



# Public Accounts and Estimates Committee

## 2024–25 Budget Estimates

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**Report**

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# Committee membership



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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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# Contents

## Preliminaries

Committee membership	ii
About the Committee	iii
Chair's foreword	xi
Executive summary	xiii
Findings and recommendations	xxi
Acronyms	xxxvii
<b>1 Introduction</b>	<b>1</b>
1.1 Background	1
1.2 Objectives	1
1.3 Inquiry process	1
1.4 Key findings and recommendations	4
1.5 Report structure	5
<b>2 Whole of Government</b>	<b>7</b>
2.1 Introduction	7
2.2 Economic outlook	7
2.3 Fiscal strategy	10
2.3.1 Net debt	11
2.3.2 Government infrastructure investment	12
2.3.3 Borrowings	13
2.4 Revenue	14
2.4.1 Taxation	14
2.4.2 Dividends	15
2.5 Expenditure	16
2.5.1 Employee expenses	16
2.6 Savings measures	17
2.6.1 The provision of departmental information to the Committee	19
2.7 Early Intervention Investment Framework	20
2.8 Contingencies	22
2.9 Whole of government policy issue: Housing	23
2.9.1 Increasing Victoria's housing supply	26

<b>3</b>	<b>Department of Health</b>	<b>29</b>
3.1	Overview	29
3.2	Financial analysis	31
3.3	Capital spend—infrastructure	32
3.4	Health portfolio: key issues	34
3.4.1	Health services funding	34
3.4.2	Planned surgeries	37
3.4.3	Demand for emergency care	40
3.5	Health Infrastructure portfolio: key issues	42
3.5.1	Parkville hospital redevelopment	42
3.5.2	Community hospitals	44
3.6	Mental Health portfolio: key issue	44
3.6.1	Statewide Action Plan	45
3.7	Performance measures	46
3.7.1	Department-wide: analysis of new performance measures	46
3.7.2	Department-wide: analysis of performance measures proposed to be discontinued	47
<b>4</b>	<b>Department of Education</b>	<b>49</b>
4.1	Overview	49
4.2	Financial analysis	51
4.3	Capital spend	52
4.4	Education portfolio: key issues	53
4.4.1	School Saving Bonus	53
4.4.2	School upgrades and maintenance	55
4.4.3	Learning outcomes	57
4.5	Children portfolio: key issue	59
4.5.1	Best Start, Best Life	59
4.6	Performance measures	61
4.6.1	Department-wide: analysis of new performance measures	61
4.6.2	Department-wide: analysis of performance measures proposed to be discontinued	62

<b>5</b>	<b>Department of Justice and Community Safety</b>	<b>65</b>
5.1	Overview	65
5.2	Financial analysis	67
5.2.1	Lapsing programs	68
5.3	Attorney-General portfolio: key issue	69
5.3.1	Response to recommendations made in the Stalking Report	69
5.4	Emergency Services portfolio: key issue	71
5.4.1	Disaster relief and recovery	71
5.5	Police portfolio: key issues	72
5.5.1	Staffing levels of Victoria Police	72
5.5.2	Youth crime prevention and early intervention project	74
5.6	Youth justice portfolio: Key issue	77
5.6.1	Changes in youth offending and youth justice over time	77
5.7	Performance measures	80
5.7.1	Department-wide: analysis of new performance measures	80
5.7.2	Department-wide: analysis of performance measures proposed to be discontinued	81
<b>6</b>	<b>Department of Transport and Planning</b>	<b>83</b>
6.1	Overview	83
6.2	Financial analysis	85
6.3	Capital spend	86
6.4	Suburban Rail Loop portfolio: key issues	88
6.4.1	Planning for the Suburban Rail Loop	88
6.4.2	Suburban Rail Loop East	90
6.5	Public and Active Transport portfolio: key issue	92
6.5.1	Upgrades to the regional rail network	93
6.6	Roads and Road Safety: key issues	94
6.6.1	Road maintenance	94
6.6.2	Road safety	96
6.7	Performance measures	98
6.7.1	Department-wide: analysis of new performance measures	98
6.7.2	Department-wide: analysis of performance measures proposed to be discontinued	98

<b>7</b>	<b>Department of Families, Fairness and Housing</b>	<b>101</b>
7.1	Overview	101
7.2	Financial analysis	103
7.3	Capital spend	104
7.4	Women portfolio: key issue	104
7.4.1	Women in leadership roles	105
7.5	Children portfolio: key issue	105
7.5.1	Child abuse and exploitation in residential care	105
7.6	Prevention of Family Violence portfolio: key issues	108
7.6.1	Family violence programs and outcomes	108
7.6.2	Missing data and evidence	111
7.7	Performance measures	114
7.7.1	Department-wide: analysis of new performance measures	114
7.7.2	Department-wide: analysis of performance measures proposed to be discontinued	115
<b>8</b>	<b>Department of Jobs, Skills, Industry and Regions</b>	<b>117</b>
8.1	Overview	117
8.2	Financial analysis	119
8.3	Economic Growth portfolio: key issue	120
8.3.1	Breakthrough Victoria	120
8.4	Employment portfolio: key issues	122
8.4.1	Yuma Yirramboi	122
8.4.2	Sick Pay Guarantee pilot	123
8.5	Skills and TAFE portfolio: key issue	124
8.5.1	Free TAFE	125
8.6	Performance measures	126
8.6.1	Department-wide: analysis of new performance measures	126
8.6.2	Department-wide: analysis of modified performance measures	126
8.6.3	Department-wide: analysis of performance measures proposed to be discontinued	127
<b>9</b>	<b>Department of Energy, Environment and Climate Action</b>	<b>129</b>
9.1	Overview	129
9.2	Financial analysis	131
9.3	Environment portfolio: key issue	131
9.3.1	Container deposit scheme rollout	132



9.4	Energy and Resources portfolio: key issues	133
9.4.1	Gas phase-out plan and supply	133
9.4.2	Offshore wind energy and the Port of Hastings	135
9.5	Performance measures	136
9.5.1	Department-wide: analysis of new performance measures	136
9.5.2	Department-wide: analysis of modified performance measures	137
9.5.3	Department-wide: analysis of performance measures proposed to be discontinued	137
<b>10</b>	<b>Court Services Victoria</b>	<b>139</b>
10.1	Overview	139
10.2	Financial analysis	141
10.2.1	Lapsing initiatives	142
10.3	Court Services Victoria: key issues	143
10.3.1	VCAT digital service transformation	143
10.3.2	Court performance	144
10.4	Performance measures	145
<b>11</b>	<b>Department of Government Services</b>	<b>147</b>
11.1	Overview	147
11.2	Financial analysis	149
11.3	Government Services portfolio	149
11.4	Consumer Affairs portfolio	150
11.5	Local Government portfolio	150
11.6	Performance measures	151
11.6.1	Department-wide: analysis of new performance measures	151
11.6.2	Department-wide: analysis of modified performance measures	151
11.6.3	Department-wide: analysis of performance measures proposed to be discontinued	152
<b>12</b>	<b>Department of Premier and Cabinet</b>	<b>155</b>
12.1	Overview	155
12.2	Financial analysis	157
12.3	Treaty and First Peoples portfolio	157
12.4	Multicultural Affairs portfolio	158
12.5	Performance measures	159
12.5.1	Department-wide: analysis of new performance measures	159

<b>13</b>	<b>Department of Treasury and Finance</b>	<b>161</b>
13.1	Overview	161
13.2	Financial analysis	163
13.3	Assistant Treasurer portfolio: key issue	163
13.3.1	Victorian Managed Insurance Authority	164
13.4	Treasurer portfolio: key issue	166
13.4.1	The impact of land tax on rental prices	166
13.5	Performance measures	168
13.5.1	Department-wide: analysis of new performance measures	168
13.5.2	Department-wide: analysis of performance measures proposed to be discontinued	168
<b>14</b>	<b>Parliament</b>	<b>171</b>
14.1	Overview	171
14.2	Financial analysis	173
14.3	Parliament	173
14.4	Performance measures	174
14.4.1	Analysis of new performance measures	174
14.4.2	Analysis of modified performance measures	174
	<b>Appendix</b>	
A	Budget snapshots explanatory material	175
	<b>Minority report</b>	<b>177</b>

# Chair's foreword

On Budget Day—7 May 2024—the Victorian Government set out its annual spending plans and plans to raise revenue to deliver public services and infrastructure.

A key role of the Public Accounts and Estimates Committee is to rigorously scrutinise the plans on behalf of the Parliament and all Victorians.

The Committee set aside eight days in May to question Ministers, departmental heads and senior officials about the \$98.3 billion of planned expenditure by departments and \$15.6 billion of investment in infrastructure in 2024–25.

This report is informed, in part, by these public hearings. It contains 82 findings and 37 recommendations.

The financial challenges facing the healthcare system, low rates of youth offending, status of school infrastructure projects and total estimated cost of the Suburban Rail Loop East are some of the key issues examined in this report.

The Committee's recommendations focus primarily on:

- strengthening government accountability and transparency
- improving government reporting on the outcome of investment and reforms
- the need for better data and publication of evaluations, and
- enhancing performance measurement and reporting.

I would like to acknowledge my colleagues on the Committee for their diligent work on this inquiry—Mr Nick McGowan, Deputy Chair; Mr Michael Galea; Mr Mathew Hilakari; Ms Lauren Kathage; Mrs Bev McArthur; Mr Danny O'Brien; Mr Aiv Puglielli and Mr Meng Heang Tak.

Finally, I would like to thank the PAEC Secretariat led by Caroline Williams (Executive Officer) and Charlotte Lever (Lead Analyst, Budget Estimates and Outcomes) for supporting the work of the Committee on this report.



**Sarah Connolly**  
Chair



# Executive summary

## Whole of Government

The Government expects an operating deficit of \$2.2 billion in 2024–25, returning to an operating surplus of \$1.5 billion by 2025–26. Returning to an operating surplus is part of the Government’s fiscal strategy.

The Government has added an extra measure to its fiscal strategy in 2024–25—reducing net debt as a percentage of gross state product (GSP). It is expected to peak at 25.2% in 2026–2027, before falling to 25.1% the following year. Net debt is expected to increase from \$156.2 billion in 2024–2025 to \$187.8 billion by 2027–2028.

Government infrastructure investment (GII) is forecast to decrease from \$23.3 billion in 2024–25 to \$15.6 billion by 2027–28, in part in response to labour and material supply constraints in the construction sector. The reduction in capital expenditure is expected to improve the Government’s net debt position, with less borrowing needed for capital and infrastructure projects.

The *Whole of Government savings and efficiencies* line item in the 2024–25 Budget specifies \$1.8 billion in savings between 2023–24 and 2027–28. This is in addition to three savings initiatives announced in the 2023–24 Budget. Savings made by departments in 2023–24 and 2024–25 listed in the Committee’s questionnaire did not always reconcile with the original budget paper targets.

Several departments did not provide responses to the Committee’s question on the impact of staff reductions on departmental functions and service delivery. The Committee recommends that, in the future, departments accurately respond to Committee questions regarding how they will achieve savings and what the impacts of these savings will be on service delivery.

There are 29 output initiatives worth \$1.1 billion under the *Early Intervention Investment Framework* (EIIIF) in this year’s budget. These initiatives are expected to generate \$655–\$770 million in avoided costs over the next ten years. The Committee has recommended that departments report on their progress by publishing their results.

While *Victoria’s Housing Statement* aims to increase housing supply through government-funded housing construction and greenfield land rezoning initiatives, it will take some years for the additional supply to come on to the market. New housing developed by the private sector is also currently slow due to increasing materials costs and labour shortage constraints.

## Department of Health

In 2024–25 the Department of Health (DH) has the largest budget of all the departments, totalling \$27.2 billion. DH also has an infrastructure program of \$15.6 billion in 2024–25, with \$1.9 billion for new projects.

The 2024–25 Budget allocates \$11.5 billion for Victoria’s hospitals and to provide long-term stability and more timely budgets for health services. Victoria’s healthcare system is facing a range of financial challenges, with 44 of 76 health services reporting operating deficits in 2022–23. The Committee recommends DH report on the success of cost containment measures and associated impacts on standards of care.

DH expects to deliver 207,000 planned surgeries in 2023–24, which is 33,000 less than its target under the *COVID catch-up plan*. The planned surgery waitlist remains above pre-pandemic levels, whereas the percentage of people treated within clinically recommended timeframes for category 2 and 3 patients is lower than before the pandemic. DH is implementing a number of reforms to planned surgery. The Committee recommends DH evaluate the impacts of these reforms.

DH has introduced several programs to divert patients from emergency departments (EDs) in response to heightened demand for emergency care and significant numbers of ED presentations. The Victorian Agency for Health Information is yet to implement a previous Committee recommendation to publish and retain longitudinal data on health services’ performance in this area.

The building of a new Arden hospital will no longer proceed due to electromagnetic interference making the site unviable for development. Instead, upgrades to the Royal Melbourne Hospital and Royal Women’s Hospital at Parkville will be prioritised. The Committee recommended DH publish revised information relating to this significant change in the project’s scope.

Community hospitals at three locations are currently subject to further service planning, and the total cost of the ten community hospitals being built in Victoria has increased by \$195 million. The Committee recommends DH publish the findings of the service planning once complete.

The 2024–25 Budget includes \$95.1 million in funding under a statewide action plan to reduce drug-related harms. A number of the associated initiatives and services will commence in 2026. The establishment of a medically supervised injecting room trial in the City of Melbourne will not proceed as part of this plan.

## Department of Education

In 2024–25 the Department of Education (DE) has the second largest budget of all the departments, totalling \$16.8 billion. DE also has an infrastructure program of \$8.4 billion in 2024–25, with \$1.6 billion for new projects.

The 2024–25 Budget includes \$280.1 million for the *School Saving Bonus* to provide relief to families whose children attend government schools and to some non-government school students experiencing disadvantage. This complements a suite of financial support programs run by DE.

The 2024–25 Budget invests in capital upgrades at a number of schools, with further funding expected in future budgets. The Committee makes two recommendations to improve DE's reporting on the quality and condition of school buildings and other infrastructure.

While most Victorian students performed strongly in NAPLAN in 2023, First Nations students and students experiencing disadvantage performed below benchmarks. The Committee makes recommendations to improve reporting on the performance of students experiencing disadvantage and the impact of the *Tutor Learning Initiative*, which aims to address gaps in learning outcomes.

The roll-out of pre-prep has been delayed and will be implemented in Ballarat, Bendigo and Geelong three years later than initially expected and four years later for greater metropolitan Melbourne, to provide more time to build the additional infrastructure and workforce required for the reform. The *Best Start, Best Life* reforms are generating significant demand for new educators and teachers. It will be important for DE to improve its reporting on the outcomes of strategies and initiatives designed to meet this demand.

## Department of Justice and Community Safety

In 2024–25 the Department of Justice and Community Safety (DJCS) has the third largest budget of all the departments, totalling \$9.6 billion. DJCS also has an infrastructure program of \$1.6 billion in 2024–25.

The Committee discusses the Victorian Law Reform Commission's recommendations on non-family violence stalking that the Government has been progressing. The Committee recommends the Government publish information on the work undertaken so far.

Victoria experienced a number of flood, storm and fire events between October 2022 and the summer of 2023–24. The 2024–25 Budget includes over \$300 million for disaster relief and recovery.

Between June 2016 and June 2023 the number of Victorian police officers increased by 20.1%. There was a decline in police numbers in the years ending June 2022 and 2023 due to recruitment challenges. Victoria Police forecasts growth in police officer numbers by 2.7% and 3.2% by June 2024 and 2025 respectively.

The 2024–25 Budget expands the *Youth Crime Prevention and Early Intervention Project* (YCPEIP) to new geographic areas. Victoria has a relatively low proportion of youth diversions from the justice system compared to other Australian jurisdictions.

Therefore, programs to increase diversions such as the YCPEIP are positive. The Committee makes several recommendations, including that Victoria Police and the Crime Statistics Agency publish data on the number of youth diversions and/or cautions given.

The Budget includes funding for an electronic monitoring device trial for some young people on bail. Victoria has the lowest rate of youth offending in Australia and low rates of young people in detention on an average night, compared to other jurisdictions.

## Department of Transport and Planning

In 2024–25 the Department of Transport and Planning (DTP) has the fourth largest budget of all the departments, totalling \$8.8 billion. DTP's overall capital program in the 2024–25 Budget is \$47.3 billion and is the largest of any department, comprising 62.9% of the Government's capital program for 2024–25.

The total estimated investment of 23 (41.8%) of the department's existing projects changed in the 2024–25 Budget, with the most significant cost variances relating to three projects under the \$10.4 billion North East Link (State and Freeway Packages) projects.

DTP's approach to integrated transport planning is based on multiple strategies and plans. Following the announcement of the Suburban Rail Loop (SRL), the project has been included in new infrastructure and planning strategies.

In 2021 SRL East was estimated to cost between \$30–34.5 billion across 14 years. Despite the price of construction materials, labour and transportation increasing by 22% since 2021, the Victorian Government expects the SRL East will be delivered within the original cost estimate.

The Victorian Government is at stage one of a four-stage assessment and evaluation process to receive \$2.2 billion in funding from the Commonwealth Government for SRL East. Infrastructure Australia's assessment of the project has been halted at stage two of its assessment framework since 2022, with a more detailed business case yet to be submitted. The Committee has recommended DTP provide copies of any requests for information from, and responses to, Infrastructure Australia in relation to the SRL.

Three projects under the *Regional Rail Revival* program have been delayed due to a lack of signalling resources over the last four to five years. The projects had an original expected completion date of 2021–22 and 2023–24 at announcement.

DTP has changed its road maintenance strategy for the road network in regional areas due to the damage caused by recent flooding events. The nature of the flood damage means the department will expand the level of patching work, repairing the pavement level underneath road surfaces, and reduce the amount of reseals, which repair the road surface.



The Victorian Government is formulating the next three-year *Victorian Road Safety Action Plan*. The number of lives lost on Victoria's roads for 2023 (295) was 22.4% higher than the previous year and the highest number of lives lost for 15 years.

## Department of Families, Fairness and Housing

In 2024–25 the Department of Families, Fairness and Housing (DFFH) has the fifth largest budget of all the departments, totalling \$5 billion. It has an infrastructure program of \$71.3 million. Homes Victoria also has five new projects with a combined total estimated investment of \$1.7 billion in 2024–25.

The Budget provides \$1.8 million for the *Women's leadership and recognition* initiative, which promotes the participation, leadership and recognition of women. In the Victorian Government 46% of leadership roles are staffed by women, while in ASX300 companies only 29% of executive leadership roles are staffed by women.

Statistics from DFFH and the Commission for Children and Young People show that child abuse in out-of-home care, including residential care, has risen over the last five years. DFFH undertakes work to prevent and address the abuse of children in residential care. However, DFFH has not published a strategy that responds to this increase. As such, it is difficult to determine DFFH's full suite of actions in response to child abuse in residential care and whether current actions are effective.

Since 2015 the Victorian Government has spent \$4 billion on preventing and addressing family violence. Family violence incidents reported to police increased in Victoria between 2020 and 2024. This is explained in part by increased reporting, which was an expected outcome of the Royal Commission into Family Violence's reforms.

Gaps exist in DFFH's data regarding emergency accommodation for victim survivors of family violence. While it is Family Safety Victoria's policy to only use motel accommodation as a last resort, DFFH is currently unable to provide the number of women and families who stay in this type of accommodation. Tracking the use of motel accommodation for family violence victim survivors is important to ensure sound policy and funding decisions on emergency accommodation. As such, the Committee recommends DFFH require family violence service providers to track and report on the number of household stays and the number of bed nights for emergency motel accommodation. Additionally, data obtained by the Committee demonstrates that for services provided by Safe Steps, more women and children were staying in motel accommodation per night versus family violence accommodation services, and that motel accommodation stays were more expensive.

## Department of Jobs, Skills, Industry and Regions

In 2024–25 the Department of Jobs, Skills, Industry and Regions (DJSIR) has the sixth largest budget of all the departments, totalling \$4.8 billion. DJSIR's output appropriations for 2024–25 are 9.6% higher than the 2023–24 Budget due to

Commonwealth funding, new budget initiatives and the \$2 billion Regional Package, announced in response to the cancellation of the Commonwealth Games.

Since 2021 Breakthrough Victoria has committed over \$330 million in capital and has made a number of investments on behalf of the State of Victoria. The Committee recommended Breakthrough Victoria enhance its reporting, including establishing budget paper performance measures related to its mandate.

The *Sick Pay Guarantee* pilot was to run until March 2025, but was ended as part of the savings outlined in the Budget. The Committee reiterates its recommendation to publish the evaluation of the pilot once completed.

Free TAFE for priority courses targets sectors experiencing labour shortages such as construction, nursing and teaching. Reporting on Free TAFE's outcomes is limited. As such, the Committee recommends performance measures are developed that show retention and completion rates, and employment outcomes for target sectors.

## Department of Energy, Environment and Climate Change

In 2024–25 the Department of Energy, Environment and Climate Action (DEECA) has the seventh largest budget of all the departments, totalling \$2.4 billion. DEECA also has an infrastructure program of \$476.8 million in 2024–25.

The Container Deposit Scheme commenced on 1 November 2023. As of June 2024 500 collection points had opened and approximately 550 million containers were returned. During that same time frame, 76 collection points closed due to unsuitability. To track the outcomes of the Scheme, the Committee recommends the development of performance measures for the next budget.

*Victoria's Gas Substitution Roadmap* outlines Victoria's plan to move away from a reliance on gas. Victoria has the highest percentage of home gas usage in Australia. The Australian Energy Market Operator forecasts that consumption may outstrip supply by 2028. It is currently not possible to gauge the progress of electrification or the progress in sourcing additional gas supplies for Victorians to address forecasted shortfalls.

Offshore wind generation is critical to the Victorian Government's renewable energy targets and the Port of Hastings terminal is the Government's preferred offshore wind construction port. The development proposal was rejected by the Commonwealth Government in January 2024. It has not yet been confirmed how or when construction will commence.

## Court Services Victoria

In 2024–25 Court Services Victoria (CSV) has the eighth largest budget of the departments, totalling \$813 million.

CSV identified one lapsing program in 2023–24, the *Active Case Management* program. It was evaluated in 2023 and shown to have increased operational efficiency. According to CSV, without the program wait times will likely increase within the County Court of Victoria.

The Victorian Civil and Administrative Tribunal (VCAT) began its *Digital Service Transportation Program* in July 2021, and contracted PricewaterhouseCoopers (PwC) to deliver it. PwC delivered the first phase of the program in December 2023. VCAT has since terminated the contract and has assumed the program. The program has been delayed by two years in part due to VCAT taking over delivery of the contract.

CSV is progressively clearing its case backlog, as demonstrated by the Productivity Commission's *Report on Government Services 2024* and CSV's data. However, the Productivity Commission's report also shows that there are areas where improvement is needed regarding backlogs and court clearance rates in specific courts, when compared to other jurisdictions in Australia.

## Department of Government Services

In 2024–25 the Department of Government Services (DGS) has a total budget of \$541.7 million, the ninth largest of the departments, and an infrastructure program of \$42.5 million. The department forecasts a decrease in almost all 2024–25 funding outputs, compared to the 2023–24 revised Budget.

In 2024–25 DGS will continue its digitisation work. DGS has already rolled out the Services Victoria digital wallet with nine cards available to consumers, while the digital drivers licence was launched a week before the commencement of the Committee's hearings.

The 2024–25 Budget includes an \$8 million *Rental Stress Support Package*, recognising the current difficulties being experienced by renters in Victoria. The program will fund 13 organisations to provide increased services to renters in their communities through education, legal advice and financial counselling.

An additional \$8 million from the 2024–25 Budget was allocated to the *Council Flood Support Fund* to support the relief efforts of local councils in the wake of flood events in 2023–24.

## Department of Premier and Cabinet

In 2024–25 the Department of Premier and Cabinet (DPC) has the tenth largest budget of the departments, totalling \$487.8 million. The department's special appropriations budget for 2024–25 has increased compared to the 2023–24 revised budget, primarily due to funding for local government council elections in October 2024.

The 2024–25 Budget allocates \$42 million to protect Aboriginal cultural heritage and to the Treaty process. The Minister discussed the importance of self-determination in

the Treaty process at the hearings, and the need to make more progress on closing the gap between Indigenous and non-Indigenous outcomes.

The *Victorian African Communities Action Plan* was established in 2019 and will receive an additional \$5.2 million in the Budget. The plan includes tailored employment, education, health and other supports to members of the Victorian African community.

## Department of Treasury and Finance

The Department of Treasury and Finance (DTF) has the eleventh largest budget of all the departments in 2024–25, totalling \$477.5 million. DTF has a small infrastructure program of \$53.9 million in 2024–25.

As a result of two significant insurance events in 2022 and 2023, at 30 June 2023 the Victorian Managed Insurance Agency (VMIA) recorded an operating deficit of \$108 million and an insurance funding ratio of 103%—a decline from 130.8% in 2021. A capital management plan has been initiated for the VMIA to ensure its financial sustainability.

In 2024–25 the Government will collect \$6.5 billion in land tax and \$1.3 billion from the COVID Debt Levy on landholdings. In the context of Victoria's current housing and rental affordability crisis, increased taxes may contribute to rental costs and disincentivise investing. However, supply and demand-side factors are the most significant causes of the current crisis.

## Parliament

In 2024–25 the Parliament of Victoria has a budget of \$376.9 million.

The impact of protests on Parliament and how the Parliamentary departments are protecting the safety of both the public and staff were discussed during the hearings. Measures include CCTV cameras, increased security and protective services and screening systems at points of entry.

The Parliamentary departments continue to work to increase inclusivity in Parliament. This includes the introduction of accessibility supports like closed captioning for broadcasts.

# Findings and recommendations

## 2 Whole of Government

**FINDING 1:** The Victorian Government expects an operating deficit in 2024–25 of \$2.2 billion, and to return to an operating surplus of \$1.5 billion by 2025–26. **11**

**FINDING 2:** Government infrastructure investment is budgeted to fall from \$23.3 billion in 2024–25 to \$15.6 billion in 2027–28. The reduction in infrastructure spending is partly a response to labour and material supply constraints currently experienced in the construction sector and is expected to release more labour and material resources to private sector construction projects. **13**

**FINDING 3:** Interest on general government sector borrowings is expected to total \$6.5 billion in 2024–25, reaching \$9.4 billion by 2027–28. Interest expenses as a percentage of total revenue are expected to average 7.8% each year over the forward estimates. **13**

**FINDING 4:** Responses to the Committee’s questionnaire identified an expected reduction of 1,435.9 full-time equivalent Victorian Public Service (VPS) staff by 30 June 2024 compared to the previous year. This is just under half (47.9%) of the lower estimate (3,000 to 4,000) of the planned VPS staff reduction outlined in the *COVID Debt Repayment Plan*. **19**

**RECOMMENDATION 1:** 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. **20**

**FINDING 5:** The 2024–25 Budget contains 29 output initiatives worth \$1.1 billion that fall under the *Early Intervention Investment Framework*. The Department of Treasury and Finance estimates these programs will generate \$655 to \$770 million in avoided costs over the next ten years, along with \$360 to \$560 million in economic benefits. **21**

**FINDING 6:** The Department of Treasury and Finance did not disclose the outcome measures developed for *Early Intervention Investment Framework* initiatives, citing their inclusion in the budget deliberation process. **21**

**RECOMMENDATION 2:** Victorian Government departments implementing output initiatives that form part of the *Early Intervention Investment Framework* publicly report on the initiative's progress through the outcome measures developed during the budget process, either in the departmental annual reports or via an annually released whole of government publication.

21

**FINDING 7:** This year's budget has \$12.2 billion assigned to asset and output contingencies, which is estimated to increase to \$37.8 billion at the end of the forward estimates period.

23

**FINDING 8:** *Victoria's Housing Statement* aims to alleviate the high-cost pressures on renters and would-be homeowners. It aims to increase housing supply through government-funded residential housing construction and greenfield land rezoning.

26

**FINDING 9:** It will take some years for the additional housing supply developed as part of *Victoria's Housing Statement* to come on to the market, while new housing developed by the private sector is currently slow due to increasing materials costs and labour shortage constraints.

27

### 3 Department of Health

**RECOMMENDATION 3:** The Department of Health report on the number of staff reduced as part of departmental savings initiatives and the impact of these savings on service delivery in upcoming annual reports and future responses to the Committee's questionnaire.

32

**FINDING 10:** Since the 2023–24 Budget the total estimated investment of 14 of the 62 existing Department of Health projects has changed, resulting in a net increase in costs of \$207.6 million. The estimated completion date of 31 projects has also changed, with 14 being delayed by more than one year.

33

**FINDING 11:** The number of Victorian health services reporting operating deficits has improved from 58 in 2020–21 to 44 in 2022–23 of a total of 76. The 2024–25 Budget invests \$8.8 billion over several years to provide long-term stability and timelier budgets for Victoria's health services.

35

**FINDING 12:** Victoria's healthcare system is confronting a range of financial challenges common to OECD countries, including a growing and ageing population, high inflation and pandemic-induced backlogs.

35

**FINDING 13:** The Department of Health has announced several cost containment measures and will continue working with health services to restrict ongoing increases in costs across the system. It is unclear what impact, if any, these measures will have on healthcare service delivery.

36

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

36

**FINDING 14:** An additional \$1.5 billion in off-budget funding was announced to fund Victoria's hospitals and implement reforms in August 2024.

37

**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*.

37

**FINDING 15:** The *Health Services Plan* recommended the Department of Health review funding models to promote financial sustainability and review and improve budget, pricing and financial accountability mechanisms to support robust financial management.

37

**FINDING 16:** The Department of Health expects to deliver 207,000 planned surgeries in 2023–24, 33,000 less than the target detailed in the *COVID catch-up plan*. Victoria's planned surgery waitlist is above pre-pandemic levels while the percentage of people treated within clinically recommended timeframes is lower than before the pandemic.

40

**FINDING 17:** The *Planned Surgery Reform Blueprint* outlines ten reforms to improve timely access to planned surgery. This includes expanding 'same-day' models of surgical care, and implementing 'high-throughput approaches' to surgery.

40

**RECOMMENDATION 6:** The Department of Health evaluate the impacts of the *Planned Surgery Reform Blueprint* to assess its effectiveness at improving timely access to planned surgery.

40

**FINDING 18:** The Department of Health (DH) has introduced several initiatives to reduce demand for emergency care and presentations at emergency departments, including Priority Primary Care Centres, the Victorian Virtual Emergency Department and the Better at Home program. DH reports these initiatives have been successful in diverting patients from emergency departments and have realised cost-savings as a result.

41

**FINDING 19:** The Victorian Agency for Health Information is yet to implement the Committee’s recommendation to publish and retain data on planned surgeries, or any health services performance data, beyond the last five quarters. As a result, it is difficult to undertake in-depth, longitudinal analysis of the demand for, and performance of, emergency care and public health services in Victoria. **42**

**FINDING 20:** The Department of Health has not published updated information regarding what changes to the redevelopment of the Royal Melbourne Hospital and Royal Women’s Hospital will deliver, when it will be complete, or how much funding has already been expended on the Arden hospital. **43**

**RECOMMENDATION 7:** The Department of Health publish on the Victorian Infrastructure Delivery Authority’s 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. **43**

**FINDING 21:** Community hospitals at Eltham, Emerald Hill and Torquay will be subject to further service planning and have not been scrapped. **44**

**RECOMMENDATION 8:** The Department of Health publish the findings from the service planning currently underway for the three community hospitals in Eltham, Emerald Hill and Torquay once complete. **44**

**FINDING 22:** The Government has announced a *Statewide Action Plan* in response to the recommendations of the Lay Report, except for one key recommendation—the establishment of a trial medically supervised injecting room in the City of Melbourne. **45**

**FINDING 23:** The City of Melbourne experiences significant levels of drug-related harm, recording the highest number of fatal heroin overdoses of any local government area in 2022. The intersection between Flinders and Elizabeth Street accounts for a quarter of all overdoses. **45**

**FINDING 24:** The 2024–25 Budget invests \$95.1 million in harm reduction initiatives, including establishing a new community health hub, growing cohealth outreach services and expanding pharmacotherapy treatment services. A number of these services will not commence until 2026. **46**



**RECOMMENDATION 9:** The Department of Health address the issues identified with one new performance measure under the Community Health Care output with altered or new performance measures, for inclusion in the 2025–26 Budget.

47

**FINDING 25:** The Department of Health’s discontinued performance measures indicate that two initiatives related to building and upskilling the healthcare workforce are lapsing. Labour shortages in healthcare are identified as a key challenge in the 2024–25 Budget.

47

## 4 Department of Education

**FINDING 26:** Over a quarter of the Department of Education’s existing capital projects have been delayed in 2024–25 compared to last year’s budget. Less than a quarter have revised figures for total estimated investment resulting in an overall increase of \$150.7 million.

53

**FINDING 27:** The *School Saving Bonus* provides cost of living relief to families whose children attend government schools and to some non-government school students experiencing disadvantage. The bonus complements other programs run by Department of Education, to support families experiencing disadvantage.

55

**FINDING 28:** The 2024–25 Budget invests \$226.7 million for capital upgrades at 25 schools, with 29 upgrades still in planning to be funded in a future budget. The Department of Education prioritises school upgrades according to the condition of school infrastructure, current capacity and expected enrolment growth.

56

**FINDING 29:** Department of Education completed the first five-year cycle of the *Rolling Facilities Evaluation* program in 2023. It has not reported on the findings or outcomes of these assessments.

57

**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.

57

**RECOMMENDATION 11:** The Department of Education develop additional quality budget paper performance measures under the Supports for School and Staff output on the condition of school buildings and other infrastructure assessed through the *Rolling Facilities Evaluation* program.

57

**FINDING 30:** In 2023 the majority of Victorian students performed strongly in NAPLAN when compared to other states and territories.

57

**RECOMMENDATION 12:** The Department of Education develop additional budget paper performance measures that report on the NAPLAN results of students experiencing disadvantage.

58

**RECOMMENDATION 13:** The Department of Education explore ways to report on the measurable impacts and specific outcomes of the *Tutor Learning Initiative*, particularly in reducing the gap in learning outcomes between disadvantaged and First Nations students and other students.

58

**FINDING 31:** The implementation of pre-prep across Victoria has been delayed. There is no change to when most rural and regional local government areas (LGAs) will first access pre-prep. However, the total program hours available in these LGAs will now increase more gradually. The roll-out of pre-prep in Ballarat, Bendigo and Geelong has been delayed by three years, and the roll-out in greater metropolitan Melbourne has been delayed by four years.

60

**FINDING 32:** The *Best Start, Best Life* reforms are creating significant demand for new early childhood educators and teachers. The Department of Education needs to improve its reporting on the performance and outcomes of strategies and initiatives aimed at growing the workforce, especially considering the roll-out of reforms has been delayed largely due to workforce constraints.

61

**RECOMMENDATION 14:** The Department of Education address the issue identified with its new performance measures under the Supports for School and Staff output with further measures in the next budget.

62

**RECOMMENDATION 15:** The Department of Education address the issues identified with the performance measure proposed to be discontinued relating to career action plans and career planning in Victorian secondary schools.

63

## 5 Department of Justice and Community Safety

**FINDING 33:** The Department of Justice and Community Safety reduced some roles and elements of its service delivery to meet its 2023–24 savings targets. It is unclear what work was stopped, changed or reduced as a result.

68

**RECOMMENDATION 16:** The Department of Justice and Community Safety publish information in its next annual report regarding how many roles it reduced in 2023–24 to meet its savings targets and what impact these savings had on service delivery.

68

**FINDING 34:** The *Legal Assistance* initiative for Victorian Legal Aid (VLA) will lapse in 2024–25. The 2024–25 Budget provides \$14.7 million to VLA to continue a number of its programs, including Help Before Court.

69

**FINDING 35:** The Victorian Law Reform Commission's two reports on non-family violence stalking included 54 recommendations. The Victorian Government has made some progress on several of these recommendations and has committed to legislative reform regarding the *Crimes Act 1958* (Vic) in 2025.

70

**RECOMMENDATION 17:** The Victorian Government publish details of which recommendations from the Victorian Law Reform Commission's two reports on stalking it is progressing and the work undertaken so far.

70

**FINDING 36:** The 2024–25 Budget includes just over \$300 million for disaster relief and recovery for the flood, storm and fire events that impacted Victoria between October 2022 and February 2024. 68.5% of this funding is allocated to the previous financial year.

71

**FINDING 37:** Between June 2016 and June 2023 the number of full-time equivalent (FTE) police officers has increased by 2,653.7 (20.1%). In the years ending June 2022 and 2023 Victoria Police recorded a decline in police numbers. For the years ending June 2024 and June 2025 Victoria Police forecasts its FTE will grow by 2.7% and 3.2% respectively.

73

**FINDING 38:** Victoria Police's police officer vacancies were 819 in May 2024, compared to 807 in May 2023. Victoria Police is experiencing recruitment challenges similar to other Australian jurisdictions.

74

**FINDING 39:** The 2024–25 Budget includes funding to expand the *Youth Crime Prevention and Early Intervention Project*. The project has reduced the number of youths on remand and increased cautioning rates in the Brimbank and Wyndham police service areas areas since 2021. 74

**RECOMMENDATION 18:** Victoria Police publish information about the effectiveness of its youth justice diversion programs on its website. 75

**RECOMMENDATION 19:** Victoria Police develop budget paper performance measures relating to the *Youth Crime Prevention and Early Intervention Project* for inclusion in the next budget. 75

**RECOMMENDATION 20:** Victoria Police publish the evaluation of the *Youth Crime Prevention and Early Intervention Project* on its website. 75

**FINDING 40:** The *Youth Crime Prevention and Early Intervention Project* is being expanded. These areas do not include the local government areas of Casey and Melbourne, which have had relatively high numbers of alleged offender incidents in the 10–18 and 18–24-year-old cohorts in 2022 and 2023. 76

**RECOMMENDATION 21:** Victoria Police and/or the Department of Justice and Community Safety publish information on how the operational areas of the *Youth Crime Prevention and Early Intervention Project* have been determined. 76

**FINDING 41:** In 2022–23, 36.7% of youth offenders (aged 10–17 years old) were diverted through non-court proceedings. This number has grown from 22.9% in 2018–19 but remains low compared to other Australian jurisdictions. 77

**RECOMMENDATION 22:** The Crime Statistics Agency and Victoria Police work to publish data on youth diversions and/or cautions over time, by age cohort and local government area. 77

**FINDING 42:** There has been an increase in alleged offender incidents by 10–17 year olds between June 2022 and 2024. However, Victoria has among the lowest rates of youth offending in Australia. 79

**FINDING 43:** There has been positive progress in recent years regarding youth justice supervision. Since 2018, the average number of young people in detention per night has fallen. In 2022 Victoria also had the lowest rates of young people in detention on an average night, compared to other Australian jurisdictions. **79**

**FINDING 44:** \$34.3 million in funding is included in the 2024–25 Budget to introduce a two year electronic monitoring trial for young offenders and other enhanced bail supervision activities. **79**

**RECOMMENDATION 23:** The Department of Justice and Community Safety introduce further performance measures for the Racing, Gambling, Liquor and Casino Regulation output, for inclusion in the next budget. **80**

**FINDING 45:** Two performance measures related to the activities of the Community Crime Prevention output have been discontinued due to lapsed funding. The output now has performance measures related to the *Youth Crime Prevention* program and grants only. **81**

**RECOMMENDATION 24:** The Department of Justice and Community Safety address the issues identified regarding the Local Government Inspectorate performance measures with further quality and quantity measures, introduced in the next budget. **82**

## 6 Department of Transport and Planning

**FINDING 46:** The total estimated investment (TEI) of almost half of the Department of Transport and Planning’s existing capital projects has changed in the 2024–25 Budget compared to the previous budget. The TEI of the North East Link accounts for \$10.4 billion. **87**

**FINDING 47:** More than half of the Department of Transport and Planning’s (DTP) existing capital projects have been delayed in the 2024–25 Budget compared to last year’s budget. A quarter are delayed by more than one year, but they represent a small proportion of DTP’s total capital spend. **87**

**FINDING 48:** Three projects in the Department of Transport and Planning and Victorian Rail Track’s capital program have been cancelled in the 2024–25 Budget due to the withdrawal of Commonwealth funding, including the *Geelong Fast Rail*. **88**

**FINDING 49:** The Suburban Rail Loop (SRL) aims to support diverse employment and housing opportunities arising from significant population growth. The Department of Transport and Planning is currently developing plans for the precincts around new SRL stations to deliver integrated transport and housing outcomes, with 70,000 new homes forecast to be delivered in SRL East precincts. **89**

**FINDING 50:** The Department of Transport and Planning has released multiple plans and strategies. Since the announcement of the Suburban Rail Loop the project has been included in new infrastructure and planning strategies. **90**

**FINDING 51:** Despite increases in the price of materials, labour and transportation since 2021 leading to rising construction costs—by 22%—the Victorian Government expects the Suburban Rail Loop East will be delivered for \$30 billion to \$34.5 billion. **90**

**FINDING 52:** The State has allocated \$11.8 billion to the \$30–34.5 billion Suburban Rail Loop East, with the remaining two-thirds of the project’s total cost expected to be funded through value capture sources and federal investment. To date, the Commonwealth Government has committed \$2.2 billion to the project. **91**

**FINDING 53:** The commitment of additional Commonwealth Government funding for the Suburban Rail Loop is largely dependent on advice from Infrastructure Australia, in part informed by the Department of Transport and Planning. **92**

**RECOMMENDATION 25:** 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. **92**

**FINDING 54:** Three projects under the *Regional Rail Revival* program have been delayed due to a lack of signalling resources, a challenge experienced both internationally and by the department over the last four to five years. When first announced, the three projects were expected to be finished by quarter four of 2021–22 and quarter three of 2023–24. **94**

**FINDING 55:** Damage to the road network caused by recent flooding events has resulted in the Department of Transport and Planning changing its road maintenance strategy in regional areas. The planned level of patching has been expanded, to repair the pavement level underneath the road surface, while the level of reseals, which repair the road surface, is expected to decline. **95**

**RECOMMENDATION 26:** The Department of Transport and Planning publish its workplan for 2024–25 and asset management strategy, including the results of the research on the condition of roads affected by flooding undertaken by the National Transport Research Office, as soon as practicable.

96

**RECOMMENDATION 27:** The Department of Transport and Planning address the issues identified by the Committee with three new performance measures in 2024–25 with further, or altered, performance measures in the 2025–26 Budget.

98

## 7 Department of Families, Fairness and Housing

**FINDING 56:** The 2024–25 Budget includes \$1.8 million for the *Women’s leadership and recognition* initiative. It promotes the participation, leadership and recognition of women. While 46% of leadership roles in the Victorian Government are staffed by women, in ASX300 companies only 29% of executive leadership positions are staffed by women.

105

**FINDING 57:** The Department of Families, Fairness and Housing undertakes work to prevent and address the abuse of children in residential care, consisting primarily of a team of Sexual Exploitation Practice Leaders and a team that is developing an information sharing system with the Victoria Police.

107

**FINDING 58:** The Victorian Government has implemented all recommendations from the Royal Commission into Family Violence and has invested approximately \$4 billion in prevention since 2015. However, family violence continues to rise in Victoria, with an increase in total family violence incidents reported to police of 11.7% between 2020 and 2024.

109

**FINDING 59:** The Department of Families, Fairness and Housing has several strategies and programs to end family violence and is delivering important services—including The Orange Door network, the Central Information Point, the *Men’s Behaviour Change Program*, *Dhelk Dja: Safe Our Way*, and the *Respectful Relationships* initiative.

110

**FINDING 60:** Family violence is increasing in part due to increased reporting, which was an expected outcome of the Royal Commission into Family Violence’s reforms.

111

**FINDING 61:** The Department of Families, Fairness and Housing is unable to track the use of motels for family violence emergency accommodation with its current data management systems. Safe Steps, a family violence service provider, accommodated more people in motels than refuges on average per night between October 2023 and March 2024.

113

**RECOMMENDATION 28:** The Department of Families, Fairness and Housing require family violence service providers to track the number of household stays and the number of bed nights for emergency motel accommodation, and report quarterly on this data.

113

**FINDING 62:** Safe Step's 'Sanctuary' model of emergency family violence accommodation resulted in safer exits and longer stays for applicable clients between October 2023 and March 2024, when compared to motel accommodation. In the same period providing 'Sanctuary' accommodation was less expensive, averaging \$797 per night, compared to \$840 per night for motel accommodation.

114

**RECOMMENDATION 29:** The Department of Families, Fairness and Housing address the issues identified with the new performance measures with further measures under the Family Violence Service Delivery output, for inclusion in the next budget.

115

## 8 Department of Jobs, Skills, Industry and Regions

**FINDING 63:** Since its establishment in 2021, Breakthrough Victoria has committed over \$330 million in capital and has invested in 23 companies, one fund, one grant and six university partnerships.

121

**RECOMMENDATION 30:** The Department of Jobs, Skills, Industry and Regions work with Breakthrough Victoria to publish performance measures related to Breakthrough Victoria's mandate in the next budget.

122

**FINDING 64:** The 2024–25 Budget includes \$8.7 million for the *Yuma Yirramboi* strategy, which aims to generate greater economic participation and wealth creation for First Nations Victorians. The strategy will also support the Victorian Treaty process.

123

**FINDING 65:** The *Sick Pay Guarantee* pilot was to run until March 2025. However, as part of the savings initiatives in the 2024–25 Budget the pilot ended on 30 June 2024, resulting in \$108 million being returned to consolidated revenue.

124



**FINDING 66:** The 2024–25 Budget emphasises that while the Victorian labour market is strong, there are key sectors experiencing labour shortages. The Government’s investment in Free TAFE for priority courses is part of its strategy to expand the workforce in construction, nursing, teaching, and the mental health workforce.

125

**FINDING 67:** Free TAFE has supported over 170,500 students with \$460 million in fees since it started in 2019. However, the four year completion rate of Free TAFE courses is only 53.7%.

126

**RECOMMENDATION 31:** The Department of Jobs, Skills, Industry and Regions develop further performance measures on Free TAFE for inclusion in the next budget papers. These measures should demonstrate outcomes of the initiative, and include retention and completion rates, and employment outcomes especially in targeted areas of skills shortages.

126

**FINDING 68:** In 2024–25 the Department of Jobs, Skills, Industry and Regions reduced several of its performance measure targets due to reduced funding and lapsing funding for a number of its initiatives.

127

## 9 Department of Energy, Environment and Climate Action

**FINDING 69:** The Container Deposit Scheme commenced on 1 November 2023. As of June 2024, there are 550 collection points and approximately 550 million containers have been returned. Between 1 November 2023 and June 2024, 76 collection points closed, primarily due to unsuitability.

133

**RECOMMENDATION 32:** The Department of Energy, Environment and Climate Action develop performance measures regarding the Container Deposit Scheme for inclusion in the next Budget.

133

**FINDING 70:** Victoria has the highest gas usage in Australia. The *Gas Substitution Roadmap* outlines a plan for Victoria to move away from a reliance on gas, as part of the Government’s larger goal of emissions reduction. The Australian Energy Market Operator forecasts that gas use in Victoria may begin to outstrip supply by 2028.

134

**FINDING 71:** The Department of Energy, Environment and Climate Action identified electrification as a primary way of reducing reliance on gas through its *Gas Substitution Roadmap*, but it is currently not possible to gauge its progress.

134

**FINDING 72:** Offshore wind generation is a critical part of Victorian Government's goals for renewable energy. 135

**FINDING 73:** The Victorian Government's Port of Hastings development proposal was rejected by the Commonwealth Government in January 2024. The Minister confirmed the Port of Hastings as the Victorian Government's preferred offshore wind construction port. 136

**RECOMMENDATION 33:** The Department of Energy, Environment and Climate Action address the issues identified with two new performance measures with additional, or modified measures in the next budget. 137

**RECOMMENDATION 34:** The Department of Energy, Environment and Climate action revisit the modified target of 600 for the performance measure 'Victorian schools participating in the ResourceSmart Schools program' in the 2025–26 budget papers. 137

## 10 Court Services Victoria

**FINDING 74:** Court Services Victoria (CSV) will contribute to the *Whole of Government savings and efficiencies* as outlined in the 2024–25 Budget by undertaking back-office reform, increasing shared services between court jurisdictions and reducing its corporate spend. The savings target for CSV and how it will reach its targets are not outlined in the Budget. 142

**FINDING 75:** Court Services Victoria (CSV) has only one program lapsing in 2023–24: *Active Case Management*. CSV states that without the program, the average time to trial in the County Court of Victoria would likely increase from 12–14 months to 16–18 months by 2027. 142

**FINDING 76:** The Victorian Civil and Administrative Tribunal (VCAT) began its *Digital Service Transformation Program* in July 2021. PricewaterhouseCoopers (PwC) was contracted to deliver it. The first phase of the program was delivered in December 2023, but its overall estimated completion date has been delayed by almost two years over two successive budgets, due to revised schedules. VCAT has cancelled PwC's contract and has assumed delivery of the program. 144

**FINDING 77:** Court Services Victoria is progressively clearing its case backlog. The percentage of cases over 12 months is smaller in 2022–23 than 2022–21 for the majority of Victoria’s civil and criminal courts. However, a number of courts reported increased caseloads over the past 12 months, and/or lower performance when compared to other jurisdictions.

145

## 11 Department of Government Services

**FINDING 78:** The reduction in the per square metre cost for Victorian Public Service office space is expected to be \$4.3 million in 2024–25.

152

**RECOMMENDATION 35:** The Department of Government Services review and consider retaining the five discontinued performance measures identified by the Committee under the Regulation of the Victorian Consumer Marketplace, the Identity and Worker Screening Services and the Services to Government outputs.

153

## 12 Department of Premier and Cabinet

**RECOMMENDATION 36:** The Department of Premier and Cabinet address the issues identified by the Committee with the performance measure ‘Maintain and improve public awareness, confidence and trust in the integrity of Victoria’s electoral system’ with altered performance measure/s in the next budget.

159

## 13 Department of Treasury and Finance

**FINDING 79:** At 30 June 2023 the Victorian Managed Insurance Authority recorded an operating deficit of \$108 million and an insurance funding ratio (IFR) of 103%. Its IFR has declined from 130.8% since 2021. These results reflect two significant insurance events—the October 2022 floods and the insolvency of Porter Davis Homes.

164

**FINDING 80:** To ensure the Victorian Managed Insurance Authority’s (VMIA) long term financial sustainability, a capital management plan has been initiated and the Government will not be taking dividends from the VMIA in 2024–25.

165

**RECOMMENDATION 37:** The Victorian Managed Insurance Authority include performance reporting in its future annual reports, including the age of claims and timeliness of processing claims, separated by claim type.

165

**FINDING 81:** The Victorian Government expects to collect \$6.5 billion in land tax and \$1.3 billion via the COVID Debt Levy on Landholdings in 2024–25. Both revenue streams increase annually.

166

**FINDING 82:** Supply and demand-side factors are the most significant causes of Victoria’s current housing and rental affordability crisis. Increased taxes may contribute to rental costs and disincentivise investing in the rental market, however there is no conclusive evidence, large scale studies or data to demonstrate this.

167

# Acronyms

ABS	Australian Bureau of Statistics
ACARA	Australian Curriculum, Assessment and Reporting Authority
ACCO	Aboriginal Community Controlled Organisation
ACM	Active Case Management
AEMO	Australian Energy Market Operator
ANAO	Australian National Audit Office
ASU	Affordable School Uniform
BDM	Births, Deaths and Marriages
CAR	Condition assessment report
CAV	Consumer Affairs Victoria
CBD	Central business district
CCTV	Closed-circuit television
CCV	County Court of Victoria
CCYP	Commission for Children and Young People
CDS	Container Deposit Scheme
CEO	Chief Executive Officer
CIP	Central Information Point
CMS	Case Management System
CPI	Consumer price index
CSA	Crime Statistics Agency
CSEF	Camps, Sports and Excursions Fund
CSV	Court Services Victoria
DBI	Domestic building insurance
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
DSCV	Dispute Settlement Centre of Victoria
DTF	Department of Treasury and Finance

## Acronyms

DTP	Department of Transport and Planning
EAC	Expert Advisory Committee
ED	Emergency department
EGMs	Electronic gaming machines
EIC	Economic and Infrastructure Committee
EIIF	Early Intervention Investment Framework
EMI	Electromagnetic interference
ESC	Essential Services Commission
FPO	Financial and Performance Outcomes
FTE	Full-time equivalent
GGS	General government sector
GII	Government infrastructure investment
GSP	Gross state product
GST	Goods and services tax
HCMTs	High-Capacity Metro Trains
HV	Homes Victoria
IA	Infrastructure Australia
IBAC	Independent Broad-based Anti-corruption Commission
IFR	Insurance funding ratio
IIP	Infrastructure Investment Program
IT	Information technology
ITE	Initial teacher education
LA	Legislative Assembly
LC	Legislative Council
LGA	Local government area
LGI	Local Government Inspectorate
MSIS	Medically Supervised Injecting Service
NAPLAN	National Assessment Program: Literacy and Numeracy
NTRO	National Transport Research Office
OECD	Organisation for Economic Cooperation and Development
PBO	Parliamentary Budget Office
PFC	Public financial corporation
PMP	Planned Maintenance Program
PNFC	Public non-financial corporation
PPCC	Priority Primary Care Centre
PPE	Personal protective equipment
PSB	Power Saving Bonus

PwC	PricewaterhouseCoopers
RAT	Rapid antigen test
RFE	Rolling Facilities Evaluation
RRR	Regional Rail Revival
SEC	State Electricity Commission
SRL	Suburban Rail Loop
SRLA	Suburban Rail Loop Authority
SRO	State Revenue Office
TAC	Transport Accident Commission
TAFE	Technical and Further Education
TBC	To be confirmed
TCV	Treasury Corporation Victoria
TEI	Total estimated investment
TLI	Tutor Learning Initiative
VAGO	Victorian Auditor-General's Office
VAHI	Victorian Agency for Health Information
VCAT	Victorian Civil and Administrative Tribunal
VDSS	Vocational Education and Training Delivered to Secondary Students
VEC	Victorian Electoral Commission
VEFU	Victorian Economic and Fiscal Update
VET	Vocational Education and Training
VGPB	Victorian Government Purchasing Board
VGPR	Victorian Gas Planning Report
VHBA	Victorian Health Building Authority
VI	Victorian Inspectorate
VIDA	Victorian Infrastructure Development Authority
VLA	Victoria Legal Aid
VLRC	Victorian Law Reform Commission
VMIA	Victorian Managed Insurance Authority
VO	Victorian Ombudsman
VPS	Victorian Public Service
VSBA	Victorian School Building Authority
VVED	Victorian Virtual Emergency Department
YCPEIP	Youth Crime Prevention and Early Intervention Project





# Chapter 1

## Introduction

### 1.1 Background

The *Parliamentary Committees Act 2003* requires the Public Accounts and Estimates Committee to inquire into, consider and report to the Parliament on the annual budget estimates.<sup>1</sup>

This inquiry considers the budget estimates of government revenue and expenditure and the financial and performance measures in the 2024–25 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 7 May 2024.<sup>2</sup>

The appropriation bills reflect the spending initiatives contained in the budget papers and must be passed by the Parliament to authorise the expenditure of public money.

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<sup>1</sup> *Parliamentary Committees Act 2003* (Vic) s 14.

<sup>2</sup> Department of Treasury and Finance, *2024–25 State Budget*, 7 May 2024, <<https://www.dtf.vic.gov.au/state-budget/2024-25-state-budget>> accessed 28 August 2024; Department of Treasury and Finance, *Budget process in Victoria*, 22 August 2024, <<https://www.dtf.vic.gov.au/state-budget/budget-process-victoria>> accessed 28 August 2024.

The budget papers and the appropriation bills form the basis of accountability for financial and performance management for each government department.

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.

The Committee also held eight days of public hearings, from 16 May to 27 May 2024. The Premier, Deputy Premier, Treasurer, Cabinet Ministers, the Presiding Officers and senior departmental officials appeared at the hearings.

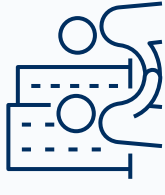
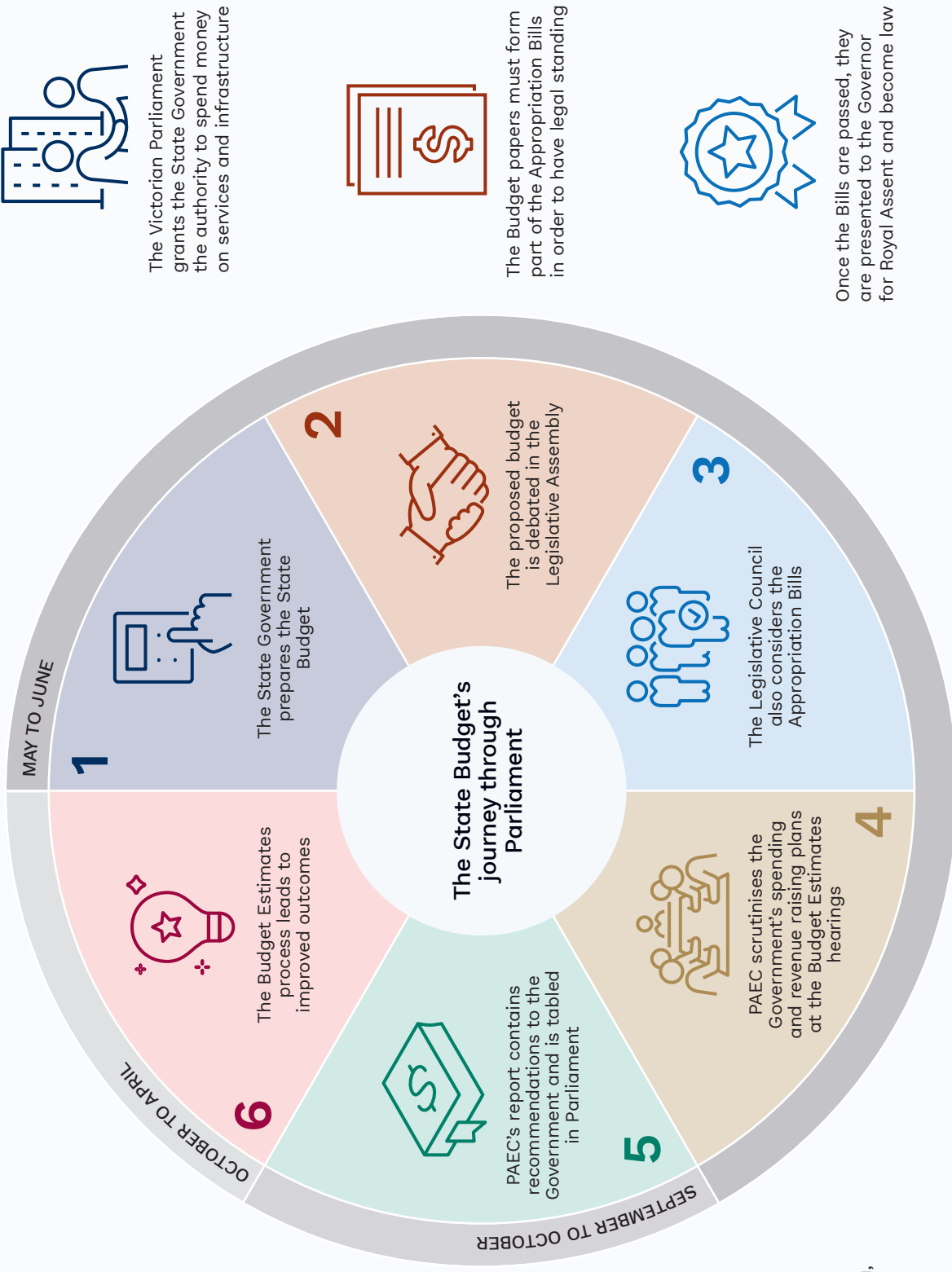
The hearings provide an opportunity for Ministers and officials to present information and for the Committee to ask questions on their portfolios and various aspects of the 2024–25 Budget. During the hearings, some witnesses agreed to take questions on notice.

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](http://www.parliament.vic.gov.au/paec).

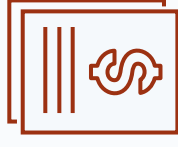
The Committee utilises the 2024–25 budget papers, evidence from public hearings, information from departments in the questionnaire and responses to questions taken on notice to prepare this report.

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

## The budget estimates inquiry process



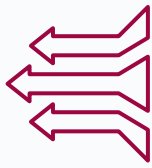
The Victorian Parliament grants the State Government the authority to spend money on services and infrastructure



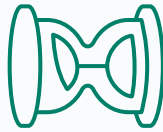
The Budget papers must form part of the Appropriation Bills in order to have legal standing



Once the Bills are passed, they are presented to the Governor for Royal Assent and become law



Outcomes can include increased transparency of spending and changes to the presentation of the Budget papers



The Government must table a response to PAEC's recommendations within six months



At the public hearings, PAEC asks Ministers questions about spending, revenue, funding, performance measures, resource management and public administration

## 1.4 Key findings and recommendations

This report makes 37 recommendations. Several recommendations centre on:

- **strengthening government accountability and transparency** in relation to information published in the budget and initiatives funded in the 2024–25 financial year such as savings initiatives and their impacts on departmental staffing and service delivery
- **improving the reporting of outcomes from Government investment and reforms**, for example regarding the *Early Intervention Investment Framework*, and the *Tutor Learning Initiative*
- **the need to publish evaluations** on the impacts of the *Planned Surgery Reform Blueprint* and *Youth Crime Prevention and Early Intervention Project*
- **the need for better data** on issues such as young people diverted from the justice system and the type of emergency accommodation provided to people escaping family violence
- **enhancing performance measurement and reporting** on Free TAFE, the condition of school buildings, NAPLAN results for disadvantaged students, the *Container Deposit Scheme* and the work of Breakthrough Victoria.

The economic outlook for Victoria over the forward estimates is impacted by current high inflation and an increased cost of living. The Government's key economic indicators over the forward estimates show that:

- while employment growth was high in the preceding three years, it is expected to fall to 1% then stabilise at 1.75% across the forward estimates
- unemployment is forecast to grow marginally in 2024–25 and increase to 4.75% in 2027–28
- inflation is also expected to fall to 2.75% in 2024–25, from a peak of 6.9% in 2022–23.

The Government expects to reduce its operating deficit (\$2.2 billion in 2024–25) and return to an operating surplus of \$1.5 billion by 2025–26. In the 2024–25 Budget the Government has added a fifth step to its fiscal strategy—reducing net debt as a percentage of gross state product. This will increase transparency around how well the Government is performing against its fiscal strategy.

The 2024–25 Budget reduces Government infrastructure investment across the forward estimates in response to labour and materials constraints in the construction sector. This is likely to improve the Government's net debt position.

The 2024–25 Budget includes \$1.8 billion in whole of government savings, part of the \$4.6 billion of anticipated savings to be made to 2027–28. The Committee found actual savings reported by departments differ from anticipated savings as outlined in the 2023–24 and 2024–25 Budgets. As such, the Committee recommends reporting on savings achieved by department should be enhanced.

## 1.5 Report structure

This report presents the Committee's findings and recommendations from its Inquiry into the 2024–25 Budget Estimates.

Chapter 2 considers Victoria's economic and fiscal outlook at the time of the 2024–25 Budget, including results and forecasts for macroeconomic indicators and government revenue and expenditure. It also considers new and existing savings measures, contingencies and the Government's housing policy.

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 new performance measures and those proposed to be discontinued.

Chapters 11, 12 and 14 present a summary of what was discussed during the Committee's hearings, in place of an analysis of key issues.

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.



# Chapter 2

## Whole of Government

### 2.1 Introduction

This chapter examines the Government's economic outlook for 2024–25 and the budget estimates for the general government sector (GGS), including net debt, borrowings and interest payments, infrastructure investment, and revenue and expenses.

The current period of high inflation and cost of living pressures on households continues to impact the Government's economic outlook for Victoria in 2024–25.<sup>1</sup> Employment growth across the forward estimates is expected to flatline, while unemployment is forecast to increase in line with slower economic growth.<sup>2</sup> After a period of significant population growth in 2022–23 and 2023–24, overseas migration is expected to slow and, with rising international student departures, the population growth rate is expected to fall.<sup>3</sup>

The Government has budgeted for an operating deficit of \$2.2 billion in 2024–25 but expects to return to an operating surplus of \$1.5 billion by 2025–26.<sup>4</sup> Returning to operating surpluses is a key element of the Government's fiscal strategy.<sup>5</sup> This chapter examines the progress being made against the strategy's five steps, including the new measure of reducing net debt as a percentage of gross state product (GSP).<sup>6</sup>

This chapter also examines the savings realised by departments against the whole of government savings initiatives announced in the 2023–24 Budget and 2024–25 Budget.

*Victoria's Housing Statement* was discussed at length in the hearings across a number of portfolios and is also examined in this chapter.

### 2.2 Economic outlook

A detailed snapshot of Victoria's economic outlook for 2024–25 is presented on the following page.

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1 Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, pp. 2–3.

2 Ibid., p. 18.

3 Ibid., p. 33.

4 Ibid., p. 5.

5 Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, pp. 3–5.

6 Ibid., p. 5.

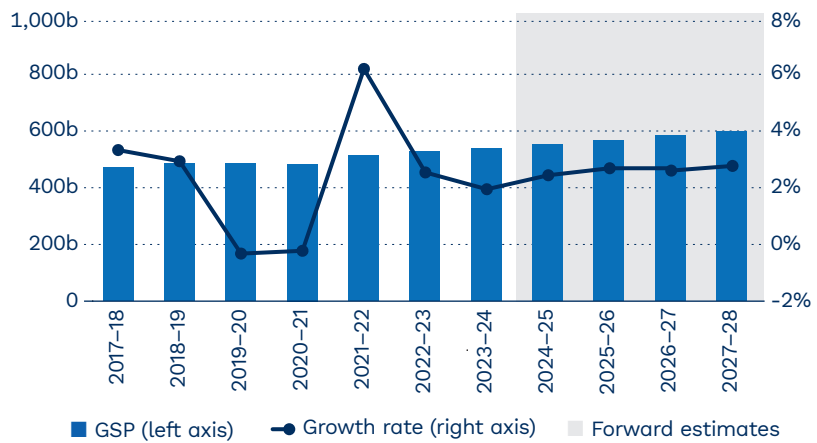
## Gross state product



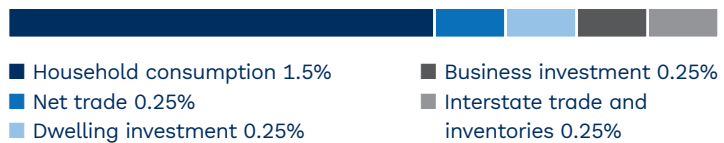
GSP is the total value of all the goods and services produced in Victoria over a year.

DTF expects household consumption to pick up after a slow 2023-24, resulting from the pressure on household budgets caused by high inflation and high interest rates.

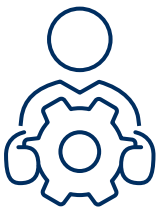
GSP is estimated to grow by 2.5%



Components of GSP increase



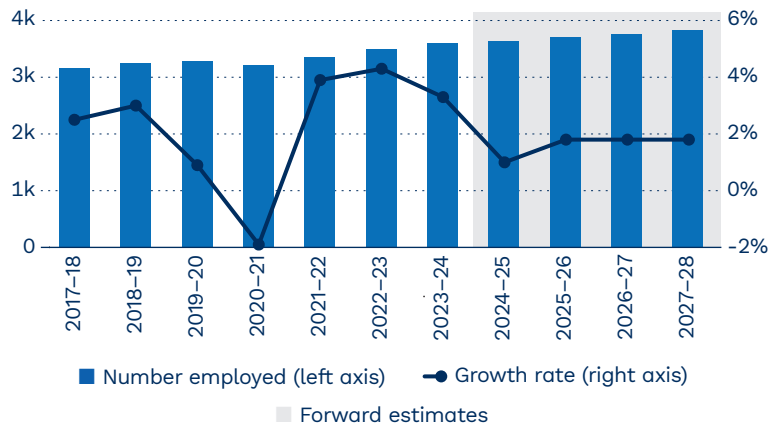
## Labour market



The anticipated lower growth rate reflects the impact of high inflation and high interest rates.

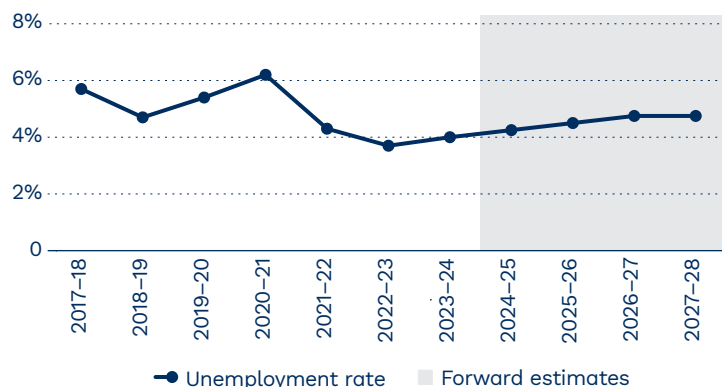
Employment is expected to pick up again, and then flatline, across the forward estimates.

Employment growth is expected to fall to 1.0%



The anticipated increase in the unemployment rate in 2024-25 is consistent with slower economic growth.

Unemployment is forecast to rise to 4.25%





## Prices

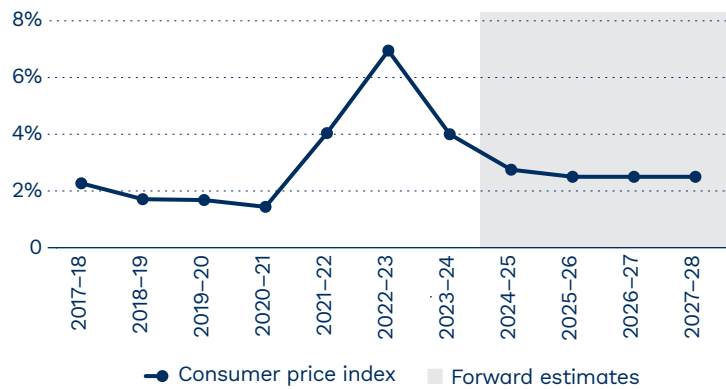


Inflation is measured by the consumer price index.

The RBA has tried to rein in inflation and limit prices growth by increasing interest rates, with inflation peaking at 6.95% in 2022–23.

Prices for items that were fuelling inflation have fallen, including new dwellings, furniture, household appliances and cars, but prices for services remain high.

### Inflation is expected to fall to 2.75%

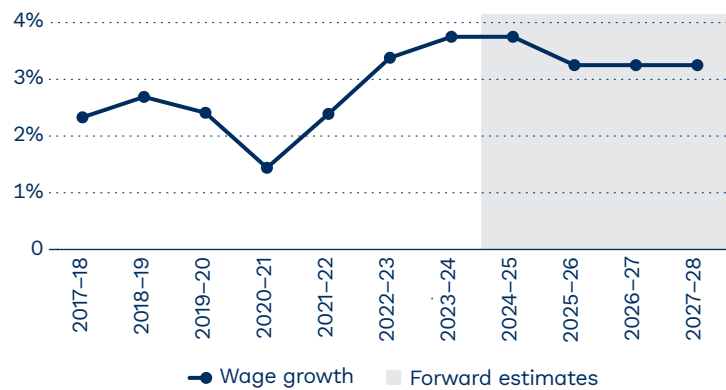


## Wages

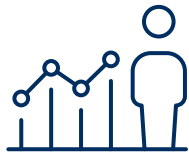


High wage growth reflects a tight labour market, the impact of inflation on negotiated wage outcomes and the larger-than-normal increase in minimum and award wages by the Fair Work Commission.

### Wage growth is forecast to remain at 3.75%



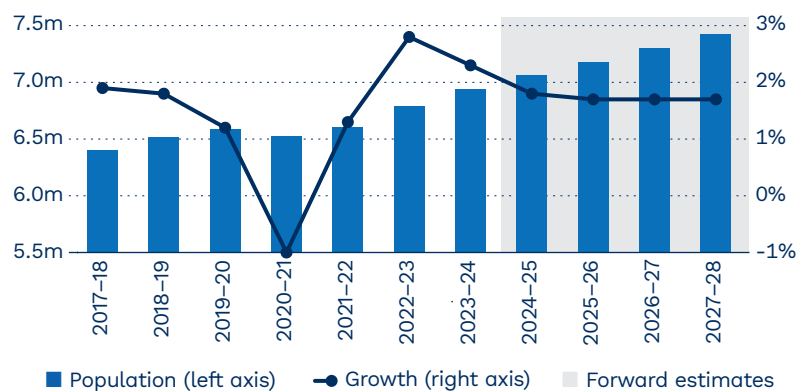
## Population



Strong population growth in 2023–24 and 2022–23 reflected large increases in net migration and increases in international student arrivals after the opening of Australia's borders post-pandemic.

Overseas migration is expected to slow and international student departures are expected to rise leading to more typical growth in 2024–25 and beyond.

### Population growth is expected to moderate to 1.8%



## 2.3 Fiscal strategy

The Government first outlined its four-step fiscal strategy in the 2020–21 Budget.<sup>7</sup>

In this year's budget, the Government introduced an additional fifth step to reduce Victoria's net debt levels.<sup>8</sup> The five step fiscal strategy is now:

- Step 1: creating jobs, reducing unemployment and restoring economic growth
- Step 2: returning to an operating cash surplus
- Step 3: returning to an operating surplus
- Step 4: stabilising net debt as a percentage of GSP
- Step 5: reducing net debt as a percentage of GSP.<sup>9</sup>

The budget papers state that step one of the fiscal strategy—creating jobs, reducing unemployment and restoring economic growth—has been 'achieved', as evidenced by recent strong employment outcomes.<sup>10</sup> The Committee notes that while Victoria has experienced favourable employment conditions in recent years, the Government's economic outlook for 2024–25 projects the unemployment rate to increase over the forward estimates as more people enter the labour market and jobs availability tightens.<sup>11</sup> This may, in turn, negatively impact the fiscal strategy.

Forecasts for the remaining four steps are set out in the budget papers (see Table 2.1).

**Table 2.1 General government fiscal aggregates**

	2022–23 actual	2023–24 revised	2024–25 budget	2025–26 estimate	2026–27 estimate	2027–28 estimate
Net result from transactions (\$ billion)	(8.8)	(4.6)	(2.2)	1.5	1.6	1.9
Net cash flows from operating activities (\$ billion)	4.2	0.4	1.8	6.9	6.8	6.1
Government infrastructure investment (\$ billion)	21.8	24.0	23.3	20.7	17.8	15.6
Net debt (\$ billion)	115.0	135.9	156.2	169.2	179.2	187.8
Net debt to GSP (per cent)	20.2	22.3	24.4	25.1	25.2	25.1

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

<sup>7</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 6.

<sup>8</sup> Mr Tim Pallas MP, Treasurer, 2024–25 Budget Estimates hearing, Treasurer, Melbourne, 16 May 2024, *Transcript of evidence*, p. 9.

<sup>9</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, pp. 4–5.

<sup>10</sup> *Ibid.*, p. 4.

<sup>11</sup> *Ibid.*, p. 28.

The second step—returning to an operating surplus—demonstrates there are sufficient cash inflows for the State to exceed its cash outflows in its operating activities.<sup>12</sup> The 2024–25 Budget estimates a small revised surplus for net cash flows from operating activities (\$0.4 billion) in 2023–24, and continued operating cash surpluses in 2024–25 (\$1.8 billion) increasing over the forward estimates to reach \$6.1 billion in 2027–28.<sup>13</sup>

The third step—returning to operating surpluses—is measured by the net result from transactions. This demonstrates there are sufficient revenues being generated for the State to cover cash expenditure, as well as the ongoing replacement of existing assets.<sup>14</sup> The forecasts in this year’s budget show an operating deficit for 2024–25 of \$2.2 billion, a decrease from the revised 2023–24 figure of a \$4.6 billion deficit, with the budget projected to return to an operating surplus of \$1.5 billion by 2025–26.<sup>15</sup>

**FINDING 1:** The Victorian Government expects an operating deficit in 2024–25 of \$2.2 billion, and to return to an operating surplus of \$1.5 billion by 2025–26.

The fourth and newly added fifth steps—stabilising debt levels and reducing net debt as a percentage of GSP—are discussed below.

### 2.3.1 Net debt

In its *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes* the Committee recommended changes to reporting outcomes against step four of the fiscal strategy, with the Government publishing a numerical indicator to define stabilisation in net debt, such as a target net debt as a percentage of GSP figure, and a timeframe in which to achieve this.<sup>16</sup> The Committee commends the Government for including the new fifth step—reducing net debt as a percentage of GSP—as part of the 2024–25 Budget, as this will allow the Parliament and community to determine whether the State’s debt levels are being managed in line with economic growth.

Net debt is expected to increase from \$156.2 billion in 2024–2025 to \$187.8 billion by 2027–2028 at the end of the forward estimates.<sup>17</sup> Figure 2.1 demonstrates that while net debt is projected to increase, year on year growth levels are forecast to decline towards the end of the forward estimates period in 2027–28.

<sup>12</sup> Ibid., p. 4.

<sup>13</sup> Ibid., p. 6.

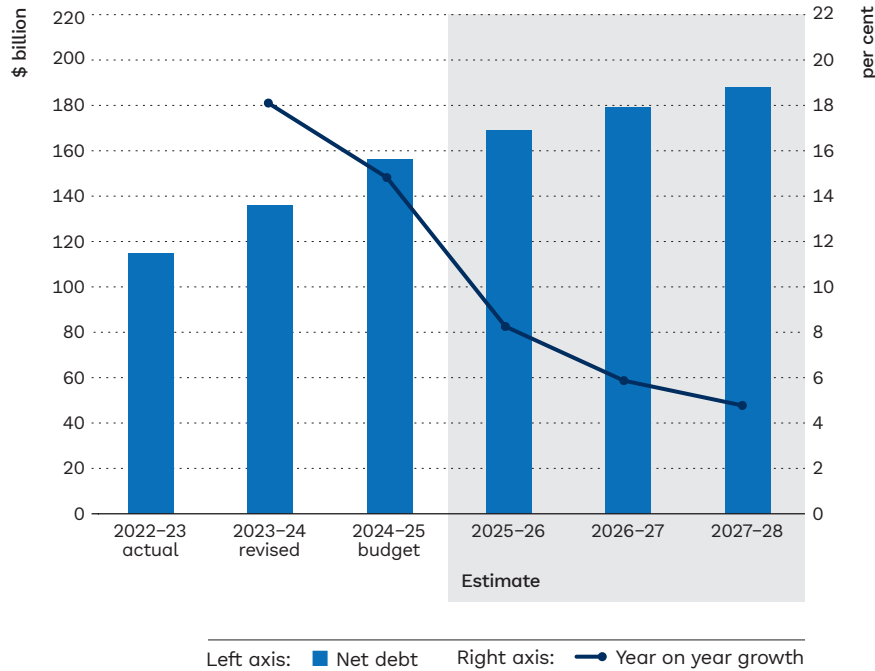
<sup>14</sup> It is also where the commonly used ‘budget surplus’ and ‘budget deficit’ terms are derived. Source: Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 4.

<sup>15</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 6.

<sup>16</sup> Parliament of Victoria, Public Accounts and Estimate Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, p. 21.

<sup>17</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 6.

Figure 2.1 Actual and projected Victorian net debt, 2022–23 to 2027–28



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

The Government intends to stabilise net debt by ‘progressively improving operating cash flow surpluses while growing the economy’.<sup>18</sup> The Government expects, going forward, that future operating cash flow surpluses can be used to fund capital expenditure as opposed to borrowings which would increase net debt levels.<sup>19</sup> The Government is also relying on economic growth to ensure the proportion of net debt to GSP decreases at the same time. Risks to this forecast include slower than expected economic growth, continuing high prices and inflation, and a slowing labour market.<sup>20</sup>

### 2.3.2 Government infrastructure investment

Government infrastructure investment (GII) is also forecast to decrease from \$23.3 billion in 2024–25 to \$15.6 billion by 2027–28.<sup>21</sup> This reduction in capital expenditure should improve the Government’s net debt position, with less borrowing needed for capital and infrastructure projects.

The budget papers note the impact of ‘supply constraints in labour and materials in the construction sector’ in the forecast reduction on GII.<sup>22</sup> The Treasurer told the Committee that the Government

moderates the pace of some of our big projects and reforms, giving Victorians time to build up and to skill up, so recognising that we are slowing the pace of our big capital

<sup>18</sup> Ibid., p. 5.  
<sup>19</sup> Ibid.  
<sup>20</sup> Ibid., p. 36.  
<sup>21</sup> Ibid., p. 5.  
<sup>22</sup> Ibid., p. 6.

spend just to give a bit of time and space to also provide a bit of capacity to the private sector to get on and deliver a lot of the projects in the commercial and industrial area that they need to do to build the capacity of the economy, but recognising that we need also to provide space for the private sector to get on and deliver housing in the residential sector.<sup>23</sup>

**FINDING 2:** Government infrastructure investment is budgeted to fall from \$23.3 billion in 2024–25 to \$15.6 billion in 2027–28. The reduction in infrastructure spending is partly a response to labour and material supply constraints currently experienced in the construction sector and is expected to release more labour and material resources to private sector construction projects.

### 2.3.3 Borrowings

The increases in net debt have resulted in increases in the interest the Government must pay on its borrowings. In 2024–25, interest on GGS borrowings will be \$6.5 billion, increasing over the forward estimates to reach \$9.4 billion by 2027–28.<sup>24</sup>

One of the Government's long-term financial management objectives is for general government interest expenses as a percentage of revenue to stabilise in the medium term.<sup>25</sup> When asked by the Committee about the percentage of interest expense to revenue target, and what timeframe is meant by medium term, the Department of Treasury and Finance (DTF) responded:

- The debt management strategy seeks to minimise interest costs and control interest rate changes by spreading borrowings evenly across a 15-year timeframe, reducing the risk of large amounts of debt being subject to sizable movements in interest rates over a particular period.<sup>26</sup>
- Interest expenses as a percentage of total revenue are expected to average 7.8% over 2024–25 to 2027–28.<sup>27</sup>

**FINDING 3:** Interest on general government sector borrowings is expected to total \$6.5 billion in 2024–25, reaching \$9.4 billion by 2027–28. Interest expenses as a percentage of total revenue are expected to average 7.8% each year over the forward estimates.

<sup>23</sup> Mr Tim Pallas MP, Treasurer, *Transcript of evidence*, p. 10.

<sup>24</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 7.

<sup>25</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 8.

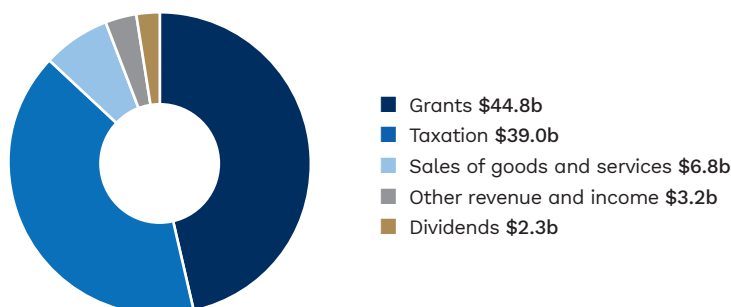
<sup>26</sup> Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 153.

<sup>27</sup> *Ibid.*

## 2.4 Revenue

The Government expects \$96.1 billion in GGS revenue for 2024–25, an increase of \$6.8 billion, or 7.6%, over the 2023–24 Budget.<sup>28</sup> The largest component is grants, comprising \$44.8 billion, followed by taxation.<sup>29</sup>

**Figure 2.2 General government sector revenue estimate, 2024–25**



Source: Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, p. 54.

Just over half (\$23.5 billion or 52.4%) of the forecast grants revenue is expected to come from general purpose grants, or goods and services tax (GST) revenue paid to Victoria by the Commonwealth Government.<sup>30</sup> On 6 December 2023, National Cabinet extended the ‘no worse off guarantee’ agreement for GST payments between the Commonwealth and State governments to 2029–30.<sup>31</sup> Under this system, Victoria’s GST relativity rose from \$0.85 in 2023–24 to \$0.97 in 2024–25.<sup>32</sup> The Committee notes that this still means Victorians contribute more to GST revenue than their population share.<sup>33</sup>

Grants for specific purposes (such as national partnership agreements) comprise \$14.6 billion and specific purpose grants for on passing (generally this funding goes straight to local governments) is expected to be \$6 billion in 2024–25.<sup>34</sup>

### 2.4.1 Taxation

Payroll tax (\$9.1 billion), land transfer duty (\$8.5 billion) and land tax (\$6.5 billion) are expected to raise the most revenue over 2024–25.<sup>35</sup> The budget papers note the subdued nature of the Victorian housing market over 2023–24, including a shortage of skilled trades workers available for the residential construction sector to complete

<sup>28</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 54; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2023, p. 54.

<sup>29</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 54.

<sup>30</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 21.

<sup>31</sup> *Ibid.*, p. 176.

<sup>32</sup> The ‘relativity’ measures a State’s fiscal capacity relative to the average, so that a relativity of 1.0 shows a State has the average fiscal capacity and its assessed share of GST revenue is equal to its population share. Source: Commonwealth Grants Commission, *Latest relativities*, <[https://www.cgc.gov.au/sites/default/files/2021-11/fs02\\_relativities\\_-\\_latest\\_and\\_historical.pdf](https://www.cgc.gov.au/sites/default/files/2021-11/fs02_relativities_-_latest_and_historical.pdf)> accessed 16 September 2024; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 176.

<sup>33</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 70.

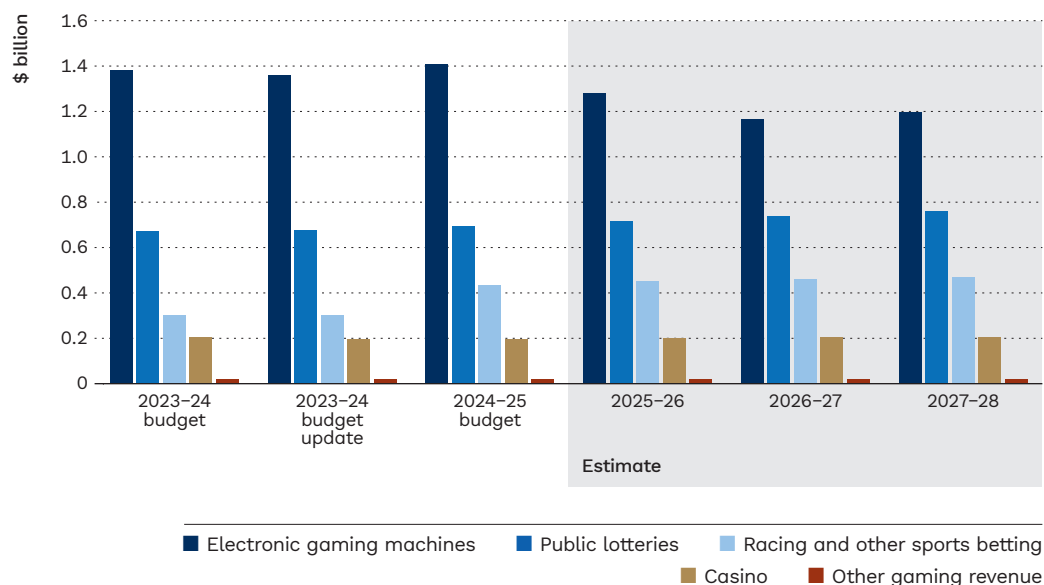
<sup>34</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 21.

<sup>35</sup> *Ibid.*, p. 18.

new residential housing projects, higher costs of building materials in comparison to pre-pandemic levels, and higher financing costs due to increasing interest rates.<sup>36</sup> These factors have combined to suppress demand and prices for housing, which in turn impacts the amount of stamp duty and land tax raised. Nevertheless, the Government expects the housing market to rebound over 2024–25.<sup>37</sup>

Revenue for electronic gaming machines (EGMs) is expected to raise \$1.4 billion in 2024–25 but is expected to decrease over the forward estimates, falling to \$1.2 billion by 2027–28, reflecting the Government’s harm minimisation approach to gambling regulation.<sup>38</sup>

**Figure 2.3 Gambling tax revenue estimates, 2023–24 Budget, 2023–24 Budget Update and 2024–25 Budget**



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 18; Department of Treasury and Finance, *2023–24 Budget Update*, Melbourne, 2023, p. 54; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 18.

## 2.4.2 Dividends

The Government expects to receive \$1 billion in income tax equivalent income from the public financial corporation (PFC) and public non-financial corporation (PNFC) sectors in 2024–25, increasing to \$1.3 billion by 2027–28.<sup>39</sup> Over half (\$549 million) is expected to come from dividends from the non-public sector.<sup>40</sup> These dividends primarily relate to distributions from investments held in managed funds.<sup>41</sup> The Government also expects to receive \$300 million in 2024–25, \$600 million in 2025–26, and \$1.5 billion

<sup>36</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 24.

<sup>37</sup> *Ibid.*, p. 25.

<sup>38</sup> *Ibid.*, p. 55; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 18.

<sup>39</sup> *Ibid.*, p. 19.

<sup>40</sup> *Ibid.*

<sup>41</sup> Department of Treasury and Finance, *2022–23 Financial Report*, Melbourne, 2023, p. 49.

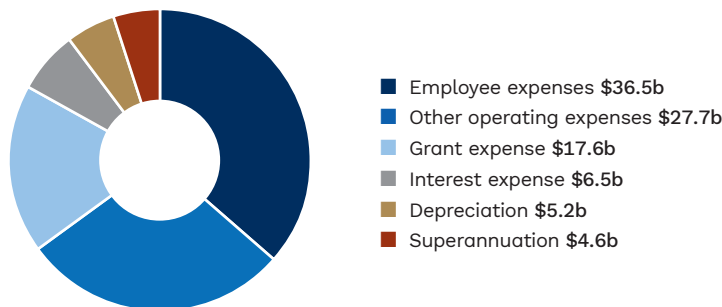
in 2027–28 from dividends paid by the Transport Accident Commission (TAC).<sup>42</sup> For the PFC sector, Treasury Corporation Victoria (TCV) is expected to pay \$75 million in 2024–25, while Greater Western Water is expected to make up the bulk of dividend payments from the PNFC sector, by paying \$63 million in 2024–25 rising to \$86 million by 2027–28.<sup>43</sup>

Other ‘not yet allocated’ PFC and PNFC entities are also expected to pay \$36 million in dividends in 2024–25, rising to \$54 million by 2027–28 as ‘additional dividends that are payable ... to reflect savings and efficiency initiatives that were announced in the 2023–24 Budget’.<sup>44</sup>

## 2.5 Expenditure

The Government expects there will be \$98.3 billion in expenses in 2024–25, increasing by an average of 2.2% over the forward estimates to reach \$105 billion by 2027–28. The Government recognises the importance of moderating its expenditure to achieve an operating surplus in 2025–26, which is part of its fiscal strategy.<sup>45</sup>

**Figure 2.4 General government sector expenditure estimate, 2024–25**



Source: Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, p. 54.

In 2024–25, over a third (37.2%) of GGS expenditure is employee expenses, which is expected to be \$36.5 billion, followed by other operating expenses (\$27.7 billion).<sup>46</sup>

### 2.5.1 Employee expenses

The wages and salaries of employees in the Victorian Public Service (VPS) comprise 95% of the total employee expenses line item in the budget papers. Payments made for fringe benefits tax, leave entitlements (including long service leave) and redundancy payments are also included in the line item.<sup>47</sup> Employee expenses are expected to grow at an annual rate of 2.9% over the forward estimates to reach \$39.9 billion by 2027–28.<sup>48</sup>

<sup>42</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 20.

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

<sup>45</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 58.

<sup>46</sup> Ibid., p. 54.

<sup>47</sup> Department of Treasury and Finance, *2022–23 Financial Report*, p. 54.

<sup>48</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 54.



Reducing the size of the VPS by 3,000 to 4,000 roles over 2023–24 formed part of last year’s *COVID Debt Repayment Plan*.<sup>49</sup> This year’s budget also announced further savings measures, discussed in Section 2.6.

## 2.6 Savings measures

Finding savings and efficiencies across Government operations has been identified as part of the Government’s fiscal strategy to maintain an operating surplus by 2025–26.<sup>50</sup>

The *Whole of Government savings and efficiencies* line item in this year’s budget outlines \$1.8 billion in savings measures from 2023–24 to 2027–28.<sup>51</sup> This is in addition to three savings measure initiatives announced in the 2023–24 Budget:

- Labor’s Financial Statement savings
- Whole of Government savings and efficiencies
- COVID Debt Repayment plan—savings and efficiencies.<sup>52</sup>

Overall, the anticipated savings from these measures equate to \$4.6 billion from 2023–24 to 2027–28.<sup>53</sup>

**Table 2.2 Savings initiatives from the 2023–24 Budget and 2024–25 Budget**

Savings initiative		2023–24 (\$ million)	2024–25 (\$ million)	2025–26 (\$ million)	2026–27 (\$ million)	2027–28 (\$ million)
2023–24 Budget	Labor’s Financial Statement savings	125.0	125.0	125.0	125.0	-
	Whole of Government savings and efficiencies	18.3	59.8	113.3	109.4	-
	COVID Debt Repayment Plan – savings and efficiencies	175.1	543.8	636.0	704.1	-
2024–25 Budget	Whole of Government savings and efficiencies	62.3	297.5	304.0	468.2	655.0
<b>Total</b>		<b>380.7</b>	<b>1,026.1</b>	<b>1,178.3</b>	<b>1,406.7</b>	<b>655.0</b>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 6, 118; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 92.

The Committee asked departments to identify savings made between 2023–24 2024–25 and across the forward estimates for each of the savings initiatives listed in Table 2.2. Figure 2.5 illustrates the departments’ responses, together with the original savings target estimate published in the budget papers.

<sup>49</sup> Department of Treasury and Finance, *COVID Debt Repayment Plan*, Melbourne, 2023, p. 20.

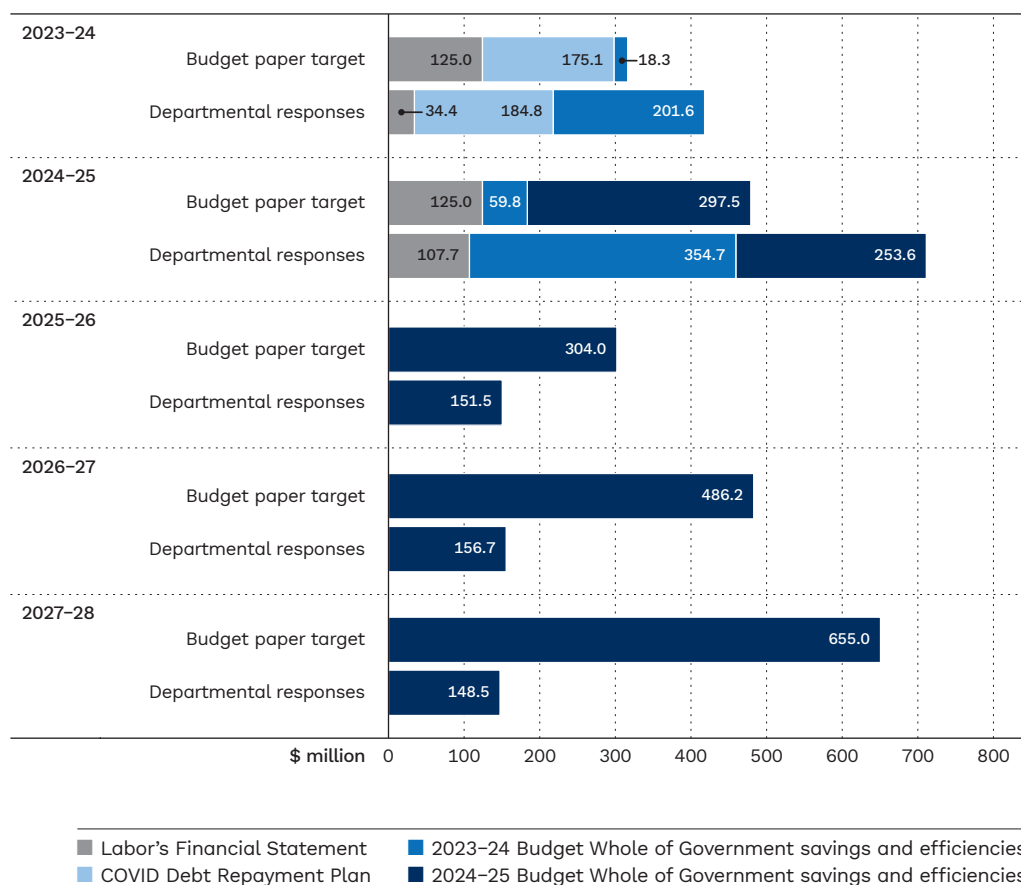
<sup>50</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 118.

<sup>51</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 92.

<sup>52</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 6, 118.

<sup>53</sup> *Ibid.*, pp. 6, 118; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 92.

**Figure 2.5 Departmental savings from initiatives announced in the 2023–24 Budget and 2024–25 Budget according to questionnaire responses**



Source: All departments and Court Services Victoria, *Response to the 2024–25 Budget Estimates Questionnaire: Questions 13, 14 and 19*; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 6, 118; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 92.

Figure 2.5 shows the variance between savings estimates reported by departments to the Committee in its questionnaire and the amount listed for savings in the budget papers. For the *Whole of Government savings and efficiencies* line item in the 2023–24 Budget, the departmental responses combine to be greater than the original budget paper target. Savings the departments made under *Labor's Financial Statement*, on the other hand, are yet to reach the budget paper target.

Further to the savings and efficiencies outlined in recent budget papers and as discussed in the section on employee expenses, the *COVID Debt Repayment Plan* also contained a plan to reduce the VPS by 3,000 to 4,000 in 2023–24 from roles in 'corporate and back-office functions'.<sup>54</sup> The departments were asked about the numbers of roles reduced over 2023–24 in the questionnaire. From the combined responses, the Committee identified an expected reduction of 1,435.9 full-time

<sup>54</sup> Department of Treasury and Finance, *COVID Debt Repayment Plan*, p. 20.

equivalent staff across the departments and agencies by 30 June 2024 compared to the previous year.<sup>55</sup>

There is further discussion on where savings have been identified by departments, together with reported staff reductions in subsequent chapters of this report.

**FINDING 4:** Responses to the Committee’s questionnaire identified an expected reduction of 1,435.9 full-time equivalent Victorian Public Service (VPS) staff by 30 June 2024 compared to the previous year. This is just under half (47.9%) of the lower estimate (3,000 to 4,000) of the planned VPS staff reduction outlined in the *COVID Debt Repayment Plan*.

### 2.6.1 The provision of departmental information to the Committee

The Departments of Health (DH), Justice and Community Safety (DJCS), Treasury and Finance (DTF), Premier and Cabinet (DPC), Energy, Environment and Climate Action (DEECA), and Families, Fairness and Housing (DFFH) provided the same response to the Committee’s question on the number of roles planned to be reduced as part of the *COVID Debt Repayment Plan*, and the functions and service delivery that will be impacted.<sup>56</sup> They informed the Committee they will be ‘reporting on workforce data as part of [their] Annual Report[s] for 2023–24’ and that ‘the target [for staff reductions] is expected to be met by measures that do not materially impact frontline services’.<sup>57</sup>

<sup>55</sup> Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 126; Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, received 16 May 2024, pp. 147–150; Department of Jobs, Skills, Industry and Regions, *Response to the 2024–25 Budget Estimates Questionnaire*, received 9 May 2024, p. 123; Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, received 20 May 2024, p. 120; Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, received 13 May 2024, p. 61; Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 63; Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, received 10 May 2024, p. 109; Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, received 14 May 2024, p. 173; Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 60; Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, received 22 May 2024, p. 149.

<sup>56</sup> Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 118–119; Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 58; Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 57; Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 105; Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 171; Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 147.

<sup>57</sup> Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 118–119; Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 58; Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 57; Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 105; Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 171; Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 147.

Whilst departments are required to disclose workforce data as part of their annual reporting obligations, it is important the Committee receives information it has requested so it can appropriately scrutinise the budget papers during its inquiry deliberations.

**RECOMMENDATION 1:** 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.

## 2.7 Early Intervention Investment Framework

The *Early Intervention Investment Framework* (EIIF) was first introduced in the 2021–22 Budget.<sup>58</sup> The initiative provides funding for programs that will reduce future demand and public spending on acute services by implementing early intervention-style programs, targeting at-risk population groups.<sup>59</sup> Initiatives forming the EIIF are generally part of the justice, police, education, health and housing portfolios, and aim to reduce spending in areas such as hospitals, ambulance services, crisis accommodation, child protection, mental health support, alcohol and other drugs and court services.<sup>60</sup>

In the 2024–25 Budget there were 29 output initiatives that were subject to an EIIF proposal, worth \$1.1 billion over 2024–25 and the forward estimates.<sup>61</sup> The larger scale initiatives include the *Strong Families, Safe Children* initiative, receiving \$197.6 million over 2024–25 and 2025–26, and the *Breaking the cycle of homelessness* initiatives, representing a combined \$196.9 million in funding over four years.<sup>62</sup> Over half the EIIF output initiatives received less than \$30 million in funding over 2024–25 and the forward estimates, demonstrating that such initiatives comprise an overall small amount of funding compared to the overall budget ‘envelope’ for services.<sup>63</sup>

The EIIF is now embedded in the budget deliberation process, with departments working with DTF to quantify the outcome measures and avoided costs of programs under the framework. This process assesses the impact of the program on both the individual, and the system.<sup>64</sup>

<sup>58</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2021–22 Strategy and Outlook*, Melbourne, 2021, pp. 46–47.

<sup>59</sup> Department of Treasury and Finance, *The Early Intervention Investment Framework*, Melbourne, 2022, p. 1.

<sup>60</sup> *Ibid.*, p. 8.

<sup>61</sup> Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 102–103.

<sup>62</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 36.

<sup>63</sup> Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 102–103; Department of Treasury and Finance, *The Early Intervention Investment Framework*, p. 1.

<sup>64</sup> *Ibid.*, pp. 3, 8–9.

This year the Committee asked the departments to detail the outcome measures and avoided costs relating to the programs. While the development of appropriate outcome measures is part of the EIIIF budget process, DTF did not provide these to the Committee in the whole of government response, noting ‘measures are not made public with annual reporting informing budget deliberations each year’.<sup>65</sup>

Avoided costs represent the difference between ‘the likelihood of people with specific characteristics using a range of acute services in the future (e.g. hospitals, justice system, homelessness services) both with the investment and without the investment in a particular early intervention’.<sup>66</sup>

Across the 29 EIIIF output initiatives in this year’s budget, DTF estimates there would be \$655–770 million in avoided costs over the next ten years.<sup>67</sup> While there are likely to be considerable unquantifiable benefits to these programs, DTF estimates there would be \$360–560 million in economic benefits over the next ten years.<sup>68</sup>

**FINDING 5:** The 2024–25 Budget contains 29 output initiatives worth \$1.1 billion that fall under the *Early Intervention Investment Framework*. The Department of Treasury and Finance estimates these programs will generate \$655 to \$770 million in avoided costs over the next ten years, along with \$360 to \$560 million in economic benefits.

**FINDING 6:** The Department of Treasury and Finance did not disclose the outcome measures developed for *Early Intervention Investment Framework* initiatives, citing their inclusion in the budget deliberation process.

The Committee believes it would be worthwhile for the relevant departments to regularly report against the outcome measures developed to assess the impact of EIIIF initiatives. This would allow the community to assess the benefits of these programs.

**RECOMMENDATION 2:** Victorian Government departments implementing output initiatives that form part of the *Early Intervention Investment Framework* publicly report on the initiative’s progress through the outcome measures developed during the budget process, either in the departmental annual reports or via an annually released whole of government publication.

<sup>65</sup> Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 101–102.

<sup>66</sup> Department of Treasury and Finance, *The Early Intervention Investment Framework*, p. 13.

<sup>67</sup> Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 103.

<sup>68</sup> Ibid.

## 2.8 Contingencies

Contingency funding in the budget papers is money set aside for:

- existing policy decisions where funding is yet to be allocated to departments
- extra demand or additional costs for services across the health, education or disability policy areas
- future government policy decisions that are yet to be announced to the Parliament and the community.<sup>69</sup>

This year's budget contains \$5.4 billion in output contingencies and \$6.8 billion in asset contingencies.<sup>70</sup>

**Table 2.3 General government sector output and asset contingencies, 2024–25 to 2027–28**

	2024–25 (\$ billion)	2025–26 estimate (\$ billion)	2026–27 estimate (\$ billion)	2027–28 estimate (\$ billion)
<b>General government output contingencies</b>				
Decisions made but not yet allocated	5.3	8.2	11	11.6
Funding not allocated to specific purposes	0.1	0.4	0.8	1.2
<b>Total general government output contingencies</b>	<b>5.4</b>	<b>8.6</b>	<b>11.8</b>	<b>12.8</b>
<b>General government asset contingencies</b>				
Decisions made but not yet allocated	6.8	10.3	8.5	7.8
Funding not allocated to specific purposes	..	0.6	1.2	2.1
<b>Total general government asset contingencies</b>	<b>6.8</b>	<b>10.9</b>	<b>9.7</b>	<b>9.8</b>
<b>Total</b>	<b>12.2</b>	<b>19.5</b>	<b>21.5</b>	<b>37.8</b>

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, pp. 29–30.

In its *Report on the 2023–24 Budget Estimates*, the Committee recommended DTF provide a breakdown of the large GGS contingencies not allocated to departments by estimated portfolio and department (for example, health, disability education) in the next set of budget papers.<sup>71</sup>

This recommendation was not supported by the Government, stating that 'it is a long-standing principle that contingencies have been provided in the current format' and that 'DTF does not consider further breakdowns of contingency balances relevant

<sup>69</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 29.

<sup>70</sup> *Ibid.*, pp. 29–30.

<sup>71</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 25.

for the purposes of interpreting the budget papers'.<sup>72</sup> Further to this, the Government stated, 'contingency balances are comprised of commercially sensitive and/or Cabinet-in-confidence items and disclosure of disaggregated balances may enable the identification of sensitive information'.<sup>73</sup>

**FINDING 7:** This year's budget has \$12.2 billion assigned to asset and output contingencies, which is estimated to increase to \$37.8 billion at the end of the forward estimates period.

## 2.9 Whole of government policy issue: Housing

Throughout the inquiry hearings, the Committee heard of the impact of the current 'crisis in housing', whether it be for mortgage holders dealing with increasing rate rises along with other cost of living pressures, a lack of affordability for both renters and first home buyers, or difficulty in finding appropriate accommodation for at-risk groups, including crisis accommodation for homeless people and those escaping family violence.<sup>74</sup>

*Victoria's Housing Statement* was released in 2023 with a suite of budgeted initiatives aimed at alleviating the various crisis points across the housing market.<sup>75</sup> The Minister for Housing explained to the Committee that as an issue and policy response, housing covers a number of portfolios, reflecting a 'continuum' that takes in 'private ownership, right through to rentals, the affordable housing space, social housing, crisis accommodation and homelessness services'.<sup>76</sup>

Initiatives under the statement cover the treasury, planning, suburbs, Development Victoria, precincts, housing, consumer affairs and water portfolios (see Table 2.4).

<sup>72</sup> 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. 2.

<sup>73</sup> Ibid.

<sup>74</sup> Hon Gabrielle Williams MP, Minister for Consumer Affairs, 2024-25 Budget Estimates hearing, Consumer Affairs, Melbourne, 20 May 2024, *Transcript of evidence*, pp. 2, 5; Hon Harriet Shing MLC, Minister for Housing, 2024-25 Budget Estimates hearing, Housing, Melbourne, 23 May 2024, *Transcript of evidence*, pp. 3-4.

<sup>75</sup> Department of Treasury and Finance, *2023-24 Budget Update*, Melbourne, 2023, pp. 119-120.

<sup>76</sup> Hon Harriet Shing MLC, Minister for Housing, 2024-25 Budget Estimates hearing, Housing, *Transcript of evidence*, pp. 1-2.

Table 2.4 Victoria's Housing Statement initiatives

Department	Initiative	Estimated increase in housing supply	Estimated time frame	Total funding 2023-24 to 2027-28 (\$ million)
Department of Treasury and Finance	Short Stay Levy (Revenue)	n/a	1 year	262.5
	Expanding the Victorian Homebuyer Fund	n/a	1 year	711.6
Department of Families, Fairness and Housing	Big Housing Build	12,000, inclusive of 9,300 social housing dwellings	8 years	1,093.0
	Homes Victoria Ground Lease Model Project 1	Over 1,300	6 years	201.5
	Homes Victoria Ground Lease Model Project 2	Over 1,300	4 years	672.7
	Public Housing Renewal Program	n/a	8 years	68.0
	Social Housing Accelerator Program	Up to 769 new social homes	5 years	463.3
	Regional Housing Fund	1,300	5 years	701.0
	Public Housing Revitalisation Program	Increase of 10% across the 44 sites	More than 10 years	355.7
Department of Energy, Environment and Climate Action	Supporting the resources sector to achieve Net Zero and the Big Build	n/a	1-5 years	44.7
	Water efficiency and diverse water supplies for water security, resilience and liveability	n/a	Immediate and ongoing	95.7
	Reducing the risks of floods in a changing climate	n/a	1-5 years	37.5
	Water Planning for a resilient and secure future	n/a	Immediate and ongoing	24.6
Department of Government Services	Deliver a Rental Stress support package	n/a	1-2 years	8.0
Department of Transport and Planning	Housing Statement: Building Reforms	n/a	n/a	63.3
	Unlocking new communities and affordable housing	18,500	2-4 years	7.0
	Arden and East Werribee precincts	7,000 (East Werribee precinct)	To be confirmed	25.2
<b>Total</b>		<b>Approx. 42,169</b>		<b>4,823.6</b>

Source: Department of Transport and Planning, *Response to the 2024-25 Budget Estimates Questionnaire*, received 16 May 2024, pp. 215-217; Department of Government Services, *Response to the 2024-25 Budget Estimates Questionnaire*, received 8 May 2024, pp. 93-94; Department of Energy, Environment and Climate Action, *Response to the 2024-25 Budget Estimates Questionnaire*, received 14 May 2024, pp. 228-231; Department of Treasury and Finance, *Response to the 2024-25 Budget Estimates Questionnaire*, received 8 May 2024, pp. 104-105; Department of Families, Fairness and Housing, *Response to the 2024-25 Budget Estimates Questionnaire*, received 22 May 2024, pp. 207-209; Hon Colin Brooks MP, Minister for Precincts, *2024-25 Budget Estimates hearings presentation: Precincts*, supplementary evidence received 16 May 2024, p. 6; Hon Harriet Shing MLC, Minister for Housing, *2024-25 Budget Estimates hearings presentation: Housing*, supplementary evidence received 23 May 2024, p. 6.



One of the key problems facing current and would-be tenants and homeowners is the lack of additional housing supply coming on to the market, increasing prices for both renters and homebuyers. The Minister for Consumer Affairs told the Committee:

the central issue at the heart of all of it ... is a supply issue, [and] that as long as we have a shortage of housing the flow-on impacts of that are going to continue to be felt, which include higher rents and a shortage of supply.<sup>77</sup>

In order to alleviate increasing costs faced by renters and would-be homeowners, the Government plans to:

- implement an \$8 million rental stress support package, which will assist organisations representing renters facing eviction due to ‘renting stress’ by providing legal aid, financial guidance, and advocacy services.<sup>78</sup> The Department of Government Services estimates ‘rental stress’ currently applies to 5% of all renters in Victoria<sup>79</sup>
- provide \$700 million in 2024–25 for the *Victorian Homebuyer Fund* to allow ‘more Victorians to enter home ownership sooner’.<sup>80</sup> This initiative assists new homebuyers to meet the increasing and high cost of deposits for properties through shared equity with the Government. This avoids the cost of Lenders Mortgage Insurance, which is generally an additional cost to a new homebuyer if they are unable to meet the 20% deposit required on a property.<sup>81</sup> After 2024–25, the Government expects this program to transition to the Commonwealth as part of the *Help to Buy* nationwide shared equity scheme. The Government plans to make staggered monthly allocations until the Commonwealth funded scheme is established.<sup>82</sup>

To expand the availability of existing housing stock to alleviate the pressure on rental and housing supply the Government is implementing the *Short Stay Levy*, a 7.5% charge on all online platforms’ (such as AirBnB or Stayz) revenue for properties leased out as short term stays.<sup>83</sup> The Government expects this will act as a disincentive for property owners currently putting properties on short term stay platforms and instead encourage them to place the properties on the longer term rental market, creating more supply.<sup>84</sup>

In terms of creating new housing supply, the Government will build new dwellings via several asset initiatives, such as the *Big Housing Build* which will see 12,000 new homes, including 9,300 new social housing homes, with 25% to be invested in regional Victoria.<sup>85</sup>

77 Hon Gabrielle Williams MP, Minister for Consumer Affairs, 2024–25 Budget Estimates hearing, Consumer Affairs, *Transcript of evidence*, p. 10.

78 Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, pp. 93–94.

79 *Ibid.*, p. 93.

80 Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 105.

81 *Ibid.*, pp. 104–105.

82 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, p. 86.

83 Victorian Government, *Cheaper housing, closer to where you work*, 2 May 2024, <<https://www.vic.gov.au/cheaper-housing-closer-where-you-work>> accessed 9 August 2024.

84 Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 105.

85 Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 208.

Further to developing new housing, the Government will release greenfield land for housing development. This includes changing Victoria's existing planning regulations, shortening the building approvals process time to fast track construction of new dwellings as part of the *Unlocking new communities and affordable housing* initiative.<sup>86</sup>

To complement the land release-related initiatives, a series of water supply-related initiatives are also funded to ensure that undeveloped and newly-zoned greenfield land identified for residential development have timely, appropriate and sustainable access to the integrated water management system.<sup>87</sup>

**FINDING 8:** *Victoria's Housing Statement* aims to alleviate the high-cost pressures on renters and would-be homeowners. It aims to increase housing supply through government-funded residential housing construction and greenfield land rezoning.

### 2.9.1 Increasing Victoria's housing supply

As part of *Victoria's Housing Statement* the Government has set a target of 800,000 new homes—or 80,000 a year—over the next ten years.<sup>88</sup> Housing data discussed at the hearings suggests levels of construction and completion are currently falling short of the target—55,000 new homes were built in Victoria over 2023.<sup>89</sup>

The key constraints identified at the hearings contributing to the current slow housing construction market include increases in construction materials costs and labour shortages. The Committee was informed:

the industry is still significantly processing all the challenges of the supply chain constraints during the COVID period ... seeing around a 30 to 40 per cent increase in construction costs within the residential sector. We are still looking at some challenges around achieving the right combination of skills and workforce.<sup>90</sup>

While the suite of measures to increase housing supply outlined in *Victoria's Housing Statement* is expected to create more than 42,000 new dwellings, ultimately the housing market and the private sector are key to delivering more construction and housing. The timeframes for many of the programs listed in Table 2.4 show that new housing entering the market is at least four years away. As the Committee was informed at the hearings, 'it is a long process. The homes we commission today do not get built tomorrow'.<sup>91</sup>

<sup>86</sup> Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 216–217.

<sup>87</sup> Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 229–231.

<sup>88</sup> Hon Daniel Andrews MP, *Affordability Partnership to Build 800,000 Victorian Homes*, media release, 20 September 2023.

<sup>89</sup> Mr Jeroen Weimar, Deputy Secretary, Housing Statement Implementation, Department of Premier and Cabinet, 2024–25 Budget Estimates hearing, Premier, Melbourne, 16 May 2024, *Transcript of evidence*, p. 13.

<sup>90</sup> Ibid.

<sup>91</sup> Ibid.

**FINDING 9:** It will take some years for the additional housing supply developed as part of *Victoria's Housing Statement* to come on to the market, while new housing developed by the private sector is currently slow due to increasing materials costs and labour shortage constraints.



# Chapter 3

## Department of Health

### 3.1 Overview

The Department of Health (DH) develops and delivers policies, programs and services that support, protect and enhance the health, wellbeing and safety of all Victorians.<sup>1</sup>

In 2024–25 DH supports five portfolios: Health, Health Infrastructure, Mental Health, Ambulance Services, and Ageing.<sup>2</sup>

DH's objectives in 2024–25 are:

- keep people healthy and safe in the community
- 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.<sup>3</sup>

This chapter examines the budget initiatives and key issues of three DH portfolios—Health, Health Infrastructure and Mental Health.

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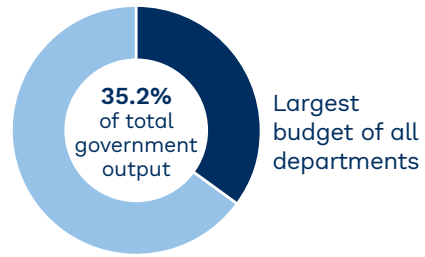
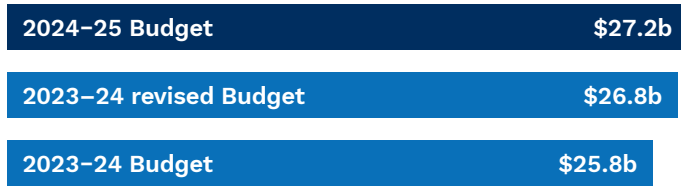
1 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 130.

2 Responsibility for the Ageing portfolio is shared with the Department of Families, Fairness and Housing. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 130; Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, received 22 May 2024, p. 169.

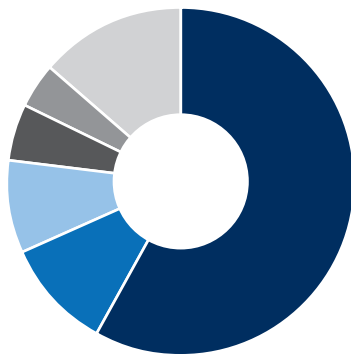
3 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 130.

## Department of Health

### Total output funding



### Funding by output, 2024-25



- Admitted Services **\$15.8b**
- Mental Health Clinical Care **\$2.8b**
- Non-admitted Services **\$2.4b**
- Ambulance Services **\$1.4b**
- Emergency Services **\$1.1b**
- Other\* **\$3.7b**

\* Includes 10 outputs with budgets <\$1b.



### Infrastructure program, 2024-25 (\$15.6b)



- Existing infrastructure program
- Total estimated investment in new projects



### New output initiatives with largest total funding allocation, 2023-24 to 2027-28



**\$8.8b**  
Funding our hospitals

**\$754.5m**  
Opening and operating hospital facilities

**\$1.2b**  
National Health Reform Agreement 2022-23 reconciliation adjustment

**\$146.3m**  
Timely emergency care



35 new output initiatives totalling \$11.5b from 2023-24 to 2027-28

### New infrastructure projects with largest total estimated investment, 2023-24 to 2027-28



**\$673m**  
Northern Hospital Redevelopment\*

**\$229.8m**  
Austin Hospital Emergency Department Upgrade\*

**\$498.3m**  
Monash Medical Centre Redevelopment\*

**\$118.1m**  
Sustaining statewide health service delivery at The Alfred

\* Total estimated investment includes funding beyond 2027-28.



11 new infrastructure projects

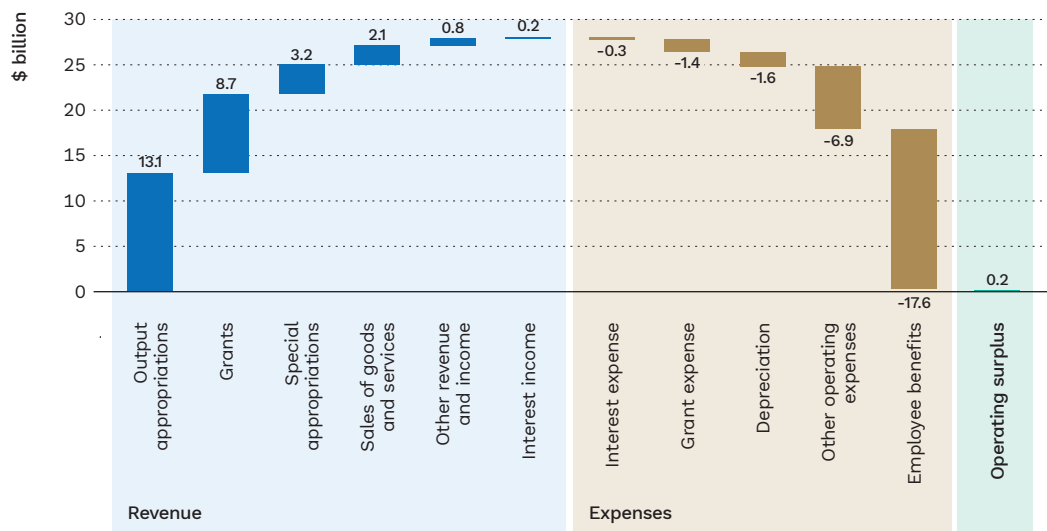
### 3.2 Financial analysis

DH’s output appropriations are budgeted as \$13.1 billion in 2024–25, a decrease of \$1.4 billion (9.4%) compared to the 2023–24 revised Budget.<sup>4</sup> DH explained this is mainly due to the release of \$1.8 billion held in central contingency for the *Funding our hospitals* initiative over 2023–24 (see Section 3.4.1) and higher than forecast gaming and the *Mental Health and Wellbeing Levy* revenue.<sup>5</sup>

DH’s other operating expenses budget is \$6.9 billion in 2024–25, \$1.2 billion (14.9%) less than the 2023–24 revised Budget.<sup>6</sup> The department advised this is due to funding for initiatives lapsing in 2023–24, the reallocation of expenses from employee benefits in 2023–24, and revised estimates for the consumption of medical supplies and consumables, such as personal protective equipment (PPE) and rapid antigen tests (RATs).<sup>7</sup>

DH’s comprehensive operating statement in 2024–25 is illustrated in Figure 3.1 below.

**Figure 3.1 DH forecasts an operating surplus of \$244 million in 2024–25**



Source: Department of Treasury and Finance, *Budget Paper No. 5: Statement of Finances*, Melbourne, 2024, p. 104.

In 2024–25 funding for eight of DH’s 15 outputs has increased compared to the 2023–24 revised Budget.<sup>8</sup> The Admitted Services and Emergency Services outputs grew by \$355.3 million (2.3%) and \$156.6 million (16.4%) respectively, in line with new funding for government policy commitments.<sup>9</sup> However, seven outputs have reduced

4 Department of Treasury and Finance, *Budget Paper No. 5: Statement of Finances*, Melbourne, 2024, p. 104 (Committee calculation).  
 5 Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 36.  
 6 Department of Treasury and Finance, *Budget Paper No. 5*, p. 104 (Committee calculation).  
 7 Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 37.  
 8 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 132.  
 9 Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, pp. 64–65 (Committee calculation).

funding, including the Public Health output which decreased by \$135.8 million (25.2%) due to the end of COVID-related initiatives and the cessation of Commonwealth funding for the *Prevention of Avoidable Hospital Admission, Obesity, and Chronic Disease* partnership.<sup>10</sup>

In 2024–25 DH has a total savings target of \$175.4 million, which it will predominantly meet by decreasing spending on consultancy, labour hire and discretionary professional services and through cost management strategies implemented in 2023–24, such as reducing staff.<sup>11</sup> DH did not advise how it would realise the savings which total \$451 million from 2024–25 to 2027–28. DH stated its measures will not materially impact frontline services.<sup>12</sup> The budget papers also note that savings will be achieved by consolidating Supercare Pharmacies in Priority Primary Care Centres (PPCCs). The expected savings resulting from this consolidation was not disclosed in the budget papers.<sup>13</sup>

DH did not report on how many full-time equivalent (FTE) staff numbers were reduced in 2023–24 or planned in 2024–25 as part of its savings targets.<sup>14</sup> The department's total workforce decreased by 784.8 FTE staff from 30 June 2023 to 30 April 2024. This variation primarily reflects machinery of government changes, namely the Victorian Health Building Authority (VHBA) joining the Victorian Infrastructure Development Authority (VIDA).<sup>15</sup>

**RECOMMENDATION 3:** The Department of Health report on the number of staff reduced as part of departmental savings initiatives and the impact of these savings on service delivery in upcoming annual reports and future responses to the Committee's questionnaire.

### 3.3 Capital spend—infrastructure

DH's total estimated investment (TEI) in new capital projects in the 2024–25 Budget is the largest of any department and is 48.1% of the general government's new capital spend. DH's overall capital program in the 2024–25 Budget is the second largest of any department, accounting for 20.7% of the general government capital program.<sup>16</sup>

In the 2024–25 Budget the TEI of 14 (22.6%) of DH's existing projects has changed when compared to the 2023–24 Budget, resulting in a net increase in costs of

<sup>10</sup> Ibid., p. 74.

<sup>11</sup> Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 89, 91.

<sup>12</sup> Ibid., p. 91.

<sup>13</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 92.

<sup>14</sup> Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 118–119.

<sup>15</sup> Ibid., pp. 120–121.

<sup>16</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, pp. 28–29.

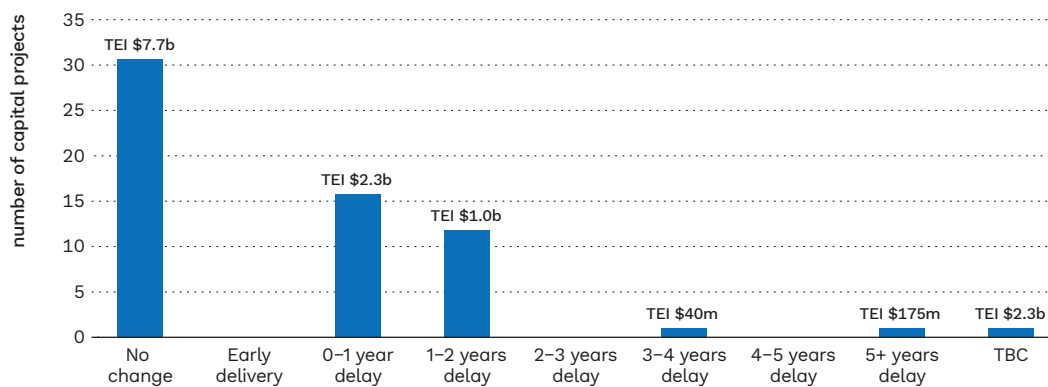


\$207.6 million.<sup>17</sup> The estimated completion date of 31 (50%) of DH’s existing capital projects has also changed when compared to the 2023–24 Budget, largely due to revised project schedules.<sup>18</sup>

The Victorian Auditor-General’s Office (VAGO) has previously stated that a ‘revised project schedule’ is not an appropriate explanation for capital project changes because it does not detail why the schedule was revised.<sup>19</sup>

While over a fifth (22.6%) of DH’s existing capital projects have been delayed by more than one year when compared to the 2023–24 Budget, these projects represent only 9.2% of DH’s existing capital program by dollar value.<sup>20</sup> The longest delays are for *Metropolitan Health Infrastructure Fund 2023–24 (metropolitan various)*, which has been delayed by four years and *The Alfred Hospital urgent infrastructure (Prahran)*, which has been delayed by six years.<sup>21</sup> Figure 3.2 illustrates the extent of the delays in DH’s existing capital program and the associated TEI.

**Figure 3.2 Over a fifth of DH’s existing capital projects have been delayed by more than one year in 2024–25**



Source: Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, pp. 64–69; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 68–72 (Committee calculation).

**FINDING 10:** Since the 2023–24 Budget the total estimated investment of 14 of the 62 existing Department of Health projects has changed, resulting in a net increase in costs of \$207.6 million. The estimated completion date of 31 projects has also changed, with 14 being delayed by more than one year.

17 Ibid., pp. 64–69; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 68–72.  
 18 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 64–69; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, pp. 68–72.  
 19 Victorian Auditor-General’s Office, *Major Projects Performance Reporting 2023*, Melbourne, November 2023, pp. 12–13.  
 20 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 64–69; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, pp. 68–72.  
 21 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 64–69; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, pp. 68–72.

## 3.4 Health portfolio: key issues

The Minister for Health is responsible for eight outputs with a total funding output of \$21.5 billion in 2024–25.<sup>22</sup>

### 3.4.1 Health services funding

The 2024–25 Budget invests \$11.5 billion in the State’s healthcare system.<sup>23</sup> This includes \$8.8 billion to fund Victoria’s hospitals, described by the Minister for Health as ‘the single biggest multiyear investment ... that has ever been made’.<sup>24</sup> The budget papers state this will fund clinical and non-clinical staff, medicine and equipment, and operating services such as emergency departments, inpatient wards and operating theatres.<sup>25</sup>

The Minister advised this package will provide long-term financial stability and timelier budgets for Victoria’s health services. The Minister also advised the investment reflects the modern costs of healthcare, by increasing the price paid for each occasion of care under the Government’s activity-based funding model.<sup>26</sup>

The number of health services reporting operating deficits has improved since the beginning of the pandemic. The Committee’s analysis found that:

- 58 of the 76 public health services across Victoria reported an operating deficit in 2020–21, compared to 44 in 2022–23 (see Figure 3.3)
- the number of health services with deficits above \$10 million decreased from seven to two from 2020–21 to 2022–23
- the number of health services with surpluses above \$10 million increased from seven to 14 from 2020–21 to 2022–23
- 38 of the 76 health services recorded consistent deficits in each year between 2020–21 and 2022–23.<sup>27</sup>

<sup>22</sup> Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 142; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 132.

<sup>23</sup> *Ibid.*, pp. 46–47.

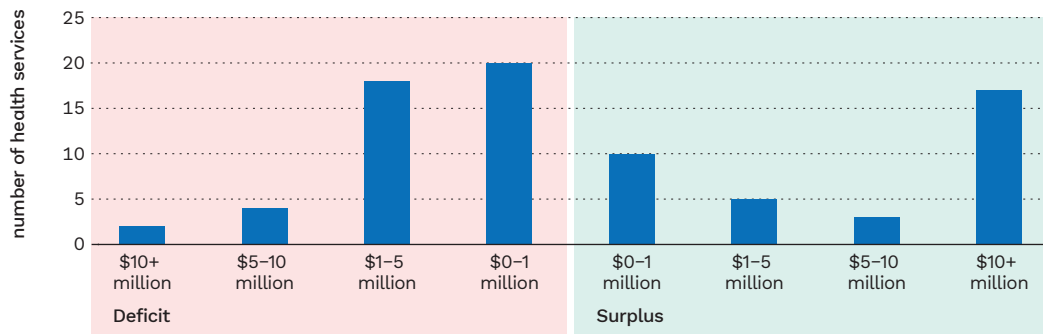
<sup>24</sup> Hon Mary-Anne Thomas MP, Minister for Health, 2024–25 Budget Estimates hearing, Health, Melbourne, 22 May 2024, *Transcript of evidence*, p. 2.

<sup>25</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 47.

<sup>26</sup> Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 2.

<sup>27</sup> Committee analysis of Victorian health services’ *Annual Report 2022–23*. For a list of health services see: Department of Health, *Public hospitals in Victoria*, 27 March 2024, <<https://www.health.vic.gov.au/hospitals-and-health-services/public-hospitals-in-victoria>> accessed 24 June 2024.

**Figure 3.3** In 2022–23, 44 of the 76 public health services in Victoria reported operating deficits



Source: Committee analysis of Victorian health services' *Annual Report 2022–23*. For a list of health services see: Department of Health, *Public hospitals in Victoria*, 27 March 2024, <<https://www.health.vic.gov.au/hospitals-and-health-services/public-hospitals-in-victoria>> accessed 24 June 2024.

**FINDING 11:** The number of Victorian health services reporting operating deficits has improved from 58 in 2020–21 to 44 in 2022–23 of a total of 76. The 2024–25 Budget invests \$8.8 billion over several years to provide long-term stability and timelier budgets for Victoria's health services.

Financial challenges are not unique to Victoria's healthcare system. Many OECD countries are facing acute health spending pressures and resource constraints. These reflect pandemic-induced backlogs, high inflation and stringent budgetary conditions, coupled with ageing and growing populations and technological innovation increasing demand for healthcare.<sup>28</sup>

**FINDING 12:** Victoria's healthcare system is confronting a range of financial challenges common to OECD countries, including a growing and ageing population, high inflation and pandemic-induced backlogs.

The Minister emphasised the reform and investment in the 2024–25 Budget requires a renewed level of fiscal discipline and accountability from our health services.<sup>29</sup> The Secretary also stated that DH would be working with health services to restrict ongoing increases in costs across the system.<sup>30</sup> In May 2024 the Secretary wrote to Victoria's health services, outlining a set of sector directives to 'enhance efficiency and manage cost growth effectively'.<sup>31</sup> These include requiring departmental approval to increase

<sup>28</sup> Organisation for Economic Cooperation and Development, *Fiscal Sustainability of Health Systems: How to Finance More Resilient Health Systems When Money Is Tight?*, January 2024, <[https://www.oecd-ilibrary.org/sites/880f3195-en/1/3/1/index.html?itemId=/content/publication/880f3195-en&csp\\_ =e85ca4b5389ae7fdbaea0a27e42b9632&itemIGO=oeed&itemContentType=book](https://www.oecd-ilibrary.org/sites/880f3195-en/1/3/1/index.html?itemId=/content/publication/880f3195-en&csp_ =e85ca4b5389ae7fdbaea0a27e42b9632&itemIGO=oeed&itemContentType=book)> accessed 24 June 2024.

<sup>29</sup> Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 2.

<sup>30</sup> Professor Euan Wallace, Secretary, Department of Health, 2024–25 Budget Estimates hearing, Health, Melbourne, 22 May 2024, *Transcript of evidence*, pp. 4–5.

<sup>31</sup> Professor Euan Wallace, Secretary, Department of Health, 2024–25 Budget Estimates hearing, response to questions on notice, received 3 June 2024, p. 3.

monthly expenditure on staffing and before entering into consultancy engagements and non-essential non-medical professional services engagements.<sup>32</sup>

While the need for fiscal discipline to manage growing healthcare costs may be required, it is important that DH transparently report on the success of sector-wide cost containment measures and any impacts on standards of care.

**FINDING 13:** The Department of Health has announced several cost containment measures and will continue working with health services to restrict ongoing increases in costs across the system. It is unclear what impact, if any, these measures will have on healthcare service delivery.

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

In his letter to Victoria's health services, the Secretary also advised there would be no provision for further supplementary funding this year or in future years and that they would be required to operate within prescribed budgets.<sup>33</sup> On 8 August 2024, the Government announced an additional \$1.5 billion in funding to support Victoria's hospitals.<sup>34</sup>

This funding announcement coincided with the Victorian Government's response to the *Health Services Plan*—a report by an independent expert advisory committee (EAC) reviewing the design and governance of Victoria's health services system.<sup>35</sup> At the time of the hearings, the EAC's report had been delivered to DH and the department was in the process of providing advice to Government.<sup>36</sup> DH has not itemised the \$1.5 billion in new funding nor has the department published details of how the additional funding will be spent.

In response to the *Health Services Plan*, the Victorian Government will establish 11 local health service networks to strengthen referral pathways and consolidate duplicated IT and payroll functions.<sup>37</sup> The Government will also establish a new agency, Hospitals Victoria, to support management of hospital budgets and finances and to identify

<sup>32</sup> Ibid., pp. 3–4.

<sup>33</sup> Ibid., p. 3.

<sup>34</sup> Hon Jacinta Allan MP, *Delivering A Better Health System For Victorian Patients*, media release, 8 August 2024.

<sup>35</sup> Hon Jacinta Allan MP, *Delivering A Better Health System For Victorian Patients*, media release; Bob Cameron, Alex Cockram, Christine Kilpatrick, Therese Tierney and Lance Wallace, *Health Services Plan: Report of the Expert Advisory Committee*, Melbourne, 2024, p. 4.

<sup>36</sup> Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 7.

<sup>37</sup> Hon Jacinta Allan MP, *Delivering A Better Health System For Victorian Patients*, media release; Bob Cameron, Alex Cockram, Christine Kilpatrick, Therese Tierney and Lance Wallace, *Health Services Plan*, p. 16.

back-office functions that can be consolidated and streamlined.<sup>38</sup> DH will review the reform implementation process three years after the local health service networks are established and will evaluate the outcomes of the networks after five years.<sup>39</sup>

**FINDING 14:** An additional \$1.5 billion in off-budget funding was announced to fund Victoria’s hospitals and implement reforms in August 2024.

**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*.

**FINDING 15:** The *Health Services Plan* recommended the Department of Health review funding models to promote financial sustainability and review and improve budget, pricing and financial accountability mechanisms to support robust financial management.

### 3.4.2 Planned surgeries

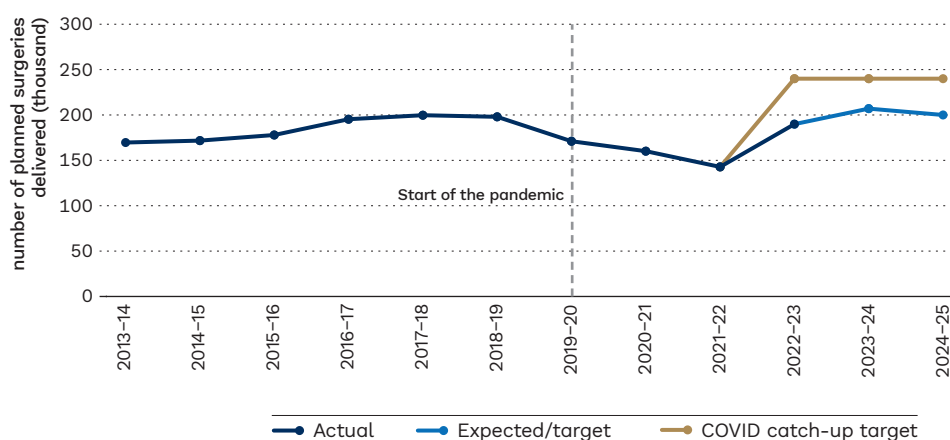
Announced in April 2022, the *COVID catch-up plan* aimed to increase surgical activity and reduce planned surgery wait times and waitlists following the impacts of the pandemic. The 2022–23 Budget allocated \$1.4 billion over five years to deliver the plan, including setting a target of delivering 240,000 planned surgeries annually by June 2024.<sup>40</sup> Although surgical activity has increased and wait times and waitlists have improved over the past two years, the department has not achieved the target set out in the plan.

<sup>38</sup> Hon Jacinta Allan MP, *Delivering A Better Health System For Victorian Patients*, media release.

<sup>39</sup> Ibid.; Bob Cameron, Alex Cockram, Christine Kilpatrick, Therese Tierney and Lance Wallace, *Health Services Plan*, p. 26.

<sup>40</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, p. 34.

**Figure 3.4 DH expects to deliver a significant number of planned surgeries in 2023–24, but has not achieved the level of surgical activity planned under the COVID catch-up plan**



Source: Hon Mary Anne-Thomas MP, Minister for Health, *2024–25 Budget Estimates hearings presentation: Health*, supplementary evidence received 22 May 2024, p. 3; Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 63; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, pp. 34–35 (Committee calculation).

DH expects to deliver 207,000 planned surgeries in 2023–24, the highest number since the budget paper performance measure was introduced in 2017–18 yet 33,000 less than the plan’s target.<sup>41</sup> The budget papers indicate DH did not achieve this target because of ‘continued demand pressures on health services post-pandemic, including high demand for emergency surgery, workforce challenges and increased demand on emergency departments and inpatient beds’.<sup>42</sup> DH has also reduced its target in 2024–25 to deliver 200,000 planned surgeries, which the department stated was due to the end of the *COVID catch-up plan* and reductions in the planned surgery waitlist.<sup>43</sup>

The planned surgery waitlist as of March 2024 is 30.4% smaller than two years earlier. However, it remains 21.5% larger than in March 2020, at the beginning of the pandemic.<sup>44</sup>

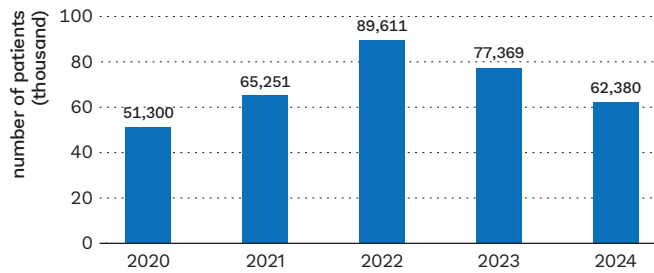
41 Department of Treasury and Finance, *Department of Health output performance measures 2023–24*, 18 September 2023, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departamental-statements>> accessed 24 June 2024; Department of Treasury and Finance, *2024–25 Department Performance Statement*, p. 63.

42 Ibid.

43 Ibid.

44 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 33; Victorian Agency for Health Information, *Patients waiting for treatment: Patients on the waiting list*, 2024, <<https://vahi.vic.gov.au/planned-surgery/patients-waiting-treatment>> accessed 24 June 2024.

**Figure 3.5 Victoria’s planned surgery waitlist is improving but remains above pre-pandemic levels**

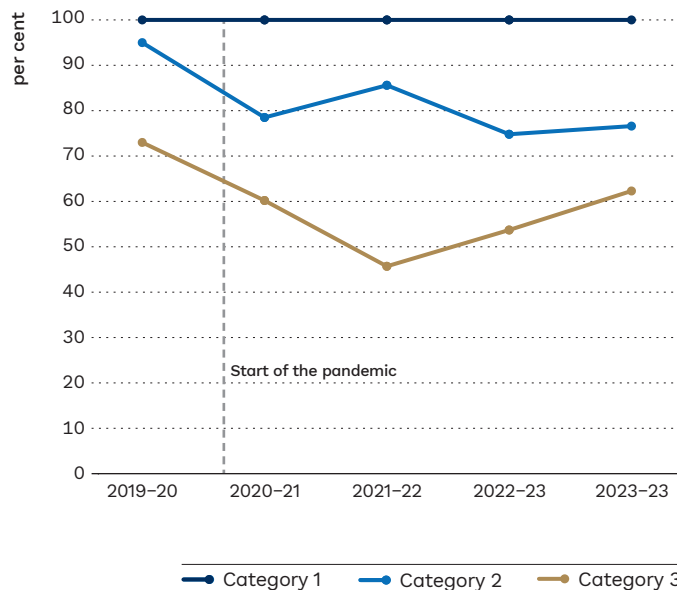


Note: Data is as of 31 March.

Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022-23 Budget Estimates*, August 2022, p. 33; Victorian Agency for Health Information, *Patients waiting for treatment: Patients on the waiting list*, 2024, <<https://vahi.vic.gov.au/planned-surgery/patients-waiting-treatment>> accessed 24 June 2024 (Committee calculation).

Similarly, the percentage of patients treated within clinically recommended timeframes has improved over the last two years for category 2 and 3 patients, but remains below pre-pandemic levels.<sup>45</sup> Category 1 patients were all treated within the clinically recommended timeframe between June 2019 and March 2022.<sup>46</sup>

**Figure 3.6 The percentage of category 2 and 3 patients treated within clinically recommended timeframes remains lower than before the pandemic**



Note: Data is as of quarter 1 of each financial year.

Source: Department of Health, *Planned Surgery Reform Blueprint*, Melbourne, October 2023, p. 11; Victorian Agency for Health Information, *Patients treated by urgency category (1, 2, 3): Percentage treated within recommended time*, 2024, <<https://vahi.vic.gov.au/planned-surgery/patients-treated-urgency-category-123>> accessed 24 June 2024.

<sup>45</sup> The clinically recommended treatment timeframe for Category 1 patients is within 30 days, for Category 2 patients within 90 days, and for Category 3 within 365 days. Source: Department of Health, *Planned Surgery Reform Blueprint: Improving the experience of planned surgery for all Victorians*, Melbourne, October 2023, pp. 10-11; Victorian Agency for Health Information, *Patients treated by urgency category (1, 2, 3): Percentage treated within recommended time*, 2024, <<https://vahi.vic.gov.au/planned-surgery/patients-treated-urgency-category-123>> accessed 24 June 2024.

<sup>46</sup> Department of Health, *Planned Surgery Reform Blueprint*, p. 10.

**FINDING 16:** The Department of Health expects to deliver 207,000 planned surgeries in 2023–24, 33,000 less than the target detailed in the *COVID catch-up plan*. Victoria’s planned surgery waitlist is above pre-pandemic levels while the percentage of people treated within clinically recommended timeframes is lower than before the pandemic.

The *COVID catch-up plan* was described by the former Minister for Health as ‘a commitment to reform’, in contrast to previous elective surgery ‘blitzes’ and one-off funding packages.<sup>47</sup> During its inquiry into the 2022–23 Budget Estimates, the Committee was told the plan would allow for a different model of delivering surgery; one where deferred care is dealt with quickly, overdue patients are prioritised, and public and private hospital capacity is improved.<sup>48</sup>

In October 2023 DH released the *Planned Surgery Reform Blueprint*, which outlines ten reforms to improve timely access to planned surgery. These include broad workforce reforms, expanding virtual care, improving data and digital referral pathways, and enhancing the integration of, and communication between, health services. The Blueprint also aims to reduce lengths of stay in hospitals and rates of hospital-acquired complications by expanding ‘same-day’ models of surgical care and implementing and scaling ‘high-throughput approaches’ to surgery.<sup>49</sup>

The Minister advised the Blueprint ‘will ensure that we embed enduring reform’ and ‘new models of care’ developed through the *COVID catch-up plan*.<sup>50</sup> It will be important to evaluate and report on the impacts of the Blueprint on improving timely access to planned surgery as these reforms are implemented and scaled up.

**FINDING 17:** The *Planned Surgery Reform Blueprint* outlines ten reforms to improve timely access to planned surgery. This includes expanding ‘same-day’ models of surgical care, and implementing ‘high-throughput approaches’ to surgery.

**RECOMMENDATION 6:** The Department of Health evaluate the impacts of the *Planned Surgery Reform Blueprint* to assess its effectiveness at improving timely access to planned surgery.

### 3.4.3 Demand for emergency care

The 2024–25 Budget invests \$146.4 million over three years to deliver timely emergency care and relieve pressure on emergency departments (EDs).<sup>51</sup> This includes \$34.4 million

<sup>47</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, pp. 34–35.

<sup>48</sup> Ibid.

<sup>49</sup> Department of Health, *Planned Surgery Reform Blueprint*, p. 17.

<sup>50</sup> Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 9.

<sup>51</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, pp. 46, 49.



to continue the operation of PPCCs, as well as funding secondary triage services and medium acuity transport services operated by Ambulance Victoria.<sup>52</sup>

DH advised that PPCCs were providing care for an average of 7,000 patients weekly, half of whom stated they would have attended an ED had the PPCC not existed.<sup>53</sup> The department also estimated that, since being established, PPCCs realised a total of \$51 million in avoided health expenditure due to the lower costs of PPCC visits compared to non-admitted ED presentations.<sup>54</sup>

The department stated that Victorian Virtual Emergency Departments (VVEDs) receive an average of 550 patients daily, with 256,000 patients being seen between October 2020 and February 2024.<sup>55</sup> DH advised that 86% of these patients did not require transport to a physical emergency department.<sup>56</sup> Both the Minister and DH's questionnaire response stated a further \$235 million is being invested over four years to expand the VVED, to support more than 1,000 patients daily.<sup>57</sup> The budget papers do not detail or itemise this funding and it is unclear what output initiative this falls within.

Between 2020–21 and 2022–23 the *Better at Home* program delivered at-home hospital care to 15,000 people each financial year. In 2023–24 activity grew to 24,000 people receiving care through the program, due to the development and expansion of *Better at Home*.<sup>58</sup>

**FINDING 18:** The Department of Health (DH) has introduced several initiatives to reduce demand for emergency care and presentations at emergency departments, including Priority Primary Care Centres, the Victorian Virtual Emergency Department and the Better at Home program. DH reports these initiatives have been successful in diverting patients from emergency departments and have realised cost-savings as a result.

The budget papers forecast the number of ED presentations in 2023–24 to be below DH's target due to demand management strategies, including the VVED. However, the budget papers also note demand for EDs is expected to continue to grow.<sup>59</sup>

The budget papers only report on the total number of ED presentations annually.<sup>60</sup> The Victorian Agency for Health Information (VAHI) also only retains data for the latest five quarters—not just for emergency care, but for all its health services

52 Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 2.

53 Source: Department of Health, correspondence, 10 September 2024; Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 49; Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 16.

54 Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 50.

55 *Ibid.*, pp. 29, 164.

56 *Ibid.*

57 *Ibid.*, p. 29; Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 2.

58 Department of Health, correspondence, 10 September 2024; Hon Mary-Anne Thomas MP, Minister for Health, *Transcript of evidence*, p. 2.

59 Department of Treasury and Finance, *2024–25 Department Performance Statement*, p. 65.

60 *Ibid.*

performance reporting.<sup>61</sup> In its *Report on the 2022–23 Budget Estimates*, the Committee recommended VAHI publish and retain data on planned surgeries beyond the last five quarters.<sup>62</sup> This recommendation was supported-in-principle, stating it would ‘consider options for improving publication of data regarding elective surgery’. But no improvements have yet been made.<sup>63</sup> The adoption of this recommendation across all VAHI data would allow for improved longitudinal analysis of not only the demands for and performance of emergency care in Victoria, but public health services more broadly.

**FINDING 19:** The Victorian Agency for Health Information is yet to implement the Committee’s recommendation to publish and retain data on planned surgeries, or any health services performance data, beyond the last five quarters. As a result, it is difficult to undertake in-depth, longitudinal analysis of the demand for, and performance of, emergency care and public health services in Victoria.

## 3.5 Health Infrastructure portfolio: key issues

The Minister for Health Infrastructure is not responsible for any budget paper outputs, objectives or performance measures. The Minister is responsible for DH’s asset funding and capital projects, totalling \$15.6 billion in 2024–25.<sup>64</sup>

### 3.5.1 Parkville hospital redevelopment

In October 2022 the Government announced a 12 year project to build a new Arden hospital and to upgrade the Royal Melbourne Hospital and Royal Women’s Hospital at Parkville.<sup>65</sup> The *2022 Victorian Economic and Fiscal Update* (VEFU) included an initial investment of \$2.3 billion to establish the Arden hospital, with the total project estimated to cost between \$5 billion and \$6 billion.<sup>66</sup> The first stage of construction was set to begin in 2025 and conclude in 2031.<sup>67</sup>

It was announced in the 2024–25 Budget that the Arden hospital campus would not proceed. The budget papers state the Government conducted feasibility and technical studies, which found the work required to mitigate electromagnetic interference (EMI) made the site unviable.<sup>68</sup> As a result, the project will focus solely on the redevelopment

61 Victorian Agency for Health Information, *Victorian Health Services Performance*, 2024, <<https://vahi.vic.gov.au/reports/victorian-health-services-performance>> accessed 24 June 2024.

62 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, p. 34.

63 Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2022–23 Budget Estimates*, 9 March 2023, p. 4.

64 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.

65 Hon Daniel Andrews MP, *The Biggest Hospital Project in Australia’s History*, media release, 4 October 2022.

66 Department of Treasury and Finance, *2022 Victorian Economic and Fiscal Update*, Melbourne, 2022, p. 94.

67 Hon Daniel Andrews MP, *The Biggest Hospital Project in Australia’s History*, media release.

68 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 9; Hon Daniel Andrews MP, *The Biggest Hospital Project in Australia’s History*, media release.

of the existing Parkville site, as the Government says it represents a better investment for Victorian patients.<sup>69</sup>

VAGO had warned of potential risks associated with EMI and the High Capacity Metro Trains (HCMTs) used in the Metro Tunnel as early as 2019.<sup>70</sup> VAGO concluded that if left unmitigated, electromagnetic frequencies could interfere with sensitive equipment such as medical diagnostic and research equipment.<sup>71</sup> The Secretary of DH advised the Committee that EMI formed part of DH's risk assessment register from the commencement of the project.<sup>72</sup> The Committee was informed this risk was identified in an initial business case completed by the VHBA in 2021.<sup>73</sup>

The project's estimated completion date is being re-evaluated because of this decision and was published as 'to be confirmed' (tbc) in the budget papers.<sup>74</sup> The first stage of construction was originally forecast to create 7,500 construction jobs and around 12,500 supply chain jobs, however, revised forecasts have not been released.<sup>75</sup> The project was also expected to support 10,500 planned surgical procedures annually and 1,000 new critical care beds.<sup>76</sup> During the hearings the Minister advised the first stage of the project would deliver 400 beds.<sup>77</sup> It is unclear whether the completed project will deliver the same number of planned surgical procedures and the remaining 600 beds. The amount spent on the Arden site to date has not been published and therefore it is unclear whether this can be recovered or repurposed.

**FINDING 20:** The Department of Health has not published updated information regarding what changes to the redevelopment of the Royal Melbourne Hospital and Royal Women's Hospital will deliver, when it will be complete, or how much funding has already been expended on the Arden hospital.

**RECOMMENDATION 7:** The Department of Health publish on the Victorian Infrastructure Delivery Authority's 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.

<sup>69</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 9.

<sup>70</sup> Victorian Auditor-General's Office, *Melbourne Metro Tunnel Phase 2: Main Works*, June 2022, p. 4.

<sup>71</sup> Ibid.

<sup>72</sup> Professor Euan Wallace, Secretary, Department of Health, 2024–25 Budget Estimates hearing, Health Infrastructure, Melbourne, 22 May 2024, *Transcript of evidence*, p. 3.

<sup>73</sup> Megan Bourke-O'Neil, Chief Executive Officer, Victorian Infrastructure Delivery Authority, 2024–25 Budget Estimates hearing, Health Infrastructure, Melbourne, 22 May 2024, *Transcript of evidence*, p. 4.

<sup>74</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 67.

<sup>75</sup> Hon Daniel Andrews MP, *The Biggest Hospital Project in Australia's History*, media release.

<sup>76</sup> Ibid.

<sup>77</sup> Hon Mary-Anne Thomas MP, Minister for Health Infrastructure, 2024–25 Budget Estimates hearing, Health Infrastructure, Melbourne, 22 May 2024, *Transcript of evidence*, p. 4.

### 3.5.2 Community hospitals

In 2018 the Government announced it would build and expand ten community hospitals across the State. Successive budgets provided funding for design works and land acquisition, with construction beginning in 2021 on the first hospital, Cranbourne community hospital.<sup>78</sup> In 2021–22 the project had a TEI of \$675 million.<sup>79</sup>

The project has undergone significant variations in the 2024–25 Budget. The TEI has increased by \$195 million due to additional funding in the 2024–25 Budget. The estimated completion date has also been pushed back by one year, from quarter 4 of 2024–25 to quarter 4 of 2025–26, in line with a revised project schedule.<sup>80</sup>

The Craigieburn, Cranbourne, Phillip Island and Sunbury community hospitals are due to be completed in 2024 and the City of Whittlesea, Pakenham and Point Cook community hospitals over 2025 and 2026.<sup>81</sup> Hospitals in Eltham, Emerald Hill and Torquay will be subject to further service planning.<sup>82</sup> The budget papers indicate this will determine the optimal care models to best meet priority service needs in these communities in light of investments in PPCCs and other nearby health services.<sup>83</sup> At the hearings the Minister stated ‘there has been no scrapping of hospitals’.<sup>84</sup>

**FINDING 21:** Community hospitals at Eltham, Emerald Hill and Torquay will be subject to further service planning and have not been scrapped.

**RECOMMENDATION 8:** The Department of Health publish the findings from the service planning currently underway for the three community hospitals in Eltham, Emerald Hill and Torquay once complete.

## 3.6 Mental Health portfolio: key issue

The Minister for Mental Health is responsible for three outputs: Drug Services (funding in 2024–25: \$376.3 million), Mental Health Clinical Care (funding in 2024–25: \$2.8 billion) and Mental Health Community Support Services (funding in 2024–25: \$188.5 million).<sup>85</sup>

<sup>78</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 69.

<sup>79</sup> *Ibid.*, pp. 7, 66.

<sup>80</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 65.

<sup>81</sup> *Ibid.* p. 9.

<sup>82</sup> *Ibid.*, pp. 9, 65.

<sup>83</sup> *Ibid.*, p. 9.

<sup>84</sup> Hon Mary-Anne Thomas MP, Minister for Health Infrastructure, *Transcript of evidence*, p. 10.

<sup>85</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 132.

### 3.6.1 Statewide Action Plan

The *Statewide Action Plan* was announced in April 2024 in response to the final report on the establishment of a Medically Supervised Injecting Service (MSIS) in the City of Melbourne (known as ‘the Lay Report’).<sup>86</sup> The plan aims to deliver a ‘health-led approach’ to reducing drug harms across Victoria and responds to ‘all but one’ of the recommendations of the Lay Report—establishing a MSIS trial in the City of Melbourne.<sup>87</sup>

The Premier informed the Committee that an MSIS trial would not be established in the City of Melbourne because, in the view of the Government, a suitable site could not be identified. The Premier also stated that 90% of heroin-related overdoses occur outside of the CBD, and that the Government had resolved to deliver a ‘statewide response’ to a ‘statewide challenge’.<sup>88</sup> In 2022 the City of Melbourne recorded the highest number of fatal heroin overdoses of any local government area (LGA), with 24 of 230 recorded deaths occurring in the CBD.<sup>89</sup> Further, the Lay Report identified the intersection between Flinders and Elizabeth Street in the CBD accounted for a quarter of all overdoses.<sup>90</sup>

**FINDING 22:** The Government has announced a *Statewide Action Plan* in response to the recommendations of the Lay Report, except for one key recommendation—the establishment of a trial medically supervised injecting room in the City of Melbourne.

**FINDING 23:** The City of Melbourne experiences significant levels of drug-related harm, recording the highest number of fatal heroin overdoses of any local government area in 2022. The intersection between Flinders and Elizabeth Street accounts for a quarter of all overdoses.

The 2024–25 Budget invests \$95.1 million in harm reduction initiatives under the plan, including funding to:

- establish a community health hub in the CBD
- grow cohealth street teams in the CBD and expand outreach to other locations

<sup>86</sup> Hon Jacinta Allan MP, *Statewide Action Plan To Save Lives And Reduce Drug Harm*, media release, 23 April 2024; Government of Victoria, *Victorian Government Response to the Proposed Medically Supervised Injecting Service trial consultation: City of Melbourne (2023)*, April 2024, <<https://www.health.vic.gov.au/sites/default/files/2024-04/victorian-government-response-proposed-medically-supervised-injecting-service-trial-consultation-city-melbourne.pdf>> accessed 24 June 2024.

<sup>87</sup> Hon Jacinta Allan MP, *Statewide Action Plan To Save Lives And Reduce Drug Harm*, media release.

<sup>88</sup> Hon Jacinta Allan MP, Premier, 2024–25 Budget Estimates hearing, Premier, Melbourne, 16 May 2024, *Transcript of evidence*, p. 30.

<sup>89</sup> Penington Institute, *Second Melbourne injecting site scrapped: Penington Institute calls for more consultation in government’s ‘statewide action plan’*, 23 April 2024, <<https://www.penington.org.au/second-melbourne-injecting-site-scrapped-penington-institute-calls-for-more-consultation-in-governments-statewide-action-plan>> accessed 24 June 2024.

<sup>90</sup> Ken Lay, *Proposed Medically Supervised Injecting Service trial consultation: City of Melbourne*, Melbourne, May 2023, pp. 77–78.

- expand access to pharmacotherapy treatment for up to 1,500 people across 30 locations
- trial hydromorphone treatment for 60 people over two years.<sup>91</sup>

Several services, such as the community health hub and hydromorphone trial, are due to commence in 2026.

**FINDING 24:** The 2024–25 Budget invests \$95.1 million in harm reduction initiatives, including establishing a new community health hub, growing cohealth outreach services and expanding pharmacotherapy treatment services. A number of these services will not commence until 2026.

The investment in pharmacotherapy services in the 2024–25 Budget has been welcomed by the alcohol and other drugs sector. This investment aims to address unmet demand for treatment services in Victoria.

## 3.7 Performance measures

### 3.7.1 Department-wide: analysis of new performance measures

DH added two new performance measures in the 2024–25 Budget.<sup>92</sup> Table 3.1 summarises the issues that the Committee identified with one of them.

**Table 3.1 Issues with new performance measures in 2024–25**

Output	Performance measure	Issues identified by the Committee
Community Health Care (Quantity)	Number of ACCOs who have transitioned to self-determined, outcomes-based funding	<p>The Committee commends the Department of Health (DH) for developing a performance measure related to Aboriginal Controlled Community Organisations (ACCOs) and the sustainability and flexibility of funding provided to ACCOs. DH notes that further performance measures are under development. The Committee encourages further measures in this space.</p> <p>However, a measure that solely counts how many ACCOs have transitioned is not as useful or clear as a measure that reports on the total proportion of ACCOs that have transitioned. Such measures would allow for a better understanding of progress toward transitioning ACCOs to self-determined, outcomes-based funding.</p>

Source: Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, received 20 May 2024, p. 94; Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 72.

<sup>91</sup> Department of Health, *Statewide Action Plan to reduce drug harms*, 3 June 2024, <<https://www.health.vic.gov.au/aod-treatment-services/statewide-action-plan-to-reduce-drug-harms>> accessed 24 June 2024; Victorian Alcohol and Drug Association, *Victorian Budget 2024–25: VAADA Analysis*, 13 May 2024, <[https://www.vaada.org.au/wp-content/uploads/2024/05/MED\\_State-Budget-Summary\\_final\\_13052024-1.pdf](https://www.vaada.org.au/wp-content/uploads/2024/05/MED_State-Budget-Summary_final_13052024-1.pdf)> accessed 24 June 2024.

<sup>92</sup> Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 93–94.

**RECOMMENDATION 9:** The Department of Health address the issues identified with one new performance measure under the Community Health Care output with altered or new performance measures, for inclusion in the 2025–26 Budget.

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

DH identified four performance measures for discontinuation in the 2024–25 Budget.<sup>93</sup>

Two measures proposed for discontinuation relate to lapsing initiatives.<sup>94</sup> The measure ‘Additional student clinical placement days’ was introduced in 2021–22 as part of an initiative to boost Victoria’s healthcare workforce pipeline in the context of the COVID-19 pandemic.<sup>95</sup> The measure ‘Number of nurse practitioner candidates supported’ was introduced in 2023–24 to report on support provided to upskill and train nurses and midwives.<sup>96</sup> While such programs intended to grow the healthcare workforce are lapsing, *Budget Paper No. 2: 2024–25* emphasises the challenges of current workforce shortages in healthcare.<sup>97</sup>

**FINDING 25:** The Department of Health’s discontinued performance measures indicate that two initiatives related to building and upskilling the healthcare workforce are lapsing. Labour shortages in healthcare are identified as a key challenge in the 2024–25 Budget.

<sup>93</sup> Ibid., 115–117.

<sup>94</sup> Ibid., p. 116.

<sup>95</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 60.

<sup>96</sup> Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 116; Department of Health, *Support for new nurse practitioners*, 21 February 2024, <<https://www.health.vic.gov.au/nursing-and-midwifery/support-for-new-nurse-practitioners>> accessed 24 June 2024.

<sup>97</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, pp. 44–45.





# Chapter 4

## Department of Education

### 4.1 Overview

The Department of Education's (DE) mission statement is 'a great education for every child and young person—so they can thrive now, and in the future, for a fairer, smarter and more prosperous state'.<sup>1</sup>

In 2024–25 DE supports two ministerial portfolios: Children and Education.<sup>2</sup>

DE has three objectives in 2024–25:

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

This chapter examines budget initiatives and key issues of both DE's portfolios.

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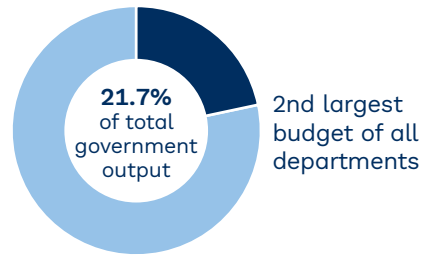
1 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 94.

2 The Children portfolio is shared with the Department of Families, Fairness and Housing. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, pp. 94, 114.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 94.

## Department of Education

### Total output funding



### Funding by output, 2024–25



- School Education – Primary **\$5.2b**
- School Education – Secondary **\$4.4b**
- Additional Supports for Students with Disabilities **\$1.9b**
- Supports for Schools and Staff **\$1.8b**
- Promoting Equal Access to Education **\$1.4b**
- Other\* **\$2.1b**

\* Includes 3 outputs.



### Infrastructure program, 2024–25 (\$8.4b)



- Existing infrastructure program
- Total estimated investment in new projects



### New output initiatives with largest total funding allocation, 2023–24 to 2027–28



**\$553.9m**

School enrolment-based funding

**\$151m**

School cleaning reform

**\$287m**

School Saving Bonus

**\$140m**

Essential maintenance and compliance



38 new output initiatives totalling \$2.2b from 2023–24 to 2027–28

### New infrastructure projects with largest total estimated investment, 2023–24 to 2027–28



**\$947.8m**

New schools construction

**\$152.4m**

Relocatable Buildings Program

**\$226.7m**

School upgrades

**\$110m**

Essential maintenance and compliance



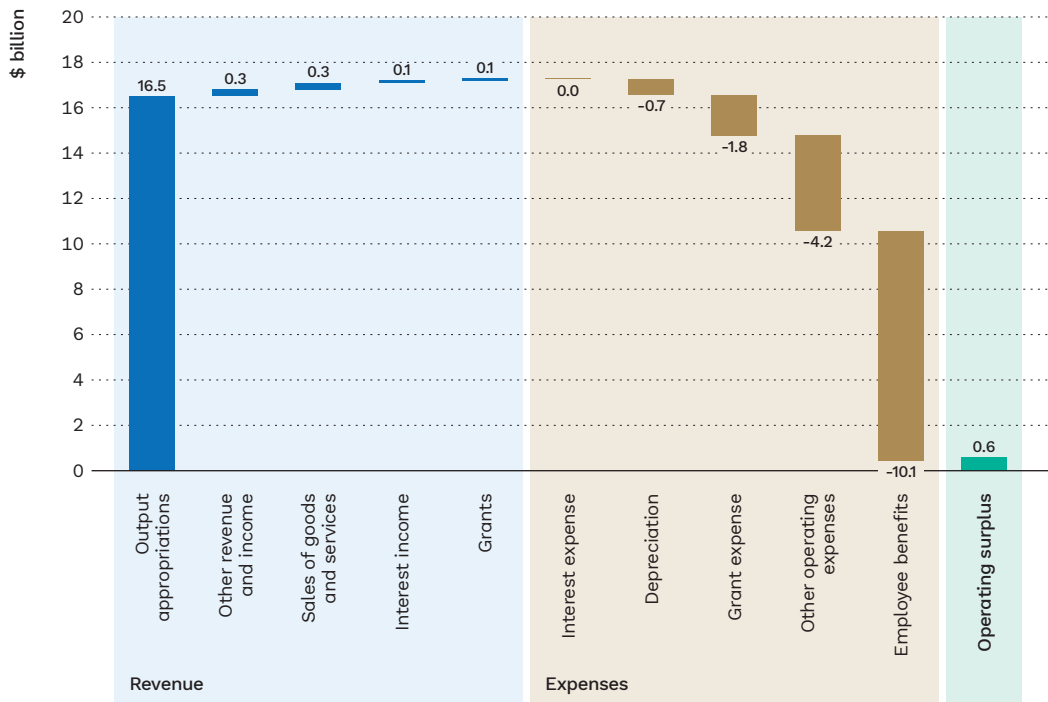
10 new infrastructure projects

## 4.2 Financial analysis

DE’s output appropriations budget is \$16.5 billion in 2024–25, an increase of \$763 million (4.8%) compared to the 2023–24 revised Budget.<sup>4</sup> The department explained this variation is primarily funding for new budget initiatives, but other factors include the superannuation guarantee for the school workforce and rephased funding from 2023–24 to 2024–25.<sup>5</sup> Similar factors account for an increase of \$384 million (4%) in DE’s employee expenses between the 2023–24 revised Budget and 2024–25 Budget.<sup>6</sup>

DE’s comprehensive operating statement in 2024–25 is illustrated in Figure 4.1 below.

**Figure 4.1 DE forecasts an operating surplus of \$551 million in 2024–25**



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 76.

In 2024–25 funding for most of DE’s outputs increased compared to the 2023–24 revised Budget, with two exceptions:

- the Early Childhood Sector Supports and Regulation output decreased by \$46.4 million (6.8%) due to a revised implementation schedule for the *Best Start, Best Life* initiative (see Section 4.5.1).<sup>7</sup>
- the Wellbeing Support for Students output also decreased by \$40.6 million (9.7%) due to the transfer of a number of specialist programs to other outputs.<sup>8</sup>

<sup>4</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 76.

<sup>5</sup> Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 33.

<sup>6</sup> *Ibid.*, p. 34; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, p. 76.

<sup>7</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 6.

<sup>8</sup> *Ibid.*, p. 9.

In 2024–25 DE has a total savings target of \$75.8 million.<sup>9</sup> The department plans to meet this target by reducing spending on consultancy, labour hire and discretionary professional services and advertising, and corporate and regional office efficiencies.<sup>10</sup>

DE saved \$34 million in 2023–24 from the reduction of 233.25 full-time equivalent staff by removing duplicated communications, administration and coordination functions, and consolidating IT functions.<sup>11</sup> No roles are planned for reduction in 2024–25.<sup>12</sup>

In fact, the department's total workforce is forecast to grow by 7.4% between 30 June 2023 and 30 June 2025, with increases in both the number of teachers and public servants.<sup>13</sup> The Committee notes the importance of continuing to report on how DE realises its savings targets.

DE identified five lapsing programs and initiatives with a combined expenditure of \$51.5 million in 2023–24.<sup>14</sup> These include supports for kinder services to purchase toys and equipment, funding to establish professional learning communities, to recruit learning specialists and to cover the costs of Vocational Education and Training (VET) courses, and grants for building projects that promote inclusion.<sup>15</sup>

### 4.3 Capital spend

DE's capital program is the third largest of any department and comprises 11.1% of the general government capital program in the 2024–25 Budget. The department's total estimated investment (TEI) in new projects accounts for 40.4% of new general government projects, the second largest of any department.<sup>16</sup>

In the 2024–25 Budget the estimated completion date of 39 (27.5%) of DE's existing capital projects has changed compared to the 2023–24 Budget.<sup>17</sup> This includes one project being scheduled for early completion, 28 being delayed by less than one year and nine being delayed by more than one year.<sup>18</sup> The estimated completion date of the *Best Start, Best Life: Infrastructure* project has also been revised from quarter 4 2027–28 to 'to be confirmed' (tbc).<sup>19</sup> The budget papers state the pre-prep element of *Best Start, Best Life* has been extended to a 15-year infrastructure program, with an overall program completion date of 2036–37 (see Section 4.5.1).<sup>20</sup>

<sup>9</sup> Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 87–88.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid., p. 123.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid., pp. 125–126.

<sup>14</sup> Ibid., pp. 75–79.

<sup>15</sup> Ibid.

<sup>16</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, pp. 28–29.

<sup>17</sup> Ibid., pp. 40–49; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 37–54.

<sup>18</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 40–49.

<sup>19</sup> Ibid., p. 40; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, p. 37.

<sup>20</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 40.

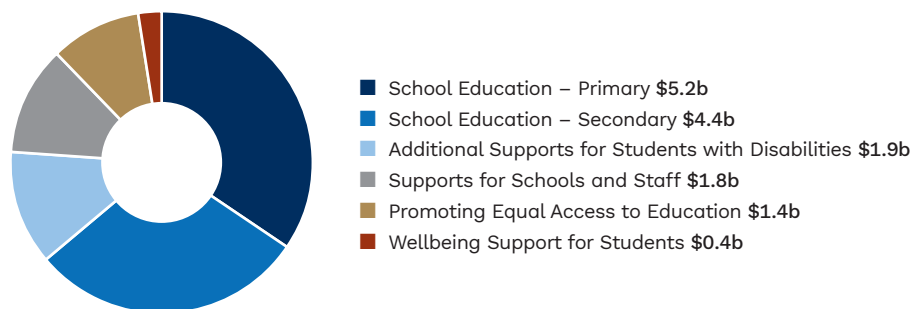
In the 2024–25 Budget the TEI of 32 (23.2%) of DE’s existing capital projects changed from the TEIs published in the 2023–24 Budget, resulting in a net increase in costs of \$150.7 million.<sup>21</sup>

**FINDING 26:** Over a quarter of the Department of Education’s existing capital projects have been delayed in 2024–25 compared to last year’s budget. Less than a quarter have revised figures for total estimated investment resulting in an overall increase of \$150.7 million.

## 4.4 Education portfolio: key issues

The Minister for Education is responsible for six outputs, comprising 89.8% of DE’s total output funding.<sup>22</sup> The funding for these outputs is shown in Figure 4.2.

**Figure 4.2 The Minister for Education’s six outputs have a combined budget of \$15.1 billion in 2024–25**



Source: Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 94; Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 140.

### 4.4.1 School Saving Bonus

The 2024–25 Budget invests \$280.1 million in the *School Saving Bonus* to deliver cost of living support to families with school-aged children.<sup>23</sup> The initiative is an allowance of \$400 for government and eligible non-government school students towards the cost of uniforms and activities, such as school camps, excursions and sporting events.<sup>24</sup> DE estimates the bonus will benefit around 700,000 students.<sup>25</sup>

<sup>21</sup> Ibid., pp. 40–49; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, pp. 37–54.

<sup>22</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 94; Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 140.

<sup>23</sup> Hon Ben Carroll MP, Minister for Education, 2024–25 Budget Estimates hearing, Education, Melbourne, 17 May 2024, *Transcript of evidence*, p. 2.

<sup>24</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 15; Hon Ben Carroll MP, Minister for Education, *Transcript of evidence*, p. 2.

<sup>25</sup> Ibid., p. 8.

DE informed the Committee it was still finalising several parameters for the bonus' implementation. These include:

- how the bonus will be credited
- whether the department, schools or parents will decide how the funds are spent
- whether parents can donate the bonus
- whether unspent funds will be repurposed
- what acquittal processes the department will have in place.<sup>26</sup>

The Secretary of DE stated there is 'a fair level of granular detail that we want to work through, and we are doing that with school principals, with business managers, with parent groups'.<sup>27</sup> The Secretary added DE was 'conscious of the importance of the implementation strategy around this, so that it is timely relief', advising that more guidance would be provided to schools and families in term three between July and September 2024.<sup>28</sup> In August 2024 the department issued further guidance clarifying how families can access and spend the bonus.<sup>29</sup>

The Committee asked about the rationale for low-income families whose children attend low-fee Catholic or independent schools being ineligible for the bonus. In response, the Secretary stated 'this is a one-off measure looking to assist families with cost-of-living pressure and looking to obviously build into that a recognition of levels of disadvantage ... there is clearly a higher weighting of disadvantage across government schools'.<sup>30</sup> The Premier advised the Committee that roughly 84% of disadvantaged primary school aged-students attend government primary schools, compared to 92% of secondary school-aged students.<sup>31</sup>

DE delivers other support programs to reduce out-of-pocket costs for families and students experiencing disadvantage.<sup>32</sup> These include:

- the Camps, Sports and Excursions Fund (CSEF), which provides access to camps, sports and excursions for students who otherwise may not be able to participate due to financial constraints—funded in the 2023–24 Budget with \$168.7 million over four years
- the Affordable School Uniform (ASU), run by the not-for-profit organisation State Schools' Relief, which delivers support to purchase uniforms and other key school

<sup>26</sup> Ms Jenny Atta, Secretary, Department of Education, 2024–25 Budget Estimates hearing, Education, Melbourne, 17 May 2024, *Transcript of evidence*, pp. 4–5.

<sup>27</sup> *Ibid.*, p. 4.

<sup>28</sup> *Ibid.*, pp. 4–5; Department of Education, *School Saving Bonus*, 22 May 2024, <<https://www.vic.gov.au/school-saving-bonus>> accessed 6 August 2024; Department of Education, *School term dates and holidays in Victoria*, 15 July 2024, <<https://www.vic.gov.au/school-term-dates-and-holidays-victoria>> accessed 27 August 2024.

<sup>29</sup> Department of Education, *School Saving Bonus*.

<sup>30</sup> Ms Jenny Atta, Secretary, Department of Education, *Transcript of evidence*, p. 4.

<sup>31</sup> Hon Jacinta Allan MP, Premier, 2024–25 Budget Estimates hearing, Premier, Melbourne, 16 May 2024, *Transcript of evidence*, p. 20.

<sup>32</sup> Department of Education, *School Saving Bonus*.

items like stationery and textbooks—funded in the 2023–24 Budget for \$32.9 million over four years

- State Schools' Relief also delivers other support for families facing serious financial difficulty, crisis situations, out-of-home care or refugee status.<sup>33</sup>

**FINDING 27:** The *School Saving Bonus* provides cost of living relief to families whose children attend government schools and to some non-government school students experiencing disadvantage. The bonus complements other programs run by Department of Education, to support families experiencing disadvantage.

#### 4.4.2 School upgrades and maintenance

The 2024–25 Budget invests \$226.7 million to deliver capital upgrades at 25 schools across Victoria.<sup>34</sup> This is the second package of funding to deliver on an election commitment to upgrade at least 89 schools at a cost of up to \$850 million.<sup>35</sup> The 2023–24 Budget allocated \$266.1 million to upgrade 43 schools and \$24 million to the *School Upgrades Delivery Fund* to plan for and develop 54 future upgrades.<sup>36</sup> The budget papers indicate 29 school upgrades still remaining are 'in planning and will be funded in a future budget'.<sup>37</sup>

The Committee asked about the department's criteria for prioritising certain school upgrades ahead of others across the 2023–24, 2024–25 and future budgets. DE stated the department provides advice on the condition of school buildings and other infrastructure, as well as considering schools' current capacity and expected enrolment growth.<sup>38</sup>

The condition of school buildings and other infrastructure such as car parks, footpaths and fencing is evaluated through the *Rolling Facilities Evaluation* (RFE) program. The RFE assesses approximately 300 Victorian government schools annually, on a five year cycle.<sup>39</sup> The RFE's findings are outlined in a condition assessment report (CAR), to ensure the Victorian School Building Authority (VSBA) maintains up-to-date data to inform investments in school upgrades and maintenance.<sup>40</sup>

<sup>33</sup> Department of Education, *Help with school costs and fees*, 2 May 2024, <<https://www.vic.gov.au/help-school-costs-and-fees>> accessed 6 August 2024; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 11, 15; Department of Education, *Response to the 2023–24 Budget Estimates Questionnaire*, pp. 29–32.

<sup>34</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, pp. 20, 22.

<sup>35</sup> Hon Natalie Hutchins MP, *New And Upgraded Schools For Melbourne's Growing Suburbs*, media release, 7 December 2022.

<sup>36</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 22; Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, 2023, pp. 11, 22, 25–26.

<sup>37</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, p. 11.

<sup>38</sup> Ms Jenny Atta, Secretary, Department of Education, *Transcript of evidence*, p. 8; Mr Tom Kirkland, Chief Executive Officer, Victorian School Building Authority, 2024–25 Budget Estimates hearing, Education, Melbourne, 17 May 2024, *Transcript of evidence*, p. 8.

<sup>39</sup> Department of Education, *School Maintenance Plans and Rolling Facilities Evaluation*, 12 January 2024, <<https://www2.education.vic.gov.au/pal/school-maintenance-plans-rfe/policy>> accessed 6 August 2024; Department of Education, *School Operations: Planned Maintenance Program*, 29 May 2024, <<https://www2.education.vic.gov.au/pal/planned-maintenance-program/policy>> accessed 6 August 2024.

<sup>40</sup> Ibid.

CARs set out a school's condition score, condition issues or defects, and the actions and recommended timeframe for addressing the defects.<sup>41</sup> As well as supporting the prioritisation of school upgrades, the RFE also identifies high priority defects in school infrastructure which can receive funding under the *Planned Maintenance Program* (PMP).<sup>42</sup> The 2024–25 Budget includes a TEI of \$110 million to conduct maintenance and compliance programs, including the PMP, building on a TEI of \$303.5 million over the past three budgets.<sup>43</sup>

**FINDING 28:** The 2024–25 Budget invests \$226.7 million for capital upgrades at 25 schools, with 29 upgrades still in planning to be funded in a future budget. The Department of Education prioritises school upgrades according to the condition of school infrastructure, current capacity and expected enrolment growth.

DE has only recently completed the first assessment of Victorian government school infrastructure in over a decade, with the RFE beginning in 2018 and the initial five year cycle ending in 2023.<sup>44</sup> The VSBA and DE are yet to report on the overall outcomes or findings of the first five-year RFE.

In 2017 the Victorian Government agreed to publish 'demand and condition information annually to provide transparency about how investment priorities are made for new and existing schools'. However, this is yet to be implemented.<sup>45</sup> The Committee also 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'.<sup>46</sup> Although this recommendation was supported in principle, it is also yet to be implemented.<sup>47</sup>

DE currently reports on the number of RFE audits completed annually.<sup>48</sup> This does not provide an indication of the findings or outcomes of these assessments, or the overall condition of Victorian school infrastructure. The Committee notes that publishing the overall results of each five-year RFE and developing additional quality budget paper performance measures would enhance transparency regarding the investment in, and the conditions of, existing school infrastructure.

<sup>41</sup> Department of Education, *School Maintenance Plans and Rolling Facilities Evaluation*.

<sup>42</sup> Priority 1 (to be rectified within 6 months) and 2 (to be rectified within 12 months) defects are eligible for funding under the PMP, whereas priority 3–5 defects are not. Source: Department of Education, *School Operations: Planned Maintenance Program*.

<sup>43</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, pp. 20–21; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 42; Department of Education, *School Operations: Planned Maintenance Program*.

<sup>44</sup> Department of Education, *School Maintenance Plans and Rolling Facilities Evaluation*; Victorian Auditor-General's Office, *Managing School Infrastructure*, May 2017, pp. vii, 37.

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

<sup>46</sup> Ibid.

<sup>47</sup> 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.

<sup>48</sup> Department of Treasury and Finance, *2024–25 Departmental Performance Statement*, Melbourne, 2024, p. 10.



**FINDING 29:** Department of Education completed the first five-year cycle of the *Rolling Facilities Evaluation* program in 2023. It has not reported on the findings or outcomes of these assessments.

**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.

**RECOMMENDATION 11:** The Department of Education develop additional quality budget paper performance measures under the Supports for School and Staff output on the condition of school buildings and other infrastructure assessed through the *Rolling Facilities Evaluation* program.

### 4.4.3 Learning outcomes

At the hearing the Minister for Education advised the Committee that Victoria had the best National Assessment Program: Literacy and Numeracy (NAPLAN) performance in the nation in 2023.<sup>49</sup> The state ranked first or second in 16 of 20 measures—and third in the remaining four measures—and had the smallest or second smallest proportion of students ‘needing additional support’ across all 20 measures.<sup>50</sup>

**FINDING 30:** In 2023 the majority of Victorian students performed strongly in NAPLAN when compared to other states and territories.

A recent report by the Victorian Auditor-General’s Office found DE is not improving the learning outcomes of disadvantaged or First Nations students, and that the proportion of these students performing at or below numeracy and literacy benchmarks has either been stable or increased since 2012.<sup>51</sup> When asked about the department’s plan for addressing this disparity, DE acknowledged ‘it is true that the gap between the performance of disadvantaged and relatively advantaged students has not closed as

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

50 Hon Ben Carroll MP, Minister for Education, *2024–25 Budget Estimates hearings presentation: Education*, supplementary evidence received 17 May 2024, p. 11; Australian Curriculum, Assessment and Reporting Authority, *NAPLAN national results: achievement by state, 2023*, <<https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/naplan-national-results>> accessed 6 August 2024.

51 Victorian Auditor-General’s Office, *Literacy and Numeracy Achievement Outcomes for Victorian Students*, May 2024, p. 1.

much as would like', adding the continuation of the *Tutor Learning Initiative* (TLI) is key to improving learning outcomes for these cohorts.<sup>52</sup>

DE has added 24 new performance measures in the 2024–25 Budget to reflect the Australian Curriculum, Assessment and Reporting Authority's (ACARA) new assessment methodology and to align DE's measures with NAPLAN's new proficiency levels.<sup>53</sup> While the new measures reflect the performance of First Nations students, they do not report on the performance of students experiencing disadvantage.<sup>54</sup>

Additionally, while the department reports on NAPLAN performance, it does not report on the outcomes of the TLI.<sup>55</sup> DE is 'monitoring the impact of TLI on student learning outcomes' and the department has conducted a number of internal and external evaluations of the program.<sup>56</sup> Given the TLI is considered to be critical in reducing the gap in learning outcomes between disadvantaged and First Nations students and other students, it is important to report on the program's effectiveness.

**RECOMMENDATION 12:** The Department of Education develop additional budget paper performance measures that report on the NAPLAN results of students experiencing disadvantage.

**RECOMMENDATION 13:** The Department of Education explore ways to report on the measurable impacts and specific outcomes of the *Tutor Learning Initiative*, particularly in reducing the gap in learning outcomes between disadvantaged and First Nations students and other students.

52 The TLI funds government and low-fee non-government schools to employ tutors to deliver targeted small group learning support for students who are below or at risk of falling below NAPLAN minimum standards. Source: Dr David Howes, Deputy Secretary, Schools and Regional Services, Department of Education, 2024–25 Budget Estimates hearing, Education, Melbourne, 17 May 2024, *Transcript of evidence*, p. 10; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 53; Department of Education, *School operations: Tutor Learning Initiative*, 28 May 2024, <<https://www2.education.vic.gov.au/pal/tutor-learning-initiative/policy>> accessed 6 August 2024.

53 Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 111–122.

54 Department of Treasury and Finance, *2024–25 Departmental Performance Statement*, p. 12.

55 Department of Treasury and Finance, *2024–25 Departmental Performance Statement*, pp. 7–9, 12; Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 10.

56 Ibid.; Department of Education, *Annual Report 2021–22: Additional Information*, Melbourne, 2022, pp. 7, 12, 29; Department of Education, *Annual Report 2022–23: Additional Information*, Melbourne, 2023, p. 9.

## 4.5 Children portfolio: key issue

The Minister for Children is responsible for two outputs: Kindergarten Delivery (funding in 2024–25: \$1.1 billion) and Early Childhood Sector Supports and Regulation (funding in 2024–25: \$637.5 million).<sup>57</sup>

### 4.5.1 Best Start, Best Life

The 2024–25 Budget allocates \$128.6 million to the *Best Start, Best Life* reforms, to fund free kinder, pre-prep and three-year-old kindergarten.<sup>58</sup> When first announced, DE had planned for the transition from four-year-old kindergarten to pre-prep to begin in 2025 in six regional local government areas (LGA), and to continue progressively until 2032 when it would be available across Victoria.<sup>59</sup> In its *Report on the 2023–24 Budget Estimates*, the Committee noted the roll-out of universal pre-prep by 2032 faced several challenges, and was dependent on increasing the number of qualified educators and delivering additional infrastructure to support the reform.<sup>60</sup>

In the 2024–25 Budget it was announced that the implementation of universal pre-prep would be delayed until 2036.<sup>61</sup> The Minister for Children advised that ‘we are doing it [the roll-out] on a more gradual timetable ... [to] provide more time to build that additional infrastructure and to ... grow the workforce’.<sup>62</sup> Both the Premier and Minister noted this decision was welcomed by the sector and local government because it would relieve pressure on the system to deliver the required infrastructure and workforce over a short period of time.<sup>63</sup>

When asked about the locations and cohorts impacted by this decision, the Minister stated there would be no change to when most rural and regional LGAs can begin to access pre-prep. But the Minister noted the total program hours available in these LGAs would increase in stages to 30 hours per week.<sup>64</sup> There is also no change to when Aboriginal and Torres Strait Islander children, children from refugee asylum seeker backgrounds or children who have had contact with child protection will be able to

<sup>57</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 94; Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 148.

<sup>58</sup> This includes \$8.1 million to provide Kinder Kits to all children enrolled in three-year-old kindergarten in 2025. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, pp. 12, 14; Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 71–74.

<sup>59</sup> Hon Daniel Andrews MP, *Best Start, Best Life: Early Childhood Education That Works*, media release, 16 June 2022; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, pp. 59–60.

<sup>60</sup> Ibid.

<sup>61</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 40; Hon Jacinta Allan MP, Premier, *Transcript of evidence*, p. 10.

<sup>62</sup> Hon Lizzie Blandthorn MLC, Minister for Children, 2024–25 Budget Estimates hearing, Children, Melbourne, 24 May 2024, *Transcript of evidence*, p. 9.

<sup>63</sup> Ibid., p. 10; Hon Jacinta Allan MP, Premier, *Transcript of evidence*, pp. 10–11.

<sup>64</sup> Hon Lizzie Blandthorn MLC, Minister for Children, *Transcript of evidence*, pp. 9–10.

first access pre-prep.<sup>65</sup> The roll-out of pre-prep in Ballarat, Bendigo and Geelong will be delayed by three years to begin in 2032 and by four years in greater metropolitan Melbourne to begin in 2034.<sup>66</sup>

**FINDING 31:** The implementation of pre-prep across Victoria has been delayed. There is no change to when most rural and regional local government areas (LGAs) will first access pre-prep. However, the total program hours available in these LGAs will now increase more gradually. The roll-out of pre-prep in Ballarat, Bendigo and Geelong has been delayed by three years, and the roll-out in greater metropolitan Melbourne has been delayed by four years.

*Best Start, Best Life* is driving significant demand for teachers and educators across the system, with DE forecasting the reforms will create an additional 11,000 new early childhood educator and teaching roles.<sup>67</sup> To meet this increased demand, the Victorian Government has invested almost \$370 million to attract, retain and develop educators and teachers.<sup>68</sup> DE also recently released its new *Best Start, Best Life Workforce Strategy*, which sets out six action areas to further build, maintain and develop the workforce.<sup>69</sup>

The Committee has previously made several recommendations to improve DE's reporting on the outcomes of initiatives and strategies aimed at growing both the early childhood and primary and secondary school teacher workforce.<sup>70</sup> In response, DE stated that detailed workforce metrics are provided in the department's *Victorian Teacher Supply and Demand Report*.<sup>71</sup> However, as noted by the Committee, the reports are not published in a timely manner.<sup>72</sup> DE also introduced one new performance measure in the 2023–24 Budget—'Total number of early childhood teachers delivering a funded kindergarten program'. The Committee identified several shortcomings with this measure, including that it does not report on the department's performance regarding the early childhood workforce.<sup>73</sup>

65 Ibid.; Department of Education, *Four-Year-Old Kindergarten is becoming Pre-Prep*, 23 July 2024, <<https://www.vic.gov.au/preprep>> accessed 8 August 2024.

66 Ibid.

67 Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, p. 48.

68 Ibid., p. 46.

69 Department of Education, *Best Start, Best Life Workforce Strategy: Continuing to value and grow the kindergarten workforce*, Melbourne, 2023, p. 6.

70 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, pp. 56–57, 64; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, pp. 66–67; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. 83–85.

71 Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 171, 175–176.

72 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, pp. 56–57; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, pp. 83–85.

73 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, pp. 64.

The Committee recognises both the challenges facing the department and its accomplishments in expanding the early childhood workforce to date. The Committee reiterates the need for DE to report more transparently on its strategies and initiatives in a timely manner, and in ways that reflect not only the department's outputs, but also its outcomes and performance. This is important given DE's decision to delay the roll-out of pre-prep largely due to the capacity pressures of the early childhood workforce.

**FINDING 32:** The *Best Start, Best Life* reforms are creating significant demand for new early childhood educators and teachers. The Department of Education needs to improve its reporting on the performance and outcomes of strategies and initiatives aimed at growing the workforce, especially considering the roll-out of reforms has been delayed largely due to workforce constraints.

## 4.6 Performance measures

### 4.6.1 Department-wide: analysis of new performance measures

DE added 30 new performance measures in the 2024–25 Budget, 27 of which replaced discontinued measures.<sup>74</sup> As noted in Section 4.4.3, the majority of these new measures replaced discontinued measures and reflect ACARA's new NAPLAN assessment methodology.<sup>75</sup>

Table 4.1 summarises the issues that the Committee identified with two new performance measures by relevant output.

<sup>74</sup> Department of Treasury and Finance, *2024–25 Departmental Performance Statement*, pp. 7–12; Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 90–98, 111–122.

<sup>75</sup> *Ibid.*, pp. 111–122.

Table 4.1 Issues with new performance measures in 2024–25

Output	Performance measure	Issue identified by the Committee
Supports for School and Staff (Quantity)	Number of teacher targeted financial incentives allocated	<p>The Committee commends the creation of a performance measure that endeavours to assess the financial incentives provided to teachers to take up positions in hard to staff schools. In its <i>Report on the 2023–24 Budget Estimates</i>, the Committee recommended the department develop performance measures related to funding for teacher workforce attraction and retention.</p> <p>By only including a quantity measure, the measure is limited. While the measure will enhance understanding of how many financial incentives are allocated in any given financial year, this measure and others under the output do not provide information about how long teachers stay in hard to staff schools, how many positions remain vacant and how successful the DE is in filling vacancies in hard-to-staff schools. The outcome of DE's work in this space is not evident from the measure.</p> <p>As such, the Committee recommends DE develop further performance measures regarding the success of targeted financial incentives.</p>
Supports for School and Staff (Quantity)	Growth in commencements in secondary and dual primary/secondary ITE courses	<p>The Committee commends DE for the development of this measure, which addresses one of the key issues for both the department and Government currently—teacher workforce attraction and teacher labour shortages.</p> <p>In its <i>Report on the 2021–22 and 2022–23 Financial and Performance Outcomes</i>, the Committee highlighted the related issues of low initial teacher education (ITE) completions and high attrition rates for early career teachers. The Committee encourages the development of not only measures that demonstrate ITE commencements, but both completion of training and retention post-training.</p>

Source: Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, pp. 94–95; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 57; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. 83–85.

**RECOMMENDATION 14:** The Department of Education address the issue identified with its new performance measures under the Supports for School and Staff output with further measures in the next budget.

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

DE identified 29 performance measures for discontinuation in the 2024–25 Budget.<sup>76</sup>

The Committee supports DE's rationale for the discontinuation of 28 measures. Table 4.2 summarises the issues that the Committee identified with the remaining performance measure.

<sup>76</sup> Ibid.

**Table 4.2 Issues with performance measure proposed to be discontinued in 2024–25**

Output	Performance measure	Issue identified by the Committee
School Education— Secondary (Quality)	Proportion of Year 10 to 12 government school students with a Career Action Plan	<p>Proposed to be replaced with the new measure ‘Number of government students enrolled in VDSS (Vocational Education and Training Delivered to Secondary Students) certificates within priority pathways’. The Department of Education (DE) advises the new measure ‘provides a better representation of service delivery related to vocational and career pathways’.</p> <p>The discontinued measure and measure proposed to replace it do not demonstrate the same activities or outcomes. According to DE’s website, career action plans are required of all students from years 9–12, is included in the core activity of career education in secondary schools, and allows students to choose their goals, consider motivations and strengths and commit to planned activities. DE advises career action plans are an ‘integral part’ of career planning for students.</p> <p>VDSS certificates allow students to undertake VET and receive a qualification on completion during secondary school. Only some students will elect to undertake VDSS.</p> <p>With the discontinuation of the measure, there appear to be no measures relating to quality of career planning for secondary schools students past year 9.</p> <p>Due to the issues outlines above, the Committee recommends the measure is retained, or new measures are developed that cover the quality of career planning activities in secondary schools.</p>

Source: Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 120; Department of Education, *Career action plans*, 1 March 2024, <<https://www.schools.vic.gov.au/career-education/action-plans>> accessed 6 August 2024; Department of Education, *School operations: Student Resource Package – Targeted Initiatives*, 25 June 2024, <<https://www2.education.vic.gov.au/pal/student-resource-package-srp-targeted-initiatives/guidance/vocational-education-and-training-0>> accessed 6 August 2024.

**RECOMMENDATION 15:** The Department of Education address the issues identified with the performance measure proposed to be discontinued relating to career action plans and career planning in Victorian secondary schools.





# Chapter 5

## Department of Justice and Community Safety

### 5.1 Overview

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

In 2024–25 DJCS supports nine ministerial portfolios: Attorney-General, Emergency Services, Police, Crime Prevention, Racing, Corrections, Youth Justice, Victim Support, and Casino, Gaming and Liquor Regulation.<sup>2</sup>

In 2024–25 DJCS's objectives are:

- ensuring community safety through policing, law enforcement and crime prevention activities
- to reduce the impact of, and consequences from, natural disasters and other emergencies on people, infrastructure, the economy and the 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 that supports confidence in the Victorian community
- Victorians are protected with equal opportunities, information freedoms and privacy rights
- responsible and sustainable liquor, gambling and racing sectors.<sup>3</sup>

This chapter examines the budget initiatives and key issues of four DJCS portfolios.

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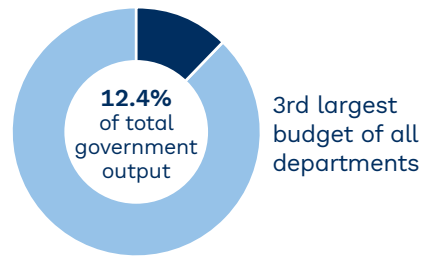
1 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 150.

2 Ibid.

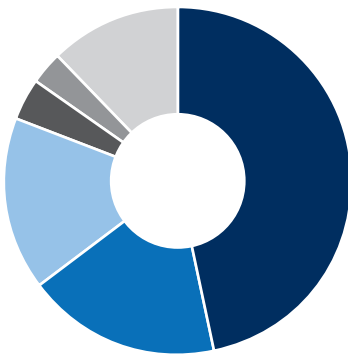
3 Ibid., pp. 150–151.

## Department of Justice and Community Safety

### Total output funding



### Funding by output, 2024–25



- Policing and Community Safety **\$4.5b**
- Emergency Management Capability **\$1.7b**
- Prisoner Supervision and Support **\$1.5b**
- Public Prosecutions and Legal Assistance **\$390.3m**
- Fines and Road Safety Enforcement **\$291.4m**
- Other\* **\$1.2b**

\* Includes 9 outputs with budgets <\$275m.



### Infrastructure program, 2024–25 (\$1.6b)



### New output initiatives with largest total funding allocation, 2023–24 to 2027–28



**\$165.7m**  
Preventing and responding to gambling harm

**\$56.2m**  
State-led coordinated clean-up

**\$71.9m**  
Operationalising a new financial assistance scheme for victims of crime

**\$52.6m**  
Supporting the corrections system to improve community safety



23 new output initiatives totalling \$614.5m from 2023–24 to 2027–28

### New infrastructure projects with largest total estimated investment, 2023–24 to 2027–28



**\$16.8m**  
Country Fire Authority – New urban pumps

**\$8.2m**  
Emergency management information and warnings systems

**\$13.7m**  
Fire Rescue Victoria – New aerial platform pumps

**\$700k**  
Supporting the corrections system to improve community safety



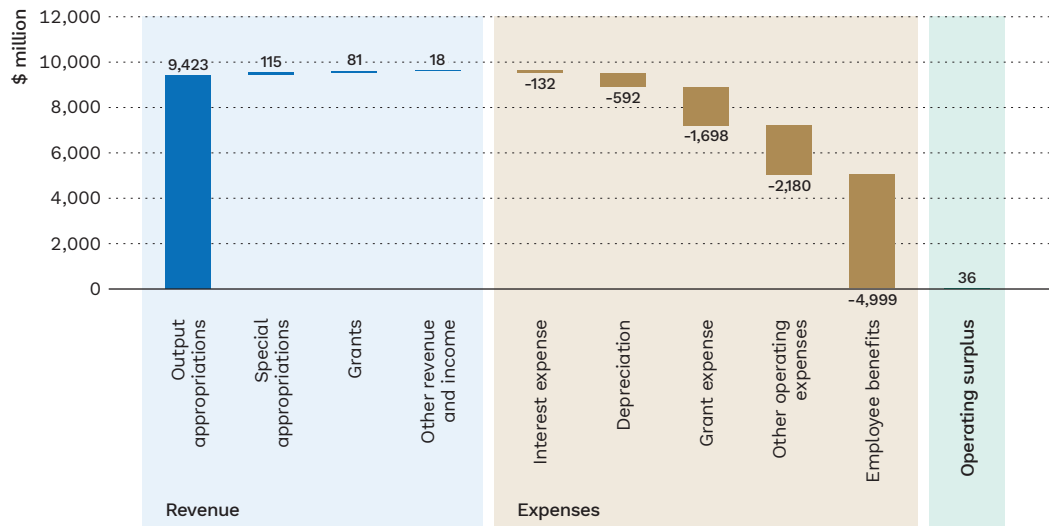
6 new infrastructure projects

## 5.2 Financial analysis

DJCS's output appropriations are budgeted as \$9.4 billion in 2024–25, representing a decrease of \$121 million (1.3%) compared to the 2023–24 revised Budget.<sup>4</sup> The department explained this decrease is mainly due to additional 'fixed term funding supplementation' in 2023–24 for several initiatives following the release of the 2023–24 Budget.<sup>5</sup> These initiatives included the *Historical Forced Adoption Redress Scheme* and funding for Harness Racing Victoria, and to support emergency services organisations such as the Country Fire Authority and Fire Rescue Victoria.

The department's employee expenses budget for 2024–25 is \$5 billion, 52.1% of its total expenses.<sup>6</sup> This is an increase of \$283 million (6%) compared to the 2023–24 revised Budget and is largely due to additional funding for Victoria Police's general operations.<sup>7</sup> Victoria Police's staffing numbers are discussed in Section 5.5.

**Figure 5.1 DJCS forecasts an operating surplus of \$36 million in 2024–25**



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 117.

DJCS has a total savings target of \$47.2 million in 2024–25. It plans to reduce spending on consultants, labour hire and discretionary professional services, and advertising by \$14.3 million.<sup>8</sup> DJCS explained it was 'still finalising its approach' for delivering the

<sup>4</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 117 (Committee calculation).

<sup>5</sup> Ibid., 115.

<sup>6</sup> Ibid., 117 (Committee calculation).

<sup>7</sup> Ibid.; Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, received 10 May 2024, p. 36 (Committee calculation).

<sup>8</sup> Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 73–75.

remaining \$32.5 million in savings.<sup>9</sup> DJCS did not detail the number of roles reduced in 2023–24 or planned for reduction in 2024–25 as part of the *COVID Debt Repayment Plan*.<sup>10</sup>

DJCS noted some of its whole of government savings had been delivered in 2023–24 by reducing roles in policy, strategy and coordination, communications support, stakeholder engagement and corporate, secretariat and business support.<sup>11</sup> When asked about the impact of these savings on service delivery, DJCS advised it has ‘meant a reduction in breadth and depth of delivery including the cessation or rescoping of some work’.<sup>12</sup> No further information was provided.

**FINDING 33:** The Department of Justice and Community Safety reduced some roles and elements of its service delivery to meet its 2023–24 savings targets. It is unclear what work was stopped, changed or reduced as a result.

**RECOMMENDATION 16:** The Department of Justice and Community Safety publish information in its next annual report regarding how many roles it reduced in 2023–24 to meet its savings targets and what impact these savings had on service delivery.

### 5.2.1 Lapsing programs

The department identified six lapsing programs with a combined expenditure of \$57.5 million in 2023–24, one of which is analysed below.<sup>13</sup> A further lapsing program in the Community Crime Prevention output is discussed in Section 5.7.2.

#### Victorian Legal Aid lapsing program

The *Legal Assistance* initiative funded in the 2022–23 Budget will lapse in 2023–24. The initiative supported Victoria Legal Aid (VLA) to deliver legal services to help address court delays caused by the COVID-19 pandemic. It was funded to meet demands for core services, while addressing reductions in funding from the *Public Purpose Fund*, which provides funding to the VLA.<sup>14</sup> DJCS advised this initiative is lapsing as increased interest rates resulted in a reversal of the reduction in funding from the *Public Purpose Fund*.<sup>15</sup>

<sup>9</sup> Ibid., p. 73.

<sup>10</sup> Ibid., p. 105.

<sup>11</sup> Ibid., pp. 73–74.

<sup>12</sup> Ibid., p. 73.

<sup>13</sup> Ibid., pp. 58–65.

<sup>14</sup> Ibid., pp. 58–59; Victorian Legal Services Board and Commissioner, *Public Purpose Fund*, 22 September 2023, <<https://sbc.vic.gov.au/grants-and-funding/public-purpose-fund>> accessed 14 June 2024.

<sup>15</sup> Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 58–59.

VLA received further funding in the 2024–25 Budget as part of the *Community sector legal support and early intervention services* initiative.<sup>16</sup> The Attorney-General advised this would amount to \$14.7 million to continue a number of VLA programs including Help Before Court and independent family advocacy and support programs.<sup>17</sup>

**FINDING 34:** The *Legal Assistance* initiative for Victorian Legal Aid (VLA) will lapse in 2024–25. The 2024–25 Budget provides \$14.7 million to VLA to continue a number of its programs, including Help Before Court.

## 5.3 Attorney-General portfolio: key issue

The Attorney-General is responsible for six outputs.<sup>18</sup> The funding for these outputs is shown below.

**Figure 5.2** The Attorney-General’s six outputs have a combined budget of \$1.1 billion in 2024–25



Source: Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, received 10 May 2024, p. 130; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 152.

### 5.3.1 Response to recommendations made in the Stalking Report

In response to the death of Victorian woman Celeste Manno, the Attorney-General directed the Victorian Law Reform Commission (VLRC) to review Victoria’s legal responses to ‘stalking, harassment and similar conduct’.<sup>19</sup> The reference focused only on stalking in a non-family violence context, which accounted for under half of all incidents (43%) involving a stalking offence between 2016 and 2018.<sup>20</sup>

<sup>16</sup> Ibid., pp. 46–47.

<sup>17</sup> Hon Jaclyn Symes MLC, Attorney-General, 2024–25 Budget Estimates hearing, Attorney-General, Melbourne, 24 May 2024, *Transcript of evidence*, p. 22.

<sup>18</sup> Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 130.

<sup>19</sup> Victorian Law Reform Commission, *Stalking: Final Report*, Melbourne, 2022, pp. 2–4.

<sup>20</sup> Crime Statistics Agency, *Data snapshot: Attrition of stalking offence incidents through the Victorian criminal justice system*, Melbourne, 2022, p. 2.

VLRC's interim report focused on Victoria Police's response to stalking and included nine recommendations.<sup>21</sup> The final report was tabled in Parliament in September 2022 and included 45 recommendations.<sup>22</sup> The final report found that:

- victims of stalking often do not receive the response they need from the justice system
- getting help through the justice system can be a difficult and traumatic experience
- people who stalk often do not change their behaviour or face consequences for it.<sup>23</sup>

The report made its recommendations on the basis that the law and justice system need to change to address these issues.<sup>24</sup>

The Committee asked the Attorney-General what work had been undertaken to progress the recommendations. The Attorney-General advised that many recommendations related to how the justice system works together, so were part of the work DJCS was already doing in relation to women's safety.<sup>25</sup>

Further, Victoria Police was undertaking a stalking risk assessment pilot in Prahran and Morwell.<sup>26</sup> The Attorney-General also stated the Government has committed to making changes to the *Crimes Act 1958* (Vic) to clarify definitions around stalking, to directly respond to a recommendation of the VLRC.<sup>27</sup> This legislative reform is expected to be introduced in 2025, almost three years after the tabling of the final report.<sup>28</sup>

**FINDING 35:** The Victorian Law Reform Commission's two reports on non-family violence stalking included 54 recommendations. The Victorian Government has made some progress on several of these recommendations and has committed to legislative reform regarding the *Crimes Act 1958* (Vic) in 2025.

**RECOMMENDATION 17:** The Victorian Government publish details of which recommendations from the Victorian Law Reform Commission's two reports on stalking it is progressing and the work undertaken so far.

21 Victorian Law Reform Commission, *Stalking: Interim Report—Recommendations*, 11 April 2022, <<https://www.lawreform.vic.gov.au/publication/stalking-interim-report/recommendations>> accessed 19 June 2024.

22 Victorian Law Reform Commission, *Stalking: Final Report*, pp. xxi–xxvii.

23 Ibid., p. xii.

24 Ibid.

25 Hon Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 14.

26 Ibid.; Victoria Police, *Stalking*, 25 October 2023, <<https://www.police.vic.gov.au/stalking>> accessed 19 June 2024.

27 Hon Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 15.

28 Hon Jacinta Allan MP, *Changing laws and culture save women's lives*, media release, 30 May 2024.

## 5.4 Emergency Services portfolio: key issue

The Minister for Emergency Services is responsible for the Emergency Management Capability output (funding in 2024–25: \$1.7 billion).<sup>29</sup>

### 5.4.1 Disaster relief and recovery

In 2022–23 and 2023–24 Victoria experienced several disasters that affected large parts of the state. This included floods in October 2022, floods and storms in the summer of 2023–24, and further storms and bushfires in February 2024.<sup>30</sup>

The 2024–25 Budget includes significant funding for disaster relief and recovery, broken into whole of government initiatives directed toward the three different events.<sup>31</sup> Just over \$300 million is allocated, with some spending shared with the Commonwealth Government under the *Disaster Recovery Funding Arrangements*.<sup>32</sup> Most of the funding (68.5% or \$206.5 million) is allocated to 2023–24.<sup>33</sup>

**FINDING 36:** The 2024–25 Budget includes just over \$300 million for disaster relief and recovery for the flood, storm and fire events that impacted Victoria between October 2022 and February 2024. 68.5% of this funding is allocated to the previous financial year.

The Minister advised the Committee of the scale of the disasters, stating over 100 homes were destroyed and 4,500 people impacted.<sup>34</sup> A number of communities were impacted by both the October 2022 floods and the flooding and storms over the summer of 2023–24, adding to the complexity of relief and recovery.<sup>35</sup>

The Minister also spoke about the support the Emergency Services portfolio was providing through disaster relief and recovery initiatives, and how the initiatives supported affected communities.<sup>36</sup> These included:

- partnering with the Commonwealth, local councils and communities to implement relief
- implementing the ‘1800 recovery’ hotline—a dedicated service for affected communities to get information about recovery support

<sup>29</sup> Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 134; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 152.

<sup>30</sup> *Ibid.*, pp. 8–11.

<sup>31</sup> *Ibid.*

<sup>32</sup> *Ibid.*

<sup>33</sup> *Ibid.*

<sup>34</sup> Hon Jaclyn Symes MLC, Minister for Emergency Services, 2024–25 Budget Estimates hearing, Emergency Services, Melbourne, 24 May 2024, *Transcript of evidence*, p. 2.

<sup>35</sup> *Ibid.*, p. 5.

<sup>36</sup> *Ibid.*

- the Council Support Fund—designed to support impacted councils with their clean-up responsibilities and to fund the restoration of community assets, facilities and services
- support for the needs of affected communities and individuals including recovery support workers, mental health and wellbeing support, financial counselling and legal support.<sup>37</sup>

## 5.5 Police portfolio: key issues

The Minister for Police is responsible for the Policing and Community Safety output, which is the output with the largest budget in DJCS (funding in 2024–25: \$4.5 billion).<sup>38</sup>

### 5.5.1 Staffing levels of Victoria Police

The Minister for Police advised the Committee that since 2016, the Government has funded an additional 3,600 frontline police. This number includes the 502 additional police funded in the 2022–23 Budget, who the Minister advised had been recruited and were now being assigned across the State.<sup>39</sup>

While 3,600 additional police have been funded since 2016, the Victorian police force has increased by 2,653.7 full-time equivalent positions (20.1%) between June 2016 and June 2023. Further, in the years ending June 2022 and 2023 Victoria Police recorded a drop in police numbers by 125 (-0.8%) and 317 (-2%) FTE respectively.<sup>40</sup> This is demonstrated in Figure 5.3. The Minister and Victoria Police explained this drop was due to recruitment challenges.<sup>41</sup>

<sup>37</sup> Ibid.

<sup>38</sup> Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 136; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 152.

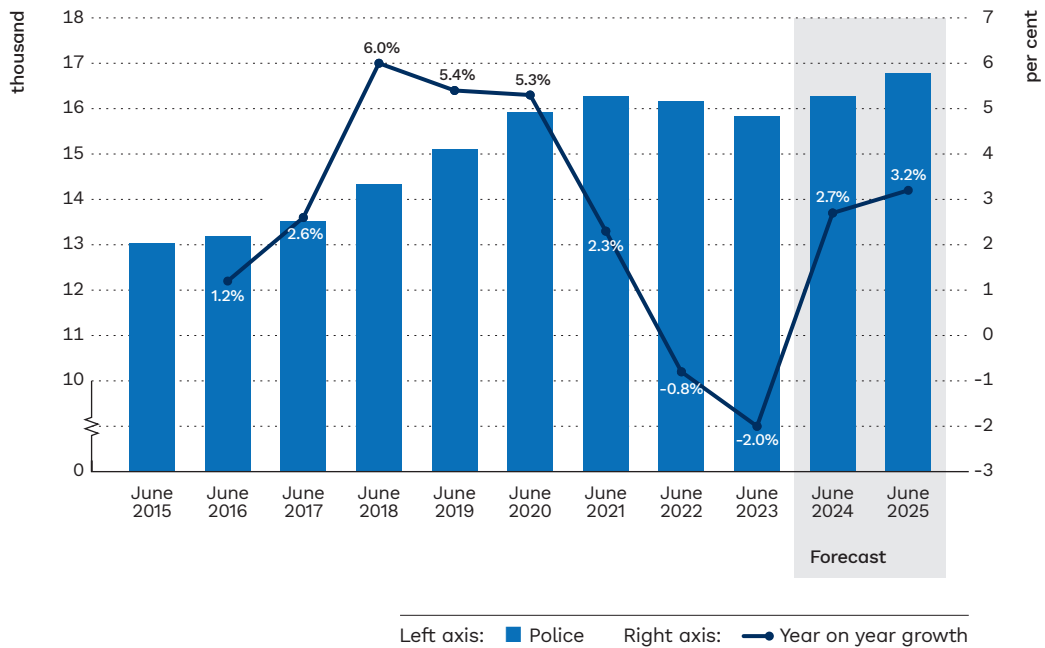
<sup>39</sup> Hon Anthony Carbines MP, Minister for Police, 2024–25 Budget Estimates hearing, Police, Melbourne, 21 May 2024, *Transcript of evidence*, p. 2.

<sup>40</sup> Victoria Police, *Annual Report 2015–16*, Melbourne, 2016, p. 11; Victoria Police, *Annual Report 2017–18*, Melbourne, 2018, p. 7; Victoria Police, *Annual Report 2019–20*, Melbourne, 2020, p. 22; Victoria Police, *Annual Report 2021–22*, Melbourne, 2022, p. 9; Victoria Police, *Annual Report 2022–23*, Melbourne, 2023, p. 9.

<sup>41</sup> Hon Anthony Carbines MP, Minister for Police, *Transcript of evidence*, p. 8; Mr Shane Patton, Chief Commissioner, Victoria Police, 2024–25 Budget Estimates hearing, Police, Melbourne, 21 May 2024, *Transcript of evidence*, p. 11.



Figure 5.3 Police officer numbers declined in 2021–22 and 2022–23



Note: These numbers refer to FTE positions.

Source: Victoria Police, *Annual Report 2015–16*, Melbourne, 2016, p. 11; Victoria Police, *Annual Report 2017–18*, Melbourne, 2018, p. 7; Victoria Police, *Annual Report 2019–20*, Melbourne, 2020, p. 22; Victoria Police, *Annual Report 2021–22*, Melbourne, 2022, p. 9; Victoria Police, *Annual Report 2022–23*, Melbourne, 2023, p. 9; Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, received 10 May 2024, p. 110.

**FINDING 37:** Between June 2016 and June 2023 the number of full-time equivalent (FTE) police officers has increased by 2,653.7 (20.1%). In the years ending June 2022 and 2023 Victoria Police recorded a decline in police numbers. For the years ending June 2024 and June 2025 Victoria Police forecasts its FTE will grow by 2.7% and 3.2% respectively.

While Victoria Police has recorded a significant average growth rate of 351 officers, or an average of 2.5% each year between 2016 and 2023, there were clear challenges with recruitment in 2022 and 2023.<sup>42</sup> Victoria Police forecasts that its police officer workforce will grow by 2.7% by June 2024, and 3.2% by June 2025.<sup>43</sup>

The Chief Commissioner advised that like other jurisdictions across Australia, Victoria Police was facing recruitment challenges. He added that there were ‘a lot of people in our pipeline and wanting to join’.<sup>44</sup> The Chief Commissioner advised that the number of vacancies for police positions that Victoria Police was funded for was 819 at the time of the hearings. During the Budget Estimates hearings in 2023, this number was 807.<sup>45</sup>

<sup>42</sup> Victoria Police, *Annual Report 2015–16*, p. 11; Victoria Police, *Annual Report 2017–18*, p. 7; Victoria Police, *Annual Report 2019–20*, p. 22; Victoria Police, *Annual Report 2021–22*, p. 9; Victoria Police, *Annual Report 2022–23*, p. 9.

<sup>43</sup> Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 110.

<sup>44</sup> Mr Shane Patton, Chief Commissioner, Victoria Police, *Transcript of evidence*, p. 11.

<sup>45</sup> Ibid., pp. 10–11; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 83.

According to its *Corporate Plan 2023–2024*, Victoria Police will develop a strategic workforce plan to ‘better manage our workforce today and plan for our future’.<sup>46</sup>

**FINDING 38:** Victoria Police’s police officer vacancies were 819 in May 2024, compared to 807 in May 2023. Victoria Police is experiencing recruitment challenges similar to other Australian jurisdictions.

## 5.5.2 Youth crime prevention and early intervention project

The 2024–25 Budget includes \$6.6 million to expand the *Youth Crime Prevention and Early Intervention Project (YCPEIP)*.<sup>47</sup> Operating in the Brimbank and Wyndham police service areas since 2021, the project is a collaboration between Victoria Police, WEstjustice, VLA and other support agencies.<sup>48</sup> It aims to reduce rates of reoffending by young people aged 10–24 years old through increased cautions, early referrals to legal and social support and community legal education.<sup>49</sup>

The Minister advised that the two-year pilot had been ‘very successful’, with more young people in Brimbank and Wyndham receiving warnings and cautions.<sup>50</sup> The project was evaluated by Allen & Clarke Consulting in 2022–23.<sup>51</sup> According to Victoria Police the evaluation found the program had ‘a significant impact in Brimbank and Wyndham’, with both a reduction in youth remand and an increase in cautioning rates.<sup>52</sup> By March 2023 the number of young people who were cautioned grew by 18% in Brimbank and 26% in Wyndham over the pilot period.<sup>53</sup>

**FINDING 39:** The 2024–25 Budget includes funding to expand the *Youth Crime Prevention and Early Intervention Project*. The project has reduced the number of youths on remand and increased cautioning rates in the Brimbank and Wyndham police service areas since 2021.

Victoria Police has several programs to reduce young people offending and reoffending, as discussed in previous Committee reports.<sup>54</sup> It is not clear how YCPEIP differs from others, including the *Embedded Youth Outreach Program*. Victoria Police has not published information about YCEIP on its website, with minimal information about the program in its *Annual Report 2022–23* and through its partners WEstjustice.<sup>55</sup>

<sup>46</sup> Victoria Police, *Corporate Plan 2023–2024*, Melbourne, 2023, p. 11.

<sup>47</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 66.

<sup>48</sup> Hon Anthony Carbines MP, Minister for Police, *Transcript of evidence*, p. 5.

<sup>49</sup> *Ibid.*, pp. 4–5.

<sup>50</sup> *Ibid.*, p. 5.

<sup>51</sup> Victoria Police, *Annual Report 2022–23: Additional Information*, Melbourne, 2023, p. 3.

<sup>52</sup> Victoria Police, *Annual Report 2022–23*, p. 27.

<sup>53</sup> *Ibid.*, pp. 26–27.

<sup>54</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, May 2021, pp. 93–94.

<sup>55</sup> *Ibid.*; WEstjustice, *Submission for the Inquiry into Victoria’s Justice System*, submission to the Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *Inquiry into Victoria’s Criminal Justice System*, 2021, pp. 12–13.

Considering Victoria Police’s focus on reducing youth offending and reoffending and community interest in this area, it would be beneficial for Victoria Police to publish information about the effectiveness of its programs on its website. To demonstrate the successes of these programs, it would also be beneficial for Victoria Police to develop performance measures related to the YCPEIP and publish the evaluation publicly.

**RECOMMENDATION 18:** Victoria Police publish information about the effectiveness of its youth justice diversion programs on its website.

**RECOMMENDATION 19:** Victoria Police develop budget paper performance measures relating to the *Youth Crime Prevention and Early Intervention Project* for inclusion in the next budget.

**RECOMMENDATION 20:** Victoria Police publish the evaluation of the *Youth Crime Prevention and Early Intervention Project* on its website.

The Minister advised that the funding for YCPEIP would allow the program to expand to the police service areas of Latrobe, Shepparton, Geelong, Mildura, Frankston and Dandenong.<sup>56</sup> The program will also continue to operate in Brimbank and Wyndham.

**Table 5.1 Alleged offender incidents by 10–18 and 18–24 year old cohorts, by highest number and LGA—June 2023 and 2024**

	2023	2024	Change year over year (%)		2023	2024	Change year over year (%)
<b>10–17 years</b>				<b>18–24 years</b>			
Melbourne	792	1,231	55.4	Melbourne	1,708	1,696	-0.7
Casey	1,173	1,130	-3.7	Greater Geelong	1,242	1,355	9.1
Greater Geelong	877	1,104	25.9	Casey	1,226	1,273	3.8
Wyndham	956	926	-3.1	Wyndham	980	1,075	9.7
Latrobe	757	912	20.5	Hume	1,039	941	-9.4
Greater Bendigo	619	803	29.7	Latrobe	869	804	-7.5

Note: Yellow demarks areas where the *Youth crime prevention and early intervention project* will be rolled out as a result of funding in the 2024–25 Budget, while green denotes areas where the program is already in operation.

Source: Crime Statistics Agency, Table 3, *LGA Alleged Offenders Year Ending June 2024*, September 2024, <<https://www.crimestatistics.vic.gov.au/crime-statistics/latest-victorian-crime-data/download-data>> accessed 1 October 2024.

<sup>56</sup> Police services areas differ to local government areas (LGAs) but overlap significantly. Source: Crime Statistics Agency, *Geographic classification*, 8 June 2023, <<https://www.crimestatistics.vic.gov.au/about-the-data/classifications-and-victorian-map-boundaries/geographic-classification>> accessed 19 June 2024; Hon Anthony Carbinés MP, Minister for Police, *Transcript of evidence*, p. 5.

The above data shows that:

- half the local government areas (LGAs) with the highest rates of offences aged 10–17 will have the program
- for 18–24 year olds the program is either operational or will be rolled out in the LGAs with the highest increases.

**FINDING 40:** The *Youth Crime Prevention and Early Intervention Project* is being expanded. These areas do not include the local government areas of Casey and Melbourne, which have had relatively high numbers of alleged offender incidents in the 10–18 and 18–24-year-old cohorts in 2022 and 2023.

**RECOMMENDATION 21:** Victoria Police and/or the Department of Justice and Community Safety publish information on how the operational areas of the *Youth Crime Prevention and Early Intervention Project* have been determined.

Some criminal justice responses foster criminality. The use of police cautions can reduce criminal justice time and costs and have a positive impact on reoffending, compared to formal criminal justice processes for young people. As such, increased cautions for young people by Victoria Police is likely to be positive. Cautions are one example of a diversion—a proceeding by police though a non-court proceeding.<sup>57</sup>

The Productivity Commission's *Report on Government Services* shows in 2022–23, 36.7% of youth offenders aged 10–17 years old in Victoria were diverted by non-court actions, including cautioning.<sup>58</sup> This was the fourth lowest rate of all states and territories, ahead of South Australia and the Northern Territory. In comparison, New South Wales diverted 57.6% of young people in the same year. However, Victoria's diversion proportion has grown over the last five years.<sup>59</sup> The Committee notes that Victoria Police is starting at a lower base regarding youth diversions, and work to increase the percentage of youth diverted, such as through the YCPEIP, is positive.

**Table 5.2 Victoria has a relatively low proportion of youth diversions, but the proportion has grown over the last five years**

	2018–19 (%)	2019–20 (%)	2020–21 (%)	2021–22 (%)	2022–23 (%)
Victoria	22.9	21.4	21.2	30.1	36.7
New South Wales	59.3	60.2	63.9	62.0	57.6

Source: Productivity Commission, Table 6.2, *Report on Government Services 2024: 6 Police Services*, 28 May 2024, <<https://www.pc.gov.au/ongoing/report-on-government-services/2024/justice/police-services>> accessed 19 June 2024.

<sup>57</sup> Productivity Commission, *Report on Government Services 2024: 6 Police Services*, 28 May 2024, <<https://www.pc.gov.au/ongoing/report-on-government-services/2024/justice/police-services>> accessed 19 June 2024.

<sup>58</sup> Ibid.

<sup>59</sup> Ibid.

**FINDING 41:** In 2022–23, 36.7% of youth offenders (aged 10–17 years old) were diverted through non-court proceedings. This number has grown from 22.9% in 2018–19 but remains low compared to other Australian jurisdictions.

The Crime Statistics Agency (CSA) does not report on the number of cautions or the number of police diversions. This would be beneficial in the youth justice policy space as it would demonstrate whether youth cautions and/or diversions are growing over time. As such, the Committee recommends Victoria Police and the CSA work to publish data to demonstrate the change in youth cautions and/or diversions by age group and location over time.

**RECOMMENDATION 22:** The Crime Statistics Agency and Victoria Police work to publish data on youth diversions and/or cautions over time, by age cohort and local government area.

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## 5.6 Youth justice portfolio: Key issue

The Minister for Youth Justice is responsible for two outputs: Youth Justice Community Based Services (funding in 2024–25: \$85.4 million) and Youth Justice Custodial Services (funding in 2024–25: \$216.8 million).<sup>60</sup>

### 5.6.1 Changes in youth offending and youth justice over time

The Minister told the Committee that the 2024–25 Budget includes \$34.8 million to support programs and initiatives to prevent young people entering the justice system, including programs that help address the root cause of offending behaviour.<sup>61</sup>

In 2023 and 2024 there has been renewed media and public interest in the rates of young people committing crimes in Victoria. The latest data available from the CSA from June 2024 indicates that alleged offender incidents for the 10–17 year old cohort have increased since 2022, while incidents have remained relatively stable in the 18–24 year old cohort since 2022.<sup>62</sup> The Committee notes that ‘alleged offender incidents’ can count incidents that involve the same individual.<sup>63</sup>

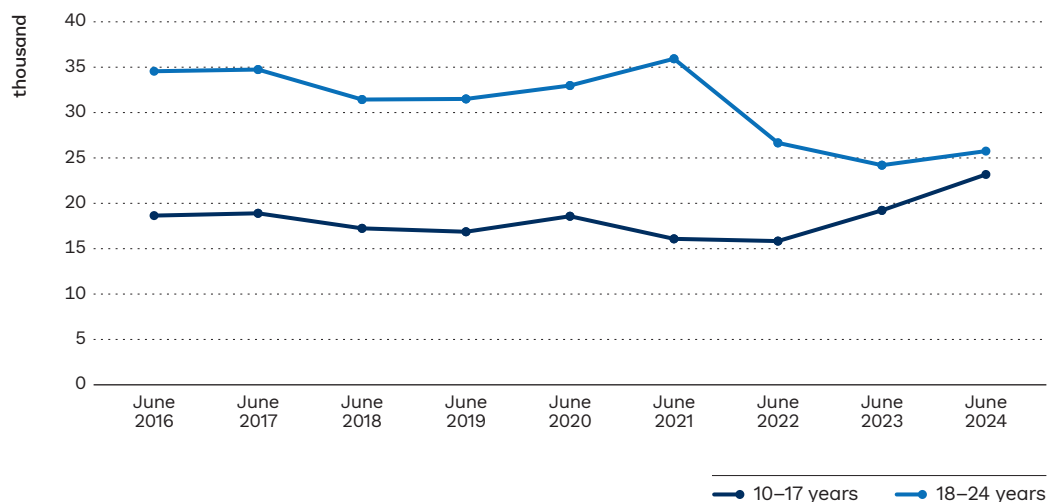
<sup>60</sup> Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 140; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 152.

<sup>61</sup> Hon Enver Erdogan MLC, Minister for Youth Justice, 2024–25 Budget Estimates hearing, Youth Justice, Melbourne, 24 May 2024, *Transcript of evidence*, pp. 1–2.

<sup>62</sup> Crime Statistics Agency, Table 3, *LGA Alleged Offenders Year Ending March 2024*, 20 August 2024, <<https://www.crimestatistics.vic.gov.au/crime-statistics/latest-victorian-crime-data/download-data>> accessed 20 June 2024.

<sup>63</sup> Crime Statistics Agency, *Glossary and Data dictionary*, 14 February 2024, <<https://www.crimestatistics.vic.gov.au/about-the-data/glossary-and-data-dictionary>> accessed 19 June 2024.

Figure 5.4 Number of alleged offender incidents by age group (year ending June, 2016 to 2024)



Source: Crime Statistics Agency, Table 3, *LGA Alleged Offenders Year Ending June 2024*, September 2024, <<https://www.crimestatistics.vic.gov.au/crime-statistics/latest-victorian-crime-data/download-data>> accessed 1 October 2024 (Committee calculation).

The Minister advised that Victoria has some of the lowest rates of youth offending in Australia. This is supported by Australian Bureau of Statistics (ABS) data on the number of young people aged 10-17 charged by police per 100,000 people.<sup>64</sup>

Further, the Minister and departmental officials advised of the positive progress made regarding the number of young people under supervision.<sup>65</sup> As of 21 May 2024, 82 young people were in custody, 35 of which were sentenced and 47 who were on remand.<sup>66</sup> The Minister advised these were historic lows for youth justice supervision, and demonstrate the results of the Government's diversion work.<sup>67</sup>

Australian Institute of Health and Welfare data confirms these trends. The average number of young people in detention per night in Victoria has fallen since 2018.<sup>68</sup> Additionally, Victoria had the lowest rates of young people in detention on an average night in Australia in 2022 and has been consistently lower than other jurisdictions since 2018.<sup>69</sup>

<sup>64</sup> Australian Bureau of Statistics, *Recorded Crime: Offenders*, 8 February 2024, <<https://www.abs.gov.au/statistics/people/crime-and-justice/recorded-crime-offenders/latest-release>> accessed 19 June 2024.

<sup>65</sup> Ms Andrea Davidson, Commissioner, Youth Justice, Department of Justice and Community Safety, 2024-25 Budget Estimates hearing, Youth Justice, Melbourne, 24 May 2024, *Transcript of evidence*, p. 6; Hon Enver Erdogan MLC, Minister for Youth Justice, *Transcript of evidence*, p. 15.

<sup>66</sup> Ms Andrea Davidson, Commissioner, Youth Justice, Department of Justice and Community Safety, *Transcript of evidence*, p. 3.

<sup>67</sup> Hon Enver Erdogan MLC, Minister for Youth Justice, *Transcript of evidence*, p. 15.

<sup>68</sup> Australian Institute of Health and Welfare, Figure 5.1, *Youth detention population in Australia 2022: State and territory trends: Numbers*, 11 August 2023, <<https://www.aihw.gov.au/reports/youth-justice/youth-detention-population-in-australia-2022/contents/state-and-territory-trends/numbers>> accessed 19 June 2024.

<sup>69</sup> Ibid.

**FINDING 42:** There has been an increase in alleged offender incidents by 10–17 year olds between June 2022 and 2024. However, Victoria has among the lowest rates of youth offending in Australia.

**FINDING 43:** There has been positive progress in recent years regarding youth justice supervision. Since 2018, the average number of young people in detention per night has fallen. In 2022 Victoria also had the lowest rates of young people in detention on an average night, compared to other Australian jurisdictions.

### Enhanced bail supervision and electronic monitoring

The Minister and departmental officials advised increases in youth offending and the 70% return rate to supervision were being driven by a small number of reoffenders, some of whom were committing serious offences.<sup>70</sup> The Committee requested data regarding the number of serious offenders in youth justice, but only public information about repeat young offenders over a 20 year time period was provided.<sup>71</sup> The response did not provide sufficient information for the Minister’s statement regarding repeat young offenders to be verified.

The 2024–25 Budget includes \$34.3 million for the output initiative *Enhanced youth justice bail supervision and support*.<sup>72</sup> The Minister advised that the funding will allow for three components of enhanced bail supervision and support:

1. A two year trial of electronic monitoring devices. The trial will monitor up to 50 young people on bail, and include additional staff to support 24 hour monitoring.
2. Additional youth justice staff to develop a comprehensive risk assessment framework, to respond to electronic monitoring bail breaches. This includes additional court resources to support the pilot.
3. More intensive support for young people subject to electronic monitoring through targeted programs.<sup>73</sup>

**FINDING 44:** \$34.3 million in funding is included in the 2024–25 Budget to introduce a two year electronic monitoring trial for young offenders and other enhanced bail supervision activities.

<sup>70</sup> Hon Enver Erdogan MLC, Minister for Youth Justice, *Transcript of evidence*, p. 12; Ms Andrea Davidson, Commissioner, Youth Justice, Department of Justice and Community Safety, *Transcript of evidence*, p. 3.

<sup>71</sup> Hon Enver Erdogan, Minister for Youth Justice, 2024–25 Budget Estimates hearing, response to questions on notice, received 22 July 2024, p. 3.

<sup>72</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, pp. 66, 71, 88.

<sup>73</sup> Hon Enver Erdogan MLC, Minister for Youth Justice, *Transcript of evidence*, p. 12.

## 5.7 Performance measures

### 5.7.1 Department-wide: analysis of new performance measures

DJCS added six new performance measures in the 2024–25 Budget, five of which replaced discontinued measures.<sup>74</sup> Table 5.3 summarises the issues that the Committee identified with these performance measures by relevant output.

**Table 5.3 Issues with new performance measure in 2024–25**

Output	Performance measure	Issue identified by the Committee
Racing, Gambling, Liquor and Casino Regulation (Quantity)	Proportion of racing grants that support regional economies	<p>The new measure demonstrates the proportion of racing grants that are provided in regional areas.</p> <p>In previous reports the Committee has highlighted the importance of government departments demonstrating that grant funding is effective and reaches stated objectives, and that the outcomes of grant funding are accessible to the Victorian public. There is no public information available about the outcomes of the Victorian Racing Industry Fund and the Major Racing Events Fund. There are also no quality performance measures related to these grants.</p> <p>Further, performance measures for the racing portfolio only include three quantity performance measures. The Office for Racing's role is varied and includes delivering the Government's racing agenda, licensing and fund administration, support to the Minister, and working with a number of statutory authorities and bodies.</p> <p>The Committee recommends that further quality performance measures are created for racing grants, and further quality and timeliness measures are included that reflect the core work of the Office of Racing and the Racing portfolio.</p>

Source: Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, received 10 May 2024, p. 81; Victorian Government, *Victorian Racing Grants programs*, 27 May 2024, <<https://www.vic.gov.au/victorian-racing-grant-programs>> accessed 19 June 2024; Department of Treasury and Finance, *2024–25 Departmental Performance Statement*, Melbourne, 2024, pp. 111–112; Victorian Government, *Victoria's racing industry*, 1 December 2023, <<https://www.vic.gov.au/victorias-racing-industry>> accessed 19 June 2024.

**RECOMMENDATION 23:** The Department of Justice and Community Safety introduce further performance measures for the Racing, Gambling, Liquor and Casino Regulation output, for inclusion in the next budget.

<sup>74</sup> Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 78–81, 101–104.



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

DJCS identified six performance measures for discontinuation in the 2024–25 Budget.<sup>75</sup>

The performance measures ‘Number of community members engaged in capability building activities, to increase effective delivery of crime prevention initiatives’ and ‘Proportion of crime prevention projects that use a partnership approach supported to improve the effectiveness and quality of collaboration’ have been discontinued due to most of the activities measured being completed by 30 June 2024.<sup>76</sup> The first performance measure captures activities such as community forums, grant information sessions and capability workshops.<sup>77</sup>

DJCS advised its output initiative titled *Crime prevention initiatives*, which received \$18 million in the 2020–21 Budget, would lapse in 2024–25, resulting in the conclusion of several community-led crime prevention projects.<sup>78</sup> The Community Crime Prevention output did not receive new funding in the 2024–25 Budget, and recorded a decrease of 46% (\$11 million) when its 2024–25 Budget is compared to its 2023–24 Budget.<sup>79</sup> According to DTF this decrease is ‘primarily’ attributable to initiatives being transferred to another output.<sup>80</sup>

The Community Crime Prevention output now has just four performance measures, two of which are new measures that relate to the *Youth Crime Prevention* program, and a further non-cost measure that demonstrates grant performance,<sup>81</sup> indicating the output and portfolio are focussing on these areas in 2024–25 and across the forward estimates.

**FINDING 45:** Two performance measures related to the activities of the Community Crime Prevention output have been discontinued due to lapsed funding. The output now has performance measures related to the *Youth Crime Prevention* program and grants only.

The Committee supports DJCS’s rationale for the discontinuation of five measures. Table 5.4 summarises the issues that the Committee identified with the remaining performance measures proposed to be discontinued.

<sup>75</sup> Ibid., pp. 101–104.

<sup>76</sup> Ibid., pp. 101–102.

<sup>77</sup> Ibid., p. 101.

<sup>78</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 104; Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 63.

<sup>79</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, pp. 66, 152.

<sup>80</sup> Ibid.

<sup>81</sup> Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 97.

**Table 5.4 Issues with one performance measure proposed to be discontinued in 2024–25**

Output	Performance measure	Issue identified by the Committee
Public Sector Information Management, Privacy and Integrity (Quality)	Local Government Inspectorate Governance recommendations adopted and implemented by councils	<p>The department has discontinued this performance measure as ‘it is not attributable to the work conducted by the Local Government Inspectorate (LGI) as recommendations are implemented by Councils following reviews from LGI’.</p> <p>While the Committee agrees with this reasoning, it notes that three new performance measures replace the discontinued measure. The new performance targets measure timeliness of the LGI’s services, while the discontinued measure was the only quality measure associated with the LGI.</p> <p>The LGI’s role is to ensure Victorian councils follow the <i>Local Government Act 2020 (Vic)</i> and assess and investigate complaints about potential breaches. This is an important role considering recent integrity issues in several Victorian local councils.</p> <p>As such, the Committee recommends DJCS and the LGI develop quality and quantity performance measures that demonstrate the performance of the LGI.</p>

Source: Department of Treasury and Finance, *2024–25 Departmental Performance Statement*, Melbourne, 2024, p. 178; Department of Justice and Community Safety, *Response to the 2024–25 Budget Estimates Questionnaire*, received 10 May 2024, p. 102; Local Government Inspectorate, *About the Local Government Inspectorate*, 2 March 2023, <<https://www.lgi.vic.gov.au/about-local-government-inspectorate>> accessed 19 June 2024.

**RECOMMENDATION 24:** The Department of Justice and Community Safety address the issues identified regarding the Local Government Inspectorate performance measures with further quality and quantity measures, introduced in the next budget.

# Chapter 6

## Department of Transport and Planning

### 6.1 Overview

The Department of Transport and Planning (DTP) aims to integrate Victoria's transport, land and planning system to create an inclusive, successful and sustainable State.<sup>1</sup>

In 2024–25 DTP supports nine ministerial portfolios: Transport Infrastructure, the Suburban Rail Loop (SRL), Public and Active Transport, Development Victoria, Precincts, Roads and Road Safety, Ports and Freight, Planning, and Suburbs.<sup>2</sup>

In 2024–25 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
- to build prosperous and connected communities.<sup>3</sup>

This chapter examines the budget initiatives and key issues relevant to three DTP portfolios—SRL, Public and Active Transport, and Roads and Road Safety.

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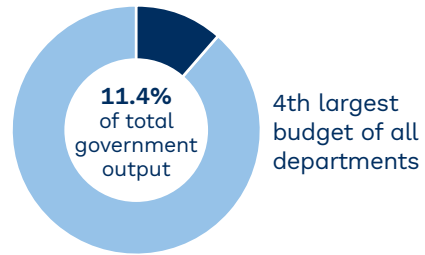
1 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 169.

2 Ibid.

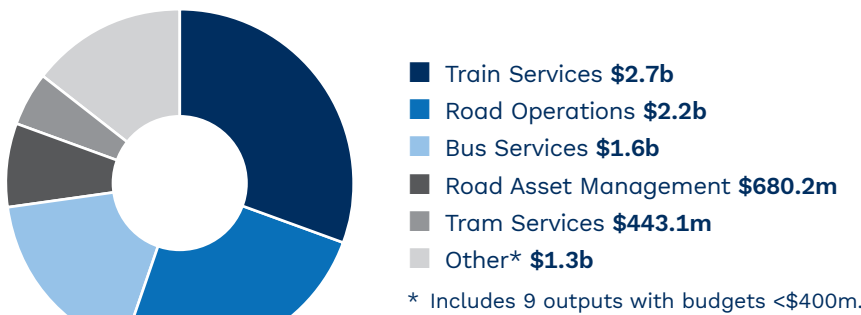
3 Ibid., pp. 169–171.

## Department of Transport and Planning

### Total output funding



### Funding by output, 2024-25




### Infrastructure program, 2024-25 (\$47.3b)



### New output initiatives with largest total funding allocation, 2023-24 to 2027-28



<b>\$751.9m</b> Switching on the Big Build	<b>\$114.1m</b> Cladding Rectification Program
<b>\$631.5m</b> COVID-19 impacts on the transport network	<b>\$82.2m</b> Metro Tunnel readiness

 22 new output initiatives totalling \$2b from 2023-24 to 2027-28

### New infrastructure projects with largest total estimated investment, 2023-24 to 2027-28



<b>\$179.9m</b> Modernise the Digital Train Radio System*	<b>\$105m</b> Road maintenance
<b>\$151.2m</b> Metro Tunnel readiness	<b>\$80.3m</b> More freight by rail

\* Total estimated investment includes funding beyond 2027-28.

 15 new infrastructure projects

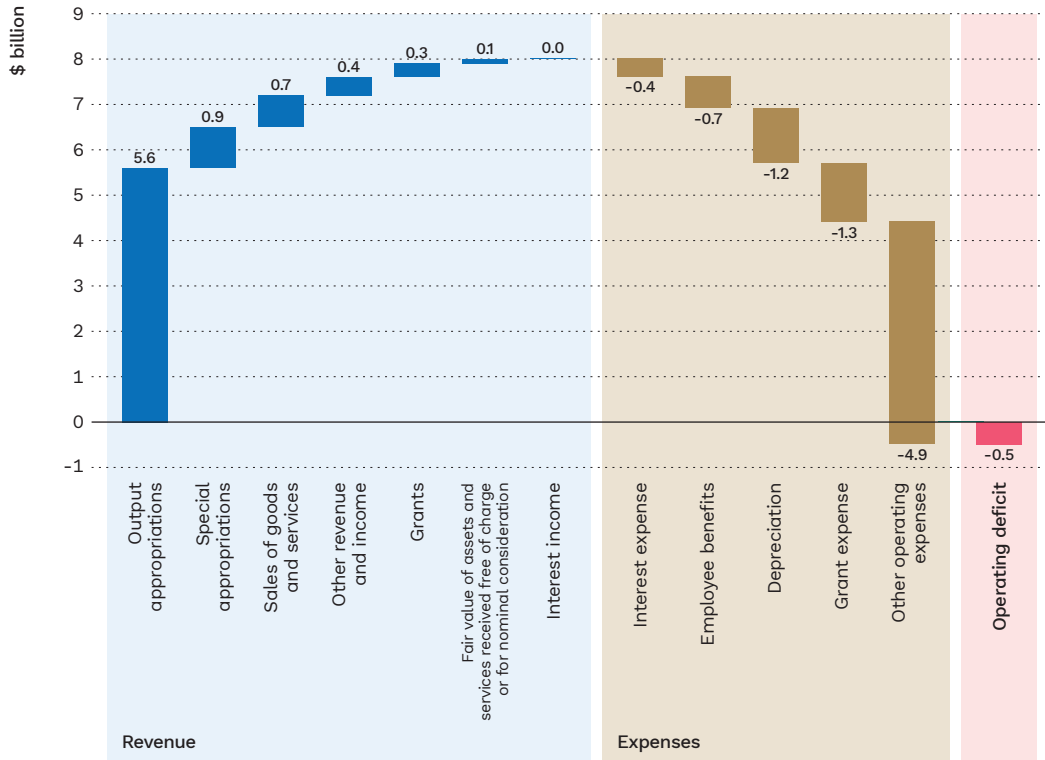
## 6.2 Financial analysis

In 2024–25, DTP’s output appropriations budget is \$5.6 billion, a decrease of \$875 million (13.5%) compared to the 2023–24 revised Budget.<sup>4</sup> DTP explained this variation is primarily due to COVID-19 impacts on the public transport network, the release of contingency funding for Big Build projects and flood recovery works conducted in 2023–24.<sup>5</sup>

DTP’s special appropriations budget in 2024–25 is \$932 million.<sup>6</sup> This is an increase of \$138 million (17.4%) compared to the 2023–24 revised Budget and is due to higher traffic camera and on-the-spot fines revenue.<sup>7</sup> Sales of goods and services are also forecast to grow by \$138 million (27%) to reach \$650 million from increased farebox revenue.<sup>8</sup>

DTP’s comprehensive operating statement in 2024–25 is illustrated in Figure 6.1.

**Figure 6.1 DTP forecasts an operating deficit of \$482 million in 2024–25**



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 132.

4 Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 132.  
 5 Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, received 15 May 2024, p. 24.  
 6 Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 132.  
 7 Monies raised from traffic camera and on-the-spot fines are receipted in the Better Roads Victoria Trust, which DTP expends on road repairs and upgrades. Source: Department of Transport and Planning, *Annual Report 2022–23*, Melbourne, 2023, p. 213; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 132; Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 24.  
 8 Ibid.; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 132.

Funding for 10 of DTP's 14 outputs has decreased between the 2023–24 revised Budget and the 2024–25 Budget. The \$239.2 million (45.7%) decline in the Transport Infrastructure output was the most significant.<sup>9</sup> The budget papers state this is due to the release of contingency funding for the SRL and *Metro Tunnel Readiness* in 2023–24, as well as the reclassification of costs for Level Crossing removals and the *North East Link* from asset to output.<sup>10</sup> The Planning and Heritage output in 2024–25 increased by \$124.3 million (69.7%) due to additional funding for *Growth Areas Infrastructure Contribution* projects.<sup>11</sup>

In 2024–25 DTP has a savings target of \$94.1 million, which will be achieved by reducing spending on consultants, labour hire, advertising and corporate and back-office functions.<sup>12</sup> DTP did not disclose the number of roles reduced in 2023–24 or planned for 2024–25 as part of its savings measures. DTP's total workforce is expected to grow from 4,695 full-time equivalent staff as of 30 June 2023 to 4,744 by 30 June 2024.<sup>13</sup>

### 6.3 Capital spend

DTP's overall capital program in the 2024–25 Budget is the largest of any department, comprising 62.9% of the program.<sup>14</sup> However, DTP's total estimated investment (TEI) in new projects accounts for only 7.9% of new general government capital spending in the 2024–25 Budget.<sup>15</sup>

In the 2024–25 Budget, DTP's capital program has undergone significant changes in both cost and project timelines:

- The TEI of 23 (41.8%) of DTP's existing projects has changed in the 2024–25 Budget compared to the 2023–24 Budget.<sup>16</sup>
- The most significant variance in cost relates to three projects under the *North East Link (State and Freeway Packages)*.<sup>17</sup> These projects received funding of \$10.4 billion.<sup>18</sup>

<sup>9</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 141.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid., p. 137.

<sup>12</sup> Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 77–78.

<sup>13</sup> Ibid., pp. 145, 147.

<sup>14</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2023, pp. 28–29.

<sup>15</sup> Ibid.

<sup>16</sup> The total estimated investment in several projects was published as 'tbc' in the 2023–24 Budget due to the Commonwealth Infrastructure Investment Program review. In these cases, the Committee has used the 2022–23 Budget for comparison. Source: Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 79–84; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, pp. 83–88; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 82–87.

<sup>17</sup> The *North East Link (State and Freeway Packages)* comprises the *Eastern Freeway Upgrade (Springvale to Hoddle)*, *M80 Ring Road Upgrade (Greensborough)* and *North East Link Connections (Bulleen/Watsonia)* projects.

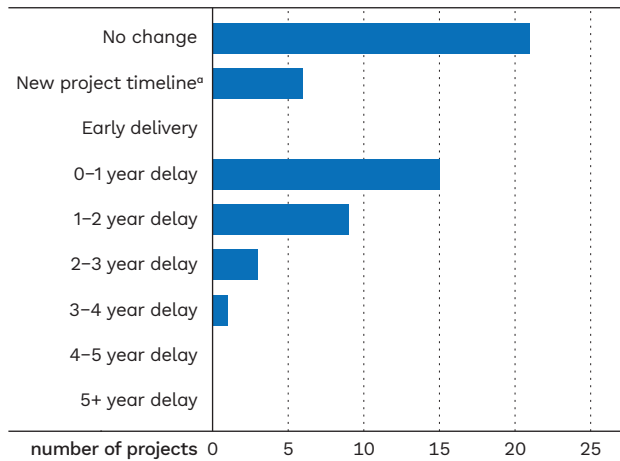
<sup>18</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25* p. 81; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, pp. 86, 180; Department of Treasury and Finance, *2023–24 Budget Update*, Melbourne, 2023, p. 129.

- The TEI change of the remaining 20 projects decreased by \$40.3 million primarily due to the funding reclassified as operating rather than capital.<sup>19</sup>

**FINDING 46:** The total estimated investment (TEI) of almost half of the Department of Transport and Planning’s existing capital projects has changed in the 2024–25 Budget compared to the previous budget. The TEI of the North East Link accounts for \$10.4 billion.

In the 2024–25 Budget, 28 (50.9%) of DTP’s existing capital projects have been delayed compared to the estimated completion date published in the 2023–24 Budget. While almost a quarter (23.6%) have been delayed by more than one year, these projects represent only 3.4% of DTP’s existing capital program by dollar value.<sup>20</sup> Figure 6.2 illustrates the extent of the delays in DTP’s existing capital program.

**Figure 6.2** Almost a quarter of DTP’s existing capital projects have been delayed by more than one year



a. 'New project timeline' refers to projects where the estimated completion date was not finalised in past budget papers.

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, pp. 79–84; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 83–88; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, Melbourne, 2022, pp. 82–87.

**FINDING 47:** More than half of the Department of Transport and Planning’s (DTP) existing capital projects have been delayed in the 2024–25 Budget compared to last year’s budget. A quarter are delayed by more than one year, but they represent a small proportion of DTP’s total capital spend.

<sup>19</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 79–84; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, pp. 83–88; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, pp. 82–87.

<sup>20</sup> Ibid.

Two projects in DTP's capital program and one in the Victorian Rail Track's (VicTrack) have been discontinued in 2024–25 following the withdrawal of Commonwealth funding.<sup>21</sup> The TEI and associated Commonwealth investment for the three discontinued projects are:

- Improving the Calder Freeway (Calder Park): TEI of \$100 million, including \$50 million in Commonwealth funding
- Rural and Regional Roads Package – Rutherglen alternative truck route (Rutherglen): TEI of \$3.8 million, including \$1.9 million in Commonwealth funding
- Geelong Fast Rail (regional various): the TEI had not been disclosed, but the State and Commonwealth had committed \$2 billion each to the project.<sup>22</sup>

**FINDING 48:** Three projects in the Department of Transport and Planning and Victorian Rail Track's capital program have been cancelled in the 2024–25 Budget due to the withdrawal of Commonwealth funding, including the *Geelong Fast Rail*.

## 6.4 Suburban Rail Loop portfolio: key issues

The Minister for the SRL is responsible for one output: Transport Infrastructure (funding in 2024–25: \$283.8 million).<sup>23</sup>

### 6.4.1 Planning for the Suburban Rail Loop

At the hearings the Minister for the SRL explained the 'core rationale' for the SRL: population growth and the need for appropriate infrastructure planning. Victoria's population is set to reach 11 million by 2056, with Melbourne expected to grow to more than 9 million.<sup>24</sup> As a result, the Minister advised the transport network needs to develop to support the diversity of employment and housing accompanying this growth.<sup>25</sup> The Minister also stated the SRL is an opportunity to attract homes, jobs and services to communities around new stations and that it will deliver more affordable homes through integrated transport and housing outcomes.<sup>26</sup>

DTP is currently developing structure plans for the precincts around six new stations under the SRL East portion of the project. The structure plans will provide a framework for how areas around new stations will grow and change by defining outcomes

<sup>21</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 86, 188.

<sup>22</sup> Ibid.; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23 State Capital Program*, pp. 84, 86, 187.

<sup>23</sup> The Transport Infrastructure output is shared with the Minister for Transport Infrastructure. Source: Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 176; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 172.

<sup>24</sup> Hon Danny Pearson MP, Minister for the Suburban Rail Loop, 2024–25 Budget Estimates hearing, Suburban Rail Loop, Melbourne, 17 May 2024, *Transcript of evidence*, p. 2.

<sup>25</sup> Ibid.

<sup>26</sup> Ibid., pp. 3, 6; Hon Danny Pearson MP, Minister for the Suburban Rail Loop, 2024–25 Budget Estimates hearings presentation: *Suburban Rail Loop*, supplementary evidence received 17 May 2024, p. 6.



important to local communities, including land use, buildings, additional infrastructure, open spaces, car parking and future street networks.<sup>27</sup> The Minister advised how the SRL will support an increase in the supply of housing, with an estimated 70,000 new homes expected to be delivered in the SRL East precincts.<sup>28</sup>

**FINDING 49:** The Suburban Rail Loop (SRL) aims to support diverse employment and housing opportunities arising from significant population growth. The Department of Transport and Planning is currently developing plans for the precincts around new SRL stations to deliver integrated transport and housing outcomes, with 70,000 new homes forecast to be delivered in SRL East precincts.

Under the *Transport Integration Act 2010* (Vic), DTP is required to prepare and periodically revise a transport plan for Victoria.<sup>29</sup> The Act details the mandatory content and considerations of this plan. The plan should set out the planning framework for transport bodies to operate within and the strategic policy context for transport. The plan should also demonstrate an integrated approach to planning.<sup>30</sup> DTP asserted it meets the requirements of the Act through multiple plans and strategies.<sup>31</sup> However, in a report on integrated transport planning, the Victorian Auditor-General's Office (VAGO) stated the absence of a transport plan 'during a decade of unprecedented investment in transport infrastructure, creates risks of missed opportunities to sequence and optimise the benefits of these investments to best meet Victoria's transport needs'.<sup>32</sup>

The Secretary of DTP stated that there are 'a range of plans that reflect the transport planning for Victoria' and that the planning framework is 'reflected in a number of documents'.<sup>33</sup> When asked whether the department is considering releasing an integrated transport infrastructure plan, the Secretary stated 'what you do not have any more is a blueprint that sort of reflects the whole world in one spot ... what we have done is separated that in a range of plans that are decipherable and able to be delivered by Victoria'.<sup>34</sup>

Prior to the announcement of the SRL, neither Infrastructure Victoria's 30 year infrastructure strategy nor the Victorian Government's infrastructure plan referred to an orbital rail project.<sup>35</sup> In 2018 the *SRL Strategic Assessment* was publicly released, providing the first overview of the project's rationale, the identified project corridor

27 Victorian Government, *SRL East precinct planning*, 15 August 2024, <<https://bigbuild.vic.gov.au/projects/suburban-rail-loop/planning/srl-east-precinct-planning>> accessed 21 August 2024.

28 Hon Danny Pearson MP, Minister for the Suburban Rail Loop, *Transcript of evidence*, p. 15.

29 *Transport Integration Act 2010* (Vic) s 63.

30 *Ibid.*

31 Victorian Auditor-General's Office, *Integrated Transport Planning*, Melbourne, 2021, p. 2.

32 *Ibid.*, p. 1.

33 Mr Paul Younis, Secretary, Department of Transport and Planning, 2024–25 Budget Estimates hearing, Transport Infrastructure, Melbourne, 17 May 2024, *Transcript of evidence*, p. 13.

34 *Ibid.*

35 Victorian Auditor-General's Office, *Quality of Major Transport Infrastructure Project Business Cases*, Melbourne, 2022, p. 27.

and next steps to progress the project.<sup>36</sup> Since it was announced, the SRL has been embedded in *Plan Melbourne 2017–2050* through an addendum that updated housing, population and employment growth projections.<sup>37</sup> The SRL has also been incorporated into Infrastructure Victoria’s most recent infrastructure strategy and the Victorian Government’s newest infrastructure plan.<sup>38</sup>

**FINDING 50:** The Department of Transport and Planning has released multiple plans and strategies. Since the announcement of the Suburban Rail Loop the project has been included in new infrastructure and planning strategies.

## 6.4.2 Suburban Rail Loop East

SRL East, the first stage of the SRL, will connect Cheltenham to Box Hill and incorporate Clayton, Glen Waverley and the university precincts of Monash and Deakin along the route.<sup>39</sup> The 2024–25 Budget indicates the project will cost between \$30–34.5 billion across 14 years, as outlined in 2021 in the SRL business and investment case.<sup>40</sup> The State has allocated a total of \$11.8 billion to the project, covering the initial stages of development and contributing to the main works packages, with additional funding to be realised through value capture sources and federal investment.<sup>41</sup> At the hearings the Committee discussed the potential risks to SRL East that may result from increasing costs and dependence on Commonwealth funding.

The budget papers state ‘increases to the cost of materials, labour and transportation have pushed up the cost of construction in Victoria by around 22 per cent since 2021’.<sup>42</sup> A 2023 report by VAGO also notes the Suburban Rail Loop Authority (SRLA) has self-assessed the project as likely to be more than 11–20% over the current approved budget.<sup>43</sup> Despite these projections, the estimated cost of SRL East had not been revised at the time of the hearings, and the Minister confirmed that the Victorian Government is on track to deliver the project within the target range.<sup>44</sup>

**FINDING 51:** Despite increases in the price of materials, labour and transportation since 2021 leading to rising construction costs—by 22%—the Victorian Government expects the Suburban Rail Loop East will be delivered for \$30 billion to \$34.5 billion.

<sup>36</sup> Victorian Government, *Suburban Rail Loop Strategic Assessment*, 1 January 2021, <<https://bigbuild.vic.gov.au/library/suburban-rail-loop/strategy/suburban-rail-loop-strategic-assessment>> accessed 21 August 2024.

<sup>37</sup> Suburban Rail Loop Authority, *Suburban Rail Loop Stage One Project Outline*, Melbourne, November 2020, p. 8.

<sup>38</sup> Infrastructure Victoria, *Victoria’s infrastructure strategy 2021–2051*, Melbourne, 2021, pp. 103, 111; Victorian Government, *Victorian Infrastructure Plan 2021*, Melbourne, 2021, pp. 7, 9.

<sup>39</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 15.

<sup>40</sup> Suburban Rail Loop Authority, *Business and Investment Case: Key Findings*, Melbourne, 2021, p. 41; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 15.

<sup>41</sup> Ibid.

<sup>42</sup> Ibid., p. 27.

<sup>43</sup> Victorian Auditor-General’s Office, *Major Projects Performance Reporting 2023*, Melbourne, 2023, pp. E-1, E-6.

<sup>44</sup> Hon Danny Pearson MP, Minister for the Suburban Rail Loop, *Transcript of evidence*, p. 4.

The Minister advised the Commonwealth Government will fund a third of the project's total cost, but to date it has only committed \$2.2 billion.<sup>45</sup> Federal investment in state and territory infrastructure projects is under increasing strain, with the Commonwealth Government's Infrastructure Investment Program (IIP) facing around \$32.8 billion in known cost pressures and a high risk of future, not-yet-quantified cost pressures.<sup>46</sup> In November 2023, the Commonwealth Government withdrew funding for 50 infrastructure projects across Australia to realise an estimated \$7 billion in savings, following an independent strategic review of the IIP.<sup>47</sup> The SRL was not included in this review as it was omitted from the terms of reference.<sup>48</sup>

**FINDING 52:** The State has allocated \$11.8 billion to the \$30–34.5 billion Suburban Rail Loop East, with the remaining two-thirds of the project's total cost expected to be funded through value capture sources and federal investment. To date, the Commonwealth Government has committed \$2.2 billion to the project.

On 18 September 2024, the Australian National Audit Office's (ANAO) audit on the Australian Government's \$2.2 billion commitment to the project noted it had reached stage one of a four-stage approval process.<sup>49</sup> The next stage requires the Victorian Government to submit a complete project proposal report to the Commonwealth Government, which is expected by the end of 2024.<sup>50</sup>

Another federal review of the project is also currently underway by Infrastructure Australia (IA)—an independent advisor on infrastructure projects of national significance.<sup>51</sup> The Federal Minister for Infrastructure, Transport, Regional Development and Local Government has stated on several occasions that further funding commitments to the SRL by the Commonwealth Government is largely dependent on

45 Ibid., p. 9.

46 Clare Gardiner-Barnes, Mike Mrdak and Reece Waldoock, *Independent Strategic Review of the Infrastructure Investment Program: Executive Summary*, Melbourne, 2023, pp. 3–4.

47 The IIP review is discussed further in: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, pp. 91–94. Source: Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *Independent Strategic Review of the IIP: Project changes summary*, 16 November 2023, <<https://www.infrastructure.gov.au/sites/default/files/documents/independent-strategic-review-iip-project-changes-summary.pdf>> accessed 30 August 2024.

48 Rodney Bogaards, Parliament of Australia, *Infrastructure pipeline review: a quick guide*, 1 June 2023, <[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_departments/Parliamentary\\_Library/pubs/rp/rp2223/Quick\\_Guides/InfrastructurePipeline](https://www.aph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Library/pubs/rp/rp2223/Quick_Guides/InfrastructurePipeline)> accessed 21 August 2024.

49 Australian National Audit Office, *Australian Government commitment to the Melbourne Suburban Rail Loop East Project*, Canberra, 2024, p. 16.

50 Ibid., p. 37.

51 Australian National Audit Office, *Australian Government commitment to the Melbourne Suburban Rail Loop Project*, 2024, <<https://www.anao.gov.au/work/performance-audit/australian-government-commitment-to-the-melbourne-suburban-rail-loop-project>> accessed 21 August 2024; Infrastructure Australia, *Melbourne middle and outer suburban transport connectivity*, 13 April 2023, <<https://www.infrastructureaustralia.gov.au/map/melbourne-middle-and-outer-suburban-transport-connectivity>> accessed 21 August 2024; Infrastructure Australia, *About us*, n.d., <<https://www.infrastructureaustralia.gov.au/about-us>> accessed 21 August 2024.

IA's advice.<sup>52</sup> According to IA's website, its assessment of the SRL has been halted at stage two of its assessment framework since 2022. It is unclear when the evaluation is expected to be complete.<sup>53</sup> The ANAO audit noted an updated business case, including project cost reports, capital and operational cost estimates, cost-benefit analysis modelling, funding and financing models, risk assessment and project schedules, is now required to be submitted to IA by the Victorian Government.<sup>54</sup>

When asked if IA was waiting for any further information from the Victorian Government or DTP, the Secretary stated:

they have all the information that they have asked for ... there is no further information that we are providing ... there may be more information that they will require ... [but] there are no outstanding requests.<sup>55</sup>

SRL East is the largest single infrastructure project in Victoria. The notion that DTP may not have been forthcoming in providing information to IA, or accurately answering the Committee's questions during its hearing, is of concern to the Committee. In the interests of transparency and accountability for public funds and recognising the public interest around the project, the Committee recommends DTP provide copies of any information requests from, and responses to, IA on the SRL since 2022.

**FINDING 53:** The commitment of additional Commonwealth Government funding for the Suburban Rail Loop is largely dependent on advice from Infrastructure Australia, in part informed by the Department of Transport and Planning.

**RECOMMENDATION 25:** 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.

## 6.5 Public and Active Transport portfolio: key issue

The Minister for Public and Active Transport is responsible for five outputs: Train Services (funding in 2024–25: \$2.7 billion), Bus Services (funding in 2024–25: \$1.6 billion), Tram Services (funding in 2024–25: \$443.1 million), Regulation of

52 Hon Catherine King MP, *Transcript: Interview with 3AW drive*, 26 August 2024, <<https://minister.infrastructure.gov.au/c-king/interview/interview-3aw-drive>> accessed 4 September 2024; Hon Catherine King MP, *Transcript: media conference, Canberra*, 22 July 2024, <<https://minister.infrastructure.gov.au/c-king/interview/transcript-media-conference-canberra>> accessed 21 August 2024; Hon Catherine King MP, *Minister Catherine King radio interview, ABC Melbourne*, 17 November 2023, <<https://minister.infrastructure.gov.au/c-king/interview/minister-catherine-king-radio-interview-abc-melbourne>> accessed 21 August 2024.

53 Infrastructure Australia, *Melbourne middle and outer suburban transport connectivity*.

54 Australian National Audit Office, *Australian Government commitment to the Melbourne Suburban Rail Loop East Project*, p. 38.

55 Mr Paul Younis, Secretary, Department of Transport and Planning, 2024–25 Budget Estimates hearing, Suburban Rail Loop, Melbourne, 17 May 2024, *Transcript of evidence*, p. 5.

Commercial Passenger Vehicles (funding in 2024–25: \$129.2 million) and Transport Safety and Security (funding in 2024–25: \$27.9 million).<sup>56</sup>

### 6.5.1 Upgrades to the regional rail network

The 2024–25 Budget invests \$133.4 million over four years to maintain and upgrade the regional passenger rail network.<sup>57</sup> This includes funding to maintain rolling stock and *Regional Rail Revival* (RRR) program assets, replace V/Line’s disaster recovery operations site and renew V/Line’s operational control systems.<sup>58</sup>

The 2024–25 Budget also allocates \$41.2 million to continue additional train services in regional Victoria.<sup>59</sup> The Minister showed the number of weekly regional rail services has risen by 700 between 2014 and 2024, with an additional 200 weekend services yet to be added to the V/Line network.<sup>60</sup> Most (75.4%) of these 700 new services are on the Geelong (379 additional weekly services) and Ballarat (149 additional weekly services) lines.<sup>61</sup>

The Minister stated that ‘we have had record investment [in the regional rail network], particularly through the *Regional Rail Revival* (RRR) program, which is upgrading every single regional line across our state’.<sup>62</sup> The RRR is a joint initiative announced in the 2017–18 Budget between the Federal and Victorian Governments with a total estimated cost of over \$4 billion, of which Commonwealth funding comprises roughly three quarters.<sup>63</sup>

In the 2024–25 Budget the completion date for three RRR projects is reported as ‘to be confirmed’. The budget papers state the completion date is ‘subject to signalling design work and co-ordination with the pipeline of projects underway across the program’ and will be updated once these arrangements are settled.<sup>64</sup> The Secretary of DTP added the lack of signalling resources, experienced internationally, had been a challenge over the past four to five years and that it had to restructure its program of works to account for this.<sup>65</sup> When first announced, the three projects had an estimated

<sup>56</sup> The Transport Safety and Security output is shared with the Minister for Ports and Freight. Source: Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 178, 184; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 172.

<sup>57</sup> *Ibid.*, pp. 75, 80, 83.

<sup>58</sup> *Ibid.*, p. 83; Hon Gabrielle Williams MP, Minister for Public and Active Transport, 2024–25 Budget Estimates hearing, Public and Active Transport, Melbourne, 20 May 2024, *Transcript of evidence*, p. 9.

<sup>59</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, pp. 75, 79.

<sup>60</sup> Hon Gabrielle Williams MP, Minister for Public and Active Transport, 2024–25 Budget Estimates hearings presentation: *Public and Active Transport*, supplementary evidence received 20 May 2024, p. 5; Hon Gabrielle Williams MP, Minister for Public and Active Transport, *Transcript of evidence*, p. 9.

<sup>61</sup> Hon Gabrielle Williams MP, Minister for Public and Active Transport, 2024–25 Budget Estimates hearings presentation, p. 5.

<sup>62</sup> Hon Gabrielle Williams MP, Minister for Public and Active Transport, *Transcript of evidence*, p. 11.

<sup>63</sup> *Ibid.*, p. 9; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 186–188; Department of Treasury and Finance, *Budget Paper No. 4: 2023–24*, p. 186; Department of Treasury and Finance, *Budget Paper No. 4: 2022–23*, p. 191; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22*, 2021, p. 199.

<sup>64</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 186.

<sup>65</sup> Mr Paul Younis, Secretary, Department of Transport and Planning, 2024–25 Budget Estimates hearing, Public and Active Transport, Melbourne, 20 May 2024, *Transcript of evidence*, pp. 16–17.

completion date of quarter four of 2021–22 (*Gippsland Line Upgrade Stage 1 and Warrnambool Line Upgrade Stage 2*) and quarter three of 2023–24 (*Shepparton Line Upgrade Stage 3*).<sup>66</sup>

**FINDING 54:** Three projects under the *Regional Rail Revival* program have been delayed due to a lack of signalling resources, a challenge experienced both internationally and by the department over the last four to five years. When first announced, the three projects were expected to be finished by quarter four of 2021–22 and quarter three of 2023–24.

## 6.6 Roads and Road Safety: key issues

The Minister for Roads and Road Safety is responsible for two outputs: Road Operations (funding in 2024–25: \$2.2 billion) and Road Asset Management (funding in 2024–25: \$680.2 million).<sup>67</sup>

### 6.6.1 Road maintenance

According to the Budget Papers, \$964 million will be spent in 2024–25 on road maintenance.<sup>68</sup> This figure includes:

- \$770 million for ‘programmed maintenance’ combining the funding of asset and output initiatives announced in previous budgets, as well as the \$105 million TEI *Road maintenance* asset initiative announced in this year’s budget<sup>69</sup>
- funding for flood recovery road repair works<sup>70</sup>
- \$24.8 million for the *West Gate Bridge resilience* project.<sup>71</sup>

The Committee was advised of the impact of recent major flooding events in Victoria on the road network and subsequently, road maintenance. The Minister informed the Committee that ‘what were previously considered once-in-a-generation flood events are now commonplace’, with four separate floods occurring across Victoria since December 2023, particularly impacting the road network in the Loddon Mallee and Gippsland regions.<sup>72</sup>

<sup>66</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, p. 186; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22*, p. 198; Department of Treasury and Finance, *Budget Paper No. 4: 2019–20 State Capital Program*, Melbourne, 2019, p. 161; Department of Treasury and Finance, *Budget Paper No. 4: 2017–18 State Capital Program*, Melbourne, 2017, p. 121.

<sup>67</sup> Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 184; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 172.

<sup>68</sup> *Ibid.*, p. 80; Mr Paul Younis, Secretary, Department of Transport and Planning, 2024–25 Budget Estimates hearing, Roads and Road Safety, Melbourne, 23 May 2024, *Transcript of evidence*, p. 6.

<sup>69</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, p. 80.

<sup>70</sup> Mr Paul Younis, Secretary, Department of Transport and Planning, *Transcript of evidence*, p. 6.

<sup>71</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 80.

<sup>72</sup> Hon Melissa Horne MP, Minister for Roads and Road Safety, 2024–25 Budget Estimates hearing, Roads and Road Safety, Melbourne, 23 May 2024, *Transcript of evidence*, pp. 1–2.

The extensive nature of the flood damage to Victoria's road network has led to DTP changing its strategy in relation to road repairs.<sup>73</sup> The Committee was told that flooding causes major damage to road pavement,<sup>74</sup> which requires patching,<sup>75</sup> as opposed to 'reseals', which repairs the surface layer of the road.<sup>76</sup> The Committee was informed that reseals have not been undertaken to the levels that occurred before the major flooding events over recent years as 'the structural integrity of our network had declined quite significantly over the flood-affected areas' and 'it is no good putting a reseal over a pavement that has no structural integrity'.<sup>77</sup>

DTP performance measures reflect this. In regional Victoria, 9,029,000 square metres of road area were resurfaced or rehabilitated in 2022–23, while only 343,000 square metres of regional Victoria's road network is expected to be resurfaced or rehabilitated in 2023–24.<sup>78</sup> New performance measures relating to patching in this year's budget papers show a target of 1,033,000 square metres of regional Victoria's roads to undergo major patching treatment over 2024–25.<sup>79</sup>

**FINDING 55:** Damage to the road network caused by recent flooding events has resulted in the Department of Transport and Planning changing its road maintenance strategy in regional areas. The planned level of patching has been expanded, to repair the pavement level underneath the road surface, while the level of reseals, which repair the road surface, is expected to decline.

Despite the reduction in road resurfacing in 2023–24, the Budget Papers note 'the expected outcome reflects [the] 2023–24 road maintenance workplan, including the prioritisation of flood recovery works'.<sup>80</sup> In its *Report on the 2023–24 Budget Estimates*, the Committee recommended DTP publish this workplan on its website.<sup>81</sup> DTP supported the recommendation, undertaking to do so once it had finished some further maintenance planning and procurement resulting from the January 2024 flooding event.<sup>82</sup> As of 26 August 2024 this document has not been published on the department's website.<sup>83</sup>

<sup>73</sup> Mr Paul Younis, Secretary, Department of Transport and Planning, *Transcript of evidence*, p. 3.

<sup>74</sup> Pavement is the layer or layers of gravel underneath the top road layer of bitumen, concrete or asphalt.

<sup>75</sup> Patching is the repair method for major potholes, degraded road surface and pavement whereby large sections of road are removed for the pavement and surface to be replaced.

<sup>76</sup> City of Ballarat, *Roadworks explained*, n.d., <<https://www.ballarat.vic.gov.au/roadworks-explained>> accessed 22 August 2024.

<sup>77</sup> Mr Paul Younis, Secretary, Department of Transport and Planning, *Transcript of evidence*, p. 3.

<sup>78</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, p. 128.

<sup>79</sup> Ibid.

<sup>80</sup> Ibid.

<sup>81</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, p. 99.

<sup>82</sup> Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 208.

<sup>83</sup> Victorian Government, *Road maintenance*, 23 May 2024, <<https://www.vic.gov.au/road-maintenance>> accessed 26 August 2024.

The Committee also asked about the status of research commissioned by DTP and undertaken by the National Transport Research Office (NTRIO).<sup>84</sup> This research related to the condition of roads expected to be subject to a claim of flood damage. It found that 91% of the roads surveyed were in 'poor' or 'very poor' condition.<sup>85</sup>

The Secretary of DTP advised this research, along with other data is currently being compiled into an asset management plan and that 'we will be trying to put that data in a form can be communicated properly'.<sup>86</sup> As of 26 August 2024, it has not been published on the DTP website.

**RECOMMENDATION 26:** The Department of Transport and Planning publish its workplan for 2024–25 and asset management strategy, including the results of the research on the condition of roads affected by flooding undertaken by the National Transport Research Office, as soon as practicable.

## 6.6.2 Road safety

*Victoria's Road Safety Strategy 2021–2030* aims 'to halve road deaths and reduce serious injuries by 2030, and to put us on the path to eliminating road deaths by 2050'.<sup>87</sup> The Minister informed the Committee that 'road safety is a broad and complex issue that requires a strategic, multifaceted and coordinated approach', and the ten year strategy combines 'education, infrastructure, policy and technology'.<sup>88</sup>

The number of lives lost on Victoria's roads for the 2023 calendar year (295) was 22.4% higher than the previous year and the highest number of lives lost for 15 years.<sup>89</sup> For the calendar year to 28 August 2024, the lives lost on Victoria's roads was 195, an increase of 5.5% on the same time the previous year.<sup>90</sup>

The Legislative Assembly's Economic and Infrastructure Committee (EIC) recently examined the causes of the increase in road trauma, including lives lost, as part of its Inquiry into the impact of road safety behaviours on vulnerable road users. The EIC was told one factor behind the rapid rise in lives lost was an increase in multiple fatality accidents over 2023, which included eight double, two quadruple and one quintuple fatality accidents by August that year.<sup>91</sup> The EIC also canvassed the impact of the

<sup>84</sup> Roads and Infrastructure Australia, *NTRIO: Quantifying Australia's transport sector*, 8 March 2024, <<https://roadsonline.com.au/ntrio-quantifying-australias-transport-sector>> accessed 16 August 2024.

<sup>85</sup> Ibid.; Mr Paul Younis, Secretary, Department of Transport and Planning, *Transcript of evidence*, pp. 6–7.

<sup>86</sup> Ibid., p. 5.

<sup>87</sup> Victorian Government, *Victorian Road Safety Strategy 2021–2030*, Melbourne, 2020, p. 2.

<sup>88</sup> Hon Melissa Horne MP, Minister for Roads and Roads Safety, *Transcript of evidence*, p. 2.

<sup>89</sup> Transport Accident Commission, *Lives Lost: Annual*, n.d., <<https://www.tac.vic.gov.au/road-safety/statistics/lives-lost-annual>> accessed 21 August 2024; Parliament of Victoria, Legislative Assembly Economy and Infrastructure Committee, *Inquiry into the impact of road safety behaviours on vulnerable road users*, May 2024, p. 205.

<sup>90</sup> Transport Accident Commission, *Lives Lost: Year to Date*.

<sup>91</sup> Parliament of Victoria, Legislative Assembly Economy and Infrastructure Committee, *Inquiry into the impact of road safety behaviours on vulnerable road users*, p. 5.



COVID-19 pandemic, with ‘road users’ behaviour ha[ving] deteriorated during and after the pandemic, and this was making the roads less safe for vulnerable road users’.<sup>92</sup>

The 10 year road safety strategy is supported by the *Victorian Road Safety Action Plan 2021–2023*, which is due to be replaced this year. In line with the current action plan, which states it was developed ‘in the context of COVID-19’, the Committee notes it is likely the upcoming and updated plan will incorporate actions and measures to address Victoria’s post-pandemic road safety environment, including the recent increases in lives lost due to road trauma, and the deterioration in road user behaviour identified in the EIC Inquiry.<sup>93</sup>

The Government has spent over \$1.7 billion in road safety initiatives over the last decade. Funding attributed to road safety initiatives for 2024–25 does not appear as one line item in the budget papers.<sup>94</sup> It was explained to the Committee that road safety funding comes from three sources: appropriations (as part of the Budget process), the Transport Accident Commission (TAC) and the Commonwealth.<sup>95</sup> Funding from these combined sources appear in the budget papers as part of the *Road Safety Fund*, which has \$106.7 million budgeted for 2024–25.<sup>96</sup>

The funding DTP will receive from the TAC for 2024–25 was not yet known, due to the completion of *Victorian Road Safety Action Plan 2021–2023*. The Committee was told the department was ‘still in the process of developing the next action plan that fits the 10-year strategy, and once that action plan is developed, funding will be allocated accordingly’.<sup>97</sup>

The Secretary of DTP also told the Committee that Commonwealth Government road safety funding commitments for 2024–25 had yet to be finalised.<sup>98</sup> Since the hearings announcements have been made for \$33.4 million in funding over 2024–25 as part of the Federal Government’s *Black Spot* program, and a further \$120 million in joint funding extending to 30 June 2025 as part of the Federal Government’s *Road Safety Program*.<sup>99</sup>

<sup>92</sup> Ibid., p. 17.

<sup>93</sup> Victorian Government, *Victorian Road Safety: Action Plan 2021–2023*, Melbourne, 2021, p. 5.

<sup>94</sup> Hon Melissa Horne MP, Minister for Roads and Roads Safety, *Transcript of evidence*, p. 9.

<sup>95</sup> Mr Paul Younis, Secretary, Department of Transport and Planning, *Transcript of evidence*, p. 9.

<sup>96</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 173.

<sup>97</sup> Mr Will Tieppo, Deputy Secretary, Network Design and Integration, Department of Transport and Planning, 2024–25 Budget Estimates hearing, Roads and Road Safety, Melbourne, 23 May 2024, *Transcript of evidence*, p. 9.

<sup>98</sup> Mr Paul Younis, Secretary, Department of Transport and Planning, *Transcript of evidence*, p. 9.

<sup>99</sup> Australian Government, Department of Infrastructure, Transport, Regional Development, Communications and Arts, *Black Spot Program*, n.d. <<https://investment.infrastructure.gov.au/about/local-initiatives/black-spot-program>> accessed 21 August 2024; Tess Macallan, ‘Fed Gov to fund road safety projects in Vic’, *Infrastructure*, 4 July 2024, <<https://infrastructuremagazine.com.au/2024/07/04/fed-gov-to-fund-road-safety-projects-in-vic>> accessed 21 August 2024.

## 6.7 Performance measures

### 6.7.1 Department-wide: analysis of new performance measures

DTP added 13 new performance measures in the 2024–25 Budget, six of which replaced discontinued measures.<sup>100</sup> Table 6.1 summarises the issues that Committee identified with these performance measures.

**Table 6.1 Issues with new performance measures in 2024–25**

Output	Performance measures	Issues identified by the Committee
Building (Quality)	Consumer enquiries to the Victorian Building Authority resolved at first point of contact	<p>The Committee commends the Department of Transport and Planning (DTP) for the new measure.</p> <p>There is one further measure that relates to the Victorian Building Authority (VBA)—‘High and medium risk non-compliances addressed through the proactive inspections program’.</p> <p>The VBA’s remit extends further than undertaking inspections and resolving consumer enquiries. The VBA also undertakes registration and licensing processes and uses enforcement powers for compliance. The Committee recommends DTP develop further performance measures to demonstrate its performance in other core areas of its regulatory role.</p>
Suburbs (Quantity)	<p>Projects completed in accordance with approved milestones within the Growing Suburbs Fund funding agreements</p> <p>Projects that assist Melbourne’s 7 growth councils to build community facilities</p>	<p>DTP has reinstated and added these performance measures due to funding in the 2024–25 Budget for the <i>Growing Suburbs Fund</i>.</p> <p>The fund is the main activity of the Suburbs portfolio, and the output only has two performance measures. The Committee recommends further measures that assess quality and timeliness be created for the fund and the Suburbs output.</p>

Source: Victorian Building Authority, *Our role*, 2024, <<https://www.vba.vic.gov.au/about/our-role>> accessed 21 August 2024; Department of Treasury and Finance, *2024–25 Departmental Performance Statement*, Melbourne, 2024, pp. 136, 140.

**RECOMMENDATION 27:** The Department of Transport and Planning address the issues identified by the Committee with three new performance measures in 2024–25 with further, or altered, performance measures in the 2025–26 Budget.

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

DTP identified 16 performance measures for discontinuation in the 2024–25 Budget.<sup>101</sup> The Committee notes that several performance measures are discontinued due to the completion of relevant programs, including: ‘Engagements with suburban communities’,

<sup>100</sup> Department of Transport and Planning, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 80–87.

<sup>101</sup> *Ibid.*, pp. 136–144.

'In-scope government buildings that have completed cladding rectification works', 'Kilometres of road treated with tactile line marking' and 'Metropolitan Partnership Development Fund projects completed'.<sup>102</sup>

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<sup>102</sup> Ibid.



# 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.<sup>1</sup>

In 2024–25, DFFH supports 10 ministerial portfolios: Children, Prevention of Family Violence, Disability, Carers and Volunteers, Ageing,<sup>2</sup> Veterans, Equality, Women, Youth and Housing.<sup>3</sup>

In 2024–25, DFFH has five objectives:

- 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.<sup>4</sup>

This chapter examines the budget initiatives and key issues of three DFFH portfolios.

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<sup>1</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 114.

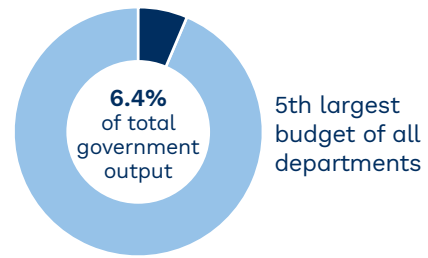
<sup>2</sup> Ageing is shared with the Department of Health. Source: Department of Health, *Response to the 2024–25 Budget Estimates Questionnaire*, received 20 May 2024, pp. 155–157; Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, received 22 May 2024, pp. 169–170.

<sup>3</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 114.

<sup>4</sup> Ibid.

## Department of Families, Fairness and Housing

### Total output funding



### Funding by output, 2024-25

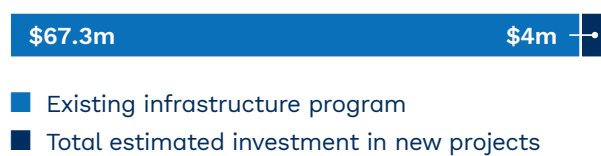


- Child Protection and Family Services **\$2.1b**
- Concessions to Pensioners and Beneficiaries **\$784.4m**
- Family Violence Service Delivery **\$748.1m**
- Housing Assistance **\$634.3m**
- Disability Services **\$440.7m**
- Other\* **\$241.7m**

\* Includes 8 outputs with budgets <\$100m.



### Infrastructure program, 2024-25 (\$71.3m)



### New output initiatives with largest total funding allocation, 2023-24 to 2027-28



**\$197.6m**  
Strong Families, Safe Children

**\$196.9m**  
Breaking the cycle of homelessness

**\$165m**  
Victorian Redress for historical abuse and neglect in institutional care

**\$128.1m**  
Delivering child protection and care services



26 new output initiatives totalling \$1.1b from 2023-24 to 2027-28

### New infrastructure project (total estimated investment, 2023-24 to 2027-28)



**\$4m**  
Family violence victim survivors supports



1 new infrastructure project

## 7.2 Financial analysis

DFFH's output appropriations budget in 2024–25 is \$5.1 billion, a decrease of \$280 million (5.2%) compared to the 2023–24 revised Budget.<sup>5</sup> DFFH attributed this variation to additional funding in 2023–24 for the *Energy Bill Relief* concession payments and the *Victorian Redress Scheme*.<sup>6</sup>

In 2024–25, funding for nine of DFFH's 13 outputs has decreased compared to the 2023–24 revised Budget. The Child Protection and Family Services and Concessions to Pensioners and Beneficiaries outputs experienced the most significant decreases in funding by dollar value:

- Child Protection and Family Services decreased by \$140.7 million (6.2%) due to funding in 2023–24 for the Victorian Redress Scheme for historical abuse and neglect in institutional care and civil claims costs for historical institutional child abuse and carer leavers initiatives.<sup>7</sup>
- Concessions to Pensioners and Beneficiaries declined by \$162.3 million (17.1%) due to the Commonwealth grant funding for the Energy Bill Relief payments in 2023–24.<sup>8</sup>

DFFH has a total savings target of \$29.5 million in 2024–25, which the department will meet by reducing spending on consultancy, labour hire and discretionary professional services, decreasing the number of staff in back-office functions, and lowering advertising expenditure.<sup>9</sup> DFFH did not identify the number of staff it reduced in 2023–24 or is planning to reduce in 2024–25.<sup>10</sup>

The department's employee expenses are budgeted as \$681 million in 2024–25, a decrease of \$34 million (4.8%) compared to the 2023–24 revised Budget and a decrease of \$73 million (9.7%) compared to the 2022–23 actual spend.<sup>11</sup>

DFFH's comprehensive operating statement in 2024–25 is illustrated in Figure 7.1.

<sup>5</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 91.

<sup>6</sup> Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 37.

<sup>7</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 39.

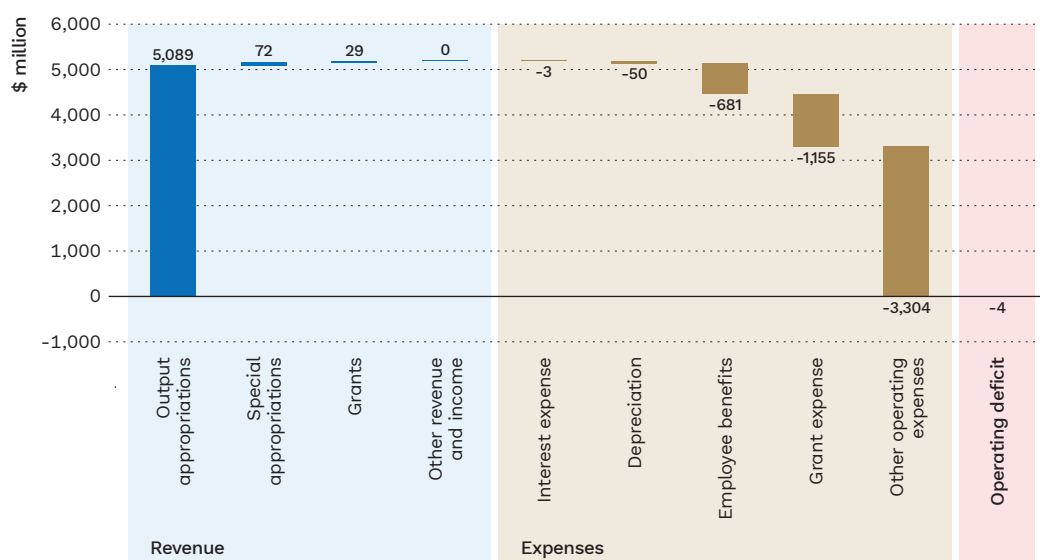
<sup>8</sup> *Ibid.*, p. 46.

<sup>9</sup> Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 107–108.

<sup>10</sup> *Ibid.*, p. 147.

<sup>11</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 91.

Figure 7.1 DFFH forecasts an operating deficit of \$4 million in 2024–25



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 91.

## 7.3 Capital spend

Homes Victoria (HV) within DFFH manages Victoria's social housing portfolio and delivers homelessness services.<sup>12</sup> The 2024–25 Budget includes five new projects in HV's capital program with a combined total estimated investment (TEI) of \$1.7 billion.<sup>13</sup> The three largest are:

- Regional Housing Fund: TEI of \$701 million
- Social Housing Accelerator Program (statewide): TEI of \$463.3 million
- Public Housing Revitalisation Program (metropolitan): TEI of \$436.2 million.<sup>14</sup>

HV's program comprises a TEI of \$4.2 billion for existing projects and an overall spend of \$5.9 billion in the 2024–25 Budget.<sup>15</sup>

## 7.4 Women portfolio: key issue

The Minister for Women is responsible for one output: Women's Policy (funding in 2024–25: \$18.4 million).<sup>16</sup>

<sup>12</sup> Homes Victoria, *About Homes Victoria*, 7 March 2023, <<https://www.homes.vic.gov.au/about-homes-victoria>> accessed 20 May 2024.

<sup>13</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, p. 150.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid., p. 151.

<sup>16</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, p. 45.



### 7.4.1 Women in leadership roles

The 2024–25 Budget provides \$1.8 million in new output funding for the *Women’s leadership and recognition* initiative.<sup>17</sup> This program funding will promote the participation, leadership and recognition of women, including targeted programs for diverse women.<sup>18</sup>

Women are underrepresented in leadership roles across most settings. In the public sector, women make up 53% of Victorian Government boards and 46% of leadership roles. In ASX300 companies however, women occupy 29% of executive leadership roles.<sup>19</sup>

DFFH noted that since July 2020, these programs have supported close to 600 women.<sup>20</sup>

**FINDING 56:** The 2024–25 Budget includes \$1.8 million for the *Women’s leadership and recognition* initiative. It promotes the participation, leadership and recognition of women. While 46% of leadership roles in the Victorian Government are staffed by women, in ASX300 companies only 29% of executive leadership positions are staffed by women.

7

## 7.5 Children portfolio: key issue

The Minister for Children is responsible for one output: Child Protection and Family Services (funding in 2024–25: \$2.1 billion).<sup>21</sup>

### 7.5.1 Child abuse and exploitation in residential care

Statistics from the Commission for Children and Young People’s (CCYP) Annual Report demonstrate the prevalence of child abuse in out-of-home care including residential care in Victoria.<sup>22</sup> The Minister of Children acknowledged that children in residential care are ‘amongst the most vulnerable in our community’.<sup>23</sup> When children are placed into residential care, the state ‘has an obligation to act as a good parent’ as they are entrusted to the protection of the state.<sup>24</sup> DFFH tracks the reported incidents of abuse

<sup>17</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 36.

<sup>18</sup> Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 49.

<sup>19</sup> Ibid., p. 95; Department of Treasury and Finance, *2024–25 Department Performance Statement*, p. 45.

<sup>20</sup> Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 96.

<sup>21</sup> Ibid., p. 165; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 118.

<sup>22</sup> Commission for Children and Young People, *Annual Report 2022–23*, Melbourne, 2023, pp. 67–68.

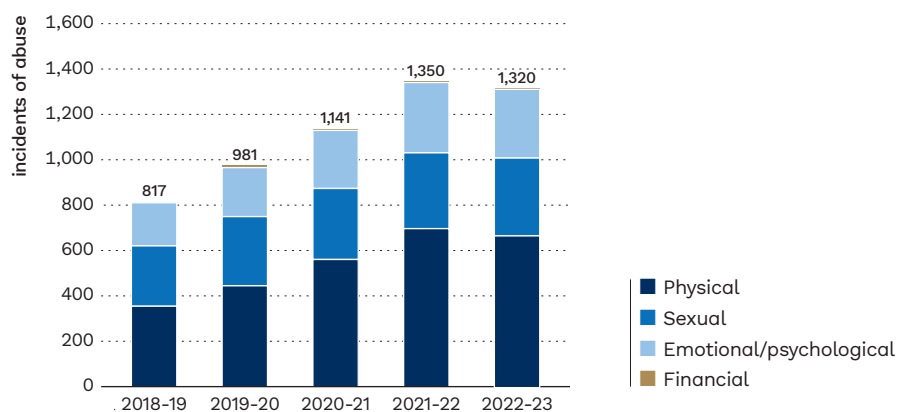
<sup>23</sup> Hon Lizzie Blandthorn MLC, Minister for Children, 2024–25 Budget Estimates hearing, Children, Melbourne, 24 May 2024, *Transcript of evidence*, p. 3.

<sup>24</sup> 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. 13.

of children in out-of-home care, which are broken down in CCYP's annual reports.<sup>25</sup> These incidents have risen over recent years, as shown in Figure 7.2.

In 2022–23, while only 6% of children in out-of-home care were in residential care, 82% of incidents took place in residential care.<sup>26</sup> Data from 2018–19 to 2021–22 shows this trend has been long-standing.<sup>27</sup>

**Figure 7.2 Child abuse incidents in out-of-home care rose by 61.6% between 2018–19 and 2022–23**



Note: The Commission for Children and Young People annual reports include, from Department of Families, Fairness and Housing (DFFH) statistics, all reported incidents in out-of-home care. The incidents are further broken down by categories as per DFFH classifications. The graph above demonstrates the incidents classified as abuse by DFFH, broken down by type of abuse.

Source: Commission for Children and Young People, *Annual Report 2018–19*, Melbourne, 2019, p. 36; Commission for Children and Young People, *Annual Report 2019–20*, Melbourne, 2020, p. 38; Commission for Children and Young People, *Annual Report 2022–23*, Melbourne, 2023, p. 67; Department of Families, Fairness and Housing, *Child Protection and Family Services, Quarterly incident reporting Quarter 4 2023–24*, Melbourne, January 2024, p. 2.

The CCYP also published data which shows that from July 2021 to March 2023, there were 423 incidents of sexual exploitation of children in residential care, comprising 165 victims.<sup>28</sup>

<sup>25</sup> DFFH breaks down incidents of abuse into four categories: physical abuse, sexual abuse, emotional/psychological abuse, and financial abuse. DFFH breaks down out-of-home care into four categories: kinship care, foster care, residential care, and other (including permanent care). Source: Department of Families, Fairness and Housing, *Child Protection and Family Services, Quarterly incident reporting Quarter 4 2023–24*, Melbourne, January 2024, p. 2; Victorian Government, *About out-of-home care*, 12 October 2022, <<https://www.vic.gov.au/about-out-home-care>> accessed 28 August 2024.

<sup>26</sup> Commission for Children and Young People, *Annual Report 2022–23*, p. 68.

<sup>27</sup> Commission for Children and Young People, *Annual Report 2021–22*, Melbourne, 2022, p. 40; Commission for Children and Young People, *Annual Report 2020–21*, Melbourne, 2021, p. 47; Commission for Children and Young People, *Annual Report 2019–20*, Melbourne, 2020, p. 39; Commission for Children and Young People, *Annual Report 2018–19*, Melbourne, 2019, p. 37.

<sup>28</sup> Commission for Children and Young People, *Statewide action overdue amid new data showing continuing sexual exploitation of children in residential care*, 5 April 2024, <<https://ccyp.vic.gov.au/news/statewide-action-overdue-amid-new-data-showing-continuing-sexual-exploitation-of-children-in-residential-care>> accessed 17 June 2024.

As part of the *Delivering improved outcomes for children in residential care* initiative in the 2023–24 Budget, \$13.4 million was provided to address sexual exploitation.<sup>29</sup> The Minister told the Committee that the funding allowed the department to have more Sexual Exploitation Practice Leaders—an increase from 11 to 19. It also meant that the program could be delivered across all regions and in the after-hours service.<sup>30</sup> Sexual Exploitation Practice Leaders work in collaboration with Victoria Police to ‘identify and disrupt sexual exploitation of children in care’.<sup>31</sup>

The Minister advised the Committee of other measures the Government and DFFH have put in place to protect children in residential care from being abused. This included CCTV cameras that face outwards in some residential care facilities.<sup>32</sup> A new team has been established to develop its information sharing system with the Victoria Police, so that DFFH can get ‘more timely and ... more deliberate information sharing processes’ regarding where vulnerable children and predators are.<sup>33</sup>

There is no specific funding to respond to abuse in residential care in the 2024–25 Budget. However larger initiatives likely include related work, such as *Delivering child protection and care services* (received \$128.1 million over four years) and *Improving outcomes for children and young people in home-based care* (received \$38.4 million over four years).<sup>34</sup>

A specific strategy to address the increasing abuse of children in residential care and CCYP’s recommendations from its *Out of sight: Systemic inquiry into children and young people who are absent or missing from residential care* report has not been released. As such, it is uncertain what DFFH’s full suite of actions are to prevent and respond to child abuse in residential care, the impact of DFFH’s work and substantial investment in this area and whether its current efforts are effectively addressing this issue.

**FINDING 57:** The Department of Families, Fairness and Housing undertakes work to prevent and address the abuse of children in residential care, consisting primarily of a team of Sexual Exploitation Practice Leaders and a team that is developing an information sharing system with the Victoria Police.

<sup>29</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 40–41; Hon Lizzie Blandthorn MP, Minister for Child Protection and Family Services, 2023–24 Budget Estimates hearings presentation: Child Protection and Family Services, supplementary evidence received 14 June 2023, p. 7.

<sup>30</sup> Hon Lizzie Blandthorn MLC, Minister for Children, *Transcript of evidence*, p. 4.

<sup>31</sup> Department of Families, Fairness and Housing, *2022–23 Annual Report*, Melbourne, 2023, p. 30.

<sup>32</sup> Mr Danny O’Kelly, Deputy Secretary, Community Operations and Practice Leadership, Department of Families, Fairness and Housing, 2024–25 Budget Estimates hearing, Children, Melbourne, 24 May 2024, *Transcript of evidence*, p. 5.

<sup>33</sup> Ibid.

<sup>34</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 36.

## 7.6 Prevention of Family Violence portfolio: key issues

The Minister for Prevention of Family Violence is responsible for two outputs: Family Violence Service Delivery (funding in 2024–25: \$748.1 million) and Primary Prevention of Family Violence (funding in 2024–25: \$30.1 million).<sup>35</sup>

### 7.6.1 Family violence programs and outcomes

Preventing and responding to family violence is a priority for the Victorian Government, one that it has invested substantial funding into. Since the Royal Commission into Family Violence in 2015, the Government has spent \$4 billion on preventing and addressing family violence.<sup>36</sup> It also recently appointed a Parliamentary Secretary for Men's Behaviour Change, a nation-first position.<sup>37</sup> In 2024, family violence has come under renewed public scrutiny both in Victoria and nationally due to several family violence-related murders.

By January 2023, the Government had implemented all recommendations from the Royal Commission into Family Violence, improving services that support victim survivors, while creating a service system aimed at changing 'attitudes and beliefs that condone family violence'.<sup>38</sup> Despite this work, incidents of family violence reported to police are not decreasing.<sup>39</sup>

Figure 7.3 notes the following data that were recorded for the year ending March 2024, compared to the year ending March 2020 and March 2015, through the Crime Statistics Agency (CSA).

<sup>35</sup> Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 173; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 119.

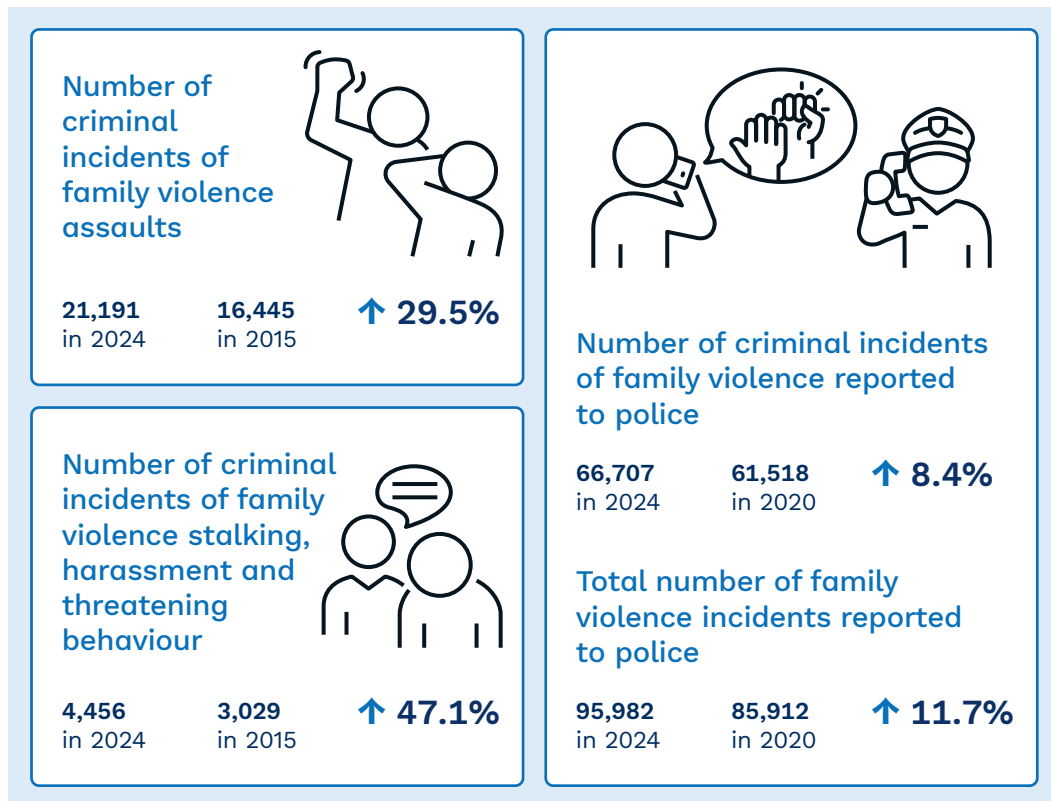
<sup>36</sup> Hon. Vicki Ward MP, Minister for Prevention of Family Violence, 2024–25 Budget Estimates hearing, Prevention of Family Violence, Melbourne, 21 May 2024, *Transcript of evidence*, p. 1; Premier of Victoria, *Helping Vulnerable Victorians and their Families*, media release, 7 May 2024.

<sup>37</sup> Premier of Victoria, *Statement from the Premier*, media release, 28 May 2024.

<sup>38</sup> Victorian Government, *Three years on from the Royal Commission into Family Violence*, Melbourne, 2019, p. 4.

<sup>39</sup> Premier of Victoria, *Landmark Royal Commission Recommendations Implemented*, media release, 28 January 2023; Crime Statistics Agency, *Family incidents*, June 2024, <<https://www.crimestatistics.vic.gov.au/crime-statistics/latest-victorian-crime-data/family-incidents-2>> accessed 22 July 2024.

Figure 7.3 Family violence data for the year ending March 2024



Note: The baseline statistics are oldest statistics available through the CSA, as of the March 2024 release. The Royal Commission into Family Violence was conducted throughout 2015, tabling its final report in March 2016.

Source: Crime Statistics Agency, *Family incidents*, June 2024, <<https://www.crimestatistics.vic.gov.au/crime-statistics/latest-victorian-crime-data/family-incidents-2>> accessed 22 July 2024; Crime Statistics Agency, 'T.1 Criminal incidents by principal offence', *Recorded criminal incidents*, June 2024, <<https://www.crimestatistics.vic.gov.au/crime-statistics/latest-victorian-crime-data/recorded-criminal-incidents-2>> accessed 22 July 2024; Crime Statistics Agency, 'T.3 Family incident flag', *Recorded criminal incidents*, June 2024, <<https://www.crimestatistics.vic.gov.au/crime-statistics/latest-victorian-crime-data/recorded-criminal-incidents-2>> accessed 22 July 2024.

In March 2024, Victoria Police noted that family violence was 'over a fifth of our crime', and was 'the most concerning [area of crime] ... the major crime theme across this country'.<sup>40</sup> Victoria Police respond to a family violence incident once every six minutes, and arrest a perpetrator every 18 minutes.<sup>41</sup>

**FINDING 58:** The Victorian Government has implemented all recommendations from the Royal Commission into Family Violence and has invested approximately \$4 billion in prevention since 2015. However, family violence continues to rise in Victoria, with an increase in total family violence incidents reported to police of 11.7% between 2020 and 2024.

40 Victoria Police, 'Crime Statistics Agency data release – twelve months to end of March 2024', press conference, 20 June 2024, <<https://www.youtube.com/live/zHqNVd-XYFU>>.

41 Ibid.

DFFH has several initiatives and strategies to address and prevent family violence. These include: The Orange Door network, the Central Information Point, the *Men's Behaviour Change Program*, *Dhelk Dja: Safe Our Way*, and the *Respectful Relationships* initiative.<sup>42</sup> These programs work on different elements of family violence—such as educating children on gender equality and gender-based violence, allowing agencies to access criminal records and other relevant information about potential perpetrators, and ensuring Aboriginal and Torres Strait Islander people have culturally safe resources to deal with family violence.

DFFH's *Strong foundations: Building on Victoria's work to end family violence* document, released in December 2023, discusses Victoria's work towards ending family violence. Key achievements over the past seven years, include:

- more than 1,950 schools providing the Respectful Relationships initiative
- 303,000 people accessing The Orange Door network since it began in 2018
- 14 new 'core and cluster' refuges opening
- more than 300 Aboriginal-led projects funded through the Aboriginal Community Initiatives Fund
- more than 20,400 reports on perpetrators produced through the Central Information Point since it began in 2018.<sup>43</sup>

**FINDING 59:** The Department of Families, Fairness and Housing has several strategies and programs to end family violence and is delivering important services—including The Orange Door network, the Central Information Point, the *Men's Behaviour Change Program*, *Dhelk Dja: Safe Our Way*, and the *Respectful Relationships* initiative.

The reason why criminal incidences of family violence continue to increase, despite DFFH's work, was discussed at the Committee's hearings.<sup>44</sup> The Minister for the Prevention of Family Violence attributed the rising rates to an increase in reporting from victim survivors. She noted that the Government was 'really pushing for people to go to the police to make their report' and it was a success that more people were reporting.<sup>45</sup>

This is consistent with the *Strong foundations* document, which noted that a goal of the Royal Commission was to increase reporting, therefore 'success would mean reports

<sup>42</sup> Victorian Government, *Plans for change*, 10 March 2023, accessed <<https://www.vic.gov.au/plans-change>> 23 July 2024; Victorian Government, *Family violence statewide support services*, 2 May 2024, <<https://www.vic.gov.au/family-violence-statewide-support-services>> accessed 23 July 2024.

<sup>43</sup> Department of Families, Fairness and Housing, *Strong foundations: Building on Victoria's work to end family violence*, Melbourne, 2023, pp. 16–18.

<sup>44</sup> Public Accounts and Estimates Committee, 2024–25 Budget Estimates hearing, Prevention of Family Violence, Melbourne, 21 May 2024, *Transcript of evidence*, p. 4.

<sup>45</sup> Hon. Vicki Ward MP, Minister for Prevention of Family Violence, *Transcript of evidence*, p. 4.

would increase at first and this is exactly what happened'.<sup>46</sup> As such, the increased family violence reports could indicate a positive development.

In the *Strong foundations* document, DFFH states that 'Our goal is to end this [family] violence'.<sup>47</sup> DFFH is currently working on its next three year Rolling Action Plan, which is the final stage of its 10 year reform following the Royal Commission.<sup>48</sup> As per *Strong foundations*, its five areas of focus for the future are to: 'drive down family and sexual violence ... focus on children and young people ... strengthen support for victim survivors ... respond to change ... understand and demonstrate our impact'.<sup>49</sup>

**FINDING 60:** Family violence is increasing in part due to increased reporting, which was an expected outcome of the Royal Commission into Family Violence's reforms.

## 7.6.2 Missing data and evidence

DFFH's *Strong foundations* document emphasises the importance of gathering strong data and evidence within family violence service delivery, stating it will 'help us identify what is working and what is not ... it will allow us to regularly analyse the journey of victim survivors, including children and young people, as well as people who use violence, through the service system'.<sup>50</sup> A number of gaps in DFFH's data regarding emergency accommodation for victim survivors were highlighted during the Committee's hearings.<sup>51</sup>

There are two types of emergency accommodation—family violence accommodation services and motels.<sup>52</sup> Family violence accommodation services, also known as refuge accommodation, is provided to individuals at the highest risk.<sup>53</sup> Refuge accommodation is provided by specialist family violence service providers and offers on-site specialists and wraparound support. Motel accommodation includes a range of private sector accommodations such as motels, hotels, and caravan parks.<sup>54</sup> This type of emergency accommodation does not have on-site staff or wraparound support, but victim survivors have access to case management support.<sup>55</sup>

<sup>46</sup> Department of Families, Fairness and Housing, *Strong foundations*, p. 25.

<sup>47</sup> *Ibid.*, p. 3.

<sup>48</sup> *Ibid.*, pp. 26, 28.

<sup>49</sup> *Ibid.*, p. 12.

<sup>50</sup> *Ibid.*, p. 48.

<sup>51</sup> Family Safety Victoria, *Family violence crisis responses: roles and responsibilities in providing emergency accommodation*, Melbourne, October 2022, p. 5; Ms Melanie Heenan, Deputy Secretary, Family Safety Victoria, Department of Families, Fairness and Housing, 2024–25 Budget Estimates hearing, Prevention of Family Violence, Melbourne, 21 May 2024, *Transcript of evidence*, pp. 9–10.

<sup>52</sup> Family Safety Victoria, *Family violence crisis responses*, p. 5.

<sup>53</sup> Family Safety Victoria, *Victorian family violence refuge eligibility and prioritisation framework*, Melbourne, October 2022, p. 4.

<sup>54</sup> Family Safety Victoria, *Family violence crisis responses*, p. 5.

<sup>55</sup> *Ibid.*, p. 9.

It is Family Safety Victoria's policy to prioritise family violence accommodation services over motels, with motel accommodation to be used as a last resort.<sup>56</sup> Victim survivors are often placed into motels because refuge accommodation is full.<sup>57</sup> This is a common occurrence. The Royal Commission on Family Violence's final report found that individuals were being placed into motels while awaiting refuge accommodation and that the majority of women (95%) had spent part of their emergency accommodation in a motel.<sup>58</sup>

Emergency accommodation in refuge or crisis accommodation is preferred because it offers additional supports to victim survivors. When placed in motels, victim survivors are at higher risk due to the lack of such support. This can exacerbate a victim survivor's experience of trauma and increase the likelihood of an unsafe exit (i.e. an exit back to the perpetrator).<sup>59</sup>

The Committee asked DFFH about the number of women and families who stayed in hotels/motels for more than a week due to more appropriate refuge accommodation being unavailable.<sup>60</sup> DFFH was unable to provide the information, stating that 'households are coming to motels on more than one occasion throughout the year ... we have data systems that at the moment are still not talking to each other'.<sup>61</sup>

DFFH has a performance measure recording the nights of refuge accommodation provided to victim survivors, and the expected outcome for 2023–24 is 54,109 nights—approximately 148 households a night. This number meets the performance measure target.<sup>62</sup> The Deputy Secretary clarified this figure was not hotel/motel nights, but was 'refuge accommodation'.<sup>63</sup> DFFH requires funded organisations to track the number of household stays and number of bed nights for refuge accommodation, but it is uncertain whether this is the case for motel accommodation.<sup>64</sup>

The Orange Door, Safe Steps (Victoria's 24-hour family violence support service), local family violence support services and family violence accommodation services all play a role in supporting those leaving family violence with emergency accommodation.<sup>65</sup>

56 Family Safety Victoria, *Family violence crisis responses*, pp. 9, 18. Note: Family Safety Victoria is the division of the Department of Families, Fairness and Housing that is responsible for the response to family violence. Source: Victorian Government, *Family Safety Victoria*, 14 December 2023 <<https://www.vic.gov.au/family-safety-victoria>> accessed 26 August 2024.

57 Safe Steps, *Safe Steps Sanctuary Funded Under Safe Places Emergency Accommodation Program*, media release, 12 July 2024.

58 Royal Commission into Family Violence, *Volume II: Report and Recommendations*, Melbourne, 2016, p. 48; Safe Steps, *Safe Steps Sanctuary Funded Under Safe Places Emergency Accommodation Program*, media release.

59 Safe Steps, correspondence, 26 June 2024.

60 Public Accounts and Estimates Committee, 2024–25 Budget Estimates hearing, Prevention of Family Violence, Melbourne, 21 May 2024, *Transcript of evidence*, p. 9.

61 Ms Melanie Heenan, Deputy Secretary, Family Safety Victoria, Department of Families, Fairness and Housing, *Transcript of evidence*, p. 9.

62 Department of Treasury and Finance, *2024–25 Department Performance Statement*, p. 40; Department of Families, Fairness and Housing, *Supported Accommodation Family Violence 38034*, Melbourne, August 2023, p. 4.

63 Ms Melanie Heenan, Deputy Secretary, Family Safety Victoria, Department of Families, Fairness and Housing, *Transcript of evidence*, p. 10.

64 Department of Families, Fairness and Housing, *Supported Accommodation Family Violence 38034*, pp. 2–4.

65 Family Safety Victoria, *Family violence crisis responses*, p. 4.



The Deputy Secretary noted, in regard to being able to track motel accommodation, that it was ‘making gains on those data systems ... trying to find ways in which they can better harmonise so that we can provide a figure with veracity’.<sup>66</sup> Safe Steps provided data to the Committee regarding the six-month period of October 2023 to March 2024, showing that it accommodated 58 people on average (38 adults and 21 children) in motels per night and 45 clients per night in its supported crisis (refuge) accommodations.<sup>67</sup>

Without understanding the extent of motel accommodation use across Victoria, it is unclear how DFFH can plan and respond appropriately to demand for emergency accommodation. It is also unclear how the Government and department can make sound policy or funding decisions regarding emergency accommodation without this data.

**FINDING 61:** The Department of Families, Fairness and Housing is unable to track the use of motels for family violence emergency accommodation with its current data management systems. Safe Steps, a family violence service provider, accommodated more people in motels than refuges on average per night between October 2023 and March 2024.

**RECOMMENDATION 28:** The Department of Families, Fairness and Housing require family violence service providers to track the number of household stays and the number of bed nights for emergency motel accommodation, and report quarterly on this data.

After a request from the Committee, Safe Steps provided further information about its ‘Sanctuary’ model of family violence emergency accommodation and how this model compares to emergency motel accommodation. Sanctuary is not classified as refuge accommodation but offers similar supports, such as 24-hour on-site assistance and specialised therapeutic crisis services.<sup>68</sup> One location was opened in October 2023 and received further funding in July 2024 through the Commonwealth Government.<sup>69</sup>

Sanctuary has demonstrated positive outcomes for clients. Between October 2023 and March 2024, all but one Safe Steps client made a safe exit from Sanctuary, in contrast to 75% who made a safe exit from motel accommodation.<sup>70</sup> Further, the average length of stay in motel accommodation was six nights, as opposed to 14 nights in Sanctuary for Safe Steps clients over the same time period. Safe Steps also advised that through an evaluation undertaken by a consulting firm, the provision of emergency motel

<sup>66</sup> Ms Melanie Heenan, Deputy Secretary, Family Safety Victoria, Department of Families, Fairness and Housing, *Transcript of evidence*, p. 10.

<sup>67</sup> The Committee acknowledges the 38 adults and 21 children do not comprise 58 individuals. However, it is directly quoted from the source. Source: Safe Steps, correspondence, 26 June 2024.

<sup>68</sup> Safe Steps, correspondence, 26 June 2024; Safe Steps, *Safe Steps Sanctuary Funded Under Safe Places Emergency Accommodation Program*, media release.

<sup>69</sup> Ibid.

<sup>70</sup> Safe Steps, correspondence, 26 June 2024.

accommodation is more expensive at \$840 per night than the Sanctuary model at \$797 per night.<sup>71</sup>

**FINDING 62:** Safe Step's 'Sanctuary' model of emergency family violence accommodation resulted in safer exits and longer stays for applicable clients between October 2023 and March 2024, when compared to motel accommodation. In the same period providing 'Sanctuary' accommodation was less expensive, averaging \$797 per night, compared to \$840 per night for motel accommodation.

## 7.7 Performance measures

### 7.7.1 Department-wide: analysis of new performance measures

DFFH added 15 new performance measures in the 2024–25 Budget, six of which replaced discontinued measures. The Committee welcomes the creation of the six replacement measures, as they provide more information about DFFH's provision of family services for child protection and long-term social housing for high-priority clients from the Victorian Housing Register.<sup>72</sup> Table 7.1 summarises the issues the Committee identified with two new performance measures.

**Table 7.1 Issues with new performance measures in 2024–25**

Output	Performance measures	Issues identified by the Committee
Family Violence Service Delivery (Quantity)	Total number of cases opened at The Orange Door	<p>The Committee commends the addition of a performance measure which will track activity, demand and output of The Orange Door—however, it notes several issues.</p> <p>The new measure quantifies an output, not an outcome by counting how many cases have been opened, rather than measuring the impact of the Department of Families, Fairness and Housing's (DFFH) family violence services. This makes it difficult to assess whether the department is achieving its stated objectives.</p> <p>Additionally, the Committee is uncertain as to what achieving (or not achieving) the target of 260,000 cases would represent. For example, if DFFH fails to meet its target, this could be a positive change due to a decrease in demand. If it were to exceed the target, this could represent more efficient service delivery, or increased demand, which could indicate higher rates of family violence, or better access and knowledge of the service from victim-survivors of family violence.</p> <p>The Committee notes that there is a quality performance measure examining client satisfaction with The Orange Door. Nonetheless, it recommends that DFFH add further quality measures regarding The Orange Door's effectiveness in providing family violence services.</p>

<sup>71</sup> Ibid.

<sup>72</sup> Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 110–111, 115–116.

Output	Performance measures	Issues identified by the Committee
Family Violence Service Delivery (Quantity)	Total number of Central Information Point (CIP) reports delivered to CIP requesters	<p>The Committee again commends the department for the addition of this performance measure, which will track the activity of an important tool used by family violence services.</p> <p>However, the new measure has issues which are noted by DFFH. Given it is a quantitative measure only, it does not indicate the impact of the CIP on DFFH's objectives or the timeliness of providing CIP reports. This limits the utility of the measure in demonstrating success with respect to the CIP.</p> <p>Further, the Committee is uncertain as to what achieving or not achieving the target would represent, given that demands for CIP reports could change. For example, if the measure does not meet its target, it could signify a positive trend in family violence service delivery (i.e. fewer reports being requested due to lower numbers of family violence).</p> <p>The Committee recommends that DFFH add a quality performance measure relating to the CIP's utility and a timeliness performance measure relating to the speed in which CIP reports are provided to requestors, to demonstrate its effectiveness more clearly.</p>

Source: Department of Families, Fairness and Housing, *Response to the 2024–25 Budget Estimates Questionnaire*, received 14 May 2024, p. 117; Department of Families, Fairness and Housing, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 40.

**RECOMMENDATION 29:** The Department of Families, Fairness and Housing address the issues identified with the new performance measures with further measures under the Family Violence Service Delivery output, for inclusion in the next budget.

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

DFFH identified 10 performance measures for discontinuation in the 2024–25 Budget.

The Committee supports DFFH's rationale for the discontinuation all measures. Six of the discontinued measures are replaced by stronger measures, and the remaining four no longer measure an activity undertaken by DFFH, due to the creation of the Social Services Regulator.<sup>73</sup>

<sup>73</sup> Department of Families, Fairness and Housing, *2024–25 Department Performance Statement*, pp. 141–146.



# Chapter 8

## Department of Jobs, Skills, Industry and Regions

### 8.1 Overview

The Department of Jobs, Skills, Industry and Regions (DJSIR) is focused on growing Victoria's prosperity, building the productive capacity of Victoria's economy, and increasing participation by:

- creating more opportunities for people through skills and jobs
- helping businesses and industries to thrive
- building vibrant communities and regions.<sup>1</sup>

In 2024–25 DJSIR supports 11 ministerial portfolios: Community Sport, Creative Industries, Economic Growth, Employment, Jobs and Industry, Medical Research, Outdoor Recreation, Regional Development, Small Business, Skills and TAFE, and Tourism, Sport and Major Events.<sup>2</sup>

In 2024–25 DJSIR's objectives are:

- to create and maintain jobs
- to foster a competitive business environment
- economic growth through trade and investment attraction
- to build prosperous and liveable regions, and manage and promote outdoor recreation
- to grow vibrant, active and creative communities
- to deliver high-quality training and skills to meet industry needs and jobs for a growing economy.<sup>3</sup>

This chapter examines the budget initiatives and key issues of three DJSIR portfolios—Economic Growth, Employment and Skills and TAFE.

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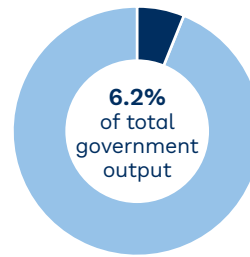
1 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 138.

2 Ibid.

3 Ibid., p. 139.

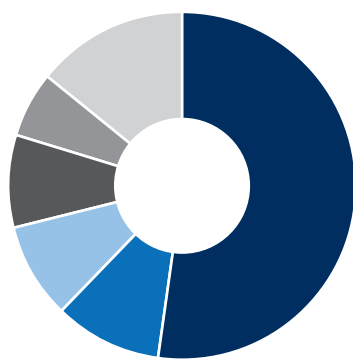
## Department of Jobs, Skills, Industry and Regions

### Total output funding



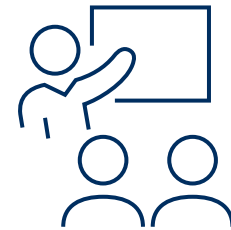
6th largest budget of all departments

### Funding by output, 2024-25



- Training, Higher Education and Workforce Development **\$2.5b**
- Industry, Small Business and Medical Research **\$476m**
- Sport and Recreation **\$429.3m**
- Creative Industries Portfolio Agencies **\$410.6m**
- Regional Development **\$296.7m**
- Other\* **\$670.6m**

\* Includes 5 outputs with budgets <\$200m.



### Infrastructure program, 2024-25 (\$839.4m)



### New output initiatives with largest total funding allocation, 2023-24 to 2027-28



**\$394.3m**  
Boosting access to Free TAFE and training services

**\$112.7m**  
TAFE Services Fund

**\$128.4m**  
Supporting our creative agencies and cultural institutions

**\$57.7m**  
Sporting and events centres



30 new output initiatives totalling \$951m from 2023-24 to 2027-28

### New infrastructure projects with largest total estimated investment, 2023-24 to 2027-28



**\$20.1m**  
Sports Trusts Asset Maintenance and Renewal Fund

**\$16m**  
Cultural Facilities Maintenance Fund

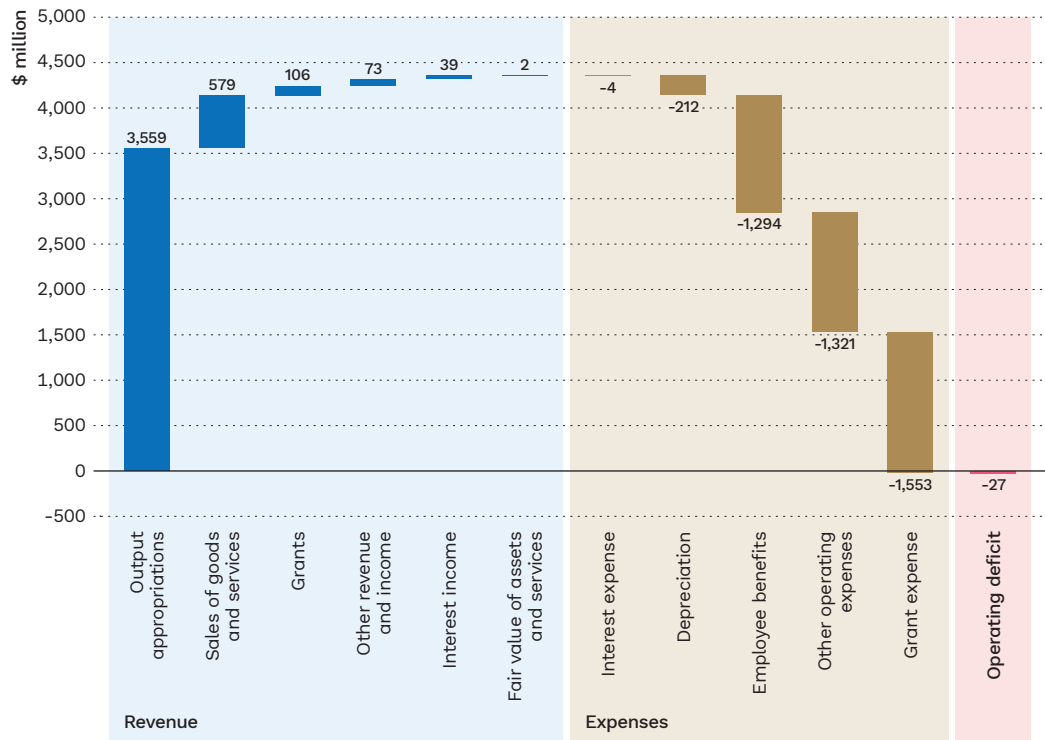


2 new infrastructure projects

## 8.2 Financial analysis

In 2024–25 DJSIR’s output appropriations are budgeted as \$3.6 billion, representing a minor decrease of \$90 million (2.5%) when compared to the 2023–24 revised Budget.<sup>4</sup> However, DJSIR’s output appropriations for 2024–25 are \$313 million (9.6%) higher than the 2023–24 Budget.<sup>5</sup> The department explained this is primarily due to Commonwealth funding, new budget initiatives and the Regional Package.<sup>6</sup> The Regional Package totalling \$2 billion was announced in July 2023 in response to the cancellation of the Commonwealth Games.<sup>7</sup>

**Figure 8.1 DJSIR forecasts an operating deficit of \$27 million in 2024–25**



Source: Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 110.

In 2024–25 DJSIR allocated \$179.2 million for the *Regional Economic Development and Participation Package* and \$202.8 million for the *Regional Sport Infrastructure Package*.<sup>8</sup> As a result, funding for the Regional Development output in 2024–25 has increased by \$77.8 million (35.5%) compared to the 2023–24 revised Budget, and the Sport and Recreation output has increased by \$107.1 million (33.2%).<sup>9</sup> The Trade

4 Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 110.  
 5 Ibid.  
 6 Department of Jobs, Skills, Industry and Regions, *Response to the 2024–25 Budget Estimates Questionnaire*, received 9 May 2024, p. 37.  
 7 Parliament of Victoria, Select Committee on the 2026 Commonwealth Games Bid, *The 2026 Commonwealth Games bid: Interim report*, April 2024, pp. 23, 58–59.  
 8 Department of Jobs, Skills, Industry and Regions, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 26.  
 9 Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, pp. 86, 90.

and Investment output budget has also increased by \$56.3 million (39.5%), partly because of the Regional Package but primarily due to rephased funding for a range of investment initiatives. No further information is provided in the budget papers regarding what these investment initiatives are.<sup>10</sup>

However, funding for several of DJSIR's other outputs has decreased in 2024–25 when compared to the 2023–24 revised Budget. Notably, the Jobs output has been reduced by \$169.9 million (76.9%) due to the conclusion of the *Sick Pay Guarantee* (discussed further in Section 8.4.2) and the Tourism and Major Events output has decreased by \$286 million (60.9%) due to the completion of COVID-related initiatives.<sup>11</sup>

In 2024–25 DJSIR has a savings target of \$180.3 million. The department advised these savings would be realised by reducing spending on consultants, labour hire and advertising, decreasing the size of DJSIR's workforce and concluding the *Sick Pay Guarantee*.<sup>12</sup>

DJSIR reported its workforce comprised 1,745.3 full-time equivalent (FTE) employees as of 5 April 2024, a reduction of 282 FTE employees compared to the department's workforce as of 30 June 2023.<sup>13</sup> DJSIR noted that workforce reductions in 2023–24 included positions related to the Commonwealth Games. The department also stated it was seeking to minimise service delivery impacts through 'realising synergies' and through 'efficient corporate support'.<sup>14</sup> However, DJSIR advised it had not yet commenced any staff reduction measures in 2024–25.<sup>15</sup>

## 8.3 Economic Growth portfolio: key issue

The Minister for Economic Growth is responsible for two outputs: Industry, Small Business and Medical Research (funding in 2024–25: \$476.0 million) and Trade and Investment (funding in 2024–25: \$198.8 million).<sup>16</sup>

### 8.3.1 Breakthrough Victoria

Breakthrough Victoria was established in March 2021 as a state-owned investment manager.<sup>17</sup> Provided with \$2 billion in funds to invest over 15 years, Breakthrough Victoria looks to 'invest in innovation, ideas and entrepreneurs to bring breakthrough technologies to market' across sectors such as health and life sciences, digital

<sup>10</sup> Ibid., p. 84.

<sup>11</sup> Ibid., pp. 81, 91.

<sup>12</sup> Department of Jobs, Skills, Industry and Regions, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 83–84.

<sup>13</sup> Ibid., pp. 122–123.

<sup>14</sup> Ibid., pp. 119–120.

<sup>15</sup> Ibid., p. 120.

<sup>16</sup> The Industry, Small Business and Medical Research output is shared with the Minister for Small Business and the Minister for Medical Research. Source: Ibid., pp. 144, 150; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 139.

<sup>17</sup> Breakthrough Victoria, *Annual Report 2022*, Melbourne, 2022, p. 4.



technologies and advanced manufacturing.<sup>18</sup> In short, Breakthrough Victoria manages a fund of public money that invests in private businesses to gain a return on the investment.

The Committee discussed the outcomes of Breakthrough Victoria since its establishment with the Minister for Economic Growth. Breakthrough Victoria has committed over \$330 million in capital, has invested directly in 23 companies, one fund, one grant and six university partnerships.<sup>19</sup> For example, Breakthrough Victoria contributed approximately \$43.5 million to an investment partnership with several Victorian universities to invest in start-up companies that have resulted from academic research.<sup>20</sup>

**FINDING 63:** Since its establishment in 2021, Breakthrough Victoria has committed over \$330 million in capital and has invested in 23 companies, one fund, one grant and six university partnerships.

Breakthrough Victoria's latest annual report states its mandate is to 'invest for impact to deliver commercial returns, jobs and economic growth to the State'.<sup>21</sup> At the hearings the Committee discussed the transparency of Breakthrough Victoria's activities including its return on investment, which is expected to be 8% over the 15 year investment period.<sup>22</sup> The Committee was advised information on Breakthrough Victoria's returns are available in its annual reports.<sup>23</sup> While its 2023 Annual Report includes a number of required disclosures regarding Breakthrough Victoria's investment portfolio and investment income for 2022–23,<sup>24</sup> it is not stated how this aligns with its return on investment. Further, there is no information on the return on investment for individual investments.

The Minister advised that because of its investments, Breakthrough Victoria was expected to create 15,700 jobs to 2031 and had already created 1,809 jobs,<sup>25</sup> directly fulfilling elements of its stated mandate. However, this information is not reported in Breakthrough Victoria's annual reports. Additionally, Breakthrough Victoria has one relevant performance measure—'Companies and consortia supported by the

<sup>18</sup> Prior to the 2024–25 Budget, the investment timeline for Breakthrough Victoria was 10 years. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 92; Breakthrough Victoria, *Annual Report 2023*, Melbourne, 2023, pp. 7, 15.

<sup>19</sup> Mr Tim Pallas MP, Minister for Economic Growth, 2024–25 Budget Estimates hearing, Economic Growth, Melbourne, 16 May 2024, *Transcript of evidence*, p. 1.

<sup>20</sup> Breakthrough Victoria, *University Innovation Platform—September 2023*, 19 September 2023, <<https://breakthroughvictoria.com/stories/bv-uip-september-2023-media-release>> accessed 29 July 2024.

<sup>21</sup> Breakthrough Victoria, *Annual Report 2023*, p. 44.

<sup>22</sup> Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, 2024–25 Budget Estimates hearing, Economic Growth, Melbourne, 16 May 2024, *Transcript of evidence*, p. 3.

<sup>23</sup> Mr Tim Pallas MP, Minister for Economic Growth, 2024–25 Budget Estimates hearing, response to questions on notice, received 29 May 2024, p. 3.

<sup>24</sup> Breakthrough Victoria, *Annual Report 2023*, pp. 45, 49.

<sup>25</sup> Mr Tim Pallas MP, Minister for Economic Growth, *Transcript of evidence*, p. 3.

Breakthrough Victoria Fund'.<sup>26</sup> This measure was exceeded in 2022–23.<sup>27</sup> However, this performance measure shows an activity, rather than measuring the outcomes of that activity, and does not relate to its goals as stated in its mandate.

Breakthrough Victoria currently publishes financial reporting in its annual reports that align with reporting requirements under applicable legislation.<sup>28</sup> However, the Committee recommends Breakthrough Victoria enhance its financial reporting. Fiscal transparency in the spending of public money is key to good governance. Considering Breakthrough Victoria will invest \$2 billion in public funds, in the interests of broader transparency it is important that Breakthrough Victoria develop its fiscal reporting on its investments. This reporting should clearly communicate how Breakthrough Victoria is managing the Breakthrough Victoria Fund and its investment portfolio in an effective and efficient way, on behalf of Victorians. It could also report directly on Breakthrough Victoria's mandate and include:

- commercial returns including overall return on investment
- return on investment for individual investments to clarify performance
- the number of jobs generated on a yearly and cumulative basis
- how Breakthrough Victoria is contributing to the economic growth in Victoria, and by how much.

**RECOMMENDATION 30:** The Department of Jobs, Skills, Industry and Regions work with Breakthrough Victoria to publish performance measures related to Breakthrough Victoria's mandate in the next budget.

## 8.4 Employment portfolio: key issues

The Minister for Employment is responsible for one output: Jobs (funding in 2024–25: \$51 million).<sup>29</sup>

### 8.4.1 Yuma Yirramboi

The Minister and Committee discussed the *Yuma Yirramboi* strategy during the hearings. Published in 2022, the strategy aims to generate greater economic participation and wealth creation for First Nations Victorians.<sup>30</sup> It brings all Aboriginal

<sup>26</sup> Breakthrough Victoria, *Annual Report 2023*, p. 27.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid., p. 70.

<sup>29</sup> The Jobs output is shared with the Minister for Jobs and Industry. Source: Department of Jobs, Skills, Industry and Regions, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 155; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 139.

<sup>30</sup> Victorian Government, *Yuma Yirramboi: Victorian Aboriginal Employment and Economic Strategy*, Melbourne, 2022, pp. viii, 31.

employment and business initiatives together in a single framework and seeks to achieve the economic parity of First Nations Victorians within a generation.<sup>31</sup>

The strategy received \$8.7 million in further funding in the 2024–25 Budget, which the Minister advised would continue to strengthen employment pathways for First Nations Victorians, bolster economic development by working with Traditional Owner Corporations and continue the support of the Yuma Yirramboi Council, which provides advice to government on the strategy.<sup>32</sup>

The Minister added that the strategy and the further funding received would contribute to the Victorian Treaty process, as economic development and parity is a key element of self-determination.<sup>33</sup>

**FINDING 64:** The 2024–25 Budget includes \$8.7 million for the *Yuma Yirramboi* strategy, which aims to generate greater economic participation and wealth creation for First Nations Victorians. The strategy will also support the Victorian Treaty process.

### 8.4.2 Sick Pay Guarantee pilot

The 2024–25 Budget Papers show that ending the *Sick Pay Guarantee* pilot will contribute to the Government’s planned savings over the next four years.<sup>34</sup> Established in March 2022, the *Sick Pay Guarantee* pilot provided casual and contract workers in specified industries with up to 38 hours of sick and carer’s pay a year.<sup>35</sup> Part of the reasoning for the pilot was in recognition that during the COVID-19 pandemic, many workers were ‘forced to choose between a day’s pay and their health’.<sup>36</sup>

In August 2023 the Government announced that it would extend the *Sick Pay Guarantee* pilot to March 2025 and provided the pilot with further funding.<sup>37</sup> The eligibility for the pilot was also expanded.<sup>38</sup> However as part of the budget process the pilot was ended early on 30 June 2024, resulting in \$108 million of the \$245 million provided to the pilot being returned to consolidated revenue.<sup>39</sup>

<sup>31</sup> Ibid., p. iiiii.

<sup>32</sup> Hon Vicki Ward MP, Minister for Employment, *2024–25 Budget Estimates hearing presentation: Employment*, supplementary evidence received 21 May 2024, p. 5; Department of Jobs, Skills, Industry and Regions, *Yuma Yirramboi Strategy (Invest in Tomorrow)*, 22 March 2023, <<https://djsir.vic.gov.au/priorities-and-initiatives/yuma-yirramboi-strategy>> accessed 29 July 2024; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 3.

<sup>33</sup> Hon Vicki Ward MP, Minister for Employment, *2024–25 Budget Estimates hearing*, Employment, Melbourne, 21 May 2024, *Transcript of evidence*, p. 9.

<sup>34</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 92.

<sup>35</sup> Victorian Government, *About the Sick Pay Guarantee*, 12 July 2024, <<https://www.vic.gov.au/about-sick-pay-guarantee>> accessed 29 July 2024.

<sup>36</sup> Hon Ben Carroll MP, *Victoria leads nation on sick pay for casual workers*, media release, 5 January 2023.

<sup>37</sup> Hon Ben Carroll MP, *Sick pay guaranteed for thousands more casual workers*, media release, 26 August 2023; Ms Laura Trengrove, Executive Director, Employment, Department of Jobs, Skills, Industry and Regions, *2024–25 Budget Estimates hearing*, Employment, Melbourne, 21 May 2024, *Transcript of evidence*, p. 7.

<sup>38</sup> Hon Ben Carroll MP, *Victoria leads nation on sick pay for casual workers*, media release.

<sup>39</sup> Ms Laura Trengrove, Executive Director, Employment, Department of Jobs, Skills, Industry and Regions, *Transcript of evidence*, pp. 6–7.

**FINDING 65:** The *Sick Pay Guarantee* pilot was to run until March 2025. However, as part of the savings initiatives in the 2024–25 Budget the pilot ended on 30 June 2024, resulting in \$108 million being returned to consolidated revenue.

The Minister for Employment told the Committee of the successes of the program. These included 130,000 workers or around 15% of the casual workforce signing up to the pilot and the approval of 340,000 claims for an average of ten hours of work.<sup>40</sup> Highly casualised workforces used the pilot the most, with retail assistants, hospitality workers and carers and aids accounting for the most applications.<sup>41</sup> The Committee was advised that between June 2023 and May 2024 the number of people signed up to the pilot grew from approximately 70,000 to over 130,000.<sup>42</sup>

Despite these successes, the Minister advised that the pilot was ending as sufficient data had been collected to evaluate the outcomes of the initiative.<sup>43</sup> The evaluation is due to be completed in 2025.<sup>44</sup> The Minister added that after the evaluation, the Government would take its findings to the Commonwealth Government for further advocacy as the national workplace relations system is the responsibility of the Commonwealth Government.<sup>45</sup>

The Committee has recommended the program evaluation be published, which was supported in principle.<sup>46</sup> The Committee reiterates that the Government and DJSIR should publish the *Sick Pay Guarantee* pilot evaluation once completed. The Government’s response noted that DJSIR would comply with the evaluation requirements as set out in the Department of Treasury and Finance’s Resource Management Framework.<sup>47</sup> The Framework does not state whether an evaluation can or cannot be published.

## 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 2024–25: \$2.5 billion).<sup>48</sup>

<sup>40</sup> Hon Vicki Ward MP, Minister for Employment, *Transcript of evidence*, p. 5.

<sup>41</sup> *Ibid.*, pp. 5–6.

<sup>42</sup> *Ibid.*, p. 6.

<sup>43</sup> *Ibid.*, p. 2.

<sup>44</sup> *Ibid.*

<sup>45</sup> *Ibid.*, pp. 2, 14.

<sup>46</sup> 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. 24.

<sup>47</sup> *Ibid.*

<sup>48</sup> Department of Jobs, Skills, Industry and Regions, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 153; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 139.

### 8.5.1 Free TAFE

The 2024–25 Budget Paper No. 2 emphasises the Government’s strategy to respond to the ‘changing economy’ in Victoria, highlighting that the State is experiencing capacity constraints. It outlines that while the labour market in Victoria is currently robust, key areas of the economy are facing labour shortages. These sectors include construction, nursing, teaching and the mental health workforce.<sup>49</sup>

The 2024–25 Budget includes funding for several initiatives to build the Victorian workforce in key sectors.<sup>50</sup> This includes \$394 million over three years to fund Free TAFE and training places for an expected 54,500 additional places.<sup>51</sup> Free TAFE allows for free study in a number of priority courses, many of which align with the sectors that are experiencing shortages.<sup>52</sup>

**FINDING 66:** The 2024–25 Budget emphasises that while the Victorian labour market is strong, there are key sectors experiencing labour shortages. The Government’s investment in Free TAFE for priority courses is part of its strategy to expand the workforce in construction, nursing, teaching, and the mental health workforce.

Since its inception in 2019, Free TAFE has supported more than 170,500 students, totalling approximately \$460 million in fees.<sup>53</sup> The data for early 2024 showed that Free TAFE commencements had increased by approximately 18% on the previous year.<sup>54</sup>

However, the Committee was also advised that the four year completion rate for Free TAFE courses was 53.7%, with 46.3% of all students who begin Free TAFE not completing their course. The national four year completion rate for university studies is 40.9%.<sup>55</sup> There is no further information available from the department regarding Free TAFE and completion rates.

There is only one performance measure related to Free TAFE in the budget papers—‘Number of enrolments in the Free TAFE for priority courses initiative’.<sup>56</sup>

<sup>49</sup> Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, pp. 41–45.

<sup>50</sup> *Ibid.*, pp. 45–46.

<sup>51</sup> Hon Gayle Tierney MLC, Minister for Skills and TAFE, *2023–24 Budget Estimates hearings presentation: Skills and TAFE*, supplementary evidence received 21 May 2024, p. 7.

<sup>52</sup> Victorian Government, *Free TAFE for more Victorians*, 18 July 2024, <<https://www.vic.gov.au/free-tafe>> accessed 30 July 2024; Hon Jacinta Allan MP, Hon Brendan O’Connor MP and Hon Gayle Tierney MP, *Free training for Victorians continues in 2024 under new deal*, media release, 9 November 2023.

<sup>53</sup> Hon Gayle Tierney MLC, Minister for Skills and TAFE, 2024–25 Budget Estimates hearing, Employment, Melbourne, 21 May 2024, *Transcript of evidence*, p. 1.

<sup>54</sup> Hon Gayle Tierney MLC, Minister for Skills and TAFE, *2023–24 Budget Estimates hearings presentation*, p. 3.

<sup>55</sup> *Ibid.*, p. 4.

<sup>56</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, p. 92.

**FINDING 67:** Free TAFE has supported over 170,500 students with \$460 million in fees since it started in 2019. However, the four year completion rate of Free TAFE courses is only 53.7%.

Considering Free TAFE is an initiative that the Government invests considerable funding into, the Committee recommends that further reporting on the initiative's outcomes, rather than its inputs, are published. This could include performance measures that demonstrate Free TAFE's completion and retention rates, and employment outcomes post-study. While DJSIR has other performance measures that capture information about the whole TAFE system, it would be beneficial to report on how Free TAFE is performing separately.

**RECOMMENDATION 31:** The Department of Jobs, Skills, Industry and Regions develop further performance measures on Free TAFE for inclusion in the next budget papers. These measures should demonstrate outcomes of the initiative, and include retention and completion rates, and employment outcomes especially in targeted areas of skills shortages.

## 8.6 Performance measures

### 8.6.1 Department-wide: analysis of new performance measures

DJSIR added two new performance measures in the 2024–25 Budget, both of which replaced discontinued measures.<sup>57</sup> The Committee supports the rationale for the addition of both measures.

### 8.6.2 Department-wide: analysis of modified performance measures

DJSIR modified the targets of 37 existing performance measures in the 2024–25 Budget.<sup>58</sup> While the Committee did not identify issues with these modifications, it notes that several targets were revised downwards due to reductions in funding or changes to an initiative's funding profile. A number of examples are included below in Table 8.1.

<sup>57</sup> Department of Jobs, Skills, Industry and Regions, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 87–88, 114–119.

<sup>58</sup> *Ibid.*, pp. 89–112.

**Table 8.1 Explanations of modified performance measures where targets were reduced in 2024–25**

Performance measure	2023–24 target	2023–24 expected outcome	2024–25 target	Justification for changing the target
Individuals supported under digital skills initiatives	2,150 individuals	2,150 individuals	1,000 individuals	Based on results in the previous year and adjusted program delivery in line with the available funding in 2024–25 for Digital Skills initiatives.
Jobs created from industry growth initiatives	1,500 jobs	1,500 jobs	900 jobs	Target calculated based on outcomes from previous programs and adjusted accordingly in line with the final budget allocation received.
Participation in Small Business Victoria events and access to business programs	10,000 participants	10,000 participants	4,000 participants	Lower target due to lapsing funding for several current small business programs and reduced communications/marketing activities. Broad scale flood recovery programs are lapsing, transitioning to targeted activity. The target is scaled to the available program offering from Business Victoria programs and channels.
Strategic priority businesses engaged on investment and growth	1,500 engagements	1,500 engagements	900 engagements	Lower target reflects a reduced program scope which is reflective of the current economic conditions.

Source: Department of Jobs, Skills, Industry and Regions, *Response to the 2024–25 Budget Estimates Questionnaire*, received 9 May 2024, pp. 98–101.

**FINDING 68:** In 2024–25 the Department of Jobs, Skills, Industry and Regions reduced several of its performance measure targets due to reduced funding and lapsing funding for a number of its initiatives.

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

DJSIR identified eight performance measures for discontinuation in the 2024–25 Budget.<sup>59</sup>

The Committee supports DJSIR’s rationale for the discontinuation of seven measures. Table 8.2 summarises the issues that the Committee identified with the remaining performance measure.

<sup>59</sup> Ibid., pp. 114–119.

**Table 8.2 Issues with performance measure proposed to be discontinued in 2024–25**

Output	Performance measure	Issue identified by the Committee
Training, Higher Education and Workforce Development (Quantity)	Number of government subsidised foundation module enrolments	The department proposes to discontinue the measure as there is an 'increased availability of foundation skills training outside the scope of this measure, mainly through Commonwealth-funded programs'.  If the Department of Jobs, Skills, Industry and Regions is still delivering or administering foundational modules and the Skills First program as part of the Skills and TAFE portfolio, the department should retain the measure. In this case, it would be more appropriate to adjust the annual target to account for other service offerings.

Source: Department of Jobs, Skills, Industry and Regions, *Response to the 2024–25 Budget Estimates Questionnaire*, received 9 May 2024, p. 117.



# 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.<sup>1</sup>

In 2024–25 DEECA supports six portfolios: Climate Action, Energy and Resources, the State Electricity Commission (SEC), Environment, Water, and Agriculture.<sup>2</sup>

DEECA has eight objectives in 2024–25:

- net zero emissions, climate ready economy and community
- healthy, resilient and biodiverse environment
- reliable, sustainable and affordable energy services
- productive and effective land management
- safe, sustainable and productive water resources
- reduced impact of major bushfires and other emergencies
- productive and sustainably used natural resources
- sustainable development of Victoria's earth resources.<sup>3</sup>

This chapter examines the budget initiatives and key issues of two portfolios that were discussed during the estimates hearings.

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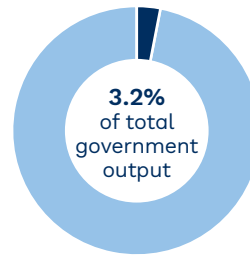
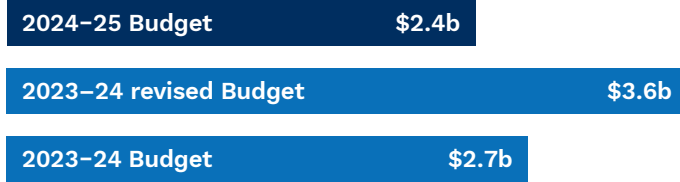
1 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 99.

2 Ibid.

3 Ibid., pp. 99–101.

# Department of Energy, Environment and Climate Action

## Total output funding



7th largest budget of all departments

## Funding by output, 2024–25



- Agriculture **\$496.6m**
- Fire and Emergency Management **\$441.3m**
- Management of Public Land and Forests **\$319.8m**
- Effective Water Management and Supply **\$263m**
- Energy **\$261.7m**
- Other\* **\$663.6m**

\* Includes 7 outputs with budgets <\$200m.



## Infrastructure program, 2024–25 (\$476.8m)



## New output initiatives with largest total funding allocation, 2023–24 to 2027–28



- |   |   |
|---|---|
| <p><b>\$290m</b><br/>Forestry contractor strategy</p> <p><b>\$270.4m</b><br/>Maintaining the health, resilience and enjoyment of Victoria's waterways, catchments and Country</p> | <p><b>\$156.8m</b><br/>Native timber harvesting transition</p> <p><b>\$138m</b><br/>Improving Victoria's water resources knowledge and access</p> |
|---|---|

50 new output initiatives totalling \$1.8b from 2023–24 to 2027–28

## New infrastructure projects with largest total estimated investment, 2023–24 to 2027–28



- |  |  |
|--|--|
| <p><b>\$20m</b><br/>Critical bushfire and emergency asset maintenance and replacement</p> <p><b>\$11.6m</b><br/>Improving amenities for regional tourism</p> | <p><b>\$6.1m</b><br/>Additional recovery support for summer 2023–24 floods and storms</p> <p><b>\$1.8m</b><br/>Improving Victoria's water resources knowledge and access</p> |
|--|--|

4 new infrastructure projects

## 9.2 Financial analysis

DEECA's output appropriations budget for 2024–25 is \$255 million (11.8%) less compared to the 2023–24 Budget, and \$825 million (30.3%) less compared to the 2023–24 revised Budget.<sup>4</sup> DEECA advised this was due to additional funding in 2023–24 for several initiatives, which are listed below.<sup>5</sup> The most significant decreases in output funding by dollar value were:

- Agriculture by \$440.9 million (47%), predominantly due to additional funding in 2023–24 for several forestry and native timber harvesting transition and support initiatives<sup>6</sup>
- Energy by \$220.5 million (45.7%), due to additional funding for the Power Saving Bonus and one-off establishment costs for the SEC<sup>7</sup>
- Fire and Emergency Management by \$149.7 million (25.3%), due to additional funding in 2023–24 to support the coordination of storm and flood emergency works, and bushfire emergency management preparation and recovery activities.<sup>8</sup>

In 2024–25 DEECA has a total savings target of \$76.4 million. This includes \$62.1 million from measures yet to be determined, and the remainder from reduced spending on advertising and consultants, labour hire and discretionary professional services.<sup>9</sup> The \$62.1 million in savings and efficiencies is not expected to impact frontline services, but rather to reduce corporate and back-office functions.<sup>10</sup>

DEECA identified eight lapsing programs with a combined expenditure of \$95.2 million in 2023–24.<sup>11</sup> This included the *\$250 Power Saving Bonus* (PSB), which expended \$66.6 million in 2023–24. Both rounds three and four of the PSB were deemed successful by the department, with approximately 1.8 million applications out of 2.5 million households in Victoria.<sup>12</sup>

## 9.3 Environment portfolio: key issue

The Minister for Environment is responsible for six outputs, with a combined funding of \$1.2 billion in 2024–25.<sup>13</sup> The funding for the individual outputs is shown below.

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- 4 Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 83.
- 5 Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, received 14 May 2024, p. 41.
- 6 Department of Treasury and Finance, *2024–25 Department Performance Statement*, pp. 16, 29–32.
- 7 *Ibid.*, pp. 16, 23.
- 8 *Ibid.*, pp. 16, 28.
- 9 Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 131–133.
- 10 *Ibid.*, pp. 132–133.
- 11 *Ibid.*, pp. 111–122.
- 12 *Ibid.*, pp. 115–116; Australian Bureau of Statistics, *Snapshot of Victoria*, 28 June 2022, <<https://www.abs.gov.au/articles/snapshot-vic-2021>> accessed 18 June 2024.
- 13 Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 193; Department of Treasury and Finance, *2024–25 Department Performance Statement*, p. 16.

**Figure 9.1 The Environment portfolio's six outputs have a combined funding of \$1.2 billion in 2024–25**



Source: Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 16.

### 9.3.1 Container deposit scheme rollout

The Container Deposit Scheme (CDS) commenced on 1 November 2023, with the goal of establishing 600 collection points where individuals could return empty drink cans, bottles and cartons to collect a refund of 10 cents.<sup>14</sup> This scheme is part of the larger goal of a ‘cleaner, greener’ state, and Recycling Victoria advised this program intends to deliver more and better recycling, less waste, less litter, and new jobs.<sup>15</sup> The Victorian CDS was funded as part of the *Recycling Victoria action plan*, which received \$68.3 million in 2023–24 and an additional \$4.9 million in 2024–25.<sup>16</sup>

The Minister advised that the milestone of 550 million containers returned was anticipated to have been reached with a refund equivalent of \$52 million—‘a successful program’.<sup>17</sup> The rollout was to take nine months and had a goal of establishing 600 collection points. At the time of the hearings DEECA had opened 550 sites. The Minister advised that they ‘will get to 600 by August’ [2024], and they would ‘probably beat that target’.<sup>18</sup>

Seventy-six collection points have opened and subsequently closed within the same time frame, 13.8% of opened collection points.<sup>19</sup> There is limited information available regarding how collection points are chosen—this decision is made by the zone operator, for which there are three across Victoria: Return-it, TOMRA Cleanaway and Visy.<sup>20</sup> Further, the costs associated with opening or closing a collection point are unclear.

<sup>14</sup> Hon Steve Dimopoulos MP, Minister for Environment, 2024–25 Budget Estimates hearing, Environment, 27 May 2024, *Transcript of evidence*, p. 8.

<sup>15</sup> Recycling Victoria, *CDS Vic*, 2 August 2024, <<https://www.vic.gov.au/cds-vic>> accessed 13 August 2024.

<sup>16</sup> Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 69.

<sup>17</sup> Hon Steve Dimopoulos MP, Minister for Environment, *Transcript of evidence*, p. 8.

<sup>18</sup> *Ibid.*

<sup>19</sup> Hon Steve Dimopoulos MP, Minister for Environment, 2024–25 Budget Estimates hearing, response to questions on notice, received 12 June 2024, p. 4.

<sup>20</sup> There are three zones in Victoria, and three zone operators. Each is responsible for establishing and maintaining the network of refund points in their appointed zones, distributing refunds to customers and refund point operators, and reporting participation. Source: Recycling Victoria, *CDS Vic*.

DEECA advised that closures of collection points were typically due to unsuitability; for example, if higher than expected patronage impacted a business' primary business operations. The Minister also advised that this was expected during a new program rollout and was 'consistent with experiences in other jurisdictions'.<sup>21</sup> The Committee was not advised of the locations of the closures nor which zone operators covered these locations.

There are no performance measures associated with the program to inform the public of whether the program is meeting its stated goals.

**FINDING 69:** The Container Deposit Scheme commenced on 1 November 2023. As of June 2024, there are 550 collection points and approximately 550 million containers have been returned. Between 1 November 2023 and June 2024, 76 collection points closed, primarily due to unsuitability.

**RECOMMENDATION 32:** The Department of Energy, Environment and Climate Action develop performance measures regarding the Container Deposit Scheme for inclusion in the next Budget.

## 9.4 Energy and Resources portfolio: key issues

The Minister for Energy and Resources is responsible for three outputs: Energy (funding in 2024–25: \$261.7 million), Solar Victoria (funding in 2024–25: \$161.3 million) and Resources (funding in 2024–25: \$45.9 million).<sup>22</sup>

### 9.4.1 Gas phase-out plan and supply

The 2023–24 Budget Update, released 15 December 2023, included \$1.8 million for the *Gas substitution roadmap*, to 'progress the necessary building reforms required to phase out gas connections ... and phase out the use of gas appliances'.<sup>23</sup> The Roadmap provides an outline for Victoria to transition away from the natural gas sector and work towards zero emissions energy, focusing primarily on the electrification of homes and businesses.<sup>24</sup> The Government has emphasised the need for Victoria to reduce its reliance on natural gas to provide cost-savings and to meet its emissions reduction targets, and given that Victoria has the highest home gas usage in Australia with 88% of homes using at least one gas appliance.<sup>25</sup>

<sup>21</sup> Hon Steve Dimopoulos MP, Minister for Environment, response to questions on notice, p. 4.

<sup>22</sup> Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 190, 192; Department of Treasury and Finance, *2024–25 Department Performance Statement*, pp. 22–23, 32.

<sup>23</sup> Department of Treasury and Finance, *2023–24 Budget Update: Appendix A*, Melbourne, 2023, p. 123.

<sup>24</sup> Department of Energy, Environment and Climate Action, *Victoria's Gas Substitution Roadmap*, Melbourne, 2022, p. 2.

<sup>25</sup> Sustainability Victoria, *State of Sustainability Report 2023*, Melbourne, 2023, pp. 24–25; Hon Lily D'Ambrosio MP, Minister for Energy and Resources, 2024–25 Budget Estimates hearing, Energy and Resources, 23 May 2024, *Transcript of evidence*, pp. 2–3; Department of Energy, Environment and Climate Action, *Gas Substitution Roadmap Update*, Melbourne, 2023, pp. 4–5.

The Committee and Minister discussed ensuring sufficient gas supply while transitioning away from gas—an issue that is noted in the Roadmap.<sup>26</sup> The Australian Energy Market Operator (AEMO) stated in its 2024 *Victorian Gas Planning Report (VGPR) Update* that it is necessary to increase the gas supply in Victoria, as Victorians were expected to consume more gas than the forecast supply in 2028, with small seasonal supply gaps from 2026.<sup>27</sup>

The Minister agreed that the gas supply is depleting and highlighted the need to continue to focus on electrification, while noting that gas would be required for the foreseeable future.<sup>28</sup> This highlights the delicate balance required in transitioning away from this heavily used energy source, while in the immediate future demand may outstrip supply.

**FINDING 70:** Victoria has the highest gas usage in Australia. The *Gas Substitution Roadmap* outlines a plan for Victoria to move away from a reliance on gas, as part of the Government's larger goal of emissions reduction. The Australian Energy Market Operator forecasts that gas use in Victoria may begin to outstrip supply by 2028.

It is difficult to determine the Government's progress in moving towards these two goals—moving away from a reliance on gas, and ensuring a sufficient gas supply. Electrification is the Roadmap's primary vehicle for reducing Victoria's reliance on natural gas, and the *Gas Substitution Roadmap Update*, published in December 2023, indicated that Victoria would have to electrify more than 500 homes per day by 2030 to reach AEMO's Orchestrated Step Change scenario.<sup>29</sup> The Update listed several initiatives which would contribute to 'rapid electrification', but it focuses primarily on next steps, and does not indicate how electrification had progressed since the initial Roadmap was released.<sup>30</sup>

As such, it is difficult to gauge whether electrification is occurring quickly enough to reach AEMO's Orchestrated Step Change scenario. This difficulty was discussed in the Committee's *2021–22 and 2022–23 Financial and Performance Outcomes* report, which recommended that DEECA develop and report annually against targets that measure natural gas usage, including the number of the homes electrified each year.<sup>31</sup>

**FINDING 71:** The Department of Energy, Environment and Climate Action identified electrification as a primary way of reducing reliance on gas through its *Gas Substitution Roadmap*, but it is currently not possible to gauge its progress.

26 Department of Energy, Environment and Climate Action, *Victoria's Gas Substitution Roadmap*, p. 40; Hon Lily D'Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, pp. 3–5.

27 Australian Energy Market Operator, *Victorian Gas Planning Report Update*, Melbourne, March 2024, pp. 4, 47–48.

28 Hon Lily D'Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, p. 3.

29 According to DEECA the Orchestrated Step Change scenario is AEMO's 'most likely pathway for decarbonising Australia's energy sector, ... [and] is centred around achieving a scale of energy transformation that support Australia's contribution to limiting global temperature rise to below 2°C and targeting 1.8°C'. Source: Department of Energy, Environment and Climate Action, *Gas Substitution Roadmap Update*, pp. 22, 43.

30 *Ibid.*, p. 5.

31 Parliament of Victoria, Public Accounts and Estimates Committee, *2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. 198–201.

Determining the Government's progress in sourcing additional gas supplies is similarly complex. The Minister advised there were 'no proven known reserves of gas onshore in Victoria' and that as a result, there had been no onshore conventional gas exploration licences granted since 2014.<sup>32</sup> Shortly after the hearings, in early June, the Government announced it had approved Beach Energy's plans to produce gas from the offshore Enterprise gas field, which is the first production application approved in a decade.<sup>33</sup>

### 9.4.2 Offshore wind energy and the Port of Hastings

The 2024–25 Budget provides funding for two initiatives related to offshore wind energy: \$18.3 million over two years for *Delivering the offshore wind energy program* and \$16.7 million over two years for the *Victorian Renewable Energy Terminal planning and design*.<sup>34</sup> The latter funding was provided for the Port of Hastings terminal, through the Department of Transport and Planning.<sup>35</sup>

In the *Offshore Wind Energy Implementation Statement 3*, released in December 2023, the Government stated that the proposed Port of Hastings development 'will be Victoria's primary assembly port for offshore wind and [will be] critical to ensure the achievement of at least 2GW of offshore wind generation by 2032'.<sup>36</sup> Offshore wind generation is a key component of Victoria's renewable energy plan, which aims to see Victoria using 95% renewable energy by 2035. As part of this, in March 2024 Victoria legislated the targets of at least 2GW of offshore wind generation by 2032, followed by 4GW by 2035, and 9GW by 2040.<sup>37</sup>

**FINDING 72:** Offshore wind generation is a critical part of Victorian Government's goals for renewable energy.

In January 2024 the Commonwealth Government rejected Victoria's proposal for the Port of Hastings development due to environmental risks.<sup>38</sup> The Minister advised the Committee that offshore wind was 'absolutely on track' and that the Port of Hastings development was 'not on hold'.<sup>39</sup> The Minister affirmed the Port of Hastings as the Government's preferred offshore wind construction port but did not provide details regarding how construction will advance given the Commonwealth Government's decision.<sup>40</sup>

<sup>32</sup> Hon Lily D'Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, p. 8.

<sup>33</sup> Hon Jacinta Allan MP, *Renewable Energy To Power Our Schools And Hospitals*, media release, 6 June 2024.

<sup>34</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, pp. 24, 75.

<sup>35</sup> *Ibid.*, p. 77.

<sup>36</sup> Victorian Government, *Offshore Wind Energy Victoria Implementation Statement 3*, Melbourne, December 2023, p. 9.

<sup>37</sup> Department of Energy, Environment and Climate Action, *Offshore wind energy*, 20 May 2024, <<https://www.energy.vic.gov.au/renewable-energy/offshore-wind-energy>> accessed 18 June 2024.

<sup>38</sup> Australian Government, Department of Climate Change, Energy, the Environment and Water, 'Statement of Reasons for a Decision that the Action is Clearly Unacceptable under the *Environment Protection and Biodiversity Conservation Act 1999*', 2023; Rhys Thomas, 'Port of Hastings decision – what does it mean for electricity planning?', *Australian Energy Council*, 8 February 2024, <<https://www.energycouncil.com.au/analysis/port-of-hastings-decision-what-does-it-mean-for-electricity-planning>> accessed 18 June 2024.

<sup>39</sup> Hon Lily D'Ambrosio MP, Minister for Energy and Resources, *Transcript of evidence*, p. 14.

<sup>40</sup> *Ibid.*, p. 15.

**FINDING 73:** The Victorian Government’s Port of Hastings development proposal was rejected by the Commonwealth Government in January 2024. The Minister confirmed the Port of Hastings as the Victorian Government’s preferred offshore wind construction port.

## 9.5 Performance measures

### 9.5.1 Department-wide: analysis of new performance measures

DEECA added 14 new performance measures in the 2024–25 Budget, five of which replaced discontinued measures.<sup>41</sup> The Committee commends DEECA’s efforts to increase accuracy and transparency regarding its performance through its replaced measures.<sup>42</sup>

Table 9.1 summarises the issues that Committee identified with two of the new performance measures.

**Table 9.1 Issues with new performance measures in 2024–25**

Output	Performance measures	Issues identified by the Committee
Sustainably Manage Forest Resources (Quantity)	Number of work support payments finalised under the Victorian Forestry Transition Program	<p>The new performance measure relates to the support provided to Victorian timber workers, sawmill operators and their communities as the native timber logging industry moves through a transition period.</p> <p>While the Committee commends the department’s intent to demonstrate financial support provided to timber workers, the measure does not demonstrate whether workers are being financially supported, as it does not demonstrate the impact of the payments or the timely manner in which they are distributed.</p> <p>The addition of a quality and timeliness performance measures would provide a better indicator of how the payments are supporting workers.</p>
Sustainably Manage Forest Resources (Quantity)	Number of training activities undertaken under the Victorian Forestry Transition Programs	<p>This measure appears to be misnamed. While the name indicates that ‘number of training activities’ will be measured, the department’s questionnaire states that ‘the number of workers who have received one or more episodes of training’ will be measured.</p> <p>As such, the Committee recommends the measure be renamed to increase clarity.</p>

Source: Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, pp. 24, 32; Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, received 14 May 2024, pp. 139, 140.

<sup>41</sup> Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 136–143, 160–170.

<sup>42</sup> *Ibid.*, pp. 164, 169, 170.



**RECOMMENDATION 33:** The Department of Energy, Environment and Climate Action address the issues identified with two new performance measures with additional, or modified measures in the next budget.

## 9.5.2 Department-wide: analysis of modified performance measures

DEECA modified the targets of 35 existing performance measures in the 2024–25 Budget.<sup>43</sup> Table 9.2 summarises the issues that Committee identified with these performance measures.

**Table 9.2** Issues with modified performance measures in 2024–25

Output	Performance measures	Issues identified by the Committee
Climate Action	Victorian schools participating in the ResourceSmart Schools program	<p>The target was modified from 700 to 600 due to the 'forecast level of engagement of Victorian schools with extracurricular activities'. There is no further explanation provided.</p> <p>The ResourceSmart Schools program received \$9 million in funding over three years in the 2024–25 Budget, to 'embed sustainable behaviours among Victorian school communities'. It is unclear why less schools would participate in 2024–25, considering this funding.</p>

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, pp. 25, 27; Department of Energy, Environment and Climate Action, *Response to the 2024–25 Budget Estimates Questionnaire*, received 14 May 2024, pp. 144–145.

**RECOMMENDATION 34:** The Department of Energy, Environment and Climate action revisit the modified target of 600 for the performance measure 'Victorian schools participating in the ResourceSmart Schools program' in the 2025–26 budget papers.

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

The Committee supports DEECA's rationale for the discontinuation of all 18 measures.<sup>44</sup>

<sup>43</sup> Ibid., pp. 144–159.

<sup>44</sup> Ibid., pp. 160–170.



# Chapter 10

## Court Services Victoria

### 10.1 Overview

Court Services Victoria (CSV) is an independent statutory body that provides 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.<sup>1</sup>

In 2024–25 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.<sup>2</sup>

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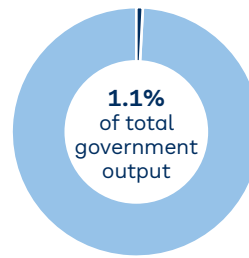
<sup>1</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 197.

<sup>2</sup> Ibid.

## Court Services Victoria

### Total output funding

2024-25 Budget	\$813m
2023-24 revised Budget	\$832.1m
2023-24 Budget	\$820.3m



8th largest  
budget of all  
departments

### Infrastructure program, 2024-25 (\$502.5m)



- Existing infrastructure program
- Total estimated investment in new projects



### New output initiatives with largest total funding allocation, 2023-24 to 2027-28



**\$87.4m**  
Continuing  
therapeutic court  
programs

**\$3.5m**  
Improving access  
to the Magistrates'  
Court of Victoria

**\$4m**  
Continuing to support  
a safe and stable  
Youth Justice system

**\$2.8m**  
Enhanced Youth  
Justice bail  
supervision and  
support



5 new output initiatives  
totalling \$98.4m from  
2023-24 to 2027-28

### New infrastructure project (total estimated investment, 2023-24 to 2027-28)



**\$21.1m**  
Keeping Courts  
Open



1 new infrastructure project

## 10.2 Financial analysis

In 2024–25 CSV forecasts its income will equal its expenses.<sup>3</sup> CSV’s operating statement in 2024–25 includes a decrease of \$19 million in both income and expenses when compared to the 2023–24 revised Budget.<sup>4</sup>

The Chief Executive Officer (CEO) explained the decrease in appropriations was due ‘partially to lapsing fundings ... and a reduction focused on improving the approach to procurement and reducing the spend on contractors and consultants’.<sup>5</sup> CSV stated the lapsing funding was principally from a program within the County Court of Victoria (CCV) for active case management.<sup>6</sup> This is discussed further in Section 10.2.1.

CSV will realise savings through the Budget’s *Whole of Government savings and efficiencies* initiative. CSV plans to consolidate ‘strategic sourcing and procurement across Courts Services Victoria and jurisdictions’.<sup>7</sup> CSV’s savings targets that contribute to the whole of government savings are \$2 million in 2024–25, \$4 million in 2025–26, and \$7 million in both 2026–27 and 2027–28.<sup>8</sup>

CSV explained that savings would primarily consist of back-office reform, reducing corporate spend where possible and increasing shared services between court jurisdictions, such as finance, IT, and human resources.<sup>9</sup> CSV emphasised that expenditure would be reduced in areas that do not impact frontline services.<sup>10</sup> CSV also advised that court jurisdictions support the changes, noting that ‘they are strongly of the view that if we can reduce our expenditure in areas that really minimise the impact on frontline services, that supports the independence of the courts’.<sup>11</sup>

Finally, while discussing CSV’s financial position and the realisation of its savings targets, the CEO confirmed that the workload of the courts was not expected to decrease in coming years—and in some areas such as common law and civil claims arising out of debt recovery, initiations are increasing.<sup>12</sup>

There are several details regarding CSV’s savings targets that lack transparency. While the 2024–25 Budget states that CSV will contribute to planned whole of government savings from 2024–25, CSV’s savings target is not outlined. This information is only available through the Committee’s questionnaire. Secondly, there is no detailed

<sup>3</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 153.

<sup>4</sup> *Ibid.*, p. 152.

<sup>5</sup> Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, 2024–25 Budget Estimates hearing, Attorney-General, Melbourne, 24 May 2024, *Transcript of evidence*, p. 3.

<sup>6</sup> *Ibid.*, p. 5.

<sup>7</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 92.

<sup>8</sup> Court Services Victoria, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 35.

<sup>9</sup> Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, *Transcript of evidence*, pp. 3–4.

<sup>10</sup> *Ibid.*, p. 4.

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*, p. 5.

information available regarding how CSV plans to meet its savings targets while ensuring service delivery through the courts is maintained, considering the expected increase in court workloads in the near term.

**FINDING 74:** Court Services Victoria (CSV) will contribute to the *Whole of Government savings and efficiencies* as outlined in the 2024–25 Budget by undertaking back-office reform, increasing shared services between court jurisdictions and reducing its corporate spend. The savings target for CSV and how it will reach its targets are not outlined in the Budget.

### 10.2.1 Lapsing initiatives

CSV identified *Active Case Management* (ACM) as the only program set to lapse in 2023–24.<sup>13</sup> ACM is a service model that allows for court work, traditionally conducted through in-court events or appearances, to be conducted administratively or remotely.<sup>14</sup> The program aimed to address the growth in volume and complexity of cases, which has resulted in delays and bottlenecks, and impacted justice outcomes for court users.<sup>15</sup>

In 2022–23 CSV commissioned a formal evaluation of the program, which was completed in October 2023.<sup>16</sup> The evaluation found ACM increased operational efficiency in the County Court of Victoria’s (CCV) criminal division and resulted in an estimated annual net benefit of more than \$8.7 million with a benefit cost ratio of 2.37.<sup>17</sup> The evaluation concluded that ACM reduced delays and bottlenecks, with a clear increase in CCV’s outputs in 2022–23, compared to 2018–19.<sup>18</sup>

CSV advised the Committee that without the program the average time to trial in the CCV would likely increase from 12–14 months to 16–18 months by 2027.<sup>19</sup>

CSV stated that in the absence of continued funding it will ‘exhaust all options to enable as much of the ACM program as possible to continue’, given the impact on litigants associated with case delays.<sup>20</sup>

**FINDING 75:** Court Services Victoria (CSV) has only one program lapsing in 2023–24: *Active Case Management*. CSV states that without the program, the average time to trial in the County Court of Victoria would likely increase from 12–14 months to 16–18 months by 2027.

<sup>13</sup> Court Services Victoria, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 29–30.

<sup>14</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 169.

<sup>15</sup> Court Services Victoria, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 29–30.

<sup>16</sup> Court Services Victoria, *Active Case Management in the County Court of Victoria and Supreme Court of Victoria - Summary of Lapsing Program Evaluation*, Melbourne, October 2023.

<sup>17</sup> Court Services Victoria, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 29.

<sup>18</sup> *Ibid.*, p. 30.

<sup>19</sup> *Ibid.*

<sup>20</sup> *Ibid.*, pp. 29–30.

## 10.3 Court Services Victoria: key issues

### 10.3.1 VCAT digital service transformation

The 2021–22 Budget provided \$29 million for VCAT’s *Digital Service Transformation Program*, with an estimated completion date of quarter three of 2023–24.<sup>21</sup> In July 2021 the program began, whereby VCAT started the process of digitising its lists to deliver a new, tribunal-wide case management system (CMS).<sup>22</sup> The goal was to ‘deliver more accessible and timely provision of justice to citizens and businesses’,<sup>23</sup> as it would allow for more automation of processes and improve digital access for Tribunal users.<sup>24</sup> The program first focused on digitising the Civil Claims List, while the Residential Tenancies List was identified as the second focus.<sup>25</sup> Over subsequent budgets, the estimated completion date was pushed back—to quarter 4 of 2024–25 in the 2022–23 Budget and to quarter 2 of 2025–26 in the 2024–25 Budget—both times ‘in line with a revised project schedule’.<sup>26</sup>

PricewaterhouseCoopers (PwC) was contracted to deliver the program and completed the digitisation of the Civil Claims List on 6 December 2023.<sup>27</sup> At hearings, the Attorney-General stated that VCAT had cancelled the contract.<sup>28</sup> The Committee asked about the cost of cancelling the contract, and whether VCAT had tried to reclaim any money from PwC for services paid but not rendered.<sup>29</sup> The Attorney-General advised ‘payments were made upon the completion of services, according to agreed milestones’—no money was spent on services that had not been completed.<sup>30</sup>

The completion date for the project was revised in part due to the change in contract.<sup>31</sup> The Attorney-General advised VCAT was now leading the project ‘to ensure the delivery will meet the expected scope and quality needed’.<sup>32</sup> VCAT has emphasised the importance of the project. Shifting the Tribunal from a paper-based work environment to a digital one is expected to result in improved consistency, transparency, efficiency and a more contemporary experience for VCAT clients.<sup>33</sup> As such, timely delivery of the project is important.

21 Department of Treasury and Finance, *2021–22 Budget Paper No. 4: State Capital Program*, Melbourne, 2021, p. 113.

22 Victorian Civil and Administrative Tribunal, *Annual Report 2022–23*, Melbourne, 2023, p. 30.

23 Department of Treasury and Finance, *2021–22 Budget Paper No. 3: Service Delivery*, Melbourne, 2021, p. 136.

24 Microsoft News Centre, *VCAT builds digital capabilities to better serve Victorians and the State’s economy*, media release, 7 May 2021.

25 Victorian Civil and Administrative Tribunal, *Annual Report 2022–23*, p. 30.

26 Department of Treasury and Finance, *2022–23 Budget Paper No. 4: State Capital Program*, Melbourne, 2022, p. 95; Department of Treasury and Finance, *2024–25 Budget Paper No. 4: State Capital Program*, Melbourne, 2024, p. 92.

27 Hon Jaclyn Symes MLC, Attorney-General, 2024–25 Budget Estimates hearing, Attorney-General, Melbourne, 24 May 2024, *Transcript of evidence*, pp. 9–10.

28 *Ibid.*, p. 10.

29 Public Accounts and Estimates Committee, Court Services Victoria, 2024–25 Budget Estimates hearing, Attorney-General, Melbourne, 24 May 2024, *Transcript of evidence*, p. 10.

30 Hon Jaclyn Symes MLC, Attorney-General, 2024–25 Budget Estimates hearing, response to questions on notice, received 5 June 2024, p. 2.

31 Hon Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 10.

32 *Ibid.*

33 Victorian Civil and Administrative Tribunal, *Annual Report 2022–23*, p. 30.

**FINDING 76:** The Victorian Civil and Administrative Tribunal (VCAT) began its *Digital Service Transformation Program* in July 2021. PricewaterhouseCoopers (PwC) was contracted to deliver it. The first phase of the program was delivered in December 2023, but its overall estimated completion date has been delayed by almost two years over two successive budgets, due to revised schedules. VCAT has cancelled PwC’s contract and has assumed delivery of the program.

### 10.3.2 Court performance

The Committee discussed the Productivity Commission’s *Report on Government Services 2024* with the Attorney-General, and the associated data on the backlogs across the country’s courts. The Attorney-General stated that current pending caseloads had demonstrated the courts’ backlog recovery programs were working in Victoria.<sup>34</sup>

The Attorney-General noted Victoria’s criminal case clearance rates are the highest in the country—112.2% in 2022–23, with most other states over 90%.<sup>35</sup> The backlogs for most of Victoria’s criminal and civil courts are also improving, with the percentage backlog between 12 and 24 months in most courts falling in 2022–23 compared to the previous year.<sup>36</sup>

There were a few areas where Victoria did not perform as well as other jurisdictions, which present opportunities for improvement. These include:

- Civil case clearance rates (excluding the coroners’ courts): 85% in 2022–23, with all other states over 90% and one over 100%<sup>37</sup>
- Percentage of cases over 12 months in 2022–23 (a backlog indicator):
  - Criminal—Magistrates’ courts only (excluding children’s courts): 18.2%, with the highest jurisdiction being Tasmania at 22.1%.<sup>38</sup>

<sup>34</sup> Hon Jaclyn Symes MLC, Attorney-General, response to questions on notice, p. 10.

<sup>35</sup> Hon Jaclyn Symes MLC, Attorney-General, *Transcript of evidence*, p. 13; Productivity Commission, ‘7A Courts – Table 7A.25—Clearance indicator—finalisations/lodgements, criminal’, *Report on Government Services 2024*, 29 January 2024, <<https://www.pc.gov.au/ongoing/report-on-government-services/2024/justice/courts>> accessed 14 August 2024.

<sup>36</sup> For consistency, the data examined was for cases over 12 months but less than 24 months, measured as a % of the total cases. Sources: Productivity Commission, ‘7A Courts – Table 7A.20—Backlog indicator—criminal’, *Report on Government Services 2024*, 29 January 2024, <<https://www.pc.gov.au/ongoing/report-on-government-services/2024/justice/courts>> accessed 14 August 2024; Productivity Commission, ‘7A Courts –Table 7A.21—Backlog indicator—civil’, *Report on Government Services 2024*, 29 January 2024, <<https://www.pc.gov.au/ongoing/report-on-government-services/2024/justice/courts>> accessed 14 August 2024.

<sup>37</sup> Productivity Commission, ‘7A Courts – Table 7A.26—Clearance indicator—finalisations/lodgements, civil’ *Report on Government Services 2024*, 29 January 2024, <<https://www.pc.gov.au/ongoing/report-on-government-services/2024/justice/courts>> accessed 14 August 2024.

<sup>38</sup> Productivity Commission, ‘7A Courts – Table 7A.20—Backlog indicator—criminal’, *Report on Government Services 2024*.



Additionally, there were two groupings where Victoria's backlog was worsening, where the percentage of cases over 12 months was higher in 2022–23 than in 2021–22:

- Criminal—Supreme courts, non-appeal: 45.4% in 2022–23 versus 41.2% in 2021–22<sup>39</sup>
- Civil—Supreme courts (excluding probate), appeal: 19.3% in 2022–23 versus 19.2% in 2021–22.<sup>40</sup>

**FINDING 77:** Court Services Victoria is progressively clearing its case backlog. The percentage of cases over 12 months is smaller in 2022–23 than 2022–21 for the majority of Victoria's civil and criminal courts. However, a number of courts reported increased caseloads over the past 12 months, and/or lower performance when compared to other jurisdictions.

## 10.4 Performance measures

CSV has no new or discontinued performance measures in 2024–25.<sup>41</sup> In previous reports the Committee has made several recommendations regarding the development of new performance measures, often relating to tracking the outcomes of programs and initiatives as funded in previous budgets.<sup>42</sup> CSV has previously advised the Committee it was reviewing its performance measures as a key strategic priority, and that the approval of any new performance measures 'will be a matter for Courts Council, the Attorney-General and the Assistant Treasurer as part of future Budget processes'.<sup>43</sup>

<sup>39</sup> Ibid.

<sup>40</sup> Productivity Commission, '7A Courts – Table 7A.21–Backlog indicator–civil', *Report on Government Services 2024*.

<sup>41</sup> Court Services Victoria, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 37, 40.

<sup>42</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2022–23 Budget Estimates*, August 2022, pp. 186–187.

<sup>43</sup> Ibid., p. 187; Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2022–23 Budget Estimates*, March 2023, p. 41.



# Chapter 11

## Department of Government Services

### 11.1 Overview

In 2024–25 the Department of Government Services' (DGS) three objectives are:

- to make it easier for individuals and businesses to engage with government
- to accelerate digital transformation for Government
- to deliver corporate services that enable efficiency, productivity and high-quality service delivery.<sup>1</sup>

DGS supports three ministerial portfolios in 2024–25: Government Services, Consumer Affairs, and Local Government.<sup>2</sup>

This chapter summarises the issues discussed during the hearings for DGS's three portfolios.

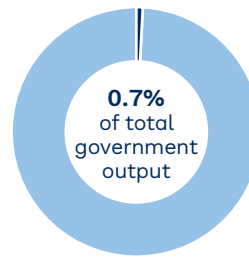
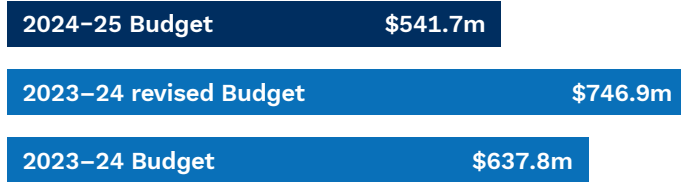
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<sup>1</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 123.

<sup>2</sup> Ibid.

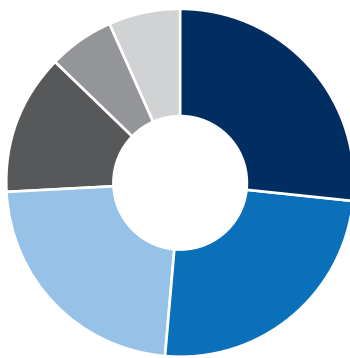
## Department of Government Services

### Total output funding



9th largest budget of all departments

### Funding by output, 2024-25



- Digital strategy and transformation **\$144.8m**
- Regulation of the Victorian consumer market **\$134.4m**
- Services to Government **\$123.8m**
- Local Government Victoria **\$70.8m**
- Customer services to the Community **\$32.8m**
- Other\* **\$35.1m**

\* Includes 2 outputs with budgets <\$25m.



### Infrastructure program, 2024-25 (\$42.5m)



### New output initiatives with largest total funding allocation, 2023-24 to 2027-28



**\$25m**  
Common Corporate Platforms program

**\$8m**  
Rental Stress Support Package

**\$10.8m**  
Cyber Defence Centre

**\$8m**  
Council Flood Support Fund



9 new output initiatives totalling \$74.8m from 2023-24 to 2027-28

## 11.2 Financial analysis

DGS's output appropriations budget in 2024–25 is \$145 million (27.6%) lower than the 2023–24 revised Budget.<sup>3</sup> This is largely due to one-off funding in 2023–24 to provide customer support for those impacted by the liquidation of Porter Davis Homes and other builders without domestic builders insurance (DBI) and for public libraries.<sup>4</sup>

In 2024–25 the budget of every expenses line item in DGS's comprehensive operating statement, except for interest expenses, is lower than the 2023–24 revised Budget. Employee expenses are budgeted as \$294 million, a \$67 million (18.6%) reduction; grant expenses are budgeted as \$208 million, a \$71 million (25.4%) reduction; and other operating expenses are budgeted as \$204 million, a \$64 million (23.9%) reduction.<sup>5</sup> DGS explained these variances are driven by supplementation funds and larger initiatives funded in 2023–24 compared to 2024–25.<sup>6</sup>

In 2024–25, funding for all of DGS's outputs decreased compared to the 2023–24 revised Budget, except for the Customer Services to the Community output which is new.<sup>7</sup> The most significant reduction in funding in 2024–25 is for the Digital Strategy and Transformation output, which has decreased by \$91.3 million (38.7%).<sup>8</sup> DGS advised this is due to the creation of the new Customer Services to the Community output and 'prior one-off funding'.<sup>9</sup> Other significant variances in funding include the Regulation of the Victorian Consumer Market output, which decreased by \$69.4 million (34.1%) and the Services to Government output, which decreased by \$40.1 million (24.5%).<sup>10</sup>

## 11.3 Government Services portfolio

The Minister for Government Services is responsible for five outputs:

- Customer Services to the Community (funding in 2024–25: \$32.8 million)
- Identity and Worker Screening Services (funding in 2024–25: \$23.3 million)
- Management of Victoria's Public Records (funding in 2024–25: \$11.8 million)
- Digital Strategy and Transformation (funding in 2024–25: \$144.8 million)
- Services to Government (funding in 2024–25: \$123.8 million).<sup>11</sup>

<sup>3</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 98.

<sup>4</sup> Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 24.

<sup>5</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 98.

<sup>6</sup> Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 24–25.

<sup>7</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 124.

<sup>8</sup> Ibid.

<sup>9</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 57.

<sup>10</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 124.

<sup>11</sup> Ibid.; Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 74–78.

At the hearings the Committee and Minister discussed DGS's continuing digitisation work. The Minister spoke about the Service Victoria digital wallet, which has nine cards available for consumers. The most recent is the digital driver's licence, which was launched the week before the hearings.<sup>12</sup> The Minister clarified that physical cards were still needed during this transition, as some businesses—for example, Returned and Services League of Australia clubs—do not accept digital cards due to their technology.<sup>13</sup> It was not confirmed whether plastic cards would be needed long term, or whether it would ultimately be cheaper for Government to deliver digital licences versus physical ones.<sup>14</sup>

## 11.4 Consumer Affairs portfolio

The Minister for Consumer Affairs is responsible for one output: Regulation of the Victorian Consumer Marketplace (funding in 2024–25: \$134.4 million).<sup>15</sup>

The difficulties experienced by renters and the *Rental Stress Support Package* which received \$8 million in the 2024–25 Budget were discussed.<sup>16</sup> The package funds 13 organisations to provide increased services to Victorian renters in their communities, including through community education, information and advocacy, legal advice and financial counselling. The Minister reminded the Committee that DGS has implemented 130 rental reforms since 2021, providing 'a significant boost in support for Victorian renters'.<sup>17</sup>

## 11.5 Local Government portfolio

The Minister for Local Government has one output: Local Government Victoria (funding in 2024–25: \$70.8 million).<sup>18</sup>

Several issues were discussed at the hearings, including the council rates cap and funding support provided to councils for disaster relief. The Minister noted that the council rates cap for the next year was set at 2.75%, which aligned with the forecast consumer price index (CPI) for the year.<sup>19</sup> The Committee asked whether the CPI was a

<sup>12</sup> Hon Gabrielle Williams MP, Minister for Government Services, 2024–25 Budget Estimates hearing, Government Services, Melbourne, 20 May 2024, *Transcript of evidence*, p. 1.

<sup>13</sup> *Ibid.*, p. 2.

<sup>14</sup> *Ibid.*, p. 3.

<sup>15</sup> Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 78; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 124.

<sup>16</sup> *Ibid.*, p. 44.

<sup>17</sup> Hon Gabrielle Williams MP, Minister for Consumer Affairs, 2024–25 Budget Estimates hearing, Consumer Affairs, Melbourne, 20 May 2024, *Transcript of evidence*, p. 5.

<sup>18</sup> Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 79; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 124.

<sup>19</sup> Hon Melissa Horne MP, Minister for Local Government, 2024–25 Budget Estimates hearing, Local Government, Melbourne, 23 May 2024, *Transcript of evidence*, p. 1.

true reflection of cost increases faced by local government.<sup>20</sup> In response, the Minister emphasised the rate cap was set on the advice of the Essential Services Commission.<sup>21</sup>

The Minister also discussed funding to assist councils' emergency preparedness, specifically an \$8 million contribution to the *Council Flood Support Fund*.<sup>22</sup> The fund was established in 2022 after the October floods, with the additional funding allocated after the December 2023 and January 2024 floods.<sup>23</sup> The Minister spoke of the relief councils can deliver when funds are provided quickly.<sup>24</sup>

## 11.6 Performance measures

### 11.6.1 Department-wide: analysis of new performance measures

DGS added five new performance measures in the 2024–25 Budget.<sup>25</sup> The Committee commends the new measures relating to the quality of services DGS delivers to the Victorian community, including 'Overall satisfaction of customers receiving assisted information and support from the Whole of Victorian Government Contact Centre'.<sup>26</sup>

### 11.6.2 Department-wide: analysis of modified performance measures

DGS modified the targets of several performance measures in the 2024–25 Budget. The measure 'Total accommodation cost' has had its target reduced from \$472 per square metre per year in 2023–24 to \$468 in 2024–25.<sup>27</sup> The measure shows the cost of Victorian Public Service office space managed by DGS.<sup>28</sup>

A component of whole of government savings published in Budget Paper No. 3 is 'reducing the public sector's office accommodation expenditure'. The savings expected across the forward estimates from this reduction is not outlined in the budget papers.<sup>29</sup> In 2022–23 the Shared Service Provider managed a net lettable area of 1,066,989 square metres of Government office accommodation.<sup>30</sup> With a target of \$468 per square metre in 2024–25, this suggests savings from reduced accommodation costs

<sup>20</sup> Public Accounts and Estimates Committee, 2024–25 Budget Estimates hearing, Local Government, Melbourne, 23 May 2024, *Transcript of evidence*, p. 3.

<sup>21</sup> Hon Melissa Horne MP, Minister for Local Government, 2024–25 Budget Estimates hearing, Local Government, Melbourne, 23 May 2024, *Transcript of evidence*, p. 3.

<sup>22</sup> *Ibid.*, p. 1; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 8.

<sup>23</sup> Hon Melissa Horne MP, Minister for Local Government, *Transcript of evidence*, p. 4.

<sup>24</sup> *Ibid.*

<sup>25</sup> Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 43–44.

<sup>26</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, pp. 52–54.

<sup>27</sup> Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 54–55.

<sup>28</sup> *Ibid.*

<sup>29</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 92.

<sup>30</sup> Department of Government Services, *Annual Report 2022–23*, Melbourne, 2023, p. 28.

could total approximately \$4.3 million in 2024–25.<sup>31</sup> This is a modest saving given the current vacancy rates in commercial properties in Melbourne's central business district (CBD).

**FINDING 78:** The reduction in the per square metre cost for Victorian Public Service office space is expected to be \$4.3 million in 2024–25.

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

DGS identified 12 performance measures for discontinuation in the 2024–25 Budget.<sup>32</sup>

The Committee supports DGS's rationale for the discontinuation of seven measures. Table 11.1 summarises the issues that the Committee identified with the remaining performance measures.

**Table 11.1 Issues with performance measures proposed to be discontinued in 2024–25**

Output	Performance measure	Issues identified by the Committee
Regulation of the Victorian consumer marketplace (Quantity)	Information and advice provided to consumers, renters, rental providers and businesses—through other services including written correspondence, face to face and dispute assistance (CAV)	These performance measures have been consolidated into a single new measure 'Assisted information and support provided by the Whole of Victorian Government Contact Centre (phone, webchat, webforms and email)'.  The consolidation of these performance measures results in a loss of performance information relating to core functions of Consumer Affairs Victoria (CAV) and the Dispute Settlement Centre of Victoria (DSCV). While the new measure reports on support provided, it does not demonstrate the demand or outputs of CAV and DSCV's services.
	Information and advice provided to consumers, renters, rental providers and businesses—through telephone services (CAV)	This information is important because the output reports on the department's work in 'advising consumers and businesses about their rights and responsibilities under the law'. The discontinuation of these measures means that the demand and performance information about these functions is not transparent.
	Information and advice provided via telephone and website services (DSCV)	The Committee also notes that both CAV and DSCV currently maintain their own contact numbers. The Committee recommends these performance measures be retained.

<sup>31</sup> Ibid.; Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 54–55.

<sup>32</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, pp. 176–177.



Output	Performance measure	Issues identified by the Committee
Identity and worker screening services (Quality)	Customer satisfaction rating – Births, Deaths and Marriages Service Centre (BDM)	<p>The department is proposing to discontinue this performance measure and instead report it through the new consolidated measure ‘Overall satisfaction of customers receiving assisted information and support from the Whole of Victorian Government Contact Centre’.</p> <p>The issues identified with the discontinuation of this measure are similar to those stated above. By consolidating the measure, the performance of Births, Deaths and Marriages (BDM) is unclear and cannot be separated from the performance of other government agencies. Further, BDM currently maintains an individual contact number, email and physical contact centre.</p> <p>The Committee recommends the measure be retained.</p>
Services to Government (Quality)	Percentage of agencies reporting full compliance with VGPB Supply Policies	<p>The department’s questionnaire advises the measure was introduced in 2022–23 to ‘support the expansion of the VGPB (Victorian Government Purchasing Board) remit’ to an additional 125 agencies. The measure is proposed to be discontinued as ‘the program has now been delivered’.</p> <p>According to the Buying for Victoria website, the VGPB administers supply policies that some agencies are subject to under the <i>Standing Directions 2018</i> of the <i>Financial Management Act 1994</i>. As such, how the finalisation of an individual program would affect whether agencies need to comply with VGPB supply policies is not evident.</p> <p>If agencies continue to be required under legislation to comply with VGPB policies, the measure should be retained.</p>

Source: Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, pp. 55, 176–177; Department of Government Services, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, p. 60; Dispute Settlement Centre of Victoria, *Contact us*, 14 May 2024, <<https://www.disputes.vic.gov.au/about-us/contact-us>> accessed 22 August 2024; Consumer Affairs Victoria, *Contact us*, 8 March 2023, <<https://www.consumer.vic.gov.au/contact-us>> accessed 22 August 2024; Buying for Victoria, *Align with VGPB policies: Goods and services guide*, 5 August 2024, <<https://www.buyingfor.vic.gov.au/align-VGPB-policies-goods-services-guide>> accessed 22 August 2024; Department of Treasury and Finance, *Standing Directions 2018 Under the Financial Management Act 1994*, 5 August 2024, <<https://www.dtf.vic.gov.au/financial-management-government/standing-directions-2018-under-financial-management-act-1994>> accessed 22 August 2024.

**RECOMMENDATION 35:** The Department of Government Services review and consider retaining the five discontinued performance measures identified by the Committee under the Regulation of the Victorian Consumer Marketplace, the Identity and Worker Screening Services and the Services to Government outputs.



# Chapter 12

## Department of Premier and Cabinet

### 12.1 Overview

The Department of Premier and Cabinet's (DPC) mission is to support the people of Victoria by:

- helping government achieve its strategic objectives
- providing leadership to the public sector to improve its effectiveness
- promoting collaboration across government to drive performance and improve outcomes.<sup>1</sup>

In 2024–25 DPC supports the four ministerial portfolios: Premier, Deputy Premier, Multicultural Affairs, and Treaty and First Peoples.<sup>2</sup>

In 2024–25 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.<sup>3</sup>

This chapter summarises the issues discussed during the estimates hearings for two DPC portfolios.

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 161.

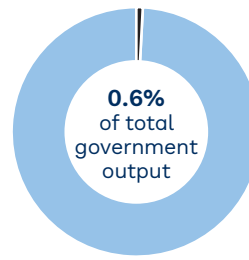
2 Ibid.

3 Ibid., pp. 161–162.

## Department of Premier and Cabinet

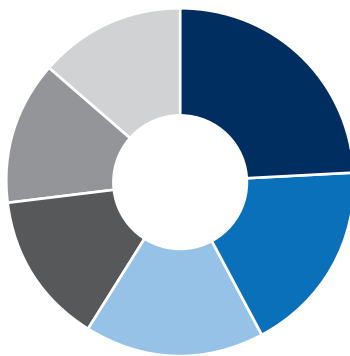
### Total output funding

2024–25 Budget	\$487.8m
2023–24 revised Budget	\$474.9m
2023–24 Budget	\$431.6m



10th largest budget of all departments

### Funding by output, 2024–25



- Self-determination policy and reform advice and programs **\$118.9m**
- Executive government advice and services **\$87.1m**
- State electoral roll and electoral events **\$82.2m**
- Traditional owner engagement and cultural heritage management programs **\$69.3m**
- Multicultural affairs policy and programs **\$64.6m**
- Other\* **\$65.7m**

\* Includes 4 outputs with budgets <\$25m.



### New output initiatives with largest total funding allocation, 2023–24 to 2027–28



**\$42m**  
Supporting Victoria's Aboriginal Cultural Heritage System

**\$6.8m**  
Delivering a Victorian Truth and Justice Process

**\$11.9m**  
Parliamentary Workplace Standards and Integrity Commission

**\$5.2m**  
Supporting Victoria's African communities



11 new output initiatives totalling \$81.9m from 2023–24 to 2027–28

### New infrastructure project (total estimated investment, 2023–24 to 2027–28)



**\$10.2m**  
Delivering safe and self-governing Aboriginal Trusts



1 new infrastructure project

## 12.2 Financial analysis

DPC's special appropriations are budgeted as \$104 million in 2024–25, an increase of \$39 million (60%) compared to the 2023–24 revised Budget.<sup>4</sup> This is primarily due to funding for the Victorian Electoral Commission (VEC) to conduct local government council elections in October 2024.<sup>5</sup>

In 2024–25 DPC's grant expenses budget is \$175 million. This increase of \$28 million (19%) compared to the 2023–24 revised Budget is due to the transfer of the Multicultural Affairs portfolio from the Department of Families, Fairness and Housing to DPC.<sup>6</sup>

The department's employee expenses are \$237 million in 2024–25 and its total workforce as of 30 June 2024 is expected to be 694.4 full-time equivalent employees.<sup>7</sup> Compared to DPC's workforce on 30 June 2023, this represents a minor decrease. However, DPC's employee expenses budget constitutes a \$39 million (19.7%) increase compared to the 2023–24 Budget and a \$18 million (8.2%) increase compared to the 2023–24 revised Budget.<sup>8</sup> This variation is primarily due to new budget initiatives, additional funding for the VEC and the transfer of the Multicultural Affairs portfolio.<sup>9</sup>

## 12.3 Treaty and First Peoples portfolio

The Minister for Treaty and First Peoples is responsible for two outputs: Self-Determination Policy and Reform Advice and Programs (funding in 2024–25: \$118.9 million) and Traditional Owner Engagement and Cultural Heritage Management Programs (funding in 2024–25: \$69.3 million).<sup>10</sup>

During the hearings, the Committee and the Minister discussed the \$42 million allocation to protect Aboriginal cultural heritage, and the Treaty process.<sup>11</sup> The Committee asked whether the funding would be used to buy water for traditional owners.<sup>12</sup> The Minister confirmed that DPC does not decide on the percentage of funds used to buy water, emphasising the Government's belief in the value of self-determination.<sup>13</sup>

<sup>4</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 125.

<sup>5</sup> Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, received 13 May 2024, p. 23.

<sup>6</sup> *Ibid.*, p. 24; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 125.

<sup>7</sup> Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 61; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 125.

<sup>8</sup> Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 61; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 125.

<sup>9</sup> Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 23.

<sup>10</sup> *Ibid.*, pp. 80–81; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 163.

<sup>11</sup> Hon Natalie Hutchins MP, Minister for Treaty and First Peoples, 2024–25 Budget Estimates hearing, Treaty and First Peoples, Melbourne, 21 May 2024, *Transcript of evidence*, p. 1.

<sup>12</sup> Public Accounts and Estimates Committee, 2024–25 Budget Estimates hearing, Treaty and First Peoples, Melbourne, 21 May 2024, *Transcript of evidence*, p. 1.

<sup>13</sup> Hon Natalie Hutchins MP, Minister for Treaty and First Peoples, *Transcript of evidence*, p. 2.

In discussing the steps taken in the Treaty process, self-determination was referenced as a ‘really important pathway for us to close the gap’.<sup>14</sup> The Minister elaborated that ‘self-determination is about embedding a process where you get the information, you embed decision-making and outcomes and possibly even collaborating on responsibility with First Nations people on the delivery of things like health, education processes and economic opportunities’.<sup>15</sup> The Minister stated that as a Government, it was ‘not making enough progress [to close the gap between Indigenous and non-Indigenous outcomes], and that is because we are not embedding self-determination quick[ly] enough into Aboriginal decision-making’.<sup>16</sup>

## 12.4 Multicultural Affairs portfolio

The Minister for Multicultural Affairs is responsible for one output: Multicultural Affairs Policy and Programs (funding in 2024–25: \$64.6 million).<sup>17</sup>

During the hearings, the Committee and the Minister discussed measuring discrimination, the *Victorian African Communities Action Plan* and anti-vilification legislation. The Committee asked how the portfolio will measure its objective of ‘decreas[ing] experiences of discrimination’.<sup>18</sup> The Minister described the work of the Anti-Racism Taskforce, which received \$4 million for new projects in the 2024–25 Budget.<sup>19</sup> The Taskforce will develop a statewide anti-racism strategy, to be finalised in the coming months.

The Minister described initiatives taken through the *Victorian African Communities Action Plan*, which received \$5.2 million in funding in the 2024–25 Budget.<sup>20</sup> The plan has been in place since 2019, and its work includes ‘tailored employment, education and health supports to over 7,000 members of Victoria’s African communities’.<sup>21</sup> The Minister noted the *Employment Brokers* program has supported 1,784 jobseekers of African heritage since 2020–21. She attributed the program’s success to its support of organisations that already have significant reach into the Victorian African community.<sup>22</sup>

<sup>14</sup> Ibid., p. 5.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, p. 79; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 163.

<sup>18</sup> Public Accounts and Estimates Committee, 2024–25 Budget Estimates hearing, Multicultural Affairs, Melbourne, 22 May 2024, *Transcript of evidence*, p. 2.

<sup>19</sup> Hon Ingrid Stitt MLC, Minister for Multicultural Affairs, 2024–25 Budget Estimates hearing, Multicultural Affairs, Melbourne, 22 May 2024, *Transcript of evidence*, pp. 2–3; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 73.

<sup>20</sup> Hon Ingrid Stitt MLC, Minister for Multicultural Affairs, *Transcript of evidence*, pp. 4–5; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 73.

<sup>21</sup> Hon Ingrid Stitt MLC, Minister for Multicultural Affairs, *Transcript of evidence*, p. 4.

<sup>22</sup> Ibid., p. 5.

Finally, the Committee asked about upcoming anti-vilification legislation and when it is expected to be introduced.<sup>23</sup> The Minister stated that the legislation is the responsibility of the Attorney-General. The Minister advised that as part of the anti-vilification campaign, Jewish and Islamic community organisations had each been allocated \$3 million to support measures to combat discrimination.<sup>24</sup>

## 12.5 Performance measures

### 12.5.1 Department-wide: analysis of new performance measures

DPC added two new performance measures in the 2024–25 Budget.<sup>25</sup> Table 12.1 summarises the issues identified by the Committee with one of these measures.

**Table 12.1** Issues with new performance measures in 2024–25

Output	Performance measure	Issues identified by the Committee
State electoral roll and electoral events (Quality)	Maintain and improve public awareness, confidence and trust in the integrity of Victoria's electoral system	<p>The Committee commends the Department of Premier and Cabinet for developing a further performance measure that measures public awareness, confidence and trust in the electoral system and reflects the activities of the Victorian Electoral Commission (VEC).</p> <p>The annual target for the measure is set at 80%. DPC stated the 80% target reflects a survey undertaken by the VEC, which asked a group of Victorians to rate statements about the VEC. The strength of agreement to statements in the survey was converted to a percentage.</p> <p>The meaning of the measure is only clear with this explanatory information. As such, the Committee recommends the performance measure is renamed or changed to provide greater clarity.</p>

Source: Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 122; Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, received 13 May 2024, pp. 52–53.

**RECOMMENDATION 36:** The Department of Premier and Cabinet address the issues identified by the Committee with the performance measure ‘Maintain and improve public awareness, confidence and trust in the integrity of Victoria’s electoral system’ with altered performance measure/s in the next budget.

<sup>23</sup> Public Accounts and Estimates Committee, 2024–25 Budget Estimates hearing, Multicultural Affairs, Melbourne, 22 May 2024, *Transcript of evidence*, p. 5.

<sup>24</sup> Hon Ingrid Stitt MLC, Minister for Multicultural Affairs, *Transcript of evidence*, pp. 5–6.

<sup>25</sup> Department of Premier and Cabinet, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 52–53.





# Chapter 13

## Department of Treasury and Finance

### 13.1 Overview

The Department of Treasury and Finance (DTF) provides economic, commercial, financial and resource management advice to help the Victorian Government deliver its policies.<sup>1</sup>

In 2024–25 DTF supports four portfolios: the Treasurer, Assistant Treasurer, Industrial Relations, and WorkSafe and the TAC (Transport Accident Commission).<sup>2</sup>

In 2024–25 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.<sup>3</sup>

This chapter examines the budget initiatives and key issues of two of DTF's four portfolios.

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 179.

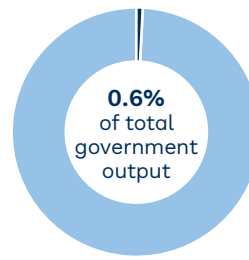
2 Ibid.

3 Ibid., pp. 179–180.

## Department of Treasury and Finance

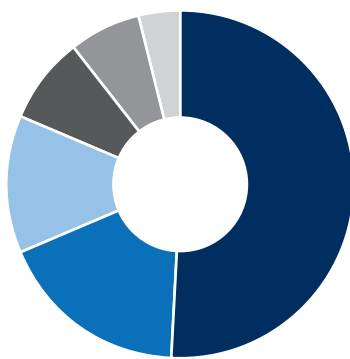
### Total output funding

2024–25 Budget	\$477.5m
2023–24 revised Budget	\$464m
2023–24 Budget	\$473m



11th largest budget of all departments

### Funding by output, 2024–25

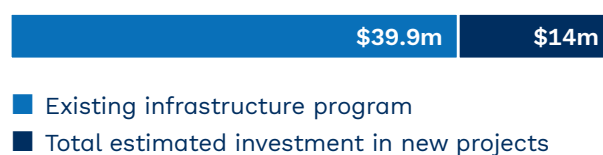


- Revenue Management and Administrative Services to Government **\$242.7m**
- Commercial and Infrastructure Advice **\$85.6m**
- Economic and Policy Advice **\$60.3m**
- Budget and Financial Policy Advice **\$39m**
- Industrial relations **\$32.4m**
- Other\* **\$17.4m**

\* Includes 2 outputs with budgets <\$10m.



### Infrastructure program, 2024–25 (\$53.9m)



- Existing infrastructure program
- Total estimated investment in new projects



### New output initiatives with largest total funding allocation, 2023–24 to 2027–28



**\$70.4m**  
State Revenue Office expanded compliance program

**\$11.6m**  
Expanding the Victorian Homebuyer Fund

**\$19.7m**  
Supporting the community and public sector to tackle asbestos and its impacts

**\$3.1m**  
Wage Inspectorate Victoria – fair and safe Victorian workplaces

5 new output initiatives totalling \$107.1m from 2023–24 to 2027–28

### New infrastructure projects with largest total estimated investment, 2023–24 to 2027–28



**\$700m**  
Expanding the Victorian Homebuyer Fund\*

**\$9.6m**  
State Revenue Office expanded compliance program

\* Total estimated investment includes funding beyond 2027–28.

2 new infrastructure projects

## 13.2 Financial analysis

DTF's output appropriations in 2024–25 are budgeted as \$442 million, which is a small increase of \$14 million (3.3%) compared to the 2023–24 revised Budget.<sup>4</sup> This primarily reflects increased funding in the 2024–25 Budget for the State Revenue Office (SRO) to expand its compliance programs.<sup>5</sup>

There are significant variances between the funding provided to DTF's outputs in the 2024–25 and 2023–24 Budgets. For three outputs—Budget and Financial Policy Advice, Economic and Policy Advice, and Commercial and Infrastructure Advice—this is due to a new organisational structure.<sup>6</sup> The Economic Regulatory Services output budget also decreased by \$29.7 million (78.4%), but this was due to the reclassification of the Essential Services Commission (ESC) as a 'regulatory body and other part funded agency' for financial reporting purposes. As a result, the output cost no longer includes trust fund revenue and expenses of the ESC.<sup>7</sup>

DTF has a total savings target of \$13 million in 2024–25, including \$10.7 million from measures yet to be determined.<sup>8</sup> In 2023–24 this was achieved by managing staffing levels, capping budgets allocated to the purchase of supplies and services, and stronger centralised budget management.<sup>9</sup> DTF did not report on the total number of staff it reduced in 2023–24 or planned to reduce in 2024–25 as part of its savings measures, despite this question being asked in the Committee's questionnaire.<sup>10</sup> DTF also forecasts that its workforce will grow by 287 (21.6%) full-time equivalent staff from 30 June 2023 to 30 June 2025. No information was provided to explain this increase.<sup>11</sup>

## 13.3 Assistant Treasurer portfolio: key issue

The Assistant Treasurer is responsible for four outputs: Budget and Financial Advice (funding in 2024–25: \$39 million), Commercial and Infrastructure Advice (funding in 2024–25: \$85.6 million), Economic and Policy Advice (funding in 2024–25: \$60.3 million), Economic Regulatory Services (funding in 2024–25: \$8.2 million).<sup>12</sup>

<sup>4</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25 Statement of Finances*, Melbourne, 2024, p. 140.

<sup>5</sup> *Ibid.*, p. 138; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 84.

<sup>6</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, pp. 146, 149, 151.

<sup>7</sup> *Ibid.*, p. 149.

<sup>8</sup> Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, pp. 45–47.

<sup>9</sup> *Ibid.*, p. 46.

<sup>10</sup> *Ibid.*, p. 57.

<sup>11</sup> *Ibid.*, p. 60.

<sup>12</sup> Responsibility for all outputs except Economic Regulatory Services are shared with the Treasurer. Source: *Ibid.*, pp. 72–82; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 181.

### 13.3.1 Victorian Managed Insurance Authority

The Victorian Managed Insurance Authority (VMIA) is the Victorian Government’s insurer and risk advisor and provides insurance to government departments and participating bodies.<sup>13</sup> The VMIA has experienced significant financial challenges across the last two financial years, as outlined in the Committee’s previous budget estimates report.<sup>14</sup> These challenges are predominantly an outcome of two insurance events—the October 2022 floods in Victoria and the insolvency of the domestic building company, Porter Davis Homes.<sup>15</sup> These two events led to the VMIA experiencing:

- operating deficits in the financial year ending 2022 and 2023<sup>16</sup>
- a decline in its funding ratio (IFR), from 130.8% on 30 June 2021, to 103% in 2023.<sup>17</sup>

An insurance agency’s IFR shows the ratio of assets to liabilities and demonstrates the long-term financial sustainability of an insurance scheme.<sup>18</sup> The VMIA’s IFR of 103% means that for every \$100 of liabilities, the VMIA has \$103 in assets—a notable decline from 2021.

The VMIA’s IFR and operating result from 2019 to 2023 is shown below in Table 13.1.

**Table 13.1 The declining financial sustainability of the VMIA**

	2019	2020	2021	2022	2023
IFR (per cent)	144.3	118.6	130.8	109.7	103.0
Operating result (\$ million)	(115,437)	(249,234)	261,465	(389,191)	(107,643)

Source: Victorian Managed Insurance Authority, *Annual Report 2022–23*, Melbourne, 2023, pp. 44–45.

**FINDING 79:** At 30 June 2023 the Victorian Managed Insurance Authority recorded an operating deficit of \$108 million and an insurance funding ratio (IFR) of 103%. Its IFR has declined from 130.8% since 2021. These results reflect two significant insurance events—the October 2022 floods and the insolvency of Porter Davis Homes.

The Committee asked the Assistant Treasurer about the steps that are being taken to ensure the financial sustainability of the VMIA. The Assistant Treasurer advised that the Government would no longer be taking planned dividends from the VMIA as a result of its financial position.<sup>19</sup> Further, a capital management plan had been initiated for the

<sup>13</sup> Victorian Managed Insurance Authority, *Annual Report 2022–23*, Melbourne, 2023, p. 4.

<sup>14</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, pp. 206–209.

<sup>15</sup> Hon Danny Pearson MP, Assistant Treasurer, 2024–25 Budget Estimates hearing, Assistant Treasurer, Melbourne, 17 May 2024, *Transcript of evidence*, p. 3.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.; Victorian Managed Insurance Authority, *Annual Report 2022–23*, p. 45.

<sup>18</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, p. 152.

<sup>19</sup> Hon Danny Pearson MP, Assistant Treasurer, *Transcript of evidence*, p. 3.

VMIA to stabilise its financial position over a five year period.<sup>20</sup> The VMIA is working towards bringing the IFR back into the middle point of the range (122.5%) over the next five years.<sup>21</sup> In the past, government insurers such as WorkSafe have been provided with financial support from the government to maintain their financial sustainability.<sup>22</sup> The Assistant Treasurer told the Committee that the Government did not currently consider this a necessary step for the VMIA.<sup>23</sup>

**FINDING 80:** To ensure the Victorian Managed Insurance Authority's (VMIA) long term financial sustainability, a capital management plan has been initiated and the Government will not be taking dividends from the VMIA in 2024–25.

The collapse of Porter Davis Homes is the biggest domestic builder insolvency in the State's history, leading to increased domestic building insurance (DBI) claims made to the VMIA.<sup>24</sup> The VMIA's *Annual Report 2022–23* shows that it settled 4,451 DBI claims over the financial year, resulting in \$112 million in payments.<sup>25</sup>

Considering DBI insures homeowners in the event that their building project cannot be completed or has defective works,<sup>26</sup> the timeliness of DBI claim resolution is significant for many Victorians. The VMIA does not routinely report on the age of its claims or the time it takes to process them. As a public financial corporation (PFC), the VMIA is not obliged to report on its performance in its annual reports in the same way that Victorian government departments are,<sup>27</sup> however it does report on elements of its financial performance.<sup>28</sup> Considering the importance and public interest in DBI, the Committee recommends the VMIA institute performance reporting in its annual reports that includes age of claims and timeliness of processing claims classified by claim type, where possible.

**RECOMMENDATION 37:** The Victorian Managed Insurance Authority include performance reporting in its future annual reports, including the age of claims and timeliness of processing claims, separated by claim type.

<sup>20</sup> Ibid.

<sup>21</sup> Mr Andrew Davies, Chief Executive Officer, Victorian Managed Insurance Authority, 2024–25 Budget Estimates hearing, Assistant Treasurer, Melbourne, 17 May 2024, *Transcript of evidence*, p. 8.

<sup>22</sup> Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, p. 152.

<sup>23</sup> Hon Danny Pearson MP, Assistant Treasurer, *Transcript of evidence*, p. 3.

<sup>24</sup> Ibid., p. 2.

<sup>25</sup> Victorian Managed Insurance Authority, *Annual Report 2022–23*, p. 14.

<sup>26</sup> Victorian Managed Insurance Authority, *What is DBI?*, 2024, <<https://www.dbi.vmia.vic.gov.au/what-is-dbi>> accessed 6 August 2024.

<sup>27</sup> Department of Treasury and Finance, *Model Report 2022–23*, Melbourne, 2023, p. 5; Victorian Auditor-General's Office, *Auditor-General's Report on the Annual Financial Report of the State of Victoria 2022–23*, Melbourne, 2023, p. 78.

<sup>28</sup> Victorian Managed Insurance Authority, *Annual Report 2022–23*, p. 45.

## 13.4 Treasurer portfolio: key issue

The Treasurer is responsible for five outputs: Budget and Financial Advice (funding in 2024–25: \$39 million), Commercial and Infrastructure Advice (funding in 2024–25: \$85.6 million), Economic and Policy Advice (funding in 2024–25: \$60.3 million), Revenue Management and Administrative Services to Government (funding in 2024–25: \$242.7 million), Infrastructure Victoria (funding in 2024–25: \$9.2 million).<sup>29</sup>

### 13.4.1 The impact of land tax on rental prices

In 2024–25 Government revenue from land tax is forecast to be \$6.5 billion and is then expected to grow by an average of 6.2% each year to 2027–28.<sup>30</sup> Further, the COVID Debt Levy on landholdings, legislated to apply until 30 June 2033, will raise revenue of \$1.3 billion in 2024–25, and then grow by an average of 5.8% to 2027–28.<sup>31</sup>

Land tax is an annual tax based on the total taxable value of land owned by individuals in Victoria. There are categories of exempt land, such as the principal place of residence. Land tax is commonly paid on investment properties including rental properties, as well as commercial properties, holiday homes and vacant land.<sup>32</sup> It is a progressive tax in that as the value of the land increases, so does the amount of tax paid. Land valuations are determined by the Valuer-General Victoria.<sup>33</sup>

The COVID Debt Levy on landholdings was introduced in the 2023–24 Budget as part of the Government's strategy to pay down the debt accumulated during the COVID-19 pandemic. The measure reduced the tax-free threshold for general land tax rates, and an increased additional fixed charge for land tax was added.<sup>34</sup>

**FINDING 81:** The Victorian Government expects to collect \$6.5 billion in land tax and \$1.3 billion via the COVID Debt Levy on Landholdings in 2024–25. Both revenue streams increase annually.

Australia, including Victoria is currently experiencing a housing 'crisis', defined as a breakdown in the relationship between the cost of renting or purchasing a home and income levels. It is becoming more difficult for Victorians to afford a mortgage or their rent.<sup>35</sup> There are several indicators that can demonstrate this issue. Homes Victoria's latest rental report for the March 2024 quarter shows that:

<sup>29</sup> Responsibility for all outputs is shared with the Assistant Treasurer, except for Revenue Management and Administrative Services to Government and Infrastructure Victoria. Source: Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 72–81; Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 181.

<sup>30</sup> Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 167.

<sup>31</sup> Ibid.

<sup>32</sup> State Revenue Office, *Land tax*, 5 June 2024, <<https://www.sro.vic.gov.au/land-tax>> accessed 6 August 2024.

<sup>33</sup> Mr Tim Pallas, Treasurer, 2024–25 Budget Estimates hearing, Treasurer, Melbourne, 16 May 2024, *Transcript of evidence*, p. 14.

<sup>34</sup> Department of Treasury and Finance, *COVID Debt Repayment Plan*, Melbourne, 2023, p. 19; Department of Treasury and Finance, *Budget Paper No. 5: 2024–25*, p. 167.

<sup>35</sup> Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *The rental and housing affordability crisis in Victoria*, November 2023, p. 55.

- The Melbourne Rent Index increased by 4.6% over the March quarter and 14.6% from the same time in the previous year. The Regional Rent Index increased by 2.3% in the March quarter and 6.3% from the previous year.<sup>36</sup>
- The number of new lettings across the state decreased by 11.8% between the quarter year ending March 2023 and March 2024.
- The proportion of new lettings that were affordable in Victoria decreased to 11.7% in the March quarter, from 15% in the December quarter of 2023.
- Vacancy rates for metropolitan Melbourne remained low but stable at 2.1% in March 2024.<sup>37</sup>

The Committee discussed with the Treasurer whether higher charges for land tax had increased the prices of rents in Victoria, through landlords passing increased tax costs to renters.<sup>38</sup>

The Treasurer advised the Committee that the cause of the crisis is supply and demand, which has guided the Government's current approach to housing and *Victoria's Housing Statement*.<sup>39</sup> He stated that: 'The more supply of rentable accommodation you have in the market, the less the demand and the less the price spike'.<sup>40</sup>

The Treasurer told the Committee that the Government's land taxes have not contributed to the increased cost of rents in Victoria, and that if there were any impact, it would be marginal.<sup>41</sup> However, there is anecdotal evidence from rental industry and property investor representatives that taxes and regulations, including land tax, are disincentives to investing in property and causing some investors to sell their investment properties.<sup>42</sup> There are no large scale studies or data that definitely support these claims.

While it is likely that increases to taxes including land tax may disincentivise investing in rental property and may contribute to rental costs, supply and demand side factors are the most pressing elements of Victoria and Australia's housing and rental crisis.

**FINDING 82:** Supply and demand-side factors are the most significant causes of Victoria's current housing and rental affordability crisis. Increased taxes may contribute to rental costs and disincentivise investing in the rental market, however there is no conclusive evidence, large scale studies or data to demonstrate this.

<sup>36</sup> According to Homes Victoria the Rent index is based on median rents stratified by location and dwelling type to control for compositional shifts in new lettings, and is a better measure of changes in rents over time than the simple median price measure. Source: Homes Victoria, *Rental Report: March Quarter 2024*, Melbourne, 2024, p. 6; Department of Families, Fairness and Housing, *Rental report*, 2024, <<https://www.dffh.vic.gov.au/publications/rental-report>> accessed 6 August 2024.

<sup>37</sup> Homes Victoria, *Rental Report: March Quarter 2024*, pp. 4-5.

<sup>38</sup> Public Accounts and Estimates Committee, 2024-25 Budget Estimates hearing, Treasurer, Melbourne, 16 May 2024, *Transcript of evidence*, pp. 13-16, 22-24.

<sup>39</sup> Mr Tim Pallas, Treasurer, *Transcript of evidence*, pp. 13, 15.

<sup>40</sup> *Ibid.*, p. 13.

<sup>41</sup> *Ibid.*, pp. 16, 22.

<sup>42</sup> Parliament of Victoria, Legislative Council Legal and Social Issues Committee, *The rental and housing affordability crisis in Victoria*, pp. 117-118.

## 13.5 Performance measures

### 13.5.1 Department-wide: analysis of new performance measures

DTF added three new performance measures in the 2024–25 Budget, two of which replaced discontinued measures.<sup>43</sup> Table 13.2 summarises the issues that Committee identified with two of these performance measures by relevant output.

**Table 13.2 Issues with new performance measures in 2024–25**

Output	Performance measure	Issue identified by the Committee
Commercial and Infrastructure Advice (Quantity)	Assurance and Gateway reviews undertaken	<p>This measure consolidates the measures ‘Gateway reviews undertaken’ and ‘Undertake project reviews to support the Government’s program in the delivery of public infrastructure projects’.</p> <p>This measure demonstrates an input (reviews undertaken) rather than an outcome (the impact of reviews). The department has an additional quality measure that demonstrates the quality and outcomes of gateway reviews. However, there is no such quality measure for assurance reviews.</p> <p>This is important because assurance reviews are required for all high-value high-risk government projects. They report on a project’s progress, objectives, governance and readiness.</p> <p>The Committee recommends the department add quality measures for assurance reviews.</p>
Commercial and Infrastructure Advice (Quantity)	Department action plans	<p>This measure is the number of Victorian Public Service (VPS) entity action plans that support improved psychological health in their workplaces.</p> <p>As noted by the department, the key weakness of this measure is that it counts an activity, rather than demonstrating the outcomes of the action plans— i.e. improved psychological health in VPS entities.</p> <p>Further, it is not immediately clear what the measure is counting. The Committee recommends the department establish quality performance measures for these action plans and rename the current measure for clarity.</p>

Source: Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, pp. 49–50, 56; Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, pp. 147, 150; Department of Treasury and Finance, *Project Assurance reviews*, 27 September 2018, <<https://www.dtf.vic.gov.au/gateway-review-process/project-assurance-reviews#>> accessed 6 August 2024.

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

DTF identified eight performance measures for discontinuation in the 2024–25 Budget.<sup>44</sup> Two measures relate to the Gig Worker Support Service and the Wage

<sup>43</sup> Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 49–50; Department of Treasury and Finance, *2024–25 Department Performance Statement*, pp. 147, 150.

<sup>44</sup> Department of Treasury and Finance, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 53–56.



Inspectorate Victoria are to be discontinued as these programs are ending, due to Commonwealth legislation that will cover both of these areas in the future.<sup>45</sup>

The Committee supports DTF's rationale for the discontinuation of all eight measures.

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45 Ibid., p. 54; Victorian Government, *Gig Worker Support Service*, 27 June 2024, <<https://www.vic.gov.au/gig-worker-support-service>> accessed 6 August 2024.



# 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.<sup>1</sup>

The Parliament of Victoria has three departments: the Department of Parliamentary Services (DPS), the Legislative Council (LC) and the Legislative Assembly (LA).<sup>2</sup>

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.<sup>3</sup>

Victoria's independent officers of Parliament and its integrity agencies are also grouped under Parliament's outputs in the budget papers. This includes the Victorian Auditor-General's Office (VAGO), the Parliamentary Budget Office (PBO), the Independent Broad-based Anti-corruption Commission (IBAC), the Victorian Inspectorate (VI), and the Victorian Ombudsman (VO).<sup>4</sup>

This chapter summarises the issues discussed during the estimates hearing for the parliamentary departments.

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1 Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 189.

2 Ibid.

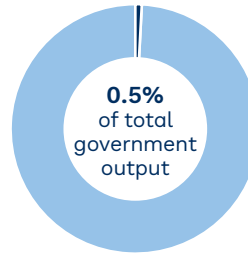
3 Ibid.

4 Ibid., pp. 189–190.

## Parliament

### Total output funding

2024–25 Budget	\$376.9m
2023–24 revised Budget	\$361.7m
2023–24 Budget	\$361.2m



12th largest budget of all departments

### Funding by output, 2024–25



- Parliamentary Services **\$151m**
- Independent Broad-based Anti-corruption Commission **\$63.6m**
- Victorian Auditor-General's Office **\$51.1m**
- Legislative Assembly **\$46.9m**
- Legislative Council **\$24.3m**
- Other\* **\$40m**

\* Includes 4 outputs with budgets <\$22m.



### New output initiatives with largest total funding allocation 2023–24 to 2027–28



1 new output initiative totalling \$600k from 2023–24 to 2027–28

**\$600k**  
Supporting the Victorian Ombudsman's Parliamentary Referral



## 14.2 Financial analysis

The parliamentary departments' output appropriations are budgeted as \$172.3 million in 2024–25, an increase of \$17.9 million (11.6%) compared to the 2023–24 revised Budget.<sup>5</sup> This variation is due to carryover from 2023–24 and an annual increase in Members' electorate office and communications budget.<sup>6</sup>

The Parliamentary Investigatory Committees output budget for 2024–25 has decreased by \$0.5 million (7.5%) compared to the 2023–24 revised Budget.<sup>7</sup> This variation is due to one-off funding in 2023–24 for the independent performance audits of VAGO and the VO, commissioned by the Public Accounts and Estimates Committee and Integrity and Oversight Committee.<sup>8</sup>

The parliamentary departments, according to the audited financial statements, underspent their 'available funding' in 2021–22 and 2022–23.

## 14.3 Parliament

Parliament is responsible for the following four outputs:

- Legislative Council (funding in 2024–25: \$24.3 million)
- Legislative Assembly (funding in 2024–25: \$46.9 million)
- Parliamentary Investigatory Committees (funding in 2024–25: \$6.2 million)
- Parliamentary Services (funding in 2024–25: \$151 million).<sup>9</sup>

Several topics were discussed at the hearings, including the recent protests at Parliament, how the Parliamentary departments are protecting the safety of the public and staff, and inclusivity at Parliament.

On 7 May 2024 there were protests in the LA in the upper gallery.<sup>10</sup> Parliament advised it had implemented additional security measures since the protests. Such measures included: CCTV cameras, Protective Services Officers and DPS security team members in the upper galleries as well as screening systems for points of entry into Parliament House.<sup>11</sup>

<sup>5</sup> Parliamentary Departments, *Response to the 2024–25 Budget Estimates Questionnaire*, received 14 May 2024, p. 14.

<sup>6</sup> Ibid.

<sup>7</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, Melbourne, 2024, p. 159.

<sup>8</sup> Hon Maree Edwards MP and Hon Shaune Leane MLC, Speaker of the Legislative Assembly and President of the Legislative Council, 2024–25 Budget Estimates hearing, response to questions on notice, received 27 May 2024, p. 1.

<sup>9</sup> Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, p. 193.

<sup>10</sup> Ms Trish Burrows, Secretary, Department of Parliamentary Services, 2024–25 Budget Estimates hearing, Parliament, Melbourne, 20 May 2024, *Transcript of evidence*, p. 2.

<sup>11</sup> Ibid., p. 3.

The Speaker and President spoke about increasing inclusivity at Parliament.<sup>12</sup> Parliament has introduced closed captioning for broadcasts, and is working through its *Disability Action and Inclusion Plan* to identify accessibility barriers for people with disabilities.<sup>13</sup> It has also held several events to celebrate women’s participation in Parliament, such as the International Women’s Day event, the Women Engaged in Leadership Forum in Bendigo, and an exhibition of women’s health networks across Victoria.<sup>14</sup>

## 14.4 Performance measures

### 14.4.1 Analysis of new performance measures

VAGO, the PBO, the VO, DPS, and the LA did not add new performance measures to the 2024–25 Budget.<sup>15</sup>

The LC added one new timeliness performance measure, ‘Online information relating to bills updated within one day’.<sup>16</sup> This measure was added to align with LA performance measures.

### 14.4.2 Analysis of modified performance measures

The LC was the only parliamentary department to modify performance measures in the 2024–25 Budget. It modified the targets of two existing performance measures. Both targets were increased from 98% to 100% to align with LA performance measure targets.<sup>17</sup>

There are no discontinued performance measures.<sup>18</sup>

**Adopted by the Public Accounts and Estimates Committee  
55 St Andrews Place, East Melbourne  
14 October 2024**

<sup>12</sup> Hon Maree Edwards MP, Speaker of the Legislative Assembly, *Transcript of evidence*, pp. 1, 4, 10; Hon Shaun Leane MLC, President of the Legislative Council, *Transcript of evidence*, pp. 7, 12.

<sup>13</sup> Hon Maree Edwards MP, Speaker of the Legislative Assembly, *Transcript of evidence*, p. 1; Ms Bridget Noonan, Clerk of the Legislative Assembly, 2024–25 Budget Estimates hearing, Parliament, Melbourne, 20 May 2024, *Transcript of evidence*, p. 12.

<sup>14</sup> Hon Maree Edwards MP, Speaker of the Legislative Assembly, *Transcript of evidence*, p. 4.

<sup>15</sup> Department of Treasury and Finance, *2024–25 Department Performance Statement*, pp. 158–164.

<sup>16</sup> *Ibid.*, p. 158.

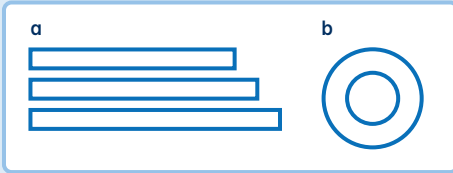
<sup>17</sup> Parliamentary Departments, *Response to the 2024–25 Budget Estimates Questionnaire*, pp. 29–30.

<sup>18</sup> *Ibid.*, p. 31.

# Appendix A

## Budget snapshots explanatory material

## Total output funding



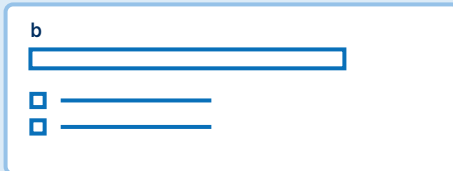
- a. Total output funding for the department in the 2024–25 Budget, the 2023–24 revised Budget and the 2023–24 Budget. Represents departmental budgets as per Budget Paper No. 3 and does not include general government output contingencies.
- b. Department funding as a percentage of all funding for all Victorian Government departments in the 2024–25 Budget.

## Funding by output, 2024–25



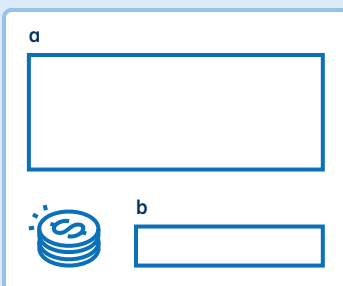
- a. Department funding in 2024–25 by output. Lists the names of five largest outputs. Asterisk indicates the number of remaining outputs and combined funding allocation.

## Infrastructure program, 2024–25 (\$X<sup>a</sup>)



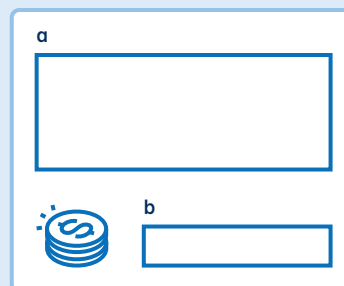
- a. Department's total capital spend on both existing and new projects. Represents total capital spend for departments as per Budget Paper No. 4 and does not include general government asset contingencies.
- b. Department's total estimated investment in new capital projects and total estimated investment in existing capital projects. Funding for some new asset initiative funding may not be represented in this graph for certain departments if the funding is towards projects in the capital programs of associated public non-financial corporations.

## New output initiatives with largest total funding allocation, 2023–24 to 2027–28



- a. Output initiative title and associated funding for the department's (up to) four largest initiatives in the 2024–25 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 2024–25 Budget and total spending. May include funding for whole of government initiatives.

## New infrastructure projects with largest total estimated investment, 2023–24 to 2027–28



- a. Asset initiative title and associated total estimated investment for the department's (up to) four largest asset initiatives in the 2024–25 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 2024–25 Budget.



# Minority report



# **VICTORIAN GREENS' MINORITY REPORT**

**Public Accounts and Estimates Committee**

**Inquiry into the 2024-25 budget estimates**

Authored by Aiv Puglielli MLC

## Introduction

The Public Accounts and Estimates Committee is a joint committee with members from both the Legislative Assembly and Council. It currently consists of five Labor members, three Coalition members and one Greens member.

The ongoing practice of the government holding a majority on this committee presents significant challenges and perceived imbalance in its capacity to undertake its role of holding the government itself accountable in how it allocates and spends taxpayer dollars.

The Greens will continue to advocate for this joint committee to be chaired by a non-government MP and no longer feature a government majority, irrespective of which party holds government in Victoria. In the interests of transparency, accountability, and perceptions in the community on how governments are held to account.

The 2024 - 2025 state budget was an opportunity for the Labor Government to step in and help people who are struggling with housing and the cost-of-living crisis. Instead they have chosen inaction and unnecessary cuts that will make life harder for everyday Victorians.

With up to 30,000 Victorians experiencing homelessness every night, more than 120,000 Victorians on the waitlist for public housing, and rents at record highs, this Budget was an opportunity to take the action needed to address the housing crisis. And yet, there was no new money for building homes, including public housing, and renters continue to be ignored, resulting in more severe rent increases and more unaffordable homes for first-home buyers.

If instead the State Labor Government had chosen to tax the big banks and profiteering corporations, they could have raised \$14.7 billion dollars over the next four years and truly invested in public housing and community services to support our community.

These observations and more are explored throughout this minority report.

The structure of issues raised in this report are listed under the categories of People, Planet and Public Good.

## People

### **First Nations Justice**

I acknowledge the ongoing, thriving cultures and traditions of First Peoples on this continent, and the impact that the dispossession and colonisation of this land has had on First Nations communities which is still being felt today.

I acknowledge the ongoing work of community leaders and Elders in sharing language and culture, caring for Country and supporting and fostering their communities.

Sovereignty was never ceded.

Always was, always will be, Aboriginal land.

### **Public land sales during ongoing Treaty process**

In recent hearings at the Yoorrook Justice Commission, it was expressed just how extensively Victoria has extracted wealth from Traditional Owners through forced dispossession of Country.

It is expected that Treaty negotiations are likely to discuss the return of land to Traditional Owners, yet the government still has 146 plots of land currently being prepared for sale, seemingly without due consideration of how those are going to form part of Treaty reparations.

Aiv PUGLIELLI: In light of those negotiations and land reparations, will the Labor government place a moratorium on the sale of public land pending Treaty negotiations?

Natalie HUTCHINS: There is no intent to put a moratorium in place this side of the negotiations for the Treaty outcomes, nor have we established a process in the Treaty pathway for us to stop any of our government actions or work ahead of a Treaty negotiation. What the outcomes will be I do not want to pre-empt. But certainly the government is open and willing to talk about particularly those areas of significant Aboriginal culture and heritage which already we have protections under the Act on, but speeding up some of those processes could be a feature during negotiations.

Aiv PUGLIELLI: If land is one of the things that is able to be put on the table by way of reparations with First Peoples, is it good-faith engagement to continue the sell-off of public land while the Treaty process is ongoing?

- Public Accounts and Estimates Committee - Budget Estimates Treaty and First Peoples portfolio public hearing, 21 May 2024

## Water

In a recent appearance at the Yoorrook Justice Commission, the Victorian Minister for Water provided evidence that the government's revenue from water was \$83 billion between 2010 and 2023; at the same time in 2022 First Peoples owned only 0.2 per cent of Victoria's water entitlements. In that evidence, she indicated that the only thing stopping the state funding a scheme to enable traditional owners to purchase direct water entitlements was political will.

Harriet SHING: Sorry, have you got a quote for that, because –

Aiv PUGLIELLI: Yes, I do. I will read it out for you.

Harriet SHING: Thank you, if you would not mind.

Aiv PUGLIELLI: It says:

*... is there anything to stop the State funding a buy-back scheme to enable Traditional Owners to purchase direct water entitlements, beyond political will?*

And you said:

*Beyond political will, no.*

- Public Accounts and Estimates Committee - Budget Estimates Water portfolio public hearing, 24 May 2024

The Minister then noted 39 million dollars directed to Traditional Owners' through state government programs, increasing to 41 million in the 2024-2025 budget. Minister Shing also referred to Commonwealth funding stating 'The Commonwealth also has a fund. So there is \$100 million. That has increased from \$40 million.'

These figures combined represent about 0.17% of the \$83 billion of Victorian government revenue from water between 2010 and 2023.

It appears the obstacle to making reparations with our First Peoples in relation to their entitlements and access to water is, still, political will.

## Addressing rates of Aboriginal children in out of home care

The rates of Aboriginal children in out-of-home care can be viewed in a recent Report on Government Services by the Productivity Commission<sup>1</sup>. Since 2018, the number of children in out-of-home care has increased by 27% over a six year period.

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<sup>1</sup> Productivity Commission, Report on Government Services 2024, Child protection services. Table 16A.20 - Children in care and in a home-based placement, by Indigenous status, by age, at 30 June (a)

It reads:

Year	Number of children
2018	1390
2019	1575
2020	1695
2021	1796
2022	1806
2024	1821

Behind each of these numbers is a person - a child.

In response to these figures, the Minister was questioned regarding the Labor Government's confidence that Victoria will meet the Closing the Gap target of a reduction of Aboriginal children in care of 45 per cent by 2031, given the data shows the figures increasing, not decreasing.

Aiv PUGLIELLI: With respect to the target, are you confident that we are going to meet it?

Lizzie BLANDTHORN: The targets are important, and we absolutely need to meet them, and we absolutely need to do better. I absolutely hope that we do.

Aiv PUGLIELLI: Okay. Thank you. And you may have answered this just before, but with respect to the figures for 2024, because those figures were for 30 June for each respective year, do you anticipate that the number will come down?

Lizzie BLANDTHORN: As I said at the outset and in answer to some of the early questions, there are 17,000 children in the child protection system on any given day, and it is a fluid system – it is constantly evolving. Those considerations in relation to what is in the best interests of each and every child and the assessments in relation to risk are constant, so it is evolving.

- Public Accounts and Estimates Committee - Budget Estimates Children portfolio public hearing, Friday 24 May 2024

The Greens position is that *"Reducing the over-representation of First Nations children and young people in out-of-home care should be a priority for all of us in this place, but too often this portfolio is put in the too-hard basket and much-needed reform is delayed or implemented at a snail's pace."* Dr Samantha Ratnam MP, Parliament of Victoria, 1 June 2023

The work to reform the child protection system must be led by First Nations communities and organisations, with the government providing funding and resources to do so, otherwise these figures can only continue to increase.

## **Health**

The average wait time for public dental care is 15.3 months, and current policy requires that once a patient does see a public dental service they must wait at least 12 months before they can go back on the waitlist, which blows out the time between visits significantly. While it wasn't possible to get a categorical answer, the Secretary of the Department 'suspected' that the target number for persons treated of 322,150 was '*inclusive of all dental care in the public system*<sup>2</sup>', which means that excluding priority and emergency clients treated, the target is only to treat 83,050 in the coming year. This is grossly inadequate given there are approximately 1.5 million people<sup>3</sup> in Victoria who are eligible for public dental care.

Concerns were also raised about the pay rates of oral health therapists who work in the Smile Squad providing dental services in schools, as well as concerns about ongoing access to abortion services amid conscientious objectors for women, particularly in rural and regional areas in Victoria.

## **Mental Health**

The Royal Commission into Victoria's Mental Health System recommended that the Victorian government establish a new non-government agency led by people with lived experience of mental illness or psychological distress, essentially to develop and deliver services led by people with lived experience to create and strengthen linkages between people with lived experience and the organisation they lead. This lived-experience agency was meant to be funded by this year's budget at the latest, yet there is still no funding.

Further, due to funding constraints, Lifeline centres across Victoria are at risk of reducing service delivery, despite demand for their services continually increasing. Lifeline Australia requested that the Victorian government establish an ongoing grant of \$7.2 million per year to support Lifeline in Victoria; however, this budget does not contain that funding for Victorian Lifeline centres.

Aiv PUGLIELLI: When Lifeline visited this Parliament back in February this year the Speaker of the Legislative Assembly said:

*'It is a service that we should never ever take for granted.'*

Notwithstanding the Commonwealth funding you are pointing to, if the state government is not funding them, are you taking them for granted?

<sup>2</sup> Professor Euan Wallace, Secretary, Health public hearing, 22 May 2024

<sup>3</sup> CoHealth submission - Senate Select Committee into the Provision of and Access to Dental Services in Australia inquiry into the Provision of and Access to Dental Services in Australia.



Ingrid STITT: I think that that is a flippant question, frankly. I just said that they do incredibly important work not just in Victoria but across Australia.

- Public Accounts and Estimates Committee - Budget Estimates, Mental Health portfolio public hearing, 22 May 2024

To demonstrate that the Labor government values the work of Lifeline, they should match the contributions made from the Commonwealth.

### **Need for Mental Health Support Callout**

A significant number of police callouts in the Victorian community are related to mental health incidents. This was demonstrated in evidence provided by Police Commissioner Shane Patton during estimates hearings, who stated, *"we attended approximately 52,600 mental health call-outs in 2023, which equates to one every 10 minutes. Around 12,000 of those people were involved in taking into care and control."*<sup>4</sup>

There is an urgent need for the Labor government to implement recommendation 10 of the royal commission, to replace police with paramedics as first responders to people experiencing a mental health crisis.

### **Drug Harm Reduction**

In deciding to backflip on the Labor government's promise of a supervised injecting room located in Melbourne CBD, it was announced that a hydromorphone trial would be delivered to 30 people per year over two years, commencing in 2026.

This has been long recommended by many voices including the Greens as an important treatment for those who have been resistant to other pharmacotherapy treatments.

The Minister noted *'It is very important that that trial is conducted in a medically supervised setting'*, yet despite the immediate potential of delivering this service at the existing medically supervised injecting service in North Richmond, she noted *'the government has taken the decision to locate that trial at the CBD community health hub'*.

Aiv PUGLIELLI: Just on that, actually, can I ask why it is not being offered at the North Richmond injecting room?

Ingrid STITT: The advice that I have received is that that is not the best idea to co-locate such a trial at the same location as the medically supervised injecting room.

- Public Accounts and Estimates Committee - Budget Estimates, Mental Health portfolio public hearing, 22 May 2024

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<sup>4</sup> Shane Patton, Chief Commissioner, Victoria Police, Police public hearing, 23 May 2024

Such advice has yet to be provided to the broader community, and requires further questioning as to why such a program isn't rolled out at larger scale and in more areas of potential co-location, given the levels of community need for this health care.

## **Workers**

Worker rights and conditions are being eroded under the current Labor Government.

“under this government we have seen the sacking of thousands of public service workers; the keeping of wages deliberately low, below inflation, with the public sector wages cap; and the undermining of federal industrial relations reform that would strengthen the rights of workers”

- Aiv Puglielli, Public Accounts and Estimates Committee - Budget Estimates Industrial Relations public hearing, 16 May 2024

The sick pay guarantee has been scrapped, leaving workers to make the awful decision between going to work while unwell or having to give up a day's pay.

### **Sick pay guarantee**

Despite the fact that just nine months before the hearings the then employment minister had claimed that *'Insecure work has terrible consequences, and we know how important it is for people to have the support and certainty they need to stay home and recover if they are sick or caring for a loved one.'*<sup>5</sup> The Government canned the Sick Leave Guarantee which was providing vital sick pay to many Victorian casual workers. They claimed that enough data had been collected from the pilot and this justified the cancellation of the scheme almost a year before its planned conclusion.

The minister stated she did understand *'the benefits of this program and what it has meant for workers as well as for employers'*<sup>6</sup>. However the Labor Government has now said following the *'evaluation'* that they will be advocating to the Commonwealth Government for any further announcements or schemes.

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<sup>5</sup> Ben Caroll, then Minister for Employment  
<https://www.premier.vic.gov.au/sick-pay-guaranteed-thousands-more-casual-workers>

<sup>6</sup> Vicki Ward, Minister for Employment - Employment public hearing, 21 May 24

## **Young People and the Youth Justice System**

### **Electronic monitoring**

In response to the Government's announcement that they would be trialling the use of electronic monitoring on young people, many legal organisations voiced their concerns and clearly stated that they didn't not support this initiative.

'Children need support and connection, not ankle bracelets'

- Victoria Legal Aid<sup>7</sup>

While shackling children with electronic monitoring devices might score cheap political points, they don't prevent crime,"

- Monique Hurley, Human Rights Law Centre lawyer<sup>8</sup>

"Electronic monitoring has been tried a million times. It does not work,"

- Nerita Waight, Chief Executive Officer, Victorian Aboriginal Legal Service<sup>9</sup>

Jaclyn SYMES: So if we can apply an electronic monitoring device to an appropriate young person, if it encourages them to do the right thing – stay home, not catch up with your mates that potentially are out doing things they should not be, you are less likely to continue in that type of behaviour. You are going to get sleep, you are going to be able to go to school and you are going to be able to engage with the youth justice workers, who are there to ensure that we can keep you out of prison. So your description of diversion–

Aiv PUGLIELLI: It sounds more like a bail compliance program, really.

Jaclyn SYMES: It is more a bail compliance program, but if it has the impact, if it has the effect of not leading a young person into custody or a future adult custody pathway, then it will have a similar benefit to diversion programs, yes.

- Public Accounts and Estimates Committee - Budget Estimates, Attorney General portfolio public hearing, 24 May 2024

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<sup>7</sup> <https://www.legalaid.vic.gov.au/children-need-support-and-connection-not-ankle-bracelets>

<sup>8</sup> Youths charged with serious crimes to wear monitoring bracelets under Victorian trial- <https://www.abc.net.au/news/2024-03-20/monitoring-bracelets-young-people-victoria/103608202>

<sup>9</sup> Youths charged with serious crimes to wear monitoring bracelets under Victorian trial- <https://www.abc.net.au/news/2024-03-20/monitoring-bracelets-young-people-victoria/103608202>

When the legislation to implement these changes were introduced to the Victorian Parliament via the Youth Justice Bill 2024, the Greens moved amendments to remove the electronic monitoring trial. These amendments were unsuccessful and the Greens further opposed this clause in the Bill.

### **Backflipping on raising the age of criminal responsibility**

The State Labor Government had committed<sup>10</sup> to raise the age of criminal responsibility to 14 by 2027, indicating that this was dependent on having an appropriate alternative service model.

Enver ERDOGAN: I think in terms of raising the age, I guess we are taking a two-stage process. The first is to raise to 12 first, no exceptions. That is the goal this year is to introduce legislation to do that as a sensible first stage, because we know there are very few 10- and 11-year-olds engaging in high-harm offending and then move to raising the age to 14 with exceptions and subject to an alternative service model. So that is the government position. In terms of when this alternative service model will be in place, I do not want to pre-empt the work of the panel because I do not know what their proposal will be. So depending on the proposal, I guess we will have a timeframe to be able to operationalise it. It depends how complex – whenever you set up a new system, it takes time. I do not want to pre-empt the findings of that panel.

Aiv PUGLIELLI: Okay. Are you not prepared to give an assurance to the committee today that the model that is proposed from that process will be adopted by government?

Enver ERDOGAN: I cannot make that announcement or that commitment today, Mr Puglielli.

- Public Accounts and Estimates Committee - Budget Estimates, Youth Justice portfolio public hearing, 24 May 2024

The government did legislate to raise the age of criminal responsibility from 10 to 12 in the Youth Justice Bill 2024<sup>11</sup> in August 2024, but backflipped on its stated position to raise the age of criminal responsibility from 12 to 14 in 2027, under pressure from conservative media, despite the evidence of harm these interactions with the criminal justice system pose to young people.

<sup>10</sup> Media release Attorney General 26 April 2023:  
<https://www.premier.vic.gov.au/sites/default/files/2023-04/230426-Keeping-Young-People-Out-Of-The-Criminal-Justice-System.pdf>

<sup>11</sup> <https://www.legislation.vic.gov.au/bills/youth-justice-bill-2024>

## **Acting on the recommendations from the Parliamentary Inquiry into Children affected by Parental Incarceration**

The report handed down 69 findings and 29 recommendations<sup>12</sup>. These recommendations span various areas of the criminal justice system.

Aiv PUGLIELLI: ...which, if any, of the recommendations are acquitted by this budget? Could you point to any of them?

Enver ERDOGAN: Yes. Specific recommendations?

Aiv PUGLIELLI: From that inquiry.

Enver ERDOGAN: I do not have a list of all the recommendations, but I am happy to see what I can provide.

- Public Accounts and Estimates Committee - Budget Estimates, Corrections portfolio public hearing, 24 May 2024

To date this information has not been provided.

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<sup>12</sup> Final Report: Inquiry into children affected by parental incarceration, Legal and Social Issues Committee, Legislative Council, August 2022  
[https://www.parliament.vic.gov.au/49c58d/contentassets/c5301ed866b64611a2a6f4979865e991/lclsic-59-11\\_children-affected-by-parental-incarceration.pdf](https://www.parliament.vic.gov.au/49c58d/contentassets/c5301ed866b64611a2a6f4979865e991/lclsic-59-11_children-affected-by-parental-incarceration.pdf)

## Expungement of historical homosexual convictions

The scheme to expunge historical homosexual convictions has been operating for almost a decade. Historically, homosexuality was a crime.

People ended up with criminal records simply because of their sexuality.

It is understood that there are still affected individuals who would benefit from the scheme in the community. Stakeholders have raised concerns that the department is taking a conservative view of the confidentiality provisions and consequently aren't releasing information about the scheme, or even progress data.

Aiv PUGLIELLI: I am not talking about personal identifying information here. Given the strong public interest in this data and the fact that Martin Foley, back in the day, would have provided public updates on the scheme; departmentally, will you publish updates on the progress of the scheme, including numbers of applications, both overall numbers and number of successful applications?

Kate HOUGHTON: I will take it on notice, but you are right, people are still benefiting from that scheme. I still have a number of letters and decisions each year for that. In terms of confidentiality, I will seek legal advice as to what we can publish.

- Public Accounts and Estimates Committee - Budget Estimates, Attorney General portfolio public hearings, 24 May 2024

Data was provided which showed that since 2015, 29 applications have been approved.

From 2020 there was a significant number of applications that were withdrawn from the expungement scheme as people were mistaking this scheme for the expungement scheme for the spent convictions scheme, which was announced the same year.

## Planet

### Fossil Fuels

In the time of a climate crisis, the State Labor Government continues to commit to fossil fuel projects with nine exploration permits, 11 petroleum production licences and in Victorian waters, five exploration permits and in Victoria's precious oceans they have five exploration permits, nine petroleum licences and 14 pipeline licences.

John BRADLEY: The best figures to provide would be that currently we have nine exploration permits, 11 petroleum production licences and in Victorian waters –

Lily D'AMBROSIO: Five exploration.

John BRADLEY: Thank you – and in offshore Victorian waters five exploration permits, nine petroleum licences and 14 pipeline licences.

- Public Accounts and Estimates Committee - Budget Estimates, Energy and Resources portfolio public hearing, 23 May 2024

Amazingly, the Labor Government continues to “support the need for us to source new supplies of gas”, despite the loud and urgent calls from climate scientists around the world who are begging governments to immediately end all new fossil fuel projects.

### Renewable energy

The Victorian Labor Government is quick to tout the benefits of the State Electricity Commission (SEC) as a publicly owned renewable energy asset.

However, without the legislative amendments moved by the Victorian Greens and adopted by the government, current or future Victorian governments could have skimmed profits and capital from the SEC to add to general government revenue. The Greens amendment will ensure that all profits generated from the public assets will be reinvested to keep power bills lower and fund new renewable projects.

“Our changes will mean that instead of the SEC being all about slick Labor politics and a logo on the Premier's jacket during an election campaign, it will have a little more to spend on reducing power prices and our climate.”

- Dr Tim Read, Greens MP for Brunswick<sup>13</sup>

<sup>13</sup>

<https://greens.org.au/vic/news/media-release/greens-support-sec-after-securing-key-wins-increase-renewables-lower-power>

## **Forests**

Following the long awaited, and hard fought outcome for the Victorian Government to end native forest logging in Victoria, a period of transition is underway for the sector and the communities impacted by this decision.

There are ongoing and growing concerns in the community, however, that deliberate efforts are being made to prolong the destruction of native forest habitat and local environments in Victoria for reasons such as commercial profit and local employment, under different labels and expressed rationale. The state Labor government and others have dismissed these concerns.

Community members are continuing to pay close attention and report their observations of ongoing activities in their area, with the death of a greater glider being raised prior to the budget estimates hearings, reported to have been found dead in illegally-destroyed habitat in the Yarra Ranges National Park

Chris HARDMAN: Obviously, there was a greater glider that was found deceased at the site of our work, so that is always regrettable, but the work that we do in evaluating and assessing the need to undertake those works and the values assessments that we do are extensive.

We do have experts that evaluate the habitat values of the trees, but one of the primary things that we do is the overarching protection of the environment.

Yes, we do create a disturbance – say a 20-metre fuel break – and we use those areas to stop large fires in the landscape. One of the greatest risks to biodiversity is large fires that impact significantly all animals and all species and the ecosystem itself – plants and animals.

So the work that we do – yes, it does have an impact on a specific tree or an animal. We do everything we can to mitigate that risk, but the primary purpose for that is that if we get a large fire in the landscape, building these strategic breaks now does present a fantastic opportunity to save thousands and thousands of hectares of bushland from being negatively impacted and protect the plants and animals.

- Public Accounts and Estimates Committee - Budget Estimates, Environment portfolio public hearing, 27 May 2024

There are further concerns regarding the appropriate transition of workers from the native forest logging industry into other positions which make use of local expertise to ensure continuity of employment in local communities while restoring the local environment and protecting it from further destruction.



This was raised in the budget estimates hearings, specifically regarding the absorption of workers into the Department of Energy, Environment and Climate Action and Forest Fire Management Victoria.

Aiv PUGLIELLI: In terms of transitioning former native forest workers and contractors, of the total former VicForests harvest and haulage contractors how many have exited the industry entirely and how many have been absorbed into DEECA and FFMV?

Steve DIMOPOULOS: Who is that directed to?

Aiv PUGLIELLI: To anyone who can answer it.

Steve DIMOPOULOS: Okay.

John BRADLEY: Earlier this year as part of the government's decision to fund the transition of those contractors, there were 21 contractors that were providing services at that time to VicForests, and 19 of those contractors have received offers to negotiate for what would be five-year contracts to provide certainty for that important area of the industry. You will see within the budget papers that there is \$290 million provided over four years for the purpose of maintaining that capability, which supports the bushfire risk management capabilities the Chief Fire Officer is responsible for.

- Public Accounts and Estimates Committee - Budget Estimates, Environment portfolio, 27 May 2024

Concerns regarding appropriate transition of this workforce and the sector more broadly continue to be held by the community, including that logging companies have taken money designed to transition their Victorian operations and workforce, and simply invested it into native forest operations in Tasmania.

While commercial scale native forest logging ended in January 2024, there are deep concerns that the practice of 'salvage logging' will continue to destroy precious habitat, and is in fact logging by stealth.

Aiv PUGLIELLI: With respect to the timber by-products framework, is that essentially seen as a way of commercialising the wood that is sourced from salvaged logging and firebreaks?

Steve DIMOPOULOS: If I may on that one, we are developing a framework currently because naturally there is going to be forest work done and naturally there will be a by-product, whether that be used for traditional owner uses, whether that be used for firewood or whether that be used for bespoke industries, like guitar making or instruments.

The worst possible outcome, in my view, would be that we do not actually put a value on that, because it is valuable.

- Public Accounts and Estimates Committee - Budget Estimates, Environment portfolio public hearing, 27 May 2024

It is commendable that the Victorian Labor Government ended native forest logging in this state, however salvage logging, under the guise of debris removal or storm clean up continues to threaten endangered species and their precious habitat and must not be permitted in future national parks.

## **Native bird hunting**

In 2023 an inquiry into Victoria's recreational native bird hunting arrangements was conducted and received a record 10,375 submissions. The first and most significant recommendation to come from this inquiry was: *"Recommendation 1: That the Victorian Government ends the annual recreational native bird hunting season opening on all public and private land from 2024<sup>14</sup>."*

Despite this, the Premier made a captain's call to reject the recommendations of the inquiry committee that Labor itself had established. It continues to allow the slaughter of ducks in Victoria, despite it being banned in NSW, Queensland and Western Australia for decades. Duck shooting threatens many native duck species each year and leads to many distressing reports of animal cruelty.

Aiv PUGLIELLI: So in terms of safe and sustainable game hunting, Minister, what is safe and what is sustainable? How many dead ducks is sustainable?

Steve DIMOPOULOS: We are driven by the science on this. For example, the GMA, the Game Management Authority, my department, DJSIR, people on the witness list here and DEECA, the department of environment, do the analysis of what is appropriate given the circumstances of the population in any given year.

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<sup>14</sup> Select Committee on Victoria's Recreational Native Bird Hunting Arrangements, Victoria's recreational native bird hunting arrangements inquiry, August 2023

They make a judgement call and give me a recommendation. The adaptive harvest model, which we are implementing in this coming hunting year 2025, is one that takes into account population size, migration patterns through the east coast of Australia and the ability for the duck population to survive. That is absolutely the basis upon which these decisions are made. We are not going to go out and just make decisions which actually disadvantage threatened species or the population of ducks to the point where there are none left. That is completely anathema to what we are doing here.

- Public Accounts and Estimates Committee - Budget Estimates, Outdoor Recreation portfolio public hearing, 27 May 2024

## **Responding to worsening disasters impacted by climate change**

As climate change makes disasters more extreme and more frequent, community groups and disaster responders are calling for permanent and ongoing resilience funding.

“Aiv PUGLIELLI: Thank you. Minister, with respect to the SES, in what way, in your view, has the government’s long-term approach to SES’s funding accounted for increasing risks from climate disasters?”

Jaclyn SYMES: Continual investment in SES is something that is demonstrated year in, year out. There is obviously base funding, there is investment in facilities, there is investment in equipment. But what has come out and been shown is that when incidents happen, we go and get a Treasurer’s advance to respond to things that come to pass, so things that we do not predict in the budget – because, as you have identified, it is hard to know when you are going to have a flood or a storm. We respond with both volunteers and resources, but the financial requests can come on top of that, and we have shown that we have done that through Treasurer’s advances.”

- Public Accounts and Estimates Committee - Budget Estimates, Emergency Services portfolio public hearing, Friday 24 May 2024

Instead, the Victorian Government’s plan for disaster response relies on requests for funding as each incident occurs, rather than providing sufficient base resources to withstand disasters as they continue to more frequently occur.

Until such time as there is sufficient ongoing investment into disaster response and preparedness the community concerns will persist.

## Public Good

### Grocery prices

While the Treasurer seems to think that it's *'far from clear that the control of prices falls exclusively within state jurisdiction'*<sup>15</sup>, the state government certainly does have a number of existing levers that it could use to address supermarket price gouging and the ever increasing cost of groceries.

One option is that groceries could be declared an essential service and regulated through the Essential Services Commission (ESC), just as other important services such as energy are in our state. If regulated, the ESC would have the power to cap the profits that supermarkets can make on essential items like bread, cheese, vegetables and more.

Another option available to the state government is to amend the state planning and zoning laws that have allowed the major supermarkets to block would-be competitors from entering the market.

Instead of tackling the systematic issues that are putting Victorians under financial strain, the Labor Government instead chose to a single 'dangling carrot' - one-off \$400 dollar voucher for school uniforms and camps - is nothing more than an admission of chronic public school underfunding, while families and young people continue to struggle with the rising costs of rent, mortgages, groceries and healthcare.

### Renting and Public Housing

Renters in Victoria continue to struggle with unlimited rent rises and public housing waitlists continue to increase at a time when the government has recently announced it will demolish all 44 public housing towers across Melbourne over coming decades and only replace this housing with an increase of 10% of social homes, while profiting from hundred of new private accommodation built on these same publicly owned site.

The Labor Government continues to firmly stand by the fact 'supply' is the solution to the housing crisis being experienced by so many people in Victoria.

"to the central issue at the heart of all of it, which is a supply issue"

- Gabrielle Williams, Minister for Consumer Affairs, Public Accounts and Estimates Committee - Budget Estimates Consumer Affairs public hearing, 20 May 2024

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<sup>15</sup> Tim Pallas, Treasurer public hearing, 16 May 224

## **'Big Housing Build'**

Aiv PUGLIELLI: Of the \$5.3 billion earmarked for the Big Housing Build, how much of that has already been spent?

Harriet SHING: It is about 50 per cent, isn't it?

Simon NEWPORT: Yes, just on 50 per cent.

Harriet SHING: Yes, just on 50 per cent.

- Public Accounts and Estimates Committee - Budget Estimates, Housing portfolio public hearing, 23 May 2024

Despite this significant spend of the Big Build funding, we've seen that the net increase in social housing in our state has only been a shockingly low 74 homes from 2018 - 2022<sup>16</sup>, while the waiting list continues to rise and is now well over 100 000 people.

As part of Labor's housing statement, the government announced that they would be demolishing all 44 public housing towers in our state. More than a year after this announcement we are yet to see any documentation or evidence that supports the wholesale destruction and privatisation of these sites. A recent comprehensive study led by not-for-profit design and research practice OFFICE proposed a way to refurbish existing and infill new social housing at the Flemington Estate without displacing residents or demolishing buildings.

The OFFICE report forecasts overall savings would be almost \$364 million, which could be reinvested into other public housing maintenance and buildings. The report reveals that the 'retain, repair and reinvest' approach would provide a 55% reduction of global warming potential compared to demolition, and has also looked at the severe social impacts and psychological trauma of displacing and relocating residents.

At this stage \$10.4 million<sup>17</sup> has been allocated to fund relocation of residents from their homes to new accommodation during the demolition and rebuild of the towers in Flemington and North Melbourne.

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<sup>16</sup>

Victoria's social housing stock grows by just 74 dwellings in four years despite huge waiting list -The Guardian - <https://www.theguardian.com/australia-news/2023/mar/17/victorias-social-housing-stock-grows-by-just-74-dwellings-in-four-years-despite-huge-waiting-list>

<sup>17</sup> Question on notice - Housing public hearing - <https://www.parliament.vic.gov.au/49dfe0/contentassets/5b1abb7cda5a4863b43387b5e83d14dc/housing-qon-updated.pdf>

Last month the Supreme Court heard that the Labor Government could provide 'no documents' to record the decisions and reasoning of the government for the disastrous plan to demolish all 44 public housing towers in our state.

"I have to say I was startled to read that."

"That Homes Victoria should make a multimillion-dollar decision to demolish and replace three public housing towers that house hundreds of people with no documentary basis at all."

"That is a very surprising position for your client to take."

- Justice Melinda Richards, Supreme Court of Victoria, 17 September 2024

## **Transport Infrastructure**

One of the major transport commitments made by the Labor government during their 2022 election campaign was the removal of eight level crossings from the Upfield line, including those in Brunswick, by 2027.

One week prior to the Transport Infrastructure budget estimates hearing, the promise that these level crossings would be '*gone for good by 2027*' on the Big Build website was changed to 'by 2030', which was characterised by media articles as indicating the Brunswick level crossing removals were delayed.

Despite this, under the Transport Infrastructure section of the Department Performance Statement, on page 140 the government has given itself a score of 100 per cent for the 'Milestones delivered in accordance with agreed budget and timelines' for the Level Crossing Removal Project.

Danny PEARSON: Consultation will start when we have completed the early planning and design work. That work is ongoing, but the commitment stands.

Aiv PUGLIELLI: The commitment stands – so it will happen?

Danny PEARSON: Yes, by 2030. 110 –

Aiv PUGLIELLI: Not by 2027, as promised in the election.

Danny PEARSON: No, but the commitment was that we are removing 110 by 2030, and what I am saying to you is, because this is legacy infrastructure – really, really old legacy infrastructure – because it is an incredibly tight corridor, we want to get it right. It is going

to take a bit longer, but we want to get it right, so therefore the Upfield eight will be completed by 2030.

Aiv PUGLIELLI: Right. But those people in Brunswick who were promised during the election that their level crossing removal was going to be part of that 110, they are not in there? You are breaking a promise from the election and giving yourself 100 per cent on your performance.

Danny PEARSON: Look, when it comes to removing level crossings, we are the only game in town, mate. Seriously –

*(Members interjecting.)*

Danny PEARSON: We are. No, but come on – we said we were going to get rid of 50 level crossings in 2014, and Denis Napthine said, ‘Tell ‘em they’re dreaming.’ We have got on and we have smashed our targets. We said 50 by 2022; we have smashed that target. We said 75 by 2025; it was delivered this year – we are on 77. I mean, if you want to rush at something and do a half-arsed job in Brunswick, if that is your contention to me, I would say to you the people of Brunswick deserve better. We have got to get it right. You have got legacy issues –

Aiv PUGLIELLI: Maybe do not tell them 2027 if you are not going to deliver it.

- Public Accounts and Estimates Committee - Budget Estimates, Transport Infrastructure portfolio public hearing, 17 May 2024

## **Accessible trams and safe bike lanes**

In 2002, the federal government gave all states 20 years to upgrade tram stops to be compliant with disability standards<sup>18</sup>. Victoria is nowhere near meeting its legislated requirement to ensure that all tram stops across the network are accessible.

We have got 1600 tram stops across the network, and at the moment 450 of those tram stops are level-access, with the addition to come forward.

- Alan Fedda, Chief, Public Transport, Department of Transport and Planning, Public Accounts and Estimates Committee - Budget Estimates Public and Active Transport public hearing, Monday 20 May 2024

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<sup>18</sup> Disability Discrimination Act 1992 (DDA) requires that all tram stops must be fully compliant with the Disability Standards for Accessible Public Transport 2002 (DSAPT) by 31 December 2022

In fact 2 years after the deadline of 2022, approximately three quarters of all tram stops are not compliant with legislation and still require upgrades. To make our tram network fully accessible to people with disabilities, to parents with prams, and to older people with mobility aids, the Labor Government needs to urgently invest significant funds and resources to upgrade all stops across the network and to ensure that there are sufficient accessible trams.

Many major thoroughfare roads across the state would benefit significantly from safe separated bike lanes. During the hearings, both Chapel Street and Sydney Road were discussed, with seemingly little to no progress on either.

## **LGBTQIA+ Organisation Funding**

LGBTQIA+ support organisations regularly express that they would be better able to serve the community and achieve their aims if they were given assurance of consistency of funding in the long-term, rather than one-year funding commitments in each budget.

Aiv PUGLIELLI: Can you expand a bit in more detail why it is a one-year funding cycle that we are seeing, not multi year funding?

Harriet SHING: This is as much a symptom of the way in which government funding for program delivery occurs across much of government. Again, it is not a specific exclusion of longitudinal funding for the purpose of delivery of a program. In the case of, again, for an event, the Bendigo Queer Arts Festival, that was a one off. It was specifically to deliver for one year. This is not to say, however, that funding is excluded from consideration for future years. The envelope, as I said, that we have to work with is small and requires every single bit of efficiency that we can deliver. This is where, again, we assess and we consider the outputs and what they can actually anchor back to as far as the election commitments and the priorities that we have placed as part of the departmental statement and the budget announcements.

- Public Accounts and Estimates Committee - Budget Estimates, Equality portfolio public hearing, 23 May 2024

Unfortunately, it appears that one-year funding cycles are here to stay, alongside the insecurity and uncertainty that this poses for many undertaking important work in LGBTQIA+ support and advocacy organisations. One year funding tyranny is felt across all sectors - organisations find themselves in a constant cycle of recruiting staff who then have to leave because there is no job security.



## **Police Investigating Police**

The Yoorrook for Justice Report into Victoria's Child Protection and Criminal Justice Systems 2023 Commission report made 46 recommendations for crucial change of the state's legal system, including the system where nearly 98% of complaints lodged about police misconduct, police investigate themselves. This system is simply failing Indigenous people and the state needs an independent body for police complaints.

In the Police Commissioner giving evidence before the Yoorrook Justice Commission, when asked:

'Do you think a police oversight system would be strengthened if we had an independent investigation of police complaints?'

He responded:

'I do now.'

The matter was raised during the Budget Estimates hearings, and this evidence featured the below contributions from the Minister for Police.

Anthony CARBINES: "That work is happening. You may not see in the budget papers an allocation for those matters, because the work that we need to establish would also come with some funding requirements."

Anthony Carbines: "What I would say is to watch that space. The government is committed to that work, and I would hope that we can share more details when cabinet has considered proposals from the Attorney".

- Public Accounts and Estimates Committee - Budget Estimates, Police portfolio public hearing, 21 May 2024

Yet as indicated above, there does not appear to be budget allocations for this work, which has raised concerns in the community regarding the Labor government's commitment to this urgent reform of police oversight.

## **Victoria's relationships with weapons manufacturers**

The alleged implications of the Victorian economy and the way Victorian budget allocations are spent and can be seen to influence broader global outcomes has been raised by many in the community, particularly in relation to the unfolding crisis in Palestine and the ongoing invasion by the Israeli defence forces in the broader region.

The Minister for Jobs and Industry was questioned in relation to these concerns, in particular her meeting with the CEO of weapons company Lockheed Martin in early 2024, where 'initiatives in Victoria' were reported to have been discussed under required publishing of ministerial diaries.

Aiv PUGLIELLI: This company, amongst several others, is currently implicated in alleged war crimes that are occurring on the other side of the world. Will your government commit to ending relationships with companies that have been implicated in the killing of innocent people?

Natalie HUTCHINS: I think it is important to acknowledge that companies like Lockheed Martin already have major operations here in Victoria –

Aiv PUGLIELLI: Will you end them is my question.

Natalie HUTCHINS: We will continue to engage with any company that wants to talk to a Victorian government about leading advanced manufacturing capacities or developing workforce, which these sorts of companies absolutely do, and we will continue to look at the technologies that they supply. There are a number of companies that we will continue to talk with who contribute quite significantly to the Victorian budget. I do note that there have been defence-like companies, including the government aircraft factory that was here in Victoria 50-plus years ago. These are industries that we know are extremely important to the government economy.

- Public Accounts and Estimates Committee - Budget Estimates, Jobs and Industry portfolio public hearing, 21 May 2024

During consideration of the Economic Growth portfolio, it was revealed that the Victorian Government had spent \$428,600 operating the Victorian Government Trade and Investment in Tel Aviv, Israel.

The Deputy Secretary - Industry, Trade and Investment, explained that the operation of this office was delivered through an arrangement with the Australia-Israel Chamber of Commerce, and they provide trade and investment facilitation services for Victoria.

There is growing concern in the community that the Labor government is failing to ensure that it is not involved with companies which are facing severe and significant allegations on the international stage.

Signed:

A handwritten signature in black ink, appearing to read 'Aiv Puglielli', written in a cursive style.

Mr Aiv Puglielli MLC

Date: 21 October 2024

