
Government Responses to the Recommendations of

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE'S

Report on the 2019-20 Finance and Performance Outcomes

Pursuant to Section 36 of the *Parliamentary Committees Act 2003*, this paper provides a response to the recommendations contained in the Public Accounts and Estimates Committee's (PAEC) Report on the 2019-20 Finance and Performance Outcomes.

Guide for readers - Following is the explanation of the format of this paper.

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PAEC recommendation	Response	Action taken to date and commitment to further action

Column 1: Contains PAEC's recommendations as published in its Report on the 2019-20 Finance and Performance Outcomes.

Column 2: Indicates the Government's response to each recommendation: 'Support', 'Support-in-Principle', 'Not Support', or 'Under Review'.

Column 3: Provides an explanation of the Government's position on the recommendation, indicates the actions that have been taken to date relevant to the implementation of the recommendation, and outlines commitment to further action relevant to the implementation of the recommendation.

PAEC recommendation	Response	Action taken to date and commitment to further action
<p>Recommendation 1:</p> <p>The Department of Health and Human Services and the Department of Transport separately publish the output funding received by each department under the Concessions to Pensioners and Beneficiaries output.</p>	Department of Families, Fairness and Housing	
	Not Support	The Transport Concessions component is not included in the Concessions to Pensioners and Beneficiaries output cost for DFFH, as it is transferred as a pass-through cost to Department of Transport, who then incorporate it in their output costs (as a source of funding) under the respective Department of Transport outputs. The relevant outputs for the Department of Transport are structured by public transport type (such as train, tram, bus) rather than by funding source. As such, it would not be feasible to include a specific BP3 output for transport concessions, as this would necessitate a restructure of public transport BP3 outputs more broadly.
	Department of Transport	
	Not Support	The relevant outputs for the Department of Transport are structured by public transport output (such as train, tram, bus) rather than by funding source. As such, it would not be feasible to include a specific BP3 output for transport concessions.
<p>Recommendation 2:</p> <p>The Department of Health and Human Services undertake and publish an evaluation of its programs and initiatives implemented in response to COVID-19, and the outcomes achieved through these.</p>	Department of Families, Fairness and Housing	
	Support-in-Principle	Evaluation of COVID-19 response initiatives will be undertaken where it is cost effective to do so and will give consideration to whether responses were distinct initiatives or were an extension of existing services. For example, Homes Victoria will undertake an independent evaluation of the COVID-19 Rent Relief Grants program in 2021-22. The research will evaluate the process, outcomes, and impact of the Rent Relief Grants program. Homes Victoria will consider publishing the evaluation once finalised.

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	Department of Health	<p>The Department of Health¹ undertakes and publishes an evaluation of its programs and initiatives implemented in response to COVID-19, and the outcomes achieved through these.</p> <p>The Department is monitoring and reviewing its approach continuously to adapt and respond to changing circumstances posed by the pandemic. New systems and processes need to be put in place quickly to meet new and uncertain challenges and ensure continuous improvement. This work is evidence-based and informed by lessons learned, debriefs to identify what can be done better, contemporary data, modelling, research, and best practice.</p> <p>Performance is monitored and measured through a range of data sets which gives visibility of system readiness and performance to respond rapidly to escalating risk. This includes measures benchmarking Victoria's performance nationally.</p>
<p>Recommendation 3:</p> <p>The Department of Health and Human Services update its target for the total number of assessments undertaken at the Support and Safety Hubs, to reflect the new methodology for assessing this target.</p>	Support	<p>The target for total number of assessments undertaken at the Support and Safety Hubs was updated in 2020-21 to 22 536 to reflect the new methodology for assessing this target. The target now counts the total number of assessments undertaken rather than the total number completed. The target in 2020-21 was based on prior years' performance and reflected the operational experience of The Orange Door to date. The 2021-22 target for this measure also reflects this change and includes an increase to reflect the new areas commencing operations in 2021-22.</p>

¹ N.B., from 1 February 2021, through Machinery of Government changes, the former Department of Health and Human Services (as referred to in the Report on the '2019–20 financial and performance outcomes' and Recommendations made therein) has been split into two separate departments: Department of Families, Fairness and Housing and Department of Health.

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<p>Recommendation 4: The Department of Education and Training develop performance measures for initiatives funded through Treasurer’s Advances and publicly report on them.</p>	Support	New indicators will be considered for new services where investment is material, including those funded through Treasurer’s Advances as appropriate.
<p>Recommendation 5: The target for investment in student welfare and support be reviewed and increased ahead of the 2021–22 Budget in light of population growth and growth in student numbers.</p>	Support-in-Principle	<p>The target for 2021-22 for investment in student welfare and support is \$343.2m in 2021-22 in comparison to \$342.2m in 2020-21.</p> <p>The target is subject to Government decisions as it reflects the budget allocated to investment in student welfare and support as part of the annual Budget process. Funding for new initiatives that contribute to this target and that are linked to student growth will continue to reflect available enrolment data.</p>
<p>Recommendation 6: The Department of Education and Training disaggregate the absence data of metropolitan and regional and rural students and develop targets and indicators ahead of the 2021–22 Budget that measure the impact of student absenteeism in regional and rural Victoria.</p>	Under review	<p>The Department of Education and Training (DET) will review options for disaggregating absence data relating to education outcomes for metropolitan and regional and rural students.</p> <p>This review will be undertaken in the broader context of the response to recommendations of the VAGO audit - <i>Measuring and Reporting on Service Delivery</i> - released in May 2021. The implementation of the recommendations from this audit provides DET with an opportunity to review its budget measures and target settings, in order to better reflect DET service delivery and performance. Options for disaggregating absence data will be considered as part of this review.</p>

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<p>Recommendation 7: The Department of Education and Training establish appropriate mechanisms to effectively quantify the level of access to Mental Health Practitioner services and outcomes for children accessing the service.</p>	Support-in-Part	<p>DET currently tracks Mental Health Practitioner service delivery activities and will continue to review and report on student access to services.</p> <p>DET will continue to review an approach to monitoring student mental health and wellbeing outcomes. Due to privacy and confidentiality constraints, it is challenging to quantify the outcomes for children who access the service.</p>
<p>Recommendation 8: The Department of Education and Training disaggregate the performance data of metropolitan and regional students and develop targets and indicators ahead of the 2021–22 Budget that measure the education outcomes of these students.</p>	Under review	<p>DET will review options for disaggregating performance data relating to education outcomes for metropolitan, regional and rural students.</p> <p>This review will be undertaken in the broader context of the response to recommendations of the VAGO audit - <i>Measuring and Reporting on Service Delivery</i> - released in May 2021. The implementation of the recommendations from this audit provides DET with an opportunity to review its budget measures and target settings, in order to better reflect DET service delivery and performance.</p>
<p>Recommendation 9: The Department of Transport include a breakdown of COVID-19 related costs in its 2020–21 Annual Report, to allow a clear distinction to be made between the department’s financial performance and the effects of the COVID-19 pandemic.</p>	Support	<p>The Department of Transport will outline in its 2020-21 Annual Report the financial impact of the COVID-19 pandemic on its financial performance.</p>

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<p>Recommendation 10: Any additional amount paid to public transport service providers and agencies due to the COVID-19 pandemic should be disclosed in the Department of Transport's 2020–21 Annual Report and 2021–22 State Budget.</p>	Support-in-Principle	The Department of Transport will outline in its 2020-21 Annual Report the financial impact of the COVID-19 pandemic on its financial performance in line with funding provided. The 2021-22 Budget Paper 3, Chapter 1 outlines the funding provided to address the impacts of the COVID-19 pandemic.
<p>Recommendation 11: The Department of Transport provide detailed explanations of the underlying cause of variations in major projects' total estimated investment. Over the longer term, the Committee recommends the adoption of a more direct method for disclosing issues and achievements relating to major projects.</p>	Support-in-Principle	<p>The Department of Transport already provides detailed reasons for variations in major projects' total estimated investment in Budget Paper 4, Chapter 1 outlines the budget supplementation and will continue to look for ways to improve the explanations for relevant variations.</p> <p>The Victoria Auditor-General's Office is currently reviewing the disclosure of performance of the State's capital program, upon which Government will consider a response.</p>

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<p>Recommendation 12: The Department of Justice and Community Safety replace the performance measures 'Infringement notices processed' and 'Proportion of drivers tested who return a clear result for prohibited drugs' with outcomes-based measures in the next budget.</p>	Support-in-Principle	<p>In accordance with the requirements of DTF's Resource Management Framework (RMF), performance measures within departmental output statements are used to ensure the delivery of outputs and act as the mechanism for accountability over government spending by specifying what the government wants to achieve. Under the RMF, departmental performance statements should also include a suite of objective indicators, which demonstrate progress towards the achievement of the department's objectives, unlike performance measure which measure outputs.</p> <p>The two Department of Justice and Community Safety (DJCS) performance measures '<i>Infringement notices processed</i>' and '<i>Proportion of drivers tested who return a clear result for prohibited drugs</i>' are consistent with the requirements in the RMF set out for performance reporting for Budget Paper 3. Nonetheless, DJCS is supportive of increasing the focus of outcome measurement across government to better identify how departments deliver value to the Victorian community. DJCS will explore options to introduce new outcome-based measures in the 2022-23 budget, including introducing new objective indicators which are focussed on outcomes.</p>
<p>Recommendation 13: The Department of Justice and Community Safety report on the outcomes of the initiative Additional legal assistance services and information communication technology upgrades in its Annual Report 2020–21.</p>	Support	<p>In its 2020-21 Annual Report, DJCS will report against all key initiatives and programs during the 2020-21 financial year. This includes reporting on the progress and outcomes of the initiative <i>Additional legal assistance services and information communication technology upgrades</i>, which provided funding to VLA to assist those services to meet demand during the pandemic and to upgrade technology to provide services remotely.</p>
<p>Recommendation 14: The Department of Justice and Community Safety report on the outcomes of the Maribyrnong Residential Facility</p>	Support	<p>In its 2020-21 Annual Report, DJCS will report against all key initiatives and programs during the 2020-21 financial year. This includes reporting on the progress of upgrades to the Maribyrnong Residential Facility, which provided transitional accommodation to men exiting the prison system who may not have otherwise had access to accommodation, aiming to reduce the possible spread of COVID-19.</p>

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<p>Recommendation 15: The Department of Justice and Community Safety provide further information regarding why performance measures related to recidivism have not been met in their Annual Report 2020–21, including an explanation as to why the target was not met.</p>	Support	<p>DJCS reports against two performance measures relating to recidivism in its Annual Report:</p> <ul style="list-style-type: none"> • <i>Rate of return to prison within two years;</i> and • <i>Rate of return to corrective services within two years from a community corrections order.</i> <p>Where the 2020-21 results for these performance measure vary by more than five per cent from the 2020-21 target, DJCS will provide variance commentary providing further information on the performance drivers in its 2020-21 Annual Report, in accordance with requirements of DTF’s Resource Management Framework.</p>
<p>Recommendation 16: The Department of Justice and Community Safety introduce performance measures in the next budget related to youth diversion initiatives including but not limited to: targets regarding the number of youth diverted, success of diversion, the number of young people participating in programs, completion rates of such programs and subsequent offending after diversion.</p>	Support-in-Principle	<p>DJCS will consider the inclusion of performance measures for youth diversion initiatives. Consideration will be given to appropriate measures and the timeliness of the availability of data to report on these matters.</p>
<p>Recommendation 17: The Department of Justice and Community Safety include comprehensive performance measures and targets for the Children’s Court Youth Diversion program in the next budget.</p>	Support-in-Principle	<p>DJCS will consider the inclusion of performance measures for the Children’s Court Youth Diversion (CCYD) service. Consideration will be given to appropriate measures and the timeliness of the availability of data to report on this service.</p>

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<p>Recommendation 18: The Department of Environment, Land, Water and Planning publicly report on the status and funding of the Bringing our Environment Protection Authority into the modern era program in its annual report.</p>	Support-in-Principle	<p>The Department of Environment, Land, Water and Planning (DELWP) and the Environment Protection Agency (EPA) currently report on the implementation of the <i>Bringing our Environment Protection Authority into the modern era</i> program in their annual reports.</p> <p>In the 2019-20 DELWP Annual Report the allocation to this initiative from the Sustainability Fund is documented at page 353. The DELWP Annual Report also reports on EPA's performance measures against the Statutory Activities and Environment Protection output at page 43. The Statutory Activities and Environment Protection output includes a measure on 'Activities that support business to comply with environmental obligations' which relates to the <i>Bringing our Environment Protection Authority into the modern era</i> initiative.</p> <p>Achievements and outcomes with references to the <i>Bringing our Environment Protection Authority into the modern era</i> initiative are detailed throughout the 2019-20 EPA Annual Report.</p>
<p>Recommendation 19: Performance measures should be developed by the Department of Environment, Land, Water and Planning for any 2020–21 COVID-19 related expenditure.</p>	Support-in-Principle	<p>While it is not possible to create new performance measures for the COVID-19 related expenditure for the 2020-21 year, DELWP will review and consider developing new measures for the COVID-19 related programs that have funding beyond 2020-21 for inclusion in the 2022-23 budget.</p>
<p>Recommendation 20: The Department of Environment, Land, Water and Planning publicly report on the financial impact of increased payments to a private operator responsible for Land Use Victoria's titles and registry functions and the cost of the commercialisation process.</p>	Not Support	<p>The 40-year Operating Concession Deed (OCD) in place between Victorian Land Registry Services Pty Ltd (VLRS), the commercial operator, and the State is commercial-in-confidence. Therefore, details of the agreement or payments under it cannot be publicly reported.</p>

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<p>Recommendation 21: The Department of Jobs, Precincts and Regions report where possible on the number of First Nations people employed in Victoria as well as the number of Aboriginal businesses in Victoria.</p>	Support-in-Principle	<p>The Department of Jobs, Precincts, and Regions (DJPR) supports in part noting the following:</p> <ul style="list-style-type: none"> • The collection and reporting of data on the number of First Nations people employed in Victoria lies with the Commonwealth Government, not DJPR. • Aboriginal business data can be obtained through existing contractual arrangements with Kinaway Chamber of Commerce (Kinaway) that relates specifically to their membership capture.
<p>Recommendation 22: The Department of Jobs, Precincts and Regions provide a breakdown of the number of businesses that received the Business Support Fund by metropolitan and regional Victoria in its 2020-21 Annual Report.</p>	Support	<p>A breakdown of the number of businesses that received the Business Support Fund by metropolitan and regional Victoria will be provided in the 2020-21 Annual Report.</p>
<p>Recommendation 23: The Department of Jobs, Precincts and Regions and the Department of Treasury and Finance publish details of Development Victoria's capital program in the 2021–22 Budget</p>	Support-in-Principle	<p>Development Victoria's capital project spending is commonly disclosed in Budget Paper 4, Chapter 3: Other PNFC's section. It is intended for this style of presentation to continue in future budget publications.</p> <p>In the instance where Development Victoria is delivering capital projects on behalf of other government agencies, the disclosure of these projects will remain under the parent entity that received the original project funding.</p> <p><i>Note: This is a joint response by the Department of Treasury and Finance and the Department of Transport (under which Development Victoria sits).</i></p>

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<p>Recommendation 24: The Department of Jobs, Precincts and Regions report on the gross regional product and employment rate of Regional Victoria in its annual report going forward.</p>	Support-in-Principle	The most up to date publicly available data will be provided on gross regional product and employment in Regional Victoria in the DJPR Annual Report. Note that this may not align to financial year periods.
<p>Recommendation 25: The Department of Jobs, Precincts and Regions develop a performance measure to report on the outcomes of the creative industries that were supported during and post the COVID-19 pandemic.</p>	Support-in-Principle	COVID-19 support grant outcomes will be reported through existing measures. New BP3 measures will be developed for the 2022-23 budget that will address Creative State 2025's focus on resilience and reactivation.
<p>Recommendation 26: Court Services Victoria publicly release reviews and studies into government programs where appropriate. Where it is not deemed appropriate to release full reviews, Court Services Victoria release an appropriate summary of findings.</p>	Support-in-Principle	Court Services Victoria will review the public release of reviews and studies or appropriate summaries of funded government programs in consultation with the courts and tribunals.

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<p>Recommendation 27: The Victorian Government take a consistent approach when reporting output transfers that arise from machinery of government changes. When machinery of government changes require responsibility for an output to transfer from one department to another during a financial year, output cost reporting should detail: the cost for that output, the period the output was held for and the name of the transferring department.</p>	Support-in-principle	<p>The Department of Premier and Cabinet (DPC) supports consistent reporting on output transfers and does so by ensuring it reports on output transfers in accordance with the <i>Model Report for Victorian Government Departments</i> (Model Report) and the <i>Victorian public sector operating manual on machinery of government changes</i> (Manual). DPC notes the Model Report and the Manual currently require full year results to be reported by departments responsible for transferred outputs at the end of the reporting period. The Model Report and the Manual do not require output transfer reporting to include information about the transferring department. Reporting on outputs DPC is no longer responsible for administering would be inconsistent with current requirements.</p> <p>Reporting on outputs DPC is no longer responsible for administering would be inconsistent with current requirements. The Model Report already sets a consistent approach to reporting output transfers that arise from machinery of government changes.</p>
<p>Recommendation 28: When there are major occurrences outside a department's control, for example, COVID-19 and the 2019–20 Victorian Bushfires, the additional cost to the department should be reported alongside existing financial reporting requirements in the department's annual report.</p>	Support-in-principle	<p>DPC and the Government are committed to strong fiscal transparency, which is supported through publication of COVID-19 related expenditure by government initiative and department by DTF.</p> <p>DPC reports on additional costs incurred because of major occurrences outside its control in its Annual Report, including in its financial statements and in its commentary on significant variations between total output cost targets and results. Given the scope and timing of responses to major occurrences, a range of resourcing mechanisms may be used, including secondment of staff, internal reprioritisation of funding and additional funding. Reporting on the cost of these responses separate to DPC's annual financial reporting may not provide meaningful information about additional costs incurred.</p>

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<p>Recommendation 29: To allow an assessment of the financial performance of Bushfire Recovery Victoria (BRV), the cost of the entity and entity's operations should be reported on at the end of the financial year. To allow an assessment of the operational performance of BRV, performance measures should be created and reported on in the 2020–21 financial year in the most appropriate annual report.</p>	Support-in-Principle	<p>Bushfire Recovery Victoria (BRV) transferred to DJCS from DPC on 1 July 2020. All costs relating to BRV will be reflected in the Department's 2020-21 annual financial statements and included in the output cost for 'Emergency Management Capability'. Performance measures relating to the Emergency Management and response sector are contained in this output, which will be reported in the DJCS 2020-21 Annual Report. In accordance with the requirements set out in DTF's Resource Management Framework, performance measures are reviewed as part of the annual budget process and DJCS will review its existing suite of performance measures for its Emergency Management Capability as part of the 2022-23 budget process, including those for programs and initiatives managed by BRV.</p>
<p>Recommendation 30: When reporting on performance measures that were unable to be met due to unforeseen circumstances, such as a global pandemic, departments should avoid using 'not assessed' to rate performance measures, and instead provide a more telling descriptor such as 'unable to be met'.</p>	Support-in-Principle	<p>DPC supports clear reporting on its performance measures to ensure meaningful comparison of performance over time. Where DPC is unable to report on its performance, explanations are included as footnotes in its Annual Report. DPC reporting on performance measures in its Annual Report is presented as published in Budget Paper No. 3, in accordance with the Model Report. This includes using the abbreviation 'n/a' where results are not available.</p>

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<p>Recommendation 31: The Department of Treasury and Finance develop performance measures for significant off budget programs and initiatives with an allocation of \$50 million or more</p>	Support-in-Principle	<p>As performance measures show annual progress of implementing programs and initiatives, the Department of Treasury and Finance (DTF) will consider developing performance measures for future off budget programs and initiatives greater than \$50 million, where these are implemented over the medium to long term.</p> <p>DTF notes that of the off budget COVID-19 related programs/initiatives referred to on page 170 of the report, the Payroll Tax Relief initiative was the only off budget initiative greater than \$50 million with no performance measures. The introduction of a performance measure for this initiative would not have been meaningful as the relief measure has now lapsed and only applied to a reduction in the gross payroll tax collected during 2019–20. Performance measures are not developed retrospectively to completed programs/initiatives from prior reporting periods.</p>
<p>Recommendation 32: The Department of Treasury and Finance publish details associated with contractors and labour hire arrangements with the consultancy information it discloses as part of its annual reporting process.</p>	Support-in-Principle	<p>DTF continually works to improve reporting to ensure transparency and clear accountabilities in the Victorian Public Sector, through a range of policies and instruments, such as the Standing Directions of the Assistant Treasurer, the Financial Reporting Directions and the Model Financial Report.</p>
<p>Recommendation 33: The Department of Treasury and Finance revise guidance material to government departments to stipulate the need for the release of details associated with contractors and labour hire arrangement as part of annual reporting processes.</p>	Support-in-Principle	<p>See response to recommendation 32.</p>

PAEC recommendation	Response	Action taken to date and commitment to further action
<p>Recommendation 34: A review of the suitability of the Parliament's information technology security be conducted if this has not already taken place.</p>	N/A	The Department of Parliamentary Services have been notified of the report and, if required, will respond separately to this recommendation.