to shift the VFA's focus to education, engagement, and deliberate organised fisheries crime.

During the hearings, the Minister and the CEO of the VFA stated that certain impacts would be non-existent—for example, there would be no impact on data collection and scientific observation, and no impact on enforcement powers and responsibilities for fisheries officers.²⁸ The Minister also emphasised that regardless of the changes, the VFA has the resources to undertake what it is legally required to and what the community expects it to do.²⁹ Additionally, the VFA stated that there would be no impact on recreational fishing licence money, on boating infrastructure funding, and on fish stocking across the state.³⁰

Whether the restructure impacts the VFA's ability to sufficiently enforce fisheries rules and regulations can be tracked, as the VFA reports on its inspections and enforcement outcomes each year.³¹ Some of its reporting for 2024–25 included:

- 28,395 recreational fishing inspections
- 1,918 13FISH calls
- 60 investigations initiated
- 3,258 offenders detected
- 1,219 infringement notice issued
- 52 prosecution briefs submitted.³²

The impacts of the changes to the VFA will not be reported until the end of the 2025–26 financial year. The Committee will continue to monitor the inspections and enforcement outcomes in future inquiries.

FINDING 64: The Government has stated the impacts from the changes to the Victoria Fisheries Authority (VFA) will be minimal. Any impacts of the restructure on the VFA's enforcement capacity will be evident in 2025–26 annual reporting.

²⁸ Hon Steve Dimopoulos MP, Minister for Outdoor Recreation, *Transcript of evidence*, p. 3; Mr Travis Dowling, Chief Executive Officer, Victorian Fisheries Authority, *Transcript of evidence*, pp. 5–6.

²⁹ Hon Steve Dimopoulos MP, Minister for Outdoor Recreation, *Transcript of evidence*, p. 5.

³⁰ Victorian Fisheries Authority, *2025 workforce changes*, 21 May 2025.

³¹ Victorian Fisheries Authority, *Enforcement outcomes*, 28 July 2025, <<https://vfa.vic.gov.au/enforcement/enforcement-outcomes>> accessed 28 July 2025.

³² Ibid.

8.5 Skills and TAFE portfolio: key issue

The Minister for Skills and TAFE is responsible for one output: Training, Higher Education and Workforce Development (funding in 2025–26: \$2.5 billion).³³

8.5.1 Skills First program

The Skills First program funds training providers, both TAFE and non-TAFE, to deliver subsidised courses and skill sets.³⁴ It subsidises courses based on the *Victorian Skills Plan*, which identifies industries that require attention to avoid potential skills gaps.³⁵ During the hearings, the Committee and Minister for Skills and TAFE discussed the changes in subsidies for courses in the Skills First program for 2025. These changes include:

- the removal of 91 programs from the Training Needs list
- the reduction in subsidy by 35% of 200 programs delivered in metropolitan Melbourne
- the reduction in subsidy by 35% of all subjects delivered online or in the workplace, with certain exceptions.³⁶

In a document to providers, the Government stated that it had removed certain programs from its Training Needs list to maintain its focus on subsidising programs aligning with Government priorities—including housing, construction, and clean energy. It also noted the programs removed had ‘low demand, poor completion rate or high fee-for-service demand’, and that the decisions reflected changes in the program market as opposed to being a reflection on specific individual training providers.³⁷ Students who were in these programs prior to 2025 will still be trained to completion and providers will still receive the subsidy until that point.³⁸

The Government stated in the same document that the 35% reduction in subsidies for approximately 200 programs was solely for those delivered in metropolitan Melbourne, and for programs run by private training providers where they charge comparatively lower fees. There are no changes to subsidies for programs delivered in regional Victoria and delivered by TAFEs, apprenticeship programs, foundation skills program, and residential housing construction programs.³⁹

³³ Department of Jobs, Skills, Industry and Regions, *Response to the 2025–26 Budget Estimates questionnaire*, p. 122; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 149.

³⁴ Victorian Government, *Skills First*, 6 January 2025, <<https://www.vic.gov.au/skills-first>> accessed 6 August 2025.

³⁵ Department of Jobs, Skills, Industry and Regions, *Victorian Skills Plan for 2024 into 2025*, Melbourne, 2024, p. 6.

³⁶ Department of Jobs, Skills, Industry and Regions to Federation University, *Contract notification*, 3 December 2024, <https://federation.edu.au/_data/assets/pdf_file/0004/626899/CN_2024_10_outcomes_of_2025_PDP_process.pdf> accessed 7 August 2025, pp. 1–3.

³⁷ *Ibid.*, p. 1.

³⁸ *Ibid.*, p. 2.

³⁹ *Ibid.*, pp. 2–3.

The National Disability Services (NDS), Australia's peak body for disability services organisations, wrote that it was 'concerned that recent changes to training subsidies by the Victorian Government will impact training for disability workers', noting that four disability courses were removed from the Training Needs list. While the NDS acknowledged those courses had low student demand and poor completion rates, it nonetheless relayed its concern about removing disability courses while the sector has a skills and workforce shortage.⁴⁰

FINDING 65: For 2025, 91 programs have been removed from the Training Needs list for the Skills First program. Subsidies for private training providers have been lowered by 35% for approximately 200 programs in metropolitan Melbourne and for most online and workplace programs.

These changes reflect the Government's priorities for the workforce, as well as responding to courses where enrolments have been historically low or had poor completion rates.⁴¹ DJSIR does not publish the enrolment or completion rates for every course.

FINDING 66: The Department of Jobs, Skills, Industry and Regions does not publish enrolment and completion dates for all courses on the Training Needs list for the Skills First program.

RECOMMENDATION 30: Where the Department of Jobs, Skills, Industry and Regions removes courses from the Training Needs list, it provide enrolment and completion data for the previous three years on its website.

During the hearings, the Deputy Secretary of Skills and Employment emphasised that for courses removed from the Training Needs list or courses where the subsidies were reduced, the department 'can see the provision will be taken up within the TAFE system'.⁴²

FINDING 67: The Department of Jobs, Skills, Industry and Regions anticipates that any courses that cannot be run by private Registered Training Organisations due to the changes in subsidies will be taken up by TAFE providers.

⁴⁰ National Disability Service, *Reduced subsidies for Victorian training organisations may affect disability training*, 18 December 2024, <<https://nds.org.au/news/reduced-subsidies-for-victorian-training-organisations-may-affect-disability-training>> accessed 7 August 2025.

⁴¹ Department of Jobs, Skills, Industry and Regions to Federation University, *Contract notification*, p. 1.

⁴² Ms Lill Healy, Deputy Secretary, Skills and Employment, Department of Jobs, Skills, Industry and Regions, 2025-26 Budget Estimates hearing, Skills and TAFE, Melbourne, 11 June 2025, *Transcript of evidence*, p. 9.

8.6 Tourism, Sport and Major Events portfolio: key issue

The Minister for Tourism, Sport and Major Events is responsible for two outputs: Sport and Recreation (funding in 2025–26: \$563.8 million),⁴³ and Tourism and Major Events (funding in 2025–26: \$220.4 million).⁴⁴

8.6.1 Major sporting events in Victoria

How the Government secures major sporting events and the impact on Victoria's economy was discussed during the hearings. The Government has secured lengthy contracts for several major events: the Australian Grand Prix Formula One (F1) until 2037, the Australian Open (AO) until 2049, and the Australian Football League Grand Final until 2059.⁴⁵ There are also several international sporting events in Melbourne in 2025 or 2026, including a National Football League (NFL) game and a collaboration with the National Basketball Association.⁴⁶

The Minister for Tourism, Sport and Major Events told the Committee how Victoria is able to secure these events and contracts, which included: the Government's investment in its Major Events Fund, its track record of putting on major events broadly and the subsequent trust that its record inspires with other licence holders globally.⁴⁷ Annually, Victoria hosts several large-scale sporting events, which have been steadily growing in size. In 2024–25:

- The AO broke records for attendance, with the highest main draw attendance record in history at over 1.1 million. It also had the highest day-night session attendance in history, with over 97,000 fans attending the AO on January 17.⁴⁸
- The F1 broke an attendance record as 465,498 fans attended Albert Park over the four days, surpassing the previous year by 10,000 people.⁴⁹
- The Melbourne Cup grew its attendance by 7.9% from the year prior, from 84,492 in 2023 to 91,168 in 2024.⁵⁰
- The Boxing Day Test match broke an attendance record, with 373,691 fans attending over the five days.⁵¹

⁴³ This output is shared with the Community Sport portfolio. Source: Department of Jobs, Skills, Industry and Regions, *Response to the 2025–26 Budget Estimates questionnaire*, p. 115.

⁴⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 149.

⁴⁵ Hon Steve Dimopoulos MP, Minister for Tourism, Sport and Major Events, 2025–26 Budget Estimates hearing, Tourism, Sport and Major Events, Melbourne, 10 June 2025, *Transcript of evidence*, p. 11.

⁴⁶ Ibid., p. 5; NFL, *2026 NFL Melbourne Game FAQs*, 2025, <<https://www.nfl.com/international/games/melbourne>> accessed 22 August 2025; NBAxNBL, *NBAxNBL Melbourne Series*, 2025, <<https://nba.nbl.com.au>> accessed 22 August 2025.

⁴⁷ Hon Steve Dimopoulos MP, Minister for Tourism, Sport and Major Events, *Transcript of evidence*, p. 5.

⁴⁸ Australian Open, *Celebrating 120 years – Australian Open 2025 by the numbers*, media release, 29 January 2025, <<https://www.tennis.com.au/wp-content/uploads/2025/02/2025-02-03-Australian-Open-2025-by-the-numbers-1.pdf>>, p. 3.

⁴⁹ Nicky Haldenby, '2025 Australian Grand Prix Attendance Breaks Albert Park Record', *F1 Travel Destinations*, 16 March 2025, <<https://f1destinations.com/2025-australian-grand-prix-attendance>> accessed 12 August 2025.

⁵⁰ Racenet, *Melbourne Cup Attendance 2025*, 19 November 2024, <<https://www.racenet.com.au/melbourne-cup/attendance>> accessed 12 August 2025.

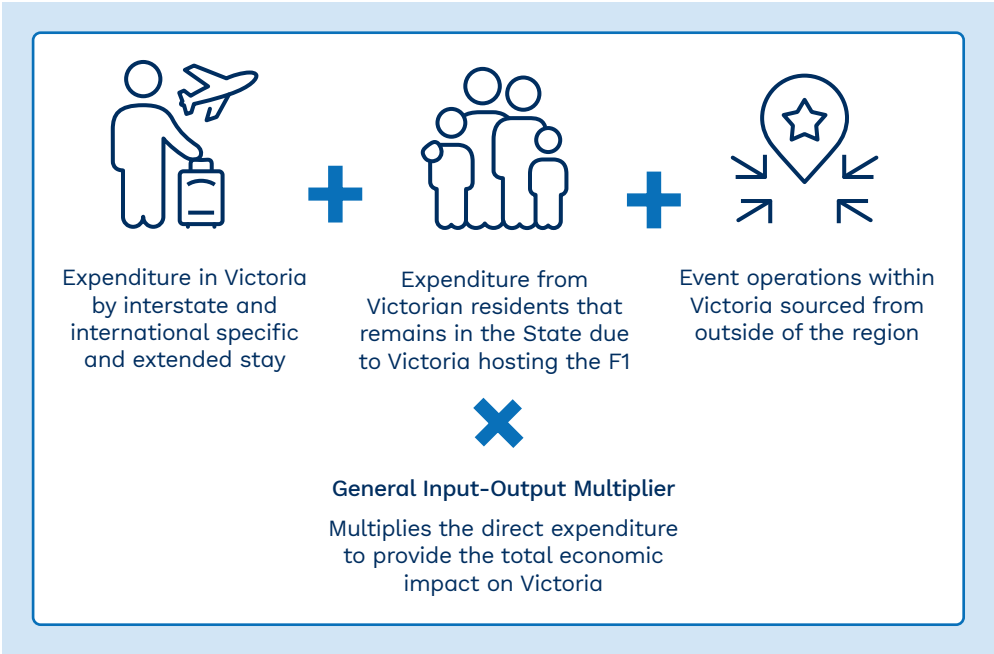
⁵¹ Melbourne Cricket Ground, *Attendances*, 2025, <<https://mcg.org.au/the-stadium/mcg-history/attendances>> accessed 12 August 2025.

Victoria’s success with the AO was referenced specifically by the NFL Commissioner as a reason for their trusting Victoria to host an international NFL game.⁵² There is recognised expertise in the Victorian workforce for putting on large events, as thousands of Victorians are routinely hired for these sporting events.⁵³

FINDING 68: The Victorian Government has secured several long-term contracts for major sporting events, as well as select international sporting events for 2025 and 2026. It has been able to secure these with financial support through its Major Events Fund, as well as its strong track record of holding such events.

The Committee and Minister briefly discussed the impacts of these events on the Victorian economy. The Minister stated that major events generate economic activity through job creation and additional visitor revenue through accommodation and restaurants.⁵⁴ This was discussed in the context of the F1, where the Minister positioned the economic gain to Victoria against the funding the Government had invested in the F1—because the F1 had generated \$268 million of ‘economic activity’, ‘every dollar we [the Government] invest yields at least \$2’.⁵⁵ The \$268 million figure originates from DJSIR’s commissioned *Formula 1 Australian Grand Prix 2023 Economic Impact Final Report*, which arrived at the number through the following methodology:

Figure 8.1 Simplified economic impact methodology to determine the economic impact of the Australian Grand Prix



Source: Ernst & Young, *Formula 1 Australian Grand Prix 2023 Economic Impact Final Report*, Melbourne, 2023, p. 7.

52 Hon Steve Dimopoulos MP, Minister for Tourism, Sport and Major Events, *Transcript of evidence*, p. 5.

53 Ibid., pp. 5–6.

54 Ibid., pp. 9–11.

55 Ibid., p. 10.

Ernst & Young's *Economic Impact Final Report* on the 2023 Formula 1 Grand Prix was 'prepared ... for the benefit of DJSIR and has considered only the interests of DJSIR', focusing on a single perspective.⁵⁶ The report also did 'not include a full cost benefit analysis of the event as this was not part of the agreed scope'.⁵⁷ The report concluded that despite not having undertaken a full cost benefit analysis, the economic impact versus Government investment 'demonstrates a continued return on investment for Government'.⁵⁸ The Minister described a range of benefits from hosting the F1, including increased patronage at hotel and hospitality businesses in Melbourne, and jobs created by the event:

... the restaurants, the bars, the retail shops, the people who drive forklifts, the people who set up and pack up the events infrastructure, the people who pull beers – normal Victorians benefit from tens of thousands of jobs.⁵⁹

Other major sporting events have released figures regarding economic benefit, but similarly to the F1 figures, there is room to increase transparency. The AO stated that in 2025, its event 'injected \$565.8 million into the state's economy', according to a report Tennis Australia commissioned.⁶⁰ It noted that the AO generated 2,722 full-time jobs, and that visitors to the AO booked 442,887 nights in Victorian hotels.⁶¹ The report is not publicly available. While Tennis Australia's most recent Annual Report noted that it had 'received government revenues from ... Victorian Department of Jobs, Skills, Industry and Regions', it did not provide specific numbers.⁶²

Similarly, the Victorian Racing Club (VRC) stated that the 2024 Melbourne Cup provided a \$502.4 million gross economic benefit to Victoria, according to a report it commissioned.⁶³ It noted that the four-day event provided over 14,000 jobs, and resulted in over \$49 million of spending on accommodation and \$36 million of spending on restaurants.⁶⁴ This report is also not publicly available. While the VRC stated that it 'could not deliver such strong results without the support of ... the Victorian Government', it did not include how much the Government provided to the VRC in support of the Melbourne Cup.⁶⁵

FINDING 69: The economic impacts of major sporting events for Victoria—including the Australian Grand Prix Formula One, the Australian Open, and the Melbourne Cup—are stated to be in the millions.

⁵⁶ Ernst & Young, *Formula 1 Australian Grand Prix 2023 Economic Impact Final Report*, Melbourne, 2023, p. 10.

⁵⁷ Ibid., p. 3.

⁵⁸ Ibid., p. 4.

⁵⁹ Hon Steve Dimopoulos MP, Minister for Tourism, Sport and Major Events, *Transcript of evidence*, pp. 10–11.

⁶⁰ Australian Open, *AO delivers record \$565.8 million in economic benefits to Victoria*, 2 June 2025, <<https://ausopen.com/articles/news/ao-delivers-record-5658-million-economic-benefits-victoria>> accessed 13 August 2025.

⁶¹ Ibid.

⁶² Tennis Australia, *2023–24 Annual Report*, Melbourne, 2024, p. 68.

⁶³ Victoria Racing Club, *Melbourne Cup Carnival breaks new record with \$1 billion boost to the nation*, 27 February 2025, <<https://www.vrc.com.au/latest-news/melbourne-cup-carnival-breaks-new-record-with-1-billion-boost-to-the-nation>> accessed 13 August 2025.

⁶⁴ Ibid.

⁶⁵ Ibid.

RECOMMENDATION 31: Where possible, the Department of Jobs, Skills, Industry and Regions publish information on its website regarding the economic benefits and how they are calculated of major sporting events in Victoria.

8.7 Performance measures

8.7.1 Department-wide: analysis of new performance measures

DJSIR added two new performance measures in the 2025–26 Budget, one of which replaced three discontinued measures.⁶⁶ Table 8.1 summarises the issues that Committee identified with these performance measures by relevant output.

Table 8.1 Issues with new performance measures in 2025–26

Output	Performance measures	Issues identified by the Committee
Jobs (Quantity)	Number of job placements delivered by local employment initiatives	A shortcoming for this measure was identified by the Department of Jobs, Skills, Industry and Regions (DJSIR) in its questionnaire—that ‘local employment programs still need to be designed and commissioned’. The Committee agrees that this is a shortcoming for utility of this performance measure in 2025–26, and questions why the introduction of this performance measure was not delayed until 2026–27, when all the local employment programs are established. The Committee is uncertain as to how this performance measure will accurately measure the effectiveness of local employment programs, with only some established.

Source: Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 83; Department of Jobs, Skills, Industry and Regions, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, p. 139.

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

DJSIR identified eight performance measures for discontinuation in the 2025–26 Budget.⁶⁷

The Committee supports DJSIR’s rationale for the discontinuation of all measures, save one. Table 8.2 summarises the issues that the Committee identified with the remaining performance measure proposed to be discontinued by relevant output.

66 Department of Jobs, Skills, Industry and Regions, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 139–140.

67 Department of Treasury and Finance, *2025–26 Department Performance Statement*, pp. 190–191.

Table 8.2 Issues with performance measures proposed to be discontinued in 2025–26

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Industry, Small Business and Medical Research (Quantity)	Projects supported through building and scaling up messenger Ribonucleic Acid Vaccine (mRNA) manufacturing capability in Victoria	The Department of Jobs, Skills, Industry and Region's (DJSIR) rationale for discontinuing this measure is that the Government is focusing on cost-of-living relief and frontline services priorities. However, if this performance measure is discontinued, there will be no performance reporting on mRNA manufacturing capability (as this is the only one). If DJSIR has continued funding or initiatives related to mRNA manufacturing capability, the Committee recommends that this performance measure remain, or that DJSIR establish new performance measures relating to mRNA manufacturing capability.

Source: Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 190.

RECOMMENDATION 32: The Department of Jobs, Skills, Industry and Regions retain its performance measure or create new measures relating to mRNA manufacturing capability for inclusion in the 2026–27 Budget.

Chapter 9

Department of Energy, Environment and Climate Action

9.1 Overview

The Department of Energy, Environment and Climate Action (DEECA) aims to support thriving, productive and sustainable communities, environments and industries across Victoria.¹

In 2025–26, DEECA supports six portfolios: Climate Action, Energy and Resources, the State Electricity Commission, Environment, Water, and Agriculture.²

In 2025–26 DEECA's objectives are:

- productive and sustainably used natural resources
- net zero emissions, climate ready economy and community
- sustainable development of Victoria's earth resources
- reduced impact of major bushfires and other emergencies
- reliable, sustainable and affordable energy services
- healthy, resilient and biodiverse environment
- productive and effective land management
- safe, sustainable and productive water resources.³

This chapter examines the budget initiatives and key issues relevant to the Climate Action, Environment, and Energy and Resources portfolios that were identified during the Budget Estimates hearings.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 109.

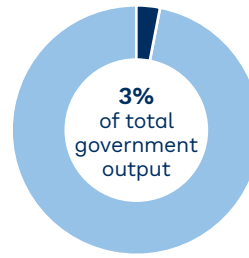
² Ibid.

³ Ibid., pp. 109–111.

Department of Energy, Environment and Climate Action

Total output funding

2025–26 Budget	\$2.7b
2024–25 revised Budget	\$3.1b
2024–25 Budget	\$2.4b



7th largest budget of all departments

Funding by output, 2025–26



Agriculture	\$537.2m
Fire and Emergency Management	\$400.6m
Management of Public Land and Forests	\$313.8m
Energy	\$306.4
Effective Water Management and Supply	\$296.2m
Other*	\$796m

* Includes 7 outputs with budgets <\$296.2m.



Infrastructure program, 2025–26 (\$547.2m)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



\$152m
Enhancing core energy functions

\$50.6m
Power Saving Bonus for vulnerable consumers

\$124.8m
Sustaining the EPA's strengthened regulatory functions

\$40.1m
Western Victoria Bushfires



41 new output initiatives totalling \$727.4m from 2024–25 to 2028–29

New infrastructure projects with highest total investment, 2024–25 to 2028–29



\$10m
Maintaining critical assets essential for emergency response

\$2.5m
Efficient and strengthened earth resources regulation

\$8.1m
Addressing recovery needs from the Western Victoria Bushfires

\$2.3m
Supporting nature-based tourism and the environment along the Great Ocean Road



5 new infrastructure projects

9.2 Financial analysis

DEECA's output appropriations are budgeted as \$1.7 billion for 2025–26, a decrease of \$706 million (29.9%) compared to the 2024–25 revised Budget.⁴ DEECA explained it received additional funding in 2024–25 for several initiatives that affected the revised Budget. These initiatives included the Forestry Transition Program, VicGrid initiatives, firefighting and bushfire activities, among other initiatives. The department added that its output appropriations also declined due to changes in funding mechanisms from two Trusts.⁵

Similarly, DEECA's budget for employee expenses in 2025–26 is lower than its revised Budget for 2024–25. Employee expenses are budgeted as \$755 million, a 19.8% decrease when compared to the revised Budget. This was also explained by further funding received in 2024–25 for initiatives including emergency management and response activities, and the establishment of VicGrid, among others.⁶

From the whole of government savings outlined in the Budget, DEECA has a total savings target of \$151.1 million to 2028–29. The target for 2027–28 alone is \$50.3 million. Like other departments, DEECA did not explain in detail how these savings were forecast or how they would meet the targets.⁷

9.3 Climate Action portfolio: key issue

The Minister for Climate Action is responsible for one output: Climate Action (funding in 2025–26: \$18.4 million).⁸

9.3.1 Whole of Victorian Government emissions reduction

During the hearings, the Committee asked the Minister for Climate Action what steps were being taken to reduce greenhouse gas emissions from the Government's own operations.⁹ The Minister advised the Committee of the commitments outlined in the *Whole of Government emissions reduction pledge*.¹⁰

The Government, supported by DEECA, has a comprehensive suite of activities it is undertaking to reduce emissions in Victoria and confront the impacts of climate

⁴ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 85.

⁵ Department of Energy, Environment and Climate Action, *Response to the 2025–26 Budget Estimates Questionnaire*, received 29 May 2025, p. 50.

⁶ Ibid.

⁷ Ibid., p. 119.

⁸ Ibid., p. 126; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 112.

⁹ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Climate Action, Melbourne, 6 June 2025, *Transcript of evidence*, p. 6.

¹⁰ Hon Lily D'Ambrosio MP, Minister for Climate Action, 2025–26 Budget Estimates hearing, Climate Action, Melbourne, 6 June 2025, *Transcript of evidence*, p. 6; Department of Energy, Environment and Climate Action, *Whole of Victorian Government emissions reduction pledge*, May 2021, <<https://www.climatechange.vic.gov.au/victorian-government-action-on-climate-change/Whole-of-Victorian-Government-sector-pledge-accessible.pdf>> accessed 21 July 2025.

change.¹¹ These include a climate change strategy, emissions reductions targets leading to net zero by 2045, adaptation action plans to guide the response to climate change in seven sectors, and a further seven sectoral ‘pledges’.¹² These pledges outline the actions the Government will take to cut emissions in industries such as agriculture, energy, and transport.¹³

The *Whole of Government emissions reduction pledge* outlines how the Government will reduce emissions from its own operations between 2021 and 2025.¹⁴ In 2018–19, these emissions amounted to approximately 3.7 million tonnes of carbon dioxide equivalent (Mt CO₂-e)—approximately 4% of the State’s overall emissions in that year. Seventy-two per cent of those emissions were from electricity used to power Government operations like hospitals, schools, trains and Victoria’s water corporations.¹⁵

The Minister emphasised that the pledge included significant steps to reducing emissions from Government operations including transitioning public buses to zero emissions buses and emissions reduction commitments from water corporations—a large contributor to emissions from Government operations.¹⁶ The pledge also includes specific targets, which are to be met by 2025. These include:

- reducing annual Government emissions by approximately 2.7 Mt CO₂-e compared to 2018–19 levels (which equalled 3.7 Mt CO₂-e that year)
- 100% renewable electricity for Government operations
- all new Government offices to have the highest energy efficiency rating (6-star NABERS)¹⁷
- metropolitan trams and trains to be powered by 100% electricity
- water corporations to cut their emissions by at least 42% by 2025.¹⁸

In relation to reducing overall Government emissions, the greenhouse gas emissions of each Government department in 2023–24 is shown in the figure below.

11 Department of Energy, Environment and Climate Action, *Victorian Government action on climate change*, 26 March 2025, <<https://www.climatechange.vic.gov.au/victorian-government-action-on-climate-change>> accessed 21 July 2025.

12 Ibid.

13 Ibid.

14 Department of Energy, Environment and Climate Action, *Whole of Victorian Government emissions reduction pledge*, p. 1.

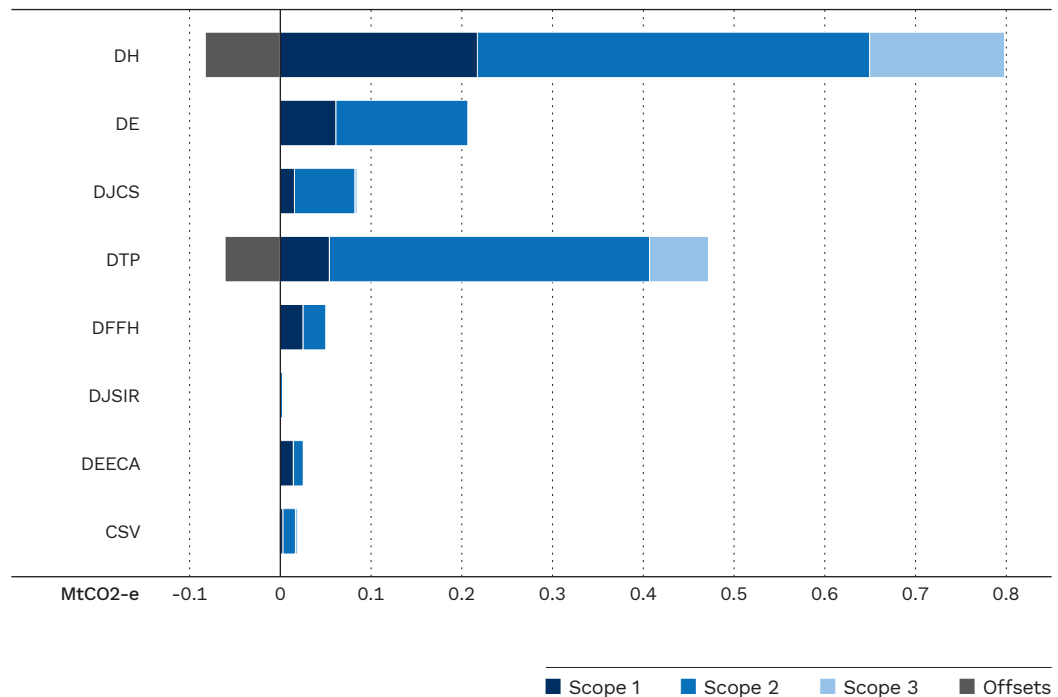
15 Ibid., p. 2.

16 Hon Lily D’Ambrosio MP, Minister for Climate Action, *Transcript of evidence*, p. 6; Department of Energy, Environment and Climate Action, *Whole of Victorian Government emissions reduction pledge*, pp. 6, 7.

17 The National Australian Built Environment Rating System measures the environmental performance of Australian buildings and tenancies. Source: Department of Energy, Environment and Climate Action, *Whole of Victorian Government emissions reduction pledge*, p. 5.

18 Department of Energy, Environment and Climate Action, *Whole of Victorian Government emissions reduction pledge*, p. 7.

Figure 9.1 Victorian Government greenhouse gas emissions from departments were approximately 1.5 million tonnes of carbon dioxide equivalent in 2023–24



- **Scope 1** emissions are from sources that an organisation owns or controls, such as burning fossil fuels in vehicles or machinery.
- **Scope 2** emissions are indirect emissions from an organisation's use of electricity from the grid, which still uses coal and gas-fired power generation.
- **Scope 3** emissions are indirect emissions from sources that an organisation does not control but does influence. Financial reporting direction 24 requires the reporting of scope 3 emissions from corporate air travel and waste disposal for some reporting tiers.
- Excludes departments that had less than 0.1 Mt CO₂-e of greenhouse gas emissions in 2023–24 (DGS, DTF, DPC, DPS).
- Excludes Victoria's water corporations, which are responsible for a large proportion of Government operations emissions each year.
- DJSIR and CSV recorded offsets below 0.01 Mt CO₂-e.

Source: All Victorian Government departments' 2023–24 Annual Reports, *Environmental reporting*; Department of Energy, Environment and Climate Action, *Water corporations' adaptation to climate change: Provide water services that adapt to and mitigate climate change*, 2025, <<https://www.water.vic.gov.au/about-us/how-we-work-with-water-corporations/water-corporation-performance/water-corporations-adaptation-to-climate-change>> accessed 28 July 2025; Department of Energy, Environment and Climate Action, *Government environmental reporting*, 10 April 2025, <<https://www.climatechange.vic.gov.au/victorian-government-action-on-climate-change/government-environmental-reporting>> accessed 28 July 2025.

Reporting on targets from the Whole of Government emissions reduction pledge

Individual departments are required by financial reporting direction 24 to report on environmental data, including greenhouse gas emissions and the source of emissions in their annual report.¹⁹

Public reporting on the Whole of Government pledge is planned for the end of the pledge period in 2025. At the end of 2025 the Government and department are

¹⁹ Department of Treasury and Finance, *FRD 24: Reporting of environmental data by government entities (June 2022)*, 2025, <<https://www.dtf.vic.gov.au/financial-reporting-directions-and-guidance>> accessed 21 July 2025.

required to publish a new climate change strategy, which must include information about the effectiveness of all seven of the 2021–25 pledges. This is required for publication by 31 October 2025. The Committee was advised in the previous Parliament that the Government had plans to publish annual reports of government electricity use from 2025, to support the fulfilment of 100% renewable electricity in government operations.²⁰ The Government has announced it will achieve 100% renewable energy in its operations by 1 July 2025.²¹

The Commonwealth Government has committed to net zero in its operations by 2030. To achieve this it has developed a strategy and a roadmap, which include specific targets and measures related to actions that Commonwealth entities can take to reduce their emissions.²² Commonwealth entities are required to develop a long-term emissions reduction plan that outlines what actions will be taken to support the 2030 target, and to provide an annual update on its emissions reduction plan.²³ The Commonwealth Department of Finance also publishes an annual progress report that measures achievements against the Strategy, and aggregates the performance of entities in achieving net zero.²⁴

By contrast, Victorian Government departments do not have internal targets to reduce their emissions within the Whole of Government pledge.²⁵ There is no annual reporting against the pledge, nor reporting on aggregated environmental performance by departments, such as aggregated greenhouse gas emissions or emissions or energy usage broken down by energy type.

FINDING 70: The Commonwealth Government has a well-developed strategy and reporting to reach net zero emissions in its operations by 2030. The Victorian Government does not annually track progress towards a *Whole of government emissions reduction pledge*.

RECOMMENDATION 33: The Department of Energy, Environment and Climate Action report annually on the environmental impact of government operations. This should include progress made toward the *Whole of Government emissions reduction pledge*, aggregated environmental performance by departments, aggregated greenhouse gas emissions and aggregated energy usage broken down by energy type.

²⁰ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2020–21 Financial and Performance Outcomes*, 21 September 2022, pp. 11–12.

²¹ Premier of Victoria, *Victoria: Powered by the SEC*, media release, 27 May 2025.

²² Department of Finance, *APS Net Zero Emissions by 2030*, 11 April 2025, <<https://www.finance.gov.au/government/climate-action-government-operations/aps-net-zero-emissions-2030>> accessed 21 July 2025.

²³ Department of Finance, *Net Zero in Government Operations Strategy*, Canberra, 2023, p. 20.

²⁴ Ibid., p. vii.

²⁵ DEECA's board however has committed internally to achieving net zero by 2030. Source: 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. 5; All departments, question 42, *Response to the 2025–26 Budget Estimates Questionnaire*; Department of Energy, Environment and Climate Action, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 189.

9.4 Environment portfolio: key issue

The Minister for Environment is responsible for six outputs:

- Fire and Emergency Management (funding in 2025–26: \$400.6 million)
- Environment and Biodiversity (funding in 2025–26: \$128.3 million)
- Statutory Activities and Environment Protection (funding in 2025–26: \$158 million)
- Circular Economy (funding in 2025–26: \$108 million)
- Management of Public Lands and Forests (funding in 2025–26: \$313.8 million)
- Parks Victoria (funding in 2025–26: \$187.3 million).²⁶

9.4.1 Victoria's Container Deposit Scheme

In 2024, Victoria's Container Deposit Scheme (CDS) was established by the Government. It allows for Victorians to return eligible drink containers to refund points and collect 10 cents for every container. After collection, containers are recycled and can be turned into new containers and other products.²⁷ The CDS is represented in DEECA's *Department Performance Statement*.²⁸

VicReturn Limited is the not-for-profit that is the scheme coordinator for CDS Victoria.²⁹ Its stated objectives and the objectives of the scheme overall are to increase recovery and recycling of empty beverage containers, reduce the number of beverage containers that are disposed of as litter or landfill, create employment opportunities, and provide opportunities for social enterprise and benefits for community organisations.³⁰

During the hearings the Minister provided information around how CDS Victoria is meeting several of these objectives. The Minister advised 640 refund sites had been established in the first 18 months of operation of the scheme, 1.8 billion containers were deposited and \$180 million was provided through refunds to individuals and charities.³¹ As of mid-2024, approximately 597 jobs had also been created because of the scheme.³² The Minister also told the Committee about how the scheme and its associated legislation represents a 'stewardship' scheme.³³ Certain manufacturers, distributors, importers and retailers supplying beverage containers into and within Victoria have obligations under the *Circular Economy (Waste Reduction and*

²⁶ Department of Energy, Environment and Climate Action, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 123–126; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 112.

²⁷ CDS Vic, *Frequently asked question*, 2025, <<https://cdsvic.org.au/fags>> accessed 21 July 2025.

²⁸ Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 30.

²⁹ VicReturn, *Who is VicReturn*, 2025, <<https://vicreturn.com.au/who-we-are>> accessed 21 July 2025.

³⁰ Ibid.

³¹ Steve Dimopoulos MP, Minister for Environment, 2025–26 Budget Estimates hearing, Environment, Melbourne, 10 June 2025, *Transcript of evidence*, p. 9.

³² VicReturn, *Annual Statutory Report 2023–24*, Melbourne, 2024, p. 21.

³³ Steve Dimopoulos MP, Minister for Environment, *Transcript of evidence*, p. 9.

*Recycling) Act 2021 (Vic).*³⁴ These obligations include making payments toward the scheme, meaning Victoria's CDS is funded by beverage manufacturers.³⁵ The Minister added that there are examples of beverage companies running recycling facilities,³⁶ demonstrating the circular economy of the CDS.

FINDING 71: Since starting in 2024, 640 refund sites have been established for Victoria's container deposit scheme, 1.8 billion containers have been deposited and \$180 million has been provided to charities and individuals through container refunds.

The Committee has previously recommended that DEECA include performance measures related to the CDS in the *Department Performance Statement*.³⁷ In the 2025–26 Budget, DEECA added the measure 'Container Deposit Scheme refund collection points provided to Victorians', with a target of over 600, based on the Government's commitment to deliver over 600 refund collection points.³⁸ However, the target has already been met. The Minister previously told the Committee that there would be 600 collection point by August of 2024.³⁹ This makes the performance measure redundant in the first year of its use. It is not clear to the Committee how this measure is demonstrating DEECA's expected service delivery performance in the 2025–26 year, if it has already been achieved.⁴⁰

The scheme is expected to deliver a number of concrete benefits such as reducing the State's litter by up to half and contributing to Victoria's target of diverting 80% of material away from landfill by 2030.⁴¹ The Committee encourages DEECA to identify an appropriate avenue for reporting the outcomes of the CDS to the Victorian public.

RECOMMENDATION 34: The Department of Energy, Environment and Climate Action develop stronger performance measures relating to the container deposit scheme.

RECOMMENDATION 35: The Department of Energy, Environment and Climate Action identify an appropriate avenue for reporting on the actual outcomes of the container deposit scheme, including by how much the scheme has reduced litter, diverted beverage containers from landfill and any other environmental benefits.

³⁴ VicReturn, *First Supplier Obligations*, 2025, <<https://vicreturn.com.au/first-suppliers/vic-supplier-obligations>> accessed 23 July 2025.

³⁵ Ibid.; Planet Ark, *Container deposit schemes*, 2024, <<https://recyclingnearyou.com.au/containerdeposit>> accessed 23 July 2025.

³⁶ Steve Dimopoulos MP, Minister for Environment, *Transcript of evidence*, p. 9.

³⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, p. 133.

³⁸ Department of Energy, Environment and Climate Action, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 143–144, 197.

³⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, p. 132.

⁴⁰ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document – effective 1 July 2025*, Melbourne, 2025, p. 38.

⁴¹ CDS Vic, *About CDS Vic*, 2025, <<https://cdsvic.org.au/about-cds-vic>> accessed 23 July 2025; Department of Energy, Environment and Climate Action, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 36.

9.5 Energy and Resources portfolio: key issue

The Minister for Energy and Resources is responsible for three outputs: Resources (funding in 2025–26: \$53.7 million), Solar Victoria (funding in 2025–26: \$142.3 million) and Energy (funding in 2025–26: \$306.4 million).⁴²

9.5.1 Victoria's energy transition and electricity prices

During the hearings, the Committee and the Minister discussed electricity prices and cost-of-living supports provided through the Budget for energy costs.⁴³ The 2025–26 Budget includes \$50.6 million to deliver the fifth round of the power savings bonus beginning in August of 2025. The Minister advised this delivers immediate cost-of-living support by taking \$100 off the energy bills of vulnerable Victorians.⁴⁴ Further, the energy assistance program is continuing to provide one-on-one assistance to households who are struggling to pay their energy bills through partners such as Angicare Victoria. Since launching in 2023, 12,000 households have been supported.⁴⁵

The 2025–26 Budget also includes \$12 million for the *Energy Upgrades Program* to develop a framework to reintroduce insulation as part of the Victorian Energy Upgrades (VEU) program.⁴⁶ The VEU is a continuing program that provides discounted energy efficiency products and services to Victorians to reduce their greenhouse gas emissions and energy bills.⁴⁷ The Minister stated that the VEU provides a benefit by reducing energy consumption, resulting in downward pressure on demand and cheaper retail and wholesale electricity.⁴⁸

The Committee and the Minister discussed electricity affordability for Victorians in the context of the Government's ongoing electricity transition to 95% renewable electricity.⁴⁹ Outlined in its plan for Victoria's future energy system, *Cheaper, Cleaner, Renewable: Our Plan for Victoria's Electricity Future*, the Government outlines several key benefits for the State as a result of the transition.⁵⁰ These include improved electricity affordability for consumers due to cheaper generation through renewable sources, stating:

Due to our higher share of renewables, Victorian households and businesses have been better insulated against recent price increases caused by high international gas prices

⁴² Department of Energy, Environment and Climate Action, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 126–128; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 112.

⁴³ Hon Lily D'Ambrosio, Minister for Energy and Resources, 2025–26 Budget Estimates hearing, Energy and Resources, Melbourne, 6 June 2025, *Transcript of evidence*, pp. 5–7, 11.

⁴⁴ Ibid., p. 6.

⁴⁵ Ibid., p. 7.

⁴⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 28, 32; Department of Energy, Environment and Climate Action, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 76–77.

⁴⁷ Essential Services Commission, *About the Victorian Energy Upgrades program*, 2025, <<https://www.esc.vic.gov.au/victorian-energy-upgrades/about-victorian-energy-upgrades-program>> accessed 25 July 2025.

⁴⁸ Hon Lily D'Ambrosio, Minister for Energy and Resources, *Transcript of evidence*, p. 11.

⁴⁹ Ibid., pp. 3, 4; Department of Energy, Environment and Climate Action, *Cheaper, Cleaner, Renewable: Our Plan for Victoria's Electricity Future*, 2024, Melbourne, p. i.

⁵⁰ Hon Lily D'Ambrosio MP, *A Cheaper, Cleaner, Renewable Future for Victoria*, media release, 21 August 2024; Department of Energy, Environment and Climate Action, *Cheaper, Cleaner, Renewable: Our Plan for Victoria's Electricity Future*, p. 5.

and outages at coal generators. Victorian wholesale prices have been consistently lower than other states.⁵¹

Most recent Melbourne consumer price index (CPI) data from the Australian Bureau of Statistics shows that between March 2024 and March 2025, the CPI for household electricity grew by 16.2%.⁵² Further, for 2025–26 the Essential Services Commission (ESC) increased the Victorian Default Offer (VDO)⁵³ by approximately 1%, or up to \$90 more for domestic customers and up to \$177 more for small business.⁵⁴ The ESC increased the VDO for 2025–26 due to ‘higher wholesale electricity and network costs ... partially offset by lower environmental costs’.⁵⁵

The Minister advised the Committee that several matters impact the electricity market and electricity pricing, including recent gas supply issues and prices, which affected the price of electricity Australia-wide.⁵⁶ Reflecting on the Government’s suggestion that electricity affordability will be improved through its energy transition, the Minister stated Victoria has the cheapest retail electricity in Australia.⁵⁷ Since 2020, Victoria has had comparatively low electricity costs. These costs have fluctuated between a high of approximately \$250 per megawatt hour, to a low of below \$50. While Victoria has had the lowest prices of measured jurisdictions for the past two quarters, there are other jurisdictions which are often cheaper or very similar.⁵⁸

According to the Government and DEECA, Victoria’s transition to renewable energy is projected to deliver long-term savings to electricity prices.⁵⁹ In a residential electricity price trend report from November 2024, the Australian Energy Market Commission provided a ten-year outlook for prices. It suggested prices in Victoria are projected to fall by 9%, with prices remaining below the national average, but delays in renewable projects would increase costs.⁶⁰ The *Cheaper, Cleaner, Renewable* plan shows a more modest forecast, with wholesale electricity prices projected to fluctuate between \$100 and \$50 to the end of 2026.⁶¹

51 Department of Energy, Environment and Climate Action, *Cleaner, Cheaper, Renewable: Our Plan for Victoria’s Electricity Future*, p. 5.

52 Australian Bureau of Statistics, *Consumer Price Index, Australia: March Quarter 2025—Capital city highlights*, 30 April 2025, <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release#capital-cities-comparison>> accessed 25 July 2025.

53 The Victorian Default Offer is set by the Essential Services Commission and sets the maximum prices a retailer can charge for electricity sold to domestic and small business customers in Victoria, who are on a standing offer. Customers who are unwilling or unable to engage in the electricity market can ask for the default offer. Source: Essential Services Commission, *Victorian Default Offer*, 2025, <<https://www.esc.vic.gov.au/electricity-and-gas/prices-tariffs-and-benchmarks/victorian-default-offer>> accessed 25 July 2025; Essential Services Commission, *Victorian Default Offer 2025–26: Final Decision Paper*, Melbourne, 21 May 2025, p. 6.

54 Ibid., p. 5.

55 Ibid.

56 Hon Lily D’Ambrosio, Minister for Energy and Resources, *Transcript of evidence*, p. 3.

57 Ibid., p. 4.

58 Australian Energy Regulator, *Wholesale markets quarterly: Q1 2025 January–March*, Canberra, June 2025, p. 5.

59 Department of Energy, Environment and Climate Action, *Energy facts: Victoria continues to deliver the cheapest electricity across Australia*, 4 February 2025, <<https://www.energy.vic.gov.au/about-energy/news/news-stories/energy-facts-renewables-and-electricity-prices>> accessed 25 July 2025.

60 Australian Energy Market Commission, *Residential electricity price trends 2024*, Sydney, November 2024, pp. 8, 32.

61 Department of Energy, Environment and Climate Action, *Cleaner, Cheaper, Renewable: Our Plan for Victoria’s Electricity Future*, p. 11.

FINDING 72: As a result of its transition to 95% renewable electricity, the Government expects improved electricity affordability due to cheaper electricity generation.

9.6 Performance measures

9.6.1 Department-wide: analysis of new performance measures

DEECA added six new performance measures in the 2025–26 Budget, five of which replaced discontinued measures.⁶² Table 9.1 summarises the issues that Committee identified with these performance measures by relevant output.

Table 9.1 Issues with new performance measures in 2025–26

Output	Performance measures	Issues identified by the Committee
Climate Action (Timeliness)	Delivery of statutory outputs under the <i>Climate Action Act 2017</i> within statutory timeframes	Replaces the performance measure 'Completion of Annual Greenhouse Gas Emissions Reports'. The Committee agrees that performance measures under the Climate Action output should represent a broader range of activities and reflect the timely delivery of climate action planning and reporting. However, the new performance measure represents minimum service delivery i.e. a target that the Department of Energy, Environment and Climate Action is required to meet 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 2025–26 Budget Estimates Questionnaire*, received 29 May 2025, pp. 141–142; Victorian Auditor-General's Office, *Fair Presentation of Service Delivery Performance*, Melbourne, 2024, p. 21.

RECOMMENDATION 36: The Department of Energy, Environment and Climate Action review the new performance measure 'Delivery of statutory outputs under the Climate Action Act 2017 within statutory timeframes'.

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

DEECA identified 23 performance measures for discontinuation in the 2025–26 Budget.

The Committee supports DEECA's rationale for the discontinuation of 18 measures and commends DEECA for discontinuing several measures due to findings made in the Victorian Auditor-General's *Fair presentation of service delivery* audits.⁶³ Table 9.2

⁶² Department of Energy, Environment and Climate Action, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 141–144.

⁶³ Ibid., pp. 157–170.

summarises the issues that the Committee identified with the remaining performance measures proposed to be discontinued by relevant output.

Table 9.2 Issues with performance measures proposed to be discontinued in 2025–26

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Climate Action (Quality) (Timeliness)	Stakeholder satisfaction with climate action engagement events	While the Committee does not disagree with the reasons provided by Department of Energy, Environment and Climate Action (DEECA) for discontinuing the three measures under the Climate Action output, it notes the output performance measures now consist of only three unique measures—two relating to the ResourceSmart schools program, and the new measure related to statutory outputs and timeframes outlined in Table 9.1 above.
	Completion of Annual Greenhouse Gas Emissions Report	
	Delivery of agreed milestones for climate action policy, advice and research within agreed timeframes	
Solar Victoria (Quantity)	Applications for Solar PV rebates for rental households approved	Solar PV rebates for rental households will continue to be reported as part of the performance measure 'Applications for solar panel system rebates for households approved', which combines rebates for owner occupied and rental households. Measures for owner-occupier and rental rebates were disaggregated from a combined performance measure in 2023–24. DEECA does not explain why it is being re-aggregated, except to say that funding in the Budget for rebates have no individual targets for owner-occupier and rental rebates. DEECA does not explain why there are now no targets associated with this funding, or whether this has a positive or negative impact.
Agriculture Sub-output: Agriculture industry development and regulation (Quantity)	Strategies developed to maintain and/or grow export opportunities, pathways and capability and overcome identified trade barriers	DEECA has discontinued this measure as it reports on a process rather than an output and is therefore not consistent with the Resource Management Framework. While the Committee agrees with DEECA's reasoning for discontinuing the measure, the output and sub-output now have no measures that demonstrate DEECAs work in maintaining or growing export and overcoming trade barriers related to Victorian agriculture. If this work remains relevant under the output, the Committee recommends DEECA develop appropriate measures that demonstrate the outputs of the department's work around agricultural export and trade.

Source: Department of Energy, Environment and Climate Action, *Response to the 2025–26 Budget Estimates Questionnaire*, received 29 May 2025, pp. 157–158, 161, 163; Department of Treasury and Finance, *Department Performance Statement 2025–26*, Melbourne, 2025, pp. 18–19, 22; Department of Energy, Environment and Climate Action, *Response to the 2023–24 Budget Estimates Questionnaire*, received 29 May 2023, pp. 83–84.

RECOMMENDATION 37: The Department of Energy, Environment and Climate Action create new, relevant performance measures for the Climate Action output that reflect its breadth of work, for inclusion in the 2026–27 Budget.

RECOMMENDATION 38: The Department of Energy, Environment and Climate Action address the issues identified with its discontinued performance measures.

Chapter 10

Court Services Victoria

10.1 Overview

Court Services Victoria (CSV) is an independent statutory body established to provide administrative services and facilities to support Victorian courts, the Victorian Civil and Administrative Tribunal (VCAT), the Judicial College of Victoria and the Judicial Commission of Victoria.¹

In 2025–26, CSV has one objective: the fair, timely and efficient dispensing of justice.

CSV supports Victoria's courts and tribunals to:

- provide equal access to justice
- ensure fairness, impartiality and independence in decision making
- follow processes that are transparent, timely and certain
- strive for leadership and best practice in court administration
- strengthen links with the community.²

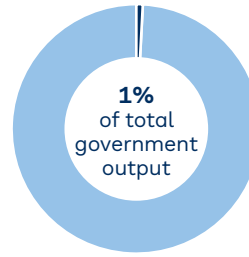
¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 202.

² Ibid.

Court Services Victoria

Total output funding

2025–26 Budget	\$834.2m
2024–25 revised Budget	\$864.1m
2024–25 Budget	\$813m



1%
of total
government
output

8th largest
budget of all
departments

Funding by output, 2025–26

\$834.2m
allocated to Court Services
Victoria's one output, Courts



Infrastructure program, 2025–26 (\$215.1m)

\$213m **\$2.1m**

- Existing infrastructure program
- Total estimated investment in new projects



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



\$79.3m
Operationalisation of
the Wyndham Law
Courts

\$15.4m
Court security at
Specialist Family
Violence Courts

\$27.2m
Improving access to
the Magistrates'
Court of Victoria

\$15.1m
Case management
system maintenance



11 new output initiatives
totalling \$164.9m from
2024–25 to 2028–29

New infrastructure project with highest total investment, 2024–25 to 2028–29



\$2.1m
Supporting a safe and
effective Youth Justice
system



1 new infrastructure project

10.2 Financial analysis

CSV's output appropriations are budgeted as \$580.9 million for 2025–26, a decrease of \$14.3 million (2.4%) compared to the 2024–25 revised Budget.³

The 2025–26 Budget forecasts CSV's income will equal its expenses. CSV's operating statement shows an expected decrease in both income and expenses of \$30 million between the 2024–25 revised Budget and the 2025–26 Budget.⁴ During the hearings, the Chief Executive Officer (CEO) explained that the decrease is mostly due to a number of one-off payments in the 2024–25 Budget to support enterprise bargaining agreement wage increases, additional funding received through the Victorian Legal Services Board and some other smaller investments, none of which are ongoing in 2025–26.⁵ This reduction will be partially offset by additional funding for initiatives announced in the 2025–26 Budget.⁶

CSV has a savings target of \$26.1 million for 2025–26, amounting to 4.7% of the whole of government savings and efficiencies target as published in the Budget.⁷ CSV has an additional savings target of \$4 million from the 2024–25 Budget.⁸ Building on similar comments made in last year's Budget Estimates hearing, the CEO stated that CSV is reducing duplication and increasing back-office efficiency to meet its savings targets.⁹

The Committee has previously raised concerns about the limited information available regarding how CSV plans to meet its savings targets while ensuring service delivery through the courts is maintained.¹⁰ CSV's questionnaire response states it is working with the Government to identify savings, efficiencies and reduced activities, and due to ongoing consultations it was 'too early to advise of impacts' resulting from meeting savings targets.¹¹ During last year's hearings, the CEO advised the Committee consultations are expected to be finalised by the end of that financial year.¹² As such, the Committee expects CSV will be able to provide comprehensive information about how it will meet its savings and what impact this will have through the Committee's subsequent inquiries.

³ Ibid, p. 203.

⁴ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 153.

⁵ Ms Louise Anderson, CEO, Court Services Victoria, 2025–26 Budget Estimates hearing, Attorney-General, Melbourne, 11 June 2025, *Transcript of evidence*, p. 3.

⁶ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26*, p. 153.

⁷ Court Services Victoria, *Response to the 2025–26 Budget Estimates Questionnaire*, received 26 May 2025, p. 31; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

⁸ Court Services Victoria, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 30.

⁹ Ms Louise Anderson, CEO, Court Services Victoria, 2024–25 Budget Estimates hearing, Attorney-General, Melbourne, 24 May 2024, *Transcript of evidence*, p. 3; Ms Louise Anderson, CEO, Court Services Victoria, 2025–26 Budget Estimates hearing, *Transcript of evidence*, p. 4.

¹⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, pp. 141–142.

¹¹ Court Services Victoria, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 31.

¹² Ms Louise Anderson, CEO, Court Services Victoria, 2024–25 Budget Estimates hearing, *Transcript of evidence*, p. 14.

10.3 Court Services Victoria: key issue

10.3.1 Opening of Wyndham law courts

The construction and opening of the Wyndham law courts was discussed at length during the hearings.¹³ The project was originally announced in the 2020–21 Budget, described as ‘a new western metropolitan headquarter court that will meet the long-term demand for justice services in Wyndham and the surrounding growth corridor’.¹⁴ The total estimated investment announced in the 2020–21 Budget was \$271.1 million over four years.¹⁵

In 2020, the then Attorney-General described some of the expected benefits of the project, including: 13 courts, four hearing rooms, three mediation suites and 26 holding cells expected to take pressure off the Sunshine courts and the Melbourne Custody Centre.¹⁶ Audio visual facilities will also allow for witnesses to appear remotely increasing safety, and for prisoners to appear in court from correctional facilities, reducing the cost and risk associated with transportation.¹⁷

At the 2025–26 hearings, the Attorney-General advised the Committee that the new courts will house three jurisdictions under one roof: the Magistrates Court, the Children’s Court of Victoria and VCAT.¹⁸ Further, the Attorney-General reported that by 2027, Wyndham will include a full suite of therapeutic programs, including critical diversionary Aboriginal and family violence services.¹⁹

CSV’s 2020–21 Annual Report estimated construction would be complete by September 2024, with court operations commencing in early 2025.²⁰ In the 2023–24 Budget, the estimated completion date was revised to quarter 3 2024–25 in line with a revised project schedule.²¹

The 2025–26 Budget includes \$114.3 million over four years for the operationalisation of the Wyndham law courts.²² A further \$38.3 million over four years is allocated to the Department of Justice and Community Safety for *Justice system costs associated with court programs*. This funding will allow for several organisations to support the implementation of court initiatives at Wyndham. Organisations include the Office of

¹³ Hon Sonya Kilkeny MP, Attorney-General, 2025–26 Budget Estimates hearing, Attorney-General, Melbourne, 11 June 2025, *Transcript of evidence*, pp. 2, 8–10, 12–15, 21.

¹⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 148.

¹⁵ Ibid.

¹⁶ Hon Jill Hennessy MP, Attorney-General, 2020–21 Budget estimates hearing, Attorney-General, Melbourne, 15 December 2020, *Transcript of evidence*, p. 11.

¹⁷ Ibid.

¹⁸ Hon Sonya Kilkeny MP, Attorney-General, *Transcript of evidence*, p. 2.

¹⁹ Ibid.

²⁰ Court Services Victoria, *Annual Report 2020–21*, Melbourne, 2021, p. 30.

²¹ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, p. 93.

²² Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 70, 98.

Public Prosecutions, Victoria Legal Aid, Victorian Aboriginal Legal Service, Community Legal Centres and Djirra.²³

The Attorney-General explained that the operationalisation of the Courts includes all elements of getting the court functioning, from employing judicial officers and support and security staff, to providing integrated services.²⁴ The Attorney-General explained that the operationalisation will be ‘a process that needs to be done in a steady fashion ... to ensure that the building becomes occupied and operationalised in a safe, efficient and effective way’.²⁵

In its response to the questionnaire, CSV confirmed that the new facility was completed in March 2025.²⁶ The CEO informed the Committee that the opening of the Wyndham law courts is expected by the end of 2025.²⁷

The Attorney-General stated that when the facility opens it will become operational in a phased manner, beginning with the Magistrates Court, the Children’s Court of Victoria and VCAT initially.²⁸ In 2026, the Cubby House will become operational, which is a secure purpose-built waiting space for children and young people in traumatic family situations.²⁹ In 2027, the Wyndham law courts are expected to deliver a full suite of therapeutic programs, including a Specialist Family Violence Court, Koori Court and Children’s Koori Court.³⁰

FINDING 73: Construction of the Wyndham law courts facility was completed in March 2025. The facility accommodates the Magistrates Court, the Children’s Court of Victoria, the Victorian Civil and Administrative Tribunal as well as various legal support agencies. The various court facilities and services available at Wyndham law courts will be opened in a staged process, with the full suite of programs expected to be available in 2027.

10.4 Performance measures

10.4.1 Department-wide: analysis of new performance measures

CSV added four new performance measures in the 2025–26 Budget, all four of which replaced two discontinued measures by disaggregation. The previous performance measure ‘Case clearance rate – Family violence intervention orders disposed in the Magistrates’ and Children’s Courts’ was disaggregated into two separate measures, one for the Magistrates’ Courts and one for the Children’s Courts.

²³ Ibid., p. 76; Department of Justice and Community Safety, *Response to the 2025–26 Budget Estimates Questionnaire*, received 29 May 2025, p. 74.

²⁴ Hon Sonya Kilkeny MP, Attorney-General, *Transcript of evidence*, p. 14.

²⁵ Ibid., p. 13.

²⁶ Court Services Victoria, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 4.

²⁷ Ms Louise Anderson, CEO, Court Services Victoria, 2025–26 Budget Estimates hearing, *Transcript of evidence*, p. 10.

²⁸ Hon Sonya Kilkeny MP, Attorney-General, *Transcript of evidence*, p. 13.

²⁹ Ibid., p. 14.

³⁰ Ibid.

Another previous measure ‘On-time case processing – Family violence intervention orders resolved or otherwise finalised within established timeframes in the Magistrates’ and Children’s Courts’ was disaggregated in the same manner, with one measure for the Magistrates’ Courts and one for the Children’s Courts. In all four cases, CSV reported that there are no shortcomings or data limitations of the measures as they all adopt the existing measures’ methodology.³¹

The Committee supports CSV’s rationale for the discontinuation of the two measures. The disaggregation increases clarity about performance in the Magistrates and Children’s Courts and ensures the performance measures are more focused.³²

³¹ Court Services Victoria, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 44–46.

³² *Ibid.*, pp. 45–46.

Chapter 11

Department of Government Services

11.1 Overview

The Department of Government Services' (DGS) purpose is to improve how Victorians and businesses engage with government, and to accelerate digital transformation and corporate services reform across the Victorian Public Service.¹

In 2025–26, DGS supports three portfolios: Government Services, Consumer Affairs and Local Government.²

In 2025–26, DGS's objectives are to:

- make it easier for individuals and businesses to engage with government
- accelerate digital transformation for government
- deliver corporate services that enable efficiency, productivity and high-quality service delivery.³

This chapter examines the budget initiatives and key issues relevant to one portfolio that was identified during the Budget Estimates hearings.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 131.

² Ibid.

³ Ibid.

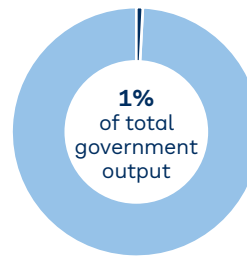
Department of Government Services

Total output funding

2025–26 Budget \$790.2m

2024–25 revised Budget \$781.4m

2024–25 Budget \$541.7m



1%
of total
government
output

9th largest
budget of all
departments

Funding by output, 2025–26



- Services to Government **\$376m**
- Regulation of the Victorian consumer marketplace **\$127.5m**
- Digital strategy and transformation **\$125.2m**
- Local Government **\$63.4m**
- Customer services to the Community **\$44m**
- Other* **\$54.1m**

* Includes 2 outputs with budgets <\$44m.



Infrastructure program, 2025–26 (\$42.5m)

Existing infrastructure program \$42.5m

- Existing infrastructure program
- Total estimated investment in new projects (\$0)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



8 new output initiatives totalling \$210.6m from 2024–25 to 2028–29

\$105.8m
Delivering digital services – Services Victoria and websites

\$49.4m
Maintain identity and worker screening services

\$37.5m
Cyber Safe Victoria 2026+ and Open Data

\$6.2m
Professional engineer registration scheme

11.2 Financial analysis

DGS' output appropriations are budgeted as \$616.1 million for 2025–26, an increase of \$93.5 million (17.9%) compared to the 2024–25 revised Budget.⁴ This variation is primarily due to centralisation of accommodation funding into DGS, which was previously appropriated to each individual department.⁵

DGS forecasts an operating deficit of \$3 million for 2025–26, compared to an operating surplus of \$39 million in 2024–25.⁶ DGS attributes this decrease to forecast expenditure from trust balances and the drawdown of the prior year's surplus.⁷

DGS has a total savings target of \$12.3 million for 2025–26, which makes up 2.3% of the whole of government efficiencies for 2025–26. DGS stated that there was no anticipated impact on service delivery or projects.⁸

11.3 Consumer Affairs portfolio: key issue

The Minister for Consumer Affairs is responsible for one output: Regulation of the Victorian Consumer Marketplace (funding in 2025–26: \$127.5 million).⁹

11.3.1 Support for renters

As Victoria's consumer regulator, Consumer Affairs Victoria (CAV) works to ensure that the market operates effectively by detecting and addressing non-compliance with the law, including regulation of the residential tenancies market.¹⁰ CAV helps Victorian renters with issues such as renting agreements, bonds, rent increases, repairs, or if they are being evicted.¹¹ One of DGS' strategic issues reported in 2025–26 was better protections for renters and those building or renovating a home, which they proposed to address with initiatives such as closing loopholes that drive up the cost of living for renters and providing renters with more certainty and security over their rental agreements.¹²

During the hearings, the Minister for Consumer Affairs discussed Government support provided to Victorian renters over the last state budgets.¹³ It is widely recognised that

⁴ Ibid., p. 133.

⁵ Department of Government Services, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, p. 16.

⁶ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 97.

⁷ Ibid.

⁸ Department of Government Services, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 33; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 132; Department of Government Services, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 39.

¹⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 135.

¹¹ Consumer Affairs Victoria, *Renters Guide*, Melbourne, June 2025, p. 38.

¹² Department of Government Services, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 13.

¹³ Hon Nick Staikos MP, Minister for Consumer Affairs, 2025–26 Budget Estimates hearing, Consumer Affairs, Melbourne, 10 June 2025, *Transcript of evidence*, pp. 3, 5–6, 9, 11–14.

Victoria is experiencing both a cost-of-living and housing crisis, which have impacted the cost, availability and accessibility of rental properties. Several reports from government and non-government organisations highlight these issues in more detail.¹⁴ Several rental supports have been provided by the Government to ease the impact of the cost-of-living and housing crises on renters.

Some of the key initiatives undertaken by the Government and department to address the issues facing Victorian renters are outlined in Table 11.1 below.

Table 11.1 Several initiatives to support renters and strengthen renter’s rights have been put in place in the last several years

Description	When it was introduced	Funding provided	Achievements
Rental reforms (legislation)			
The Government has introduced more than 130 rental reforms to make renting fairer in Victoria since 2021.	2021 – present	n/a	The Minister stated at the hearings that Victoria is leading the nation in rental reform.
Renting taskforce			
A taskforce within Consumer Affairs Victoria designed to ensure that all rental providers are complying with the minimum standards set by the government. It can conduct targeted inspections and take enforcement action, including official warnings, infringements, disciplinary proceedings against estate agents, and court actions.	March 2024	Funding is drawn from the Victorian Property Fund and the Residential Tenancy Fund.	100 warnings and 75 infringements issued, totalling more than \$660,000 in fines. Fines relate to rental bidding, non-lodgement of bond and minimum standard breaches.
Rental Stress Support Package (RSSP)			
Funding was provided for the RSSP to organisations delivering support for renters in the private market so that households facing rental stress can gain access to information and advice, advocacy and legal assistance.	2024–25 Budget	\$8 million over three years.	The RSSP supported nearly 3000 clients in the 2024–25 financial year.

¹⁴ Parliament of Victoria, Legal and Social Issues Committee, *Report on the rental and housing affordability crisis in Victoria*, November 2023, pp. xiii–xvii; Commissioner for Residential Tenancies, *Renting in Victoria: 2024 Snapshot*, Melbourne, 29 April 2025, p. 4; Victorian Council of Social Service, *Renting in Victoria: Insights from frontline community sector workers*, Melbourne, 8 April 2024, p. 3.

Description	When it was introduced	Funding provided	Achievements
Rental Dispute Resolution Victoria			
An alternative to VCAT that is provided by VCAT, envisioned as a one-stop shop for renters, agents and landlords to resolve tenancy disputes over rent, damages, repairs and bonds, freeing up VCAT for more serious or complicated matters.	June 2025	Funding is drawn from Victorian Property Fund and Residential Tenancy Fund.	n/a

Source: Rental Dispute Resolution Victoria, *About RDRV*, 2025, <<https://www.rdrv.vic.gov.au/about-rdrv>> accessed 11 August 2025; Consumer Affairs Victoria, *Free support now available for rental disputes in Victoria*, 2025, <<https://www.consumer.vic.gov.au/latest-news/free-support-now-available-for-rental-disputes-in-victoria>> accessed 11 August 2025; Hon Nick Staikos MP, Minister for Consumer Affairs, 2025–26 Budget Estimates hearing, Consumer Affairs, Melbourne, 10 June 2025, *Transcript of evidence*, pp. 3, 5, 12, 14; Hon Nick Staikos MP, *New Laws Passed To Make Renting Fairer In Victoria*, media release, 6 March 2025; Department of Premier and Cabinet, *Victoria's Housing Statement: The decade ahead 2024–2034*, Melbourne, 2023; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, pp. 44, 45; Consumer Affairs Victoria, *Renting taskforce*, 5 June 2024, <<https://www.consumer.vic.gov.au/about-us/in-focus/renting-taskforce>> accessed 13 August 2025; Ms Nicole Rich, Executive Director, Regulatory Services, Department of Government Services, 2025–26 Budget Estimates hearing, Consumer Affairs, Melbourne, 10 June 2025, *Transcript of evidence*, p. 14.

The Minister advised the Committee that Victoria is ‘leading the nation’ in terms of rental reforms.¹⁵ Since initiating legislative change in 2021 and 2025 that strengthen renters’ rights, Victoria has become one of the leading jurisdictions in this area.¹⁶ The Australian Capital Territory (ACT) has similar legislated renters rights and a rental cap in place for rent increases.¹⁷ In Victoria, outside of a fixed term agreement a landlord can increase rent once every 12 months by giving 60 days’ notice. The law does not state by how much a landlord can increase the rent.¹⁸ In the ACT, landlords can only increase rents by a prescribed amount.¹⁹

FINDING 74: Through legislative changes in 2021 and 2025 the Government has strengthened renters’ rights and is a leading jurisdiction in this area.

Non-governmental organisations such as Tenants Victoria,²⁰ the Victorian Council of Social Service,²¹ and the Federation of Community Legal Centres²² have advocated for the introduction of a rental fairness formula for rent increases, whereby maximum

¹⁵ Hon Nick Staikos MP, Minister for Consumer Affairs, *Transcript of evidence*, p. 5; Hon Nick Staikos MP, *New Laws Passed To Make Renting Fairer In Victoria*, media release, 6 March 2025; Victoria Government, *Strengthening rights for renters*, 6 June 2025, <<https://www.vic.gov.au/strengthening-rights-renters>> accessed 25 July 2025.

¹⁶ Make Renting Fair WA, *National comparison of tenancy laws in Australia*, October 2023, <<https://makerentingfairwa.org.au/wp-content/uploads/2023/10/National-comparison-of-tenancy-laws-in-Australia-October-2023.pdf>> accessed 15 August 2025; Hon Jacinta Allen MP, *Crackdown on excessive rent increases and dodgy rentals*, media release, 27 November 2024; Hon Nick Staikos MP, *New Laws Passed To Make Renting Fairer In Victoria*, media release.

¹⁷ Make Renting Fair WA, *National comparison of tenancy laws in Australia*.

¹⁸ Consumer Affairs Victoria, *Rent increases*, 24 April 2025, <<https://www.consumer.vic.gov.au/housing/renting/rent-bond-bills-and-condition-reports/rent/rent-increases>> accessed 15 August 2025.

¹⁹ Landlords can increase rent by no more than 10% above the growth in the rents component of the Consumer Price Index (CPI) for Canberra, known as the prescribed amount. Source: ACT Government, *Rent increases*, 1 July 2025, <<https://www.act.gov.au/housing-planning-and-property/renting/rent-increases>> accessed 15 August 2025.

²⁰ Tenants Victoria, *Room for more renter reforms*, December 2022, <<https://tenantsvic.org.au/news/room-for-more-renter-reforms>> accessed 25 July 2025.

²¹ Victorian Council of Social Service, *Renting in Victoria*, p. 20.

²² Federation of Community Legal Centres, *Action for Justice: A roadmap for change*, Melbourne, July 2025, p. 33.

rent increases would be calculated.²³ During the hearings, the Committee discussed these groups and the rental fairness formula with the Minister.²⁴ The Minister advised that in terms of rental prices, the Government's relevant reforms were the ban on rental bidding and the portable rental bond scheme.²⁵ The Government's 2024 *Housing Statement* rejects any form of rent controls or rent increase caps, citing potential dampening of investment and distortion in the rental market.²⁶

While the Government does have strong renters' rights and legislation to support this, renters in Victoria continue to experience issues with rent increases, rental affordability and housing availability. The Victorian Commissioner for Rental Tenancies published its 2024 *Renting in Victoria* snapshot in April 2025.²⁷ It found that in 2024:

- Over the last two years, rental affordability has consistently declined in metropolitan and regional areas and is at its lowest point in more than a decade.
- Notices to vacate for non-payment of rent have increased five-fold since 2021, as renters struggle to pay rising rents.
- The number of Notices of Rent Increase generated in the 12 months to September 2023 was equivalent to over 58% of rental households in the State, up from 29.8% in the previous 12 months.
- The median rental rate is no longer affordable compared to the income of an average rental household in many areas of Victoria.
- Almost all rentals are unaffordable to people on government support.
- Many properties continue to not meet minimum standards.²⁸

FINDING 75: Despite reform around renters' rights in Victoria, data from 2024 shows renters continue to experience issues with rental affordability, accessibility and landlords meeting minimum legislated standards.

11.4 Performance measures

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

DGS identified seven performance measures for discontinuation in the 2025–26 Budget.²⁹

²³ Tenants Victoria, *Submission to the Inquiry into the Rental and Housing Affordability Crisis in Victoria*, submission to the Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into the Rental and Housing Affordability Crisis in Victoria, 2023, p. 8.

²⁴ Public Accounts and Estimates Committee, 2025–26 Budget Estimates hearing, Consumer Affairs, Melbourne, 10 June 2025, *Transcript of evidence*, p. 13.

²⁵ Hon Nick Staikos MP, Minister for Consumer Affairs, *Transcript of evidence*, p. 13.

²⁶ Victorian Government, *Victoria's Housing Statement: The decade ahead 2024–34*, Melbourne, 2024, p. 26.

²⁷ Commissioner for Residential Tenancies, *Renting in Victoria*.

²⁸ *Ibid.*, pp. 4, 10, 12.

²⁹ Department of Government Services, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 57–60.

The Committee supports DGS's rationale for the discontinuation of four measures. Table 11.2 summarises the issues that the Committee identified with the remaining performance measures proposed to be discontinued by relevant output.

Table 11.2 Issues with performance measures proposed to be discontinued in 2025–26

Output	Performance measures proposed to be discontinued	Issues identified by the Committee
Local Government (Quantity)	Visitors to Metropolitan Public Libraries	The Department of Government Services (DGS) proposes to discontinue the two measures and replace them with two new measures—'Number of collection items (digital and physical)' and 'Number of loans (digital and physical)'. The Committee has identified two issues with discontinuing these measures. The first is that the proposed replacement measures no longer capture the use of or demand for library services for metropolitan and regional libraries. Second, during a previous inquiry the Committee was told by DGS that its performance measures did not 'accurately reflect the significant use of public libraries as community hubs and meeting spaces and the growth of digital library services in recent years'. While the new measures capture use of digital library services, the output does not include measures that demonstrate how or how much libraries are being used as community hubs and meeting spaces, nor do they measure other library services. The original measure better captures these activities through a raw visitor count. As such, the Committee recommends DGS retain the discontinued measures or add further measures to reflect the other significant uses of libraries in the community.
	Visitors to Regional Public Libraries	
Regulation of the Victorian Consumer Marketplace (Quantity)	Dispute resolution services provided by Domestic Building Dispute Resolution Victoria (DBDRV)	DGS proposes to discontinue the measure as DBDRV will be transferred to the Building and Plumbing Commission on 1 July 2025. While the Committee supports this reasoning, it is unclear why this performance measure would not be transferred to the appropriate department instead of discontinued, due to the change in responsibilities. The Committee recommends that the department responsible for the Building and Plumbing Commission create appropriate performance measures for the DBDRV for inclusion in the next budget.

Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Financial and Performance Outcomes*, April 2025, p. 177; Department of Government Services, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, pp. 57–59; Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 56.

RECOMMENDATION 39: The Department of Government Services address the issues identified with three of its discontinued performance measures.

Chapter 12

Department of Treasury and Finance

12.1 Overview

The Department of Treasury and Finance (DTF) provides economic, commercial, financial, infrastructure, industrial relations and resource management advice to help the Victorian Government deliver its policies.¹

In 2025–26, DTF supports four portfolios: the Treasurer, Finance, Industrial Relations, and WorkSafe and the Transport Accident Commission.²

In 2025–26, DTF’s objectives are to:

- optimise Victoria’s fiscal resources
- strengthen Victoria’s economic performance
- improve how government manages its balance sheet, commercial activities and public sector infrastructure
- strengthen Victoria’s economic performance through fair, equitable and productive workplaces.³

This chapter examines the budget initiatives and key issues relevant to the Finance portfolio that were identified during the Budget Estimates hearings.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 184.

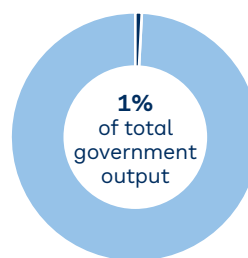
² Ibid.

³ Ibid., pp. 184–185.

Department of Treasury and Finance

Total output funding

2025–26 Budget	\$500.7m
2024–25 revised Budget	\$518.5m
2024–25 Budget	\$477.5m



1%
of total
government
output

10th largest
budget of all
departments

Funding by output, 2025–26



- Revenue Management and Administrative Services to Government **\$235.7m**
- Commercial and Infrastructure Advice **\$92.1m**
- Economic and Policy Advice **\$81.4m**
- Budget and Financial Advice **\$42.2m**
- Industrial relations **\$33.1m**
- Other* **\$16.2m**

* Includes 2 outputs with budgets <\$33.1m.



Infrastructure program, 2025–26 (\$53m)



- Existing infrastructure program
- Total estimated investment in new projects (\$0)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



11 new output initiatives totalling \$90m from 2024–25 to 2028–29

\$36.8m
Housing Support Program – Priority Works

\$16.8m
Halving the number of business regulators by 2030

\$11.1m
Launching a regulatory digitisation and AI program

\$6.1m
Response to the independent review into Victorian Government Bodies

12.2 Financial analysis

DTF's output appropriations are budgeted as \$471 million for 2025–26, a decrease of \$35 million (6.9%) compared to the 2024–25 revised Budget.⁴ The difference is primarily due to carryover of funding from the previous year, and higher funding received for various initiatives in 2024–25 compared with 2025–26 such as *Commercial reform and advisory services*, Commonwealth funding received for the National Labour Hire Licensing Scheme and the Victorian Public Service enterprise bargaining agreement.⁵

DTF's spending on grants and other transfers is budgeted as \$67.8 million for 2025–26, an increase of \$24.9 million (58%) compared to the 2024–25 revised Budget. DTF stated that the increase primarily reflects grant phasing for initiatives such as *Rent to Buy* and the *Economic Growth Statement*.⁶

DTF has a total savings target of \$14 million for 2025–26, which makes up 2.5% of the whole of government savings published in the 2025–26 Budget.⁷

12.3 Finance portfolio: key issue

The Minister for Finance is responsible for four outputs: Budget and Financial Advice (funding in 2025–26: \$42.2 million), Economic and Policy Advice (funding in 2025–26: \$81.4 million), Economic Regulatory Services (funding in 2025–26: \$6.9 million) and Commercial and Infrastructure Advice (funding in 2025–26: \$92.1 million).⁸

12.3.1 Changes to the Financial Management Act

The *Financial Management Act 1994* (Vic) (FMA) establishes the legislative framework for financial management of the Victorian public sector.⁹ It provides for the use of public money and the accountability processes and subordinate legislation that government departments and agencies must comply with.¹⁰

In the 2024–25 Budget, the Government announced a review of the FMA, to ensure that it 'continues to align with contemporary approaches to governance, performance management and risk management'.¹¹ The Treasurer expanded on this during the

⁴ Department of Treasury and Finance, *Budget Paper No. 5: 2025–26 Statement of Finances*, Melbourne, 2025, p. 141.

⁵ Ibid., p. 139.

⁶ Department of Treasury and Finance, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, p. 28.

⁷ Ibid., p. 52; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

⁸ Department of Treasury and Finance, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 58–61; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 186.

⁹ Ms Jaclyn Symes MLC, Treasurer, 2025–26 Budget Estimates hearing, Treasurer, 3 June 2025, *Transcript of evidence*, p. 10; *Financial Management Act 1994* (Vic).

¹⁰ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document – effective 1 July 2025*, Melbourne, 2025, p. 15.

¹¹ Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, p. 49.

hearings, telling the Committee that as the Act is 30 years old, it was important to ensure that it reflects the current financial and economic environment, which has ‘become more ... sophisticated’.¹²

The 2025–26 Budget announced that the review was completed and had identified opportunities to strengthen the FMA, with a goal of ensuring it remains fit for purpose.¹³ The Treasurer emphasised that the review found a majority of the Act did not need amending.¹⁴ The *Financial Management Act Amendment Bill* was introduced to Parliament on 20 May 2025, making changes to the original FMA in line with the Government’s review.¹⁵

Both the Treasurer and Minister for Finance provided the Committee with the principles the amendments sought to enhance in the FMA including: an enhanced risk-based approach to financial management by reducing administrative burdens on smaller entities, improved management by DTF of financial risks and improved accountability and transparency across the public sector.¹⁶ The changes to the FMA that the Bill will result in are outlined in Table 12.1 below.

Table 12.1 Amendments made to the Financial Management Act 1994 (Vic)

Amendment	Further information
Update financial management principles to better reflect the expectations of government and the public sector	Inserts a new principle of sound financial management, that the government must ‘set an expectation that each department and public body should operate within its budget’.
Embed notification processes when there is a risk that a department or public body’s budget may be exceeded	Introduces a requirement for relevant departments and public bodies ‘to stick to their set budgets’ and report any financial risks (including the risk of exceeding its budget) in writing to the Department of Finance, including a plan of how to manage the risk.
Include the power to include or exclude certain agencies from the operation of certain provisions of the FMA	n/a
Remove the requirement for warrants	Removes the requirement for a warrant for issuing public money from the Consolidated Fund. The Government advised this is an antiquated practice that originated when public servants would take cash from the vaults below the Old Treasury building. As modern controls and checks have been introduced, warrants are no longer required.

12 Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 10.
13 Department of Treasury and Finance, *Budget Paper No. 2: 2025–26 Strategy and Outlook*, Melbourne, 2025, p. 39.
14 Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, p. 10.
15 Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 39; Department of Treasury and Finance, *2025–26 State Budget*, 20 May 2025, <<https://www.dtf.vic.gov.au/2025-26-state-budget>> accessed 7 August 2025; Victorian Legislation, *Financial Management Legislation Amendment Bill 2025*, 2025, <<https://www.legislation.vic.gov.au/bills/financial-management-legislation-amendment-bill-2025>> accessed 15 August 2025.
16 Hon Danny Pearson MP, Minister for Finance, 2025–26 Budget Estimates hearing, Finance, 4 June 2025, *Transcript of evidence*, pp. 2–3; Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, pp. 10–11.

Amendment	Further information
Clarify Accountable Officer, Board, and Chief Finance Officer responsibilities	The Second Reading Speech advises: Responsibilities will be updated to include, among other things, responsibility for the financial management, financial performance and financial sustainability of the relevant department or agency.
Adjust requirements relating to the Budget Update in an election year	Neither the Budget Update, the quarterly financial report (quarter 1) nor a financial policy objectives and strategy statement is required to be produced if a pre-election budget update is released after 15 September and before 15 December in an election year.
Adjust transmission requirements for the September Quarterly	Must now be provided to Parliament by 15 December, rather than 15 November.
Strengthen the requirements around the creation or cessation of agencies	n/a
Update the Regulations and direction making powers	n/a
Requires annual reports to be transmitted to Parliament by 15 October, or the earlier of 14 calendar days after the relevant minister receives the report and 31 October	Annual reports will be transmitted to Parliament earlier than under previous legislation.
Require the mid-year financial report to include reporting on Treasurer's Advances approved in the first half of the financial year	n/a

Source: Parliament of Victoria, Scrutiny of Acts and Regulations Committee, *Alert Digest No. 8 of 2025*, June 2025, pp. 1–4; Victoria, Legislative Assembly, 27 May 2025, *Parliamentary debates*, p. 2097; Parliament of Victoria, Legislative Council, *Financial Management Legislation Amendment Bill 2025*; Victoria, Legislative Assembly, 14 August 2025, *Parliamentary debates*, pp. 61–62.

The Committee commends the inclusion of an explicit expectation in the Act that relevant departments and agencies operate within their yearly budgets, and that financial risks such as exceeding a budget must be reported to DTF and managed with assistance by DTF.¹⁷ The Committee will continue to monitor department and agency budgets as part of its inquiries to analyse whether this change has been effective in improving budget management and overspends.

The Committee also commends the inclusion of changes to annual reporting transmission to Parliament and on further reporting on Treasurer's Advances. Treasurer's Advances are discussed further in Chapter 2 of this report.

Changes to financial reporting under the Financial Management Act 1994 (Vic)

The amendment to the FMA now means that when a pre-election budget update (PEBU) is released in an election year after 15 September but before 15 December, the Government and DTF are not required to produce a budget update, a quarterly report for quarter 1 of the financial year, or a financial policy objectives and strategy statement.¹⁸ All of these reports were required by the FMA previously.

¹⁷ Ms Jaclyn Symes MLC, Treasurer, *Transcript of evidence*, pp. 10–11; Parliament of Victoria, Scrutiny of Acts and Regulations Committee, *Alert Digest No. 8 of 2025*, June 2025, pp. 1–4.

¹⁸ Parliament of Victoria, Scrutiny of Acts and Regulations Committee, *Alert Digest No. 8 of 2025*, pp. 3–4.

The PEBU is a transparency measure that is intended to update information about the general government sector's (GGS) finances ahead of an election.¹⁹ It often includes information such as current economic conditions in Victoria and the economic outlook including risks, the GGS budget position and estimated financial statements to the end of the previous financial year.²⁰ The Budget Update is typically published in December each year and shows revised estimated financial statements relative to the previous Budget, including revised estimates for the forward years.²¹ DTF produces quarterly financial reports that show the actual GGS financial statements each quarter.²² The quarter 1 report is to be tabled in Parliament in December, and shows the GGS actual results to 30 September.²³

There are areas of overlap across the reports DTF was required to produce in an election year. However, the change to reporting requirements in the FMA leads to a loss of information and financial reporting. One notable area is in reporting GGS actual results for the first quarter. The PEBU has typically not included any actual results in its GGS financial statements, only estimates.²⁴ Without publication of the quarter 1 report, the publication of this information may be delayed.

FINDING 76: Amendments to the *Financial Management Act 1994* (Vic) have resulted in decreased financial reporting and a loss of information in election years.

RECOMMENDATION 40: The Department of Treasury and Finance ensure all information that was included in the Budget Update and the quarter 1 financial report be included in future pre-election budget updates (PEBU). This includes information that was not previously included in the PEBU and actual results to September 30 of an election year.

Further areas of financial management reform

The 2025–26 Budget outlines progress on a wider project of financial management reform. Progress includes the legislated amendments detailed above, undertaking a review of financial management practices and enhanced disclosures about Treasurer's Advances and contingencies (discussed in Chapter 2).²⁵ The progress to date does not cover the areas of reform outlined in the 2024–25 Budget which included:

- continuing to enhance the transparency of portfolio budgets through changes such as program budgeting

¹⁹ Department of Treasury and Finance, *2022 Victorian Pre-Election Budget Update*, Melbourne, November 2022, p. 1.

²⁰ Ibid., pp. 3, 13, 29.

²¹ Department of Treasury and Finance, *2024–25 Budget Update*, 13 December 2024, <<https://www.dtf.vic.gov.au/2024-25-budget-update>> accessed 7 August 2025.

²² Department of Treasury and Finance, *State financial reports*, 3 March 2025, <<https://www.dtf.vic.gov.au/state-financial-reports>> accessed 7 August 2025.

²³ Parliament of Victoria, Scrutiny of Acts and Regulations Committee, *Alert Digest No. 8 of 2025*, pp. 1–4; Department of Treasury and Finance, *2024–25 Quarterly Financial Report No. 1*, Melbourne, September 2024, p. 3.

²⁴ Department of Treasury and Finance, *Victorian Pre-Election Budget Update*, Melbourne, November 2022, p. 29.

²⁵ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 39.

- exploring additional incentives to strengthen a culture of accountability and proactive financial management across government
- facilitating more modern financial management approaches
- further strengthening Secretary performance agreements, and improving performance management frameworks for senior executives
- continuing work to improve consistency of finance data, systems and reporting across Government.²⁶

These areas of reform are not reflected in the 2025–26 Budget, but the Government advises it will ‘continue to evaluate and develop both short-term and long-term reform measures, to strengthen financial reporting and performance in government decision making’.²⁷

FINDING 77: In the 2024–25 Budget, the Department of Treasury of Finance outlined several areas of financial management reform, with the work ongoing.

RECOMMENDATION 41: The Department of Treasury and Finance publish information about proposed and ongoing financial management reform measures on its website.

An area of interest to the Committee is the functioning of the Government’s performance reporting framework. This framework, the Resource Management Framework (RMF), is produced by DTF and is the overarching policy for the State Budget process and performance reporting.²⁸ It ‘helps Victorian Government departments to understand and apply the legal and policy framework that underpins resource management, budgeting and reporting processes’.²⁹ A number of departments and agencies are required to apply the RMF under standing directions made under the FMA.³⁰

In several of its reports, the Victorian Auditor-General’s Office (VAGO) found systemic issues with the performance reporting framework and the requirements of the RMF, stating that it is ‘not providing an effective reporting framework that enables the Parliament or the community to properly assess the performance of government departments’.³¹ VAGO has stated continued issues indicate a ‘root and branch’ review of the framework is needed.³²

²⁶ Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 49.

²⁷ Department of Treasury and Finance, *Budget Paper No. 2: 2025–26*, p. 39.

²⁸ Victorian Auditor-General’s Office, *Measuring and Reporting on Service Delivery*, Melbourne, 2021, p. 12.

²⁹ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document – effective 1 July 2025*, p. 1.

³⁰ Department of Treasury and Finance, *Resource Management Framework*, 29 July 2025, <<https://www.dtf.vic.gov.au/resource-management-framework>> accessed 7 August 2025.

³¹ Victorian Auditor-General’s Office, *Fair Presentation of Service Delivery Performance 2024*, Melbourne, 2024, p. 10.

³² Victorian Auditor-General’s Office, *Measuring and Reporting on Service Delivery*, p. 1.

VAGO recommended that DTF investigate why the RMF is not being applied as intended, identify any systemic issues that are causing this issue and develop a plan to address the issues uncovered.³³ While DTF accepted the recommendation, it noted that ‘responsibility for compliance rests with the accountable officer of each entity in relation to their own performance measures’, and that the content of the RMF is regularly reviewed to make improvements. DTF added that the recommendation would be completed by the end of 2025 as part of the first round of ‘financial management reforms as referenced in the 2024–25 Budget Paper No. 2’.³⁴ No further information about reviewing the RMF in the context of broader financial management reform was provided through the Budget or during the hearings. The Committee will continue to monitor reforms made to the RMF in future years.

RECOMMENDATION 42: The Department of Treasury and Finance publish information about any review or change to the Resource Management Framework in the context of broader financial management reform on its website by the end of 2025.

12.4 Performance measures

12.4.1 Department-wide: analysis of new performance measures

DTF added two new performance measures in the 2025–26 Budget, both of which replaced discontinued measures.³⁵ The Committee accepts DTF’s rationale for the introduction of both measures.

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

DTF identified five performance measures for discontinuation in the 2025–26 Budget. The Committee supports DTF’s rationale for the discontinuation of all measures.³⁶

³³ Victorian Auditor-General’s Office, *Fair Presentation of Service Delivery Performance 2024*, p. 8.

³⁴ Victorian Auditor-General’s Office, *Fair Presentation of Service Delivery Performance 2024: Appendix A-7*, Melbourne, 2024, p. 41.

³⁵ Department of Treasury and Finance, *Response to the 2025–26 Budget Estimates Questionnaire*, pp. 72, 78–80.

³⁶ *Ibid.*, pp. 78–80.

Chapter 13

Department of Premier and Cabinet

13.1 Overview

The Department of Premier and Cabinet (DPC) supports the people of Victoria by helping the Government achieve its strategic objectives, providing leadership to the public sector to improve its effectiveness, and promoting collaboration across government to drive performance and improve outcomes.¹

In 2025–26, DPC supports four portfolios: Premier, Deputy Premier, Multicultural Affairs, and Treaty and First Peoples.

In 2025–26, DPC’s objectives are:

- stronger policy outcomes for Victoria
- First Peoples in Victoria are strong and self-determining
- improved public administration and support for the Victorian public service.²

This chapter examines the key issues discussed during the Budget Estimates hearings relevant to two DPC portfolios.

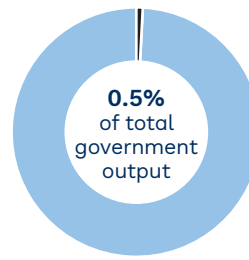
¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 167.

² Ibid.

Department of Premier and Cabinet

Total output funding

2025–26 Budget	\$399.5m
2024–25 revised Budget	\$536.7m
2024–25 Budget	\$487.8m



11th largest budget of all departments

Funding by output, 2025–26



- Executive government advice and services **\$111.6m**
- Self-determination policy and reform advice and programs **\$100.6m**
- Multicultural affairs policy and programs **\$48.2m**
- State electoral roll and electoral events **\$42.3m**
- Traditional owner engagement and cultural heritage management programs **\$35.7m**
- Other* **\$61.1m**

* Includes 4 outputs with budgets <\$35.7m.



Infrastructure program, 2025–26 (\$18m)



New output initiatives with largest total funding allocation, 2024–25 to 2028–29



\$13.4m
Advancing First Peoples' interests and delivering on Victoria's commitment to Closing the Gap

\$9.2m
Supporting the Office of the Governor and protecting Government House heritage

\$7.6m
Migrant Workers' Centre

\$5.6m
Supporting our multicultural and multifaith communities



13 new output initiatives totalling \$59.8m from 2024–25 to 2028–29

New infrastructure projects with highest total investment, 2024–25 to 2028–29



\$12m
Supporting the Office of the Governor and protecting Government House heritage

\$6m
Housing support program – priority works (metropolitan)



2 new infrastructure projects

13.2 Financial analysis

DPC's output appropriations are budgeted as \$318 million for 2025–26, a decrease of \$83 million (20.7%) compared to the 2024–25 revised Budget.³ This decrease is due to additional funding provided in 2024–25 to implement the Victorian Public Service Enterprise Agreement 2024, the impact of lapsing policy initiatives, Government saving initiatives, and relinquished Centralised Accommodation Management costs.⁴

The majority of DPC's outputs saw a decrease in output funding compared to the 2024–25 Budget. Four of nine outputs decreased by over 25% in 2025–26:

- Multicultural Affairs Policy and Programs: 25.4% decrease
- Public Sector Administration Advice and Support: 38.8% decrease
- State Electoral Roll and Electoral Events: 48.5% decrease
- Traditional Owner Engagement and Cultural Heritage Management Programs: 48.5% decrease.⁵

DPC stated that the decreases were due primarily to various initiatives that concluded in 2024–25, such as *Delivering commitments to Victoria's multicultural communities*, the Victorian Government's engagement in the Yoorrook Justice Commission hearings, the Wotjobaluk Recognition and Settlement Agreement, and the *Supporting Victoria's Aboriginal Cultural Heritage System* initiative. The lack of major state elections scheduled in 2025–26 was the reason for the decrease in the State Electoral Roll and Electoral Events output.⁶

DPC has a total savings target of \$7.7 million for 2025–26, which makes up 1.4% of the whole of government efficiencies for 2025–26.⁷

13.3 Treaty and First Peoples portfolio: key issue

The Minister for Treaty and First Peoples is responsible for two outputs: Self-determination Policy and Reform Advice and Programs (funding in 2025–26: \$100.6 million) and Traditional Owner Engagement and Cultural Heritage Management Programs (funding in 2025–26: \$35.7 million).⁸

³ Department of Premier and Cabinet, *Response to the 2025–26 Budget Estimates questionnaire*, received 26 May 2025, p. 23.

⁴ Ibid.

⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 168.

⁶ Ibid.

⁷ Department of Premier and Cabinet, *Response to the 2025–26 Budget Estimates questionnaire*, p. 51; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 102.

⁸ Department of Premier and Cabinet, *Response to the 2025–26 Budget Estimates questionnaire*, p. 56; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 168.

13.3.1 Statewide Treaty timeline

The \$100.6 million provided for the Self-determination Policy and Reform Advice and Programs output includes funding to progress towards Treaty throughout 2025–26.⁹ During the hearings, the Minister provided an update on the Treaty process, stating that negotiations between the Government and the First Peoples' Assembly of Victoria began on 21 November 2024.¹⁰ DPC has held forums in metropolitan and regional Victoria, and over 700 local government, community, and multicultural leaders have been engaged through these forums.¹¹ The principles and objectives for a statewide Treaty had been agreed upon, with a key focus of the negotiations being a First Peoples representative body.¹²

The Minister stated that Victorians should expect to see a statewide Treaty by the end of the 2025–26 financial year.¹³ DPC publishes joint statements between itself and the First Peoples' Assembly of Victoria on its website, providing updates to the Treaty negotiations process.¹⁴ It would be beneficial for the Government to relay to the public any delays or setbacks that occur in the process, and if so, how they will impact the expected completion date of end of June 2026.

FINDING 78: According to the Minister for Treaty and First Peoples, Victorians should expect a statewide Treaty by the end of the 2025–26 financial year.

13.4 Multicultural Affairs portfolio: key issue

The Minister for Multicultural Affairs is responsible for one output: Multicultural Affairs Policy and Programs (funding in 2025–26: \$48.2 million).¹⁵

13.4.1 The Migrant Worker's Centre

The 2025–26 Budget provides \$7.6 million over four years to advocate for migrant workers and international students to be safe and secure in their employment through the Migrant Worker's Centre.¹⁶ The Centre was Australia's first government-funded organisation to respond to exploitation, mistreatment, and workplace issues faced by

⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 171.

¹⁰ Hon Natalie Hutchins MP, Minister for Treaty and First Peoples, 2025–26 Budget Estimates hearing, Treaty and First Peoples, Melbourne, 5 June 2025, *Transcript of evidence*, p. 5.

¹¹ Hon Jacinta Allan MP, *Joint Statement on Treaty Negotiations*, 18 June 2025, media release.

¹² Hon Natalie Hutchins MP, Minister for Treaty and First Peoples, *Transcript of evidence*, p. 4.

¹³ *Ibid.*, p. 7.

¹⁴ Department of Premier and Cabinet, *Treaty Negotiation Updates*, 10 July 2025, <<https://www.firstpeoplesrelations.vic.gov.au/treaty-negotiation-updates>> accessed 22 July 2025.

¹⁵ Department of Premier and Cabinet, *Response to the 2025–26 Budget Estimates questionnaire*, p. 57; Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 168.

¹⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, pp. 80, 81.

migrant workers and international students, and was established in Melbourne in 2018. It conducts casework service for migrant workers experiencing employment issues.¹⁷

The Minister noted that the Centre had recently attained status as a community legal centre, and the funding in the Budget will help to deliver that legal service. While this service assists individuals, the Minister highlighted how the whole community benefits from this support as the Centre no longer needs to refer issues onto other community legal centres and can assist individuals in their community.¹⁸

FINDING 79: The Migrant Workers Centre received \$7.6 million over four years in the 2025–26 Budget to continue its work, including delivering a new legal service to migrants due to its new status as a community legal centre.

13.5 Performance measures

13.5.1 Department-wide: analysis of new performance measures

DPC added two new performance measures in the 2025–26 Budget, one of which was in response to a recommendation made by the Committee in the *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*. The other replaces a discontinued performance measure.¹⁹ The Committee supports the rationale for the two new performance measures.

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

DPC identified seven performance measures for discontinuation in the 2025–26 Budget.²⁰ The Committee supports DPC's rationale for the discontinuation of all measures.

¹⁷ Hon Ingrid Stitt MLC, Minister for Multicultural Affairs, 2025–26 Budget Estimates hearing, Multicultural Affairs, Melbourne, 12 June 2025, *Transcript of evidence*, p. 4.

¹⁸ *Ibid.*, p. 5.

¹⁹ Department of Premier and Cabinet, *Response to the 2025–26 Budget Estimates questionnaire*, pp. 66–67.

²⁰ *Ibid.*, pp. 74–77.

Chapter 14

Parliament

14.1 Overview

The Parliament of Victoria is an independent body that, through its elected representatives, is accountable to the Victorian community for the provision and conduct of representative government in the interests of Victorians.¹

The Parliament is made up of three administrative departments: the Department of the Legislative Council (LC), the Department of the Legislative Assembly (LA) and the Department of Parliamentary Services (DPS).² The vision of the parliamentary departments is to deliver apolitical, professional and innovative services that support Victoria's elected representatives and the Parliament as an institution to ensure the proper, effective and independent functioning of the Parliament.³

Victoria's independent officers of Parliament and its integrity agencies are also grouped under Parliament's outputs in the budget papers. This includes the Parliamentary Budget Office (PBO), the Victorian Auditor-General's Office (VAGO), the Independent Broad-based Anti-corruption Commission (IBAC), Integrity Oversight Victoria (IOV [formerly the Victorian Inspectorate]) and the Victorian Ombudsman (VO).⁴

This chapter summarises the issues discussed during the Budget Estimates hearing for the parliamentary departments.

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025, p. 193.

² Ibid.

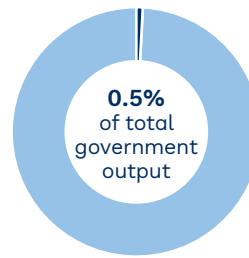
³ Ibid.

⁴ Ibid., pp. 193–194; Integrity Oversight Victoria, *Integrity Oversight Victoria*, 2025, <<https://www.integrityoversight.vic.gov.au>> accessed 30 July 2025.

Parliament

Total output funding

2025–26 Budget	\$399.4m
2024–25 revised Budget	\$383m
2024–25 Budget	\$377m



0.5%
of total
government
output

Smallest
budget of all
departments

Funding by output, 2025–26



- Parliamentary Services **\$155.6m**
- Independent Broad-based Anti-corruption Commission **\$65.6m**
- Victorian Auditor-General's Office **\$61.7m**
- Legislative Assembly **\$49.2m**
- Legislative Council **\$25.4m**
- Other* **\$41.9m**

* Includes 4 outputs with budgets <\$25.4m.



New output initiative with largest total funding allocation 2024–25 to 2028–29



1 new output initiative totalling \$300k from 2024–25 to 2028–29

\$300k
Oversight of the
Parliamentary Workplace
Standards and Integrity
Commission



14.2 Financial analysis

A majority of revenue and expense line items for the parliamentary departments have minimal variances under 10% when comparing to the 2024–25 revised Budget and the 2025–26 Budget. Other operating expenses are budgeted as \$51 million in 2025–26, an increase of \$11.2 million (28.1%) compared to the 2024–25 revised Budget. This is mainly due to a carryover of Member’s electorate office and communications budget from the previous year.⁵

14.3 Parliament: key issue

Parliament is responsible for the following four outputs:

- Legislative Council (funding in 2025–26: \$25.4 million)
- Legislative Assembly (funding in 2025–26: \$49.2 million)
- Parliamentary Investigatory Committees (funding in 2025–26: \$6.3 million)
- Parliamentary Services (funding in 2025–26: \$155.6 million).⁶

During the hearings, the Presiding Officers discussed several issues with the Committee. Regarding building works, the Presiding Officers noted that restoration works will continue on Parliament House in 2025–26, including the Parliament House East Wing Refurbishment project and a project to modernise and upgrade the Parliament’s Committee hearing rooms. The Parliament House East Wing Refurbishment is expected to be completed in early 2025–26.⁷

On cyber security, the response to the Committee’s questionnaire outlined that DPS has continued, enhanced or implemented several cybersecurity upgrades as at 30 April 2025.⁸ These include mandatory two-yearly cyber training and awareness programs for Parliamentary Officers; 24-hour event monitoring and security response; and an increase in network staffing to work on firewall, wi-fi and other upgrades, among other measures.⁹

14.3.1 Fit for purpose parliamentary facilities and electorate offices

One of the key strategic issues for the parliamentary departments in 2025–26 is ‘Maintaining the people’s House for future generations’.¹⁰ During the hearings the Committee heard from the Presiding Officers about efforts to ensure Parliament House is a modern and fit for purpose facility.

⁵ Parliamentary Departments, *Response to the 2025–26 Budget Estimates Questionnaire*, received 23 May 2025, p. 13.

⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2025–26*, p. 198.

⁷ Parliamentary Departments, *Response to the 2025–26 Budget Estimates Questionnaire*, p. 10.

⁸ Ibid., p. 9.

⁹ Ibid.

¹⁰ Ibid., p. 10.

The Presiding Officers advised the Committee about ongoing issues in the Member's Annexe at Parliament House. The President explained that the roof of the annexe was currently not watertight and had leaks, which was a longstanding issue.¹¹ The Speaker explained that the issue was being monitored, and work would be done over winter in 2025 to address some of the issues with the building.¹² The Speaker advised that a longer term plan would be determined to address issues with the rooftop garden above the Member's Annexe, which was contributing to the leaks.¹³

It is a strategic priority for Parliament in 2025–26 to be a contemporary workplace.¹⁴ The Committee heard from the Speaker about efforts to modernise Parliament House, including by establishing a new carers' facility for parliamentarians with young children. The facility, named Charlotte's Room, was opened in early 2025.¹⁵ The Speaker told the Committee that the aim of establishing the facility is to support members of Parliament to ensure that 'they could do their job when they were here in Parliament'.¹⁶ Although the facility will be available for use for all Members who require a childminding facility onsite, the Speaker explained this is particularly meaningful to encourage and support more women to be Members of Parliament.¹⁷

Every Member is provided with an electorate office to enable them to service their constituents. However, it is common for Members to not have access to an electorate office for extended periods of time. At the time of the hearings the Committee was advised that five members (4%) did not have an electorate office.¹⁸ DPS was unable to advise the Committee of the average amount of time these Members are not provided with an office,¹⁹ but has begun utilising serviced office complexes as a strategy to temporarily accommodate electorate officers.

14.4 Performance measures

14.4.1 Department-wide: analysis of new performance measures

The parliamentary departments, IOV and VO did not add new performance measures in the 2025–26 Budget.²⁰ The PBO and IBAC added one new performance measure

11 Hon Shaun Leane MLC, President of the Legislative Council, 2025–26 Budget Estimates hearing, Parliamentary Departments, Melbourne, 12 June 2025, *Transcript of evidence*, p. 7.

12 Hon Maree Edwards MP, Speaker of the Legislative Assembly, 2025–26 Budget Estimates hearing, Parliamentary Departments, Melbourne, 12 June 2025, *Transcript of evidence*, p. 7.

13 Ibid.; Hon Shaun Leane MLC, President of the Legislative Council, *Transcript of evidence*, p. 9.

14 Department of Treasury and Finance, *2025–26 Department Performance Statement*, Melbourne, 2025, p. 165.

15 Hon Maree Edwards MP, Speaker of the Legislative Assembly, *Transcript of evidence*, pp. 1–2; Parliament of Victoria, *Carers room unveiled at Parliament*, 18 March 2025, <<https://www.parliament.vic.gov.au/news/general-news/carers-room>> accessed 8 July 2025.

16 Hon Maree Edwards MP, Speaker of the Legislative Assembly, *Transcript of evidence*, p. 5.

17 Ibid.

18 Ibid., pp. 9–10.

19 Ms Trish Burrows, Secretary, Department of Parliamentary Services, 2025–26 Budget Estimates hearing, Parliamentary Departments, Melbourne, 12 June 2025, *Transcript of evidence*, p. 11.

20 Department of Treasury and Finance, *2025–26 Department Performance Statement*, pp. 169–177.

each relating to quantity and quality performance respectively.²¹ VAGO replaced a number of its performance measures in relation to the quality of financial and performance audits.²²

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

The PBO identified one performance measure for discontinuation—‘Number of requests’. This was replaced by a new measure—‘Requests received by the PBO’.²³

VAGO identified four performance measures for discontinuation in the 2025–26 Budget, however most of the discontinued measures were replaced by further disaggregated measures.²⁴

**Adopted by the Public Accounts and Estimates Committee
Parliament of Victoria, East Melbourne
13 October 2025**

²¹ Ibid., pp. 171, 174.

²² Ibid., p. 173.

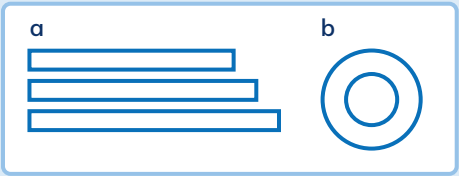
²³ Ibid., p. 196.

²⁴ Ibid., p. 197.

Appendix A

Budget snapshot explanatory material

Total output funding



- a. Total output funding for the department in the 2025–26 Budget, the 2024–25 revised Budget and the 2024–25 Budget. Represents departmental budgets as per Budget Paper No. 3 and does not include general government output contingencies.
- b. Department funding as a percentage of all funding for all Victorian Government departments in the 2025–26 Budget.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025.

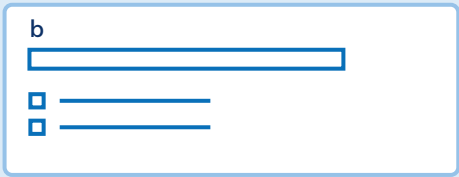
Funding by output, 2025–26



- a. Department funding in 2025–26 by output. Lists the names of five largest outputs. Asterisk indicates the number of remaining outputs and combined funding allocation.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025.

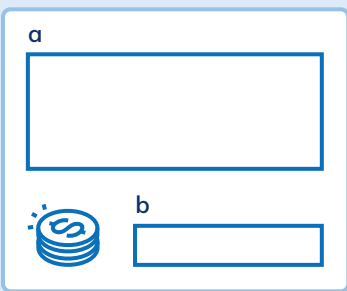
Infrastructure program, 2025–26 (\$X^a)



- a. Department’s total capital spend on both existing and new projects. Represents total capital spend for departments as per Budget Paper No. 4 and does not include general government asset contingencies.
- b. Department’s total estimated investment in new capital projects and total estimated investment in existing capital projects. Funding for some new asset initiatives for certain public non-financial corporations may not be represented in this graph.

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2025–26 State Capital Program*, Melbourne, 2025.

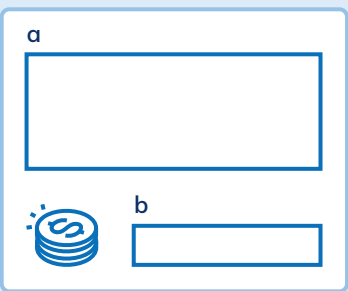
New output initiatives with largest total funding allocation, 2024–25 to 2028–29



- a. Output initiative title and associated funding for the department’s (up to) four largest initiatives in the 2025–26 Budget. Some output initiatives include funding beyond the forward estimates, which is indicated by an asterisk.
- b. Number of new output initiatives announced in the 2025–26 Budget and total spending. May include funding for whole of government initiatives.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025.

New infrastructure projects with highest total investment, 2024–25 to 2028–29



- a. Asset initiative title and associated total estimated investment for the department’s (up to) four largest asset initiatives in the 2025–26 Budget. Some asset initiatives include funding beyond the forward estimates, which is indicated by an asterisk.
- b. Number of new asset initiatives announced in the 2025–26 Budget.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2025–26 Service Delivery*, Melbourne, 2025.