

TRANSCRIPT

STANDING COMMITTEE ON LEGAL AND SOCIAL ISSUES

Subcommittee

Inquiry into machinery of government changes

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Ms Kym Peake, Secretary, and

Mr Lance Wallace, Deputy Secretary Corporate Services, Department of Health and Human Services.

The CHAIR — I would now like to welcome Ms Kym Peake, the Secretary of the Department of Health and Human Services, together with Mr Lance Wallace, the deputy secretary of corporate services. Thank you both very much for being here.

Before I invite you to make some opening remarks, I will just caution that all evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act and further subject to the provisions of the Legislative Council standing orders. Therefore you are protected against any action for what you say here today, but any comments made outside the hearing are not afforded such privilege.

Today's evidence is being recorded. You will be provided with a proof version of the transcript in the next week, and transcripts will ultimately be made public and posted on the committee's website. We have got half an hour this morning for our session, so I invite you to make some opening remarks, and thereafter the committee will have questions. Thanks again for being here, and we look forward to hearing from you.

Ms PEAKE — Thank you, Chair, and thank you for the opportunity really to update the committee on the progress that has been made in being able to articulate the direct costs associated with the bringing together of health, sport and recreation, and human services into a single department but also some early signs of the benefits that have been achieved as a result of the organisation coming together.

Of course, as advised to the committee in July last year, on 4 December the Premier announced a number of machinery of government changes which took effect from 1 January 2015. For our department this resulted in the creation of the new Department of Health and Human Services from the department of health; the department of human services; Sport and Recreation Victoria; and the transfer of medical research functions from the Department of State Development, Business and Innovation. What that led to is the new department consisting of around 11 000 EFT of staff with an output budget of \$20 billion.

The new department has a vision to develop and deliver policies, programs and services that are geared towards supporting and enhancing the wellbeing of all Victorians while responding to what I think are some of the most difficult challenges in public policy — of individual wellbeing, active living, socio-economic participation and vulnerability — which requires us to work with a really diverse set of individuals and organisations to achieve our vision.

As advised to the committee in July last year, the department was quickly established on 1 January, and then the board worked over the next few months to really set the organisation up, in particular working on establishing a common set of values and behaviours for the organisation. Since I joined the department in September last year the board has built on this work to further align the governance and structures of the organisation, to maximise the benefits of those functions coming together but also of course to align with government's priorities and objectives.

So, if I just step you briefly through the costs and benefits, the direct cost of the DHHS transition process was \$618 000 to 31 May 2015, as the legal and social issues committee was advised in July last year. This initially incorporated a range of items around relocation, IT and records management, rebranding and project management systems. We recently reported these costs in the PAEC questionnaire; however, there were minor differences — and we are happy to step you through those — between those costs and what we now present to the committee. These differences are largely due to rounding and some minor modifications to cost classifications.

Subsequently an additional \$35 147 was incurred from 1 June 2015 to 31 January of this year. Those costs were really related to the relocation of staff lockers for sport and recreation staff and adjustment to IT systems to align organisational units. For full transparency I also want to update the committee that we are currently looking to upgrade the service agreement management system, which is used to manage several thousand service agreements across all of our operations. This project is anticipated to cost around \$200 000 to consolidate all of the Health and Human Services agreements, and those costs will be incurred in the next few months.

Then if I turn to the impact of the changes, there are really sort of two categories of impacts: firstly, the impacts of consolidation on the efficiency of serving government and delivering government services; and, secondly, the benefits of a more integrated, cohesive public service and public sector. On the first, we expect service improvements due to the amalgamation of the former departments and better alignment and integration of social policy and service delivery to improve the health and wellbeing of Victorians. By placing the multiple but

interrelated services back into one department, DHHS is really focused on improving the services it oversees, funds and delivers.

The benefits of these changes in terms of service improvement of course will take time to be fully realised and might not be visible in individual performance measures for some time. I know the committee, as part of these hearings, has had discussions around how we move from looking at processes and outputs to really measuring outcomes. I think as we move through from this first phase of machinery of government into the ongoing operations, that is really at the heart of measuring the effectiveness of the department, so looking at how we align and improve our administrative data collections so that they are aligned with an outcomes framework, which we are currently developing, and how we combine that administrative data with better information about client and patient experience and what matters to them in terms of outcomes.

Of course the real purpose and benefit of bringing all of these services together comes to the value of the services that we provide. One particular example that I wanted to bring to the committee's attention about the benefits of services coming together has really been as we have thought about workforce. We have created a single unit but are really cross-fertilising what in Health was a very structured and rigorous approach to workforce planning — engagement with universities about both pre-service and ongoing professional development — with the approaches that were longstanding in Human Services around really looking at service sector development and wrapping services around clients, which is not something that was such a focus in workforce development on the Health side.

So bringing the two approaches to workforce development together, we are starting to see a real critical mass of expertise being developed in the workforce team, different conversations with both VET and higher education providers about the sort of program of education and training that is going to make a difference for our workforces in the future. And if I get very, very practical, if I take the disability workforce and the mental health workforce as two examples, really looking across the spectrum of allied health and community services workforces that are involved in working with people with a disability and people experiencing mental illness in a more integrated sort of way, not only in how service is delivered but how workforce is prepared as well.

The second way that we have been thinking about value is really then looking at how services are designed and delivered, and in particular around common clients. The simple fact is that the drivers of demand for health and human services overlap to such a degree that it would be inefficient and ineffective to address them separately. The Royal Commission into Family Violence, for example, has heard evidence that there is often a clustering of needs of both victims and perpetrators of family violence and that between 50 per cent and 80 per cent of clients in the drug and alcohol sector have either perpetrated or experienced family violence. Between 50 and 90 per cent of female clients in acute mental health services have experienced interpersonal violence, mostly family violence. Family violence was identified as a factor for approximately 35 per cent of people seeking help from homelessness services, and two-thirds of substantiated child protection incidents have family violence as a factor.

Of course the overlaps in disadvantage do not start and end with our department, but bringing our data analytics together and our thinking about service design to identify people who are at risk or experiencing family violence and then how we respond is now enabling us to really come at what is a very complicated, wicked problem in a fresh way.

Finally, by coming together we have really been able to hone in on four strategic priorities for where we take services in Victoria, and these are very much focused on person-centred services and care, local solutions, earlier and more connected support, and advancing quality, safety and innovation. Again, by having common outcomes and a common strategic direction, the policy and program development work that we are doing across the department is really enabling us to bring the different levers available to government together to look at how we make a positive difference in the lives of individuals, families and communities, and how we combine investments or mobilise those investments in the most effective way.

So they are reasonably emerging benefits of the department, but I do think that the ability to maximise the expertise, mobilise the resources and draw on the different perspectives that the different parts of the department bring to bear to take very complex problems and approach them in innovative ways is the strength of the configuration that we now have. Thank you.

The CHAIR — Ms Peake, thank you very much for that opening statement and details of some of the changes that have flowed as a result of the MOG changes. I just want to take you to the costs, and thank you for identifying the further anticipated costs as \$200 000, reflecting a service agreement management system I think you said earlier.

I do note that your website seems to be not yet fully integrated, so I anticipate, I imagine — and I invite you to respond — that there is further work and costs associated with that. I know that a number of your offices are still branded just ‘DHS’. So two parts to the question, both the website and the branding. Why have those things not yet been completed and what will the cost of those undertakings be, and why are they not reflected in these further anticipated costs?

Ms PEAKE — Sure. In terms of branding, obviously this is in the context of a much broader exercise that government is undertaking, having made the decision last year to have a new brand for Victoria, and so we are looking in a sort of fiscally responsible way at how we progressively replace signage that will reflect that broader branding of Victoria. I might ask Mr Wallace just to then provide the answer. Mr Wallace, do you want to go on?

Mr WALLACE — Sure. I think one of the key issues you will be dealing with with all departments is really defining what is a MOG cost versus what is an ongoing business cost. So you indicated that the department’s website, yes, perhaps needs a refresh. I think the department’s website probably needed a refresh whether or not a machinery of government change had occurred.

So the department, yes, does recognise that the web presence will need some upgrading. The information that is available there at the moment is adequate to provide people with information about the range of various programs and services and so the department does not believe that the upgrade of the website is driven primarily by the machinery of government change; it will be a sort of business-as-usual type of change that we will upgrade computing systems from time to time. So, similarly, as the secretary indicated with accommodation, there are branding changes in accommodation from time to time throughout government. We decided not to actually spend a considerable amount of money on upgrading signage immediately but to make those changes as government changes occur.

Ms PEAKE — One comment to add to that. There has been a body of work really testing with the users of our services the utility of our website, so just further to Mr Wallace’s comments, lots of feedback that the previous websites of the former departments did not have the sort of best practice techniques for engagement and navigation, and that has been a body of work over the last 12 months. The refresh of the website is imminent.

The CHAIR — Just some more scope to your answer, what criteria do you use to assess what is a MOG cost and what is business as usual?

Mr WALLACE — Well, the general criteria is something that was driven by the machinery of government changes where the primary reason for the change was related to the machinery of government change. If we perhaps take the service agreement example that we have included, under our current system we need to provide a separate service agreement to organisations for health activities and human services activities. Under our current system we cannot merge into one service for the department unless we make these computerised changes. So, in our view, those changes are specifically related to the machinery of government change.

The CHAIR — And that criteria you have established, have you done that in isolation or in consultation with DPC or other departments?

Ms PEAKE — I think the finding of the committee in your interim report about the value of there being some common categories for cost, machinery of government is one that we would support. There has been engagement with central agencies around how we approach the costings, particularly direct costs, and that obviously bore out in the variation in the material that we provided this committee in the middle of last year where we had a single cost code that I think, Lance, originally had only about \$150 000 worth of costs attributed to it, but when we actually started working across government in categories of cost we realised there were other costs that were coded against other cost centres. So, yes, there has been discussion across government, but I do think a further piece of work to really land on a common set of classifications would be of value.

The CHAIR — Without labouring the point, I think most other departments have considered signage change and website refresh as part of a department's coming together as MOG costs, so clearly there is not consistency across different departments in that regard. Just one final question before going to other members of the committee, Ms Peake. I suppose what everyone would hope to see out of any reorganisation and restructure is improved service delivery, and you referred to that in what you said before. Understandably, with some of these things cost and benefit sometimes accrue quickly; sometimes they can take longer to accrue. Can you give a time frame, though, when you anticipate seeing improved service delivery — measurable service delivery improvement — as a result of the changes?

Ms PEAKE — One of the parts of the answer to the question really goes to the question of measurement as well, so we are in the process of developing and finalising an outcomes framework which will enable us to really have a better view and public expression of the outcomes of the impact of our services. So I would say that the former departments did not have great measurement of the effectiveness of their services. That has been well commented on by successive Auditor-General's reports, and it has certainly been the topic of, I know, some of your discussions over the last six months.

I think the starting point to the answer to your question is actually getting a better measurement system for the effectiveness of services, full stop. In terms of then the benefits of having a closer working relationship between parts of our programs that are focused on health and programs that are focused on social services, I am seeing, really, much deeper engagement within the department and between our agencies around things like young children, the recognition that children who come from poor or more vulnerable families have poorer health outcomes and taking a holistic approach to intervention is important. I am seeing it in places like Morwell, where we have had a deep engagement with the community in the last few months on the back of the mine fire inquiry about social determinants of health and how we link health and social care services in a place. I am also seeing it around NDIS, where in the past disability was really just the purview of the Department of Human Services, and by virtue of our services coming together, a much broader conversation in the current development of a refresh of a disability plan around physical health as well as social care.

To your specific question about how do we measure over time that effectiveness, my view would be that it becomes less about MOG and more about the service interventions, configurations and demonstrating that we are taking the whole person and combining health interventions with social care interventions. I think we will progressively see improvement over the next few years in that regard.

The CHAIR — I appreciate that. I suppose the question, back to your first answer, is: how do you measure that? If there are going to be tangible outcomes from these changes, as you referred to in your opening statement, how can we measure that?

Ms PEAKE — Yes. As I said, we are doing a lot of deep work which we will complete by the middle of this year on an outcomes framework and performance measures that are related to that outcomes framework, and then progressively aligning our administrative datasets to those measures — that obviously always takes some time — as well as both in Health and Human Services really beefing up our patient and client experience surveys. So over the next 12 months I would expect to see a much better, richer set of reporting which is linked with government's commitments to transparency in government but is also linked to our approaches to more place-based models of data collection and service delivery.

Mr MULINO — Just a couple of quick questions. The first one is really a follow-up to the discussion in relation to outcomes. As you have said, with MOG changes in general, you would expect to see potentially some short-term changes and then some longer term outcomes and it is very difficult to identify them, firstly because we are not in the long run yet and secondly because we do not have the outcomes framework. I just wanted to flesh out a couple of points that you have already made in relation to the confidence that we might have that we will see some improved outcomes. One is, as you have alluded to, there is a lot of expert commentary around, for example, the clustered needs and a range of other policy issues. Is it fair to say that a lot of that policy commentary, which is in part going to your development of an outcomes framework but in part just informs the way you look at best practice — is it fair to say that a lot of that policy expertise points to there being a good likelihood that joining up certain services will lead to better outcomes, even if we have not yet precisely measured it?

Ms PEAKE — Absolutely. If I give you two practical examples which I have sort of touched on. There was a recent paper by Sir Michael Marmot, who is an expert in child health and wellbeing in America. His research

has really confirmed that children raised in poverty have worse health outcomes than the general population. His research shows that the combination of effective parenting and programs that teach parenting skills as well as the more traditional maternal and child health, and maternity services are really, really important to lifting health outcomes of children. So that is a really practical example of how our child and family programs combined with some in education, in the early childhood space, along with our childhood health programs are needing to be brought together in different sorts of ways but then our measures also cutting across the different programs to understand the difference that we are making. So that is one. I think it is really practical and important, and particularly important for the most vulnerable children, some of whom are in our care.

The second is the example I gave earlier around family violence and just the coexistence of risk factors and drivers that, combined with the broader important issues around attitudes to women and gender equality in the community, mean that there are particular groups of people and communities that are at risk and that we need to have targeted approaches to reduce the prevalence of family violence in relation to.

Mr MULINO — Just a quick follow-up. In addition to that, I suppose another area of development that one might gain some confidence from even if we cannot yet point to the outcomes would be an improved capability. A couple of areas might be, for example, the capacity to accumulate and then analyse data or some of the workforce issues that you alluded to. So those capability issues are probably ones that you are already seeing some results from, even if we cannot yet point to direct outcomes.

Ms PEAKE — Totally, and certainly the logic of our structure was to move to a functional structure which enables the group of skills to be brought together. I think that has two benefits. It has benefits for the staff who work in data analytics or program design or regulation, whatever the activity might be, that you have a critical mass of people who have got the same sorts of skills and doing the same sort of work and so opportunities for learning and professional development are enhanced.

The second benefit is that you get to really identify the trends and issues across the department and they are analogous. So when you come to a particular issue or challenge you can look at how is a similar sort of problem being solved in another sector, what are the learnings from that, how might they be applied in this context in relation to this problem? So having the broader suite of functions in the department helps for individual professional development but also in more creative solutions to complex policy problems.

Mrs PEULICH — You have certainly got a challenging role and obviously there are some good signs. From a previous report — this is just to add to your challenge — a substantial criticism that was made was the lack of capacity of your department and its predecessor to capture the information and the line of information that local government collects, and other service delivery agents, on behalf of the department as well as in terms of your own services for better planning and policy development and so on. Have the machinery of government changes made any inroads into that challenge, and if so, how?

Ms PEAKE — I think one of the strengths of having fewer departments is that there is the ability for the leaders of each department to really collaborate very effectively. One of the experiences that I have had since joining the Victorian Secretaries Board is that there is a deep strategic conversation happening about the issues of data linkage, data capability and how we work closely not only with local government but also with the commonwealth government to look at — with of course appropriate privacy protections — better approaches to really understanding common clients and the impact of our services. So within our organisation we have created a specific area of the department which has brought together both Health and Human Services analytics, but we are also working closely with Justice, with DELWP in terms of local government and with DPC around making sure that we are continuing to build up that resource, that capability, across government.

Mrs PEULICH — And the data.

Ms PEAKE — Specifically about data, about having standardised ways of defining —

Mrs PEULICH — Capturing it.

Ms PEAKE — yields but also the technical expertise to analyse it and make use of it.

Mrs PEULICH — So will that also impact on local government in the way that they report or capture their data?

Ms PEAKE — Certainly for a lot of our programs — and I am particularly thinking here in both our housing planning functions as well as our sort of service infrastructure planning in housing and health, but also in our population health surveys — we are working really closely with MAV and with individual local councils to make sure that we are aligning our datasets and sharing data effectively.

Mrs PEULICH — You have signposted a number of areas of challenge which continue — domestic violence, child protection, mental health, substance abuse, homelessness. Given the existence of the Victorian Secretaries Board, are you able to tell me who is best equipped or what is needed for us to be able to effectively respond to the emerging challenge of disengaged young people from multicultural backgrounds engaging in behaviour that we saw manifest on our TV screens and this sort of concern that we will see what has been a bipartisan policy of multiculturalism descend into something that is probably more consistent with the experience overseas than it is here? Which department will take the lead in that sort of area of policy change?

Ms PEAKE — Beyond a question of MOG, because it does need to be a multipronged approach, the work that is being led by social cohesion — both the unit within DPC but also the committee which does involve our department and other departments — is really looking at what is the best available evidence around the world. As you indicate, it is very emerging evidence about what works to strengthen communities' social cohesion, while maintaining a focus on public safety. I think there is a role for all parts of government in this, so school engagement is incredibly important, community development approaches are incredibly important and it is important that we do not have enclaves where there are young people who are isolated from jobs and transport.

But also we have a really important leadership role with the minister for youth of looking at having a youth policy framework that brings together the different elements — the different sorts of policies across government. We have had a 12-month engagement with young people about what matters to them, and unsurprisingly generally, but also particularly for young people from both asylum seeker and CALD communities, the themes are similar: education, mental health, the ability to feel connected to their local community, and employment. These are the four big themes that always come through. So there is an important role for the social cohesion unit and an important role for us in that overarching youth policy framework, but it is about governance to actually bring the threads together.

Mrs PEULICH — I have just one follow-up question if I may. Cultural insight is obviously crucial to understanding the dynamics of each one of those areas, which are much more complex than mainstream society. Do we have the capacity to be able to respond, given that we get 100 000 newcomers into Melbourne and Victoria every year? I have concerns about the domestic violence inquiry, the lack of access to mental health services by people from multicultural backgrounds and the lack of deep and abiding understanding of the dynamics that actually play out. Should we have confidence that each department — —

Mr MULINO — A point of clarification, Chair: I just wanted to clarify that if we undertake this discussion, I think it is important that we undertake it in the context that we are discussing these issues to the extent that they are affected by the changes in departmental responsibility that arose directly after the government and not just the government's response to them in a general sense.

The CHAIR — Ms Peake, if you can just respond to the question in that context of machinery of government changes, and I note we are very short of time.

Ms PEAKE — I was actually just going to make the point again that I made earlier — that having fewer departments enables that cross-fertilisation of engagement with communities to be shared very much more easily, and that social cohesion board which we are all involved with does have sitting underneath it a reference group that is co-chaired by two young people — this is a question for DPC — I think from ethnic communities to really provide that insight.

Mrs PEULICH — Thank you.

The CHAIR — Just to close, I have one final question, Ms Peake. The Minister for Families and Children on 19 August 2015 in response to a question without notice said:

I can inform the member that the Secretary of the Department of Health and Human Services, Dr Pradeep Philip, announced a restructure of the department last week, so we are implementing this particular recommendation already.

Do you know if that restructure is part of the MOG change, or is that a separate — —

Ms PEAKE — As I mentioned earlier, restructuring really has two purposes. Restructuring has the purpose of making sure that functions that are brought together are coherent against the strategic plan and objectives and priorities of government, but there is a design preference that each secretary will bring to how they organise their department. The former health department was designed around a programmatic organisational logic. Human services was organised around a functional organising logic. I know you asked specifically about Dr Philip, but I have had two rounds of structural changes since I started, and it really was much more about moving the whole organisation to a functional structure which was my view of the best way of providing professional development and the bringing together of expertise around our responsibilities and priorities.

The CHAIR — So the costs associated with those have not formed part of your MOG costs.

Ms PEAKE — No.

The CHAIR — Ms Peake and Mr Wallace, thank you very much for your time and your preparedness to answer our questions. As I said, you will have a transcript next week, and we thank you again for being before us.

Witnesses withdrew.