

Government response to the Legal and Social Issues Committee's *Inquiry into machinery of government changes Final Report (5 May 2016)*

| Recommendation | Response | Rationale | Next steps |
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| <p>Recommendation 1:</p> <p>That the Secretary of the Department of Premier and Cabinet (DPC) provide an estimate of costs of any proposed machinery of government changes to government, within a reasonable period of the Administrative Arrangements Order being published in the Victorian Government Gazette.</p> | <p>Support in principle</p> | <p>The Government supports the Public Service providing an estimate of the direct costs of any proposed machinery of government (MoG) changes to government within a reasonable period after the Administrative Arrangements Order is published in the Government Gazette. Given the whole of Victorian Government (WoVG) scope of the estimate, it is appropriate that the Secretaries of DPC and the Department of Treasury and Finance (DTF) work together to develop the estimate.</p> | <p>DTF and DPC will develop guidelines to enable the Secretaries of DTF and DPC to produce an estimate of the direct costs of proposed MoG changes.</p> |
| <p>Recommendation 2:</p> <p>That the Department of Treasury and Finance or the Department of Premier and Cabinet, with advice from the Victorian Auditor-General's Office, draw upon comparable jurisdictions such as Queensland, the Australian Government and Westminster in developing guidelines to enable the clear and consistent reporting of MoG costs and benefits in Victoria.</p> | <p>Support in principle</p> | <p>The Government supports the development of guidelines to enable clear and consistent reporting of direct MoG costs and outcomes and to improve transparency.</p> <p>The Government has endorsed the recommendation for Departments to track and report direct MoG costs, as well as the creation of relevant guidelines, in the <i>Government responses to the recommendations of the Public Accounts and Estimates</i></p> | <p>DTF, in consultation with DPC, will develop guidelines to enable the consistent tracking and reporting of direct costs and outcomes of any MoG changes.</p> |

Committee's Report on the 2015-16 Budget Estimates (page 14).

While the Government supports reporting direct costs that can be solely attributed to implementing MoG changes, it considers that the indirect costs of MoG changes (which predominantly comprise staff time) are difficult to accurately quantify.

Outcomes of MoG changes are also likely to be difficult to quantify. However, in this case, the Government considers that qualitative statements may be used to articulate outcomes, where appropriate.

Recommendation 3:

That Department of Treasury and Finance or the Department of Premier and Cabinet, with advice from the Victorian Auditor-General's Office, develop a set of consistent guidelines to track the costs and outcomes of any MoG changes.

Support

The Government supports the development of guidelines to track direct costs and outcomes of MoG changes. Given the difficulties of quantitatively reporting the outcomes of MoG changes, Government will consider the use of qualitative assessments where appropriate.

See, also, the response to Recommendation 2, above.

DTF, in consultation with DPC, will develop guidelines to track direct costs and outcomes of any MoG changes.

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| <p>Recommendation 4:</p> <p>That MoG reporting be required in each department's annual report.</p> | <p>Support</p> | <p>The Government considers that departments' annual reports are the most appropriate place for reporting of any direct costs and benefits of MoG changes.</p> | <p>DTF, in consultation with DPC, will develop the necessary changes to WoVG annual reporting frameworks to require reporting the direct costs and outcomes of MoG changes.</p> |
| <p>Recommendation 5:</p> <p>That the Government endorse the Public Accounts and Estimates Committee's (PAEC's) recommendation in their 2015-16 Budget Estimates Report, which stated that:</p> <p><i>The Department of Treasury and Finance update the Model Report to require all departments to report any costs and benefits in a year as a result of MoG changes in their annual reports. The updated report should include guidance so that the data in annual reports are provided on a consistent basis across departments.</i></p> | <p>Support</p> | <p>The Government has already stated its in-principle support for the PAEC recommendation – see Government response to Recommendation 2, above.</p> | <p>DTF will develop guidance to be included in the Model Report to ensure consistent reporting.</p> |