



Public Accounts and Estimates Committee

2023–24 financial and performance outcomes

Report

April 2025

Published by order, or
under the authority, of the
Parliament of Victoria
April 2025

ISBN 978 0 908262 12 0 (print version)

ISBN 978 0 908262 13 7 (PDF version)

This report is available on the Committee's website:
parliament.vic.gov.au/paec

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About the Committee

Functions

The Public Accounts and Estimates Committee is a joint parliamentary committee constituted under the *Parliamentary Committees Act 2003* (the Act).

The Committee comprises nine members drawn from both Houses of Parliament.

The Committee carries out investigations and reports to Parliament on matters associated with the financial management of the State. Its functions under the Act are to inquire into, consider and report 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 a number of statutory responsibilities in relation to the Office of the Auditor-General and the Parliamentary Budget Office.

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Chair's foreword

A key piece of the Public Accounts and Estimates Committee's work each year is scrutinising the Victorian Government's spending and the outcomes delivered to the community. This report is the result of the Committee's 2023–24 review.

The Committee discovered positive gains being made in Victoria's health system, teacher workforce recruitment and meeting the State's 2025 targets for greenhouse gas reductions and renewable energy generation. It also examined challenges such as accessing mental health services, reducing the State's net debt, and increasing housing supply.

The report contains 111 findings and 39 recommendations for the Government's consideration. Its recommendations have been formulated with a view to improving the accountability of departments and agencies; the reporting of public sector performance and providing the Parliament and community with some insight into the outcomes delivered in 2023–24. The Committee looks forward to the Government's response to its recommendations in six months' time.

I would like to thank my Committee colleagues for their hard work on this Inquiry – Nick McGowan MLC, Jade Benham MP, Michael Galea MLC, Mathew Hilakari MP, Lauren Kathage MP, Richard Welch MLC, Aiv Puglielli MLC and Meng Heang Tak MP. Former Committee members also made an important contribution to the Inquiry – Danny O'Brien MP and Bev McArthur MLC.

I acknowledge the investment public servants, court officials and Parliament make in the process. They prepare responses to the Committee's questionnaire, participate in the public hearings held in November 2024 and reply to our follow up questions. Without this engagement and commitment to accountability, the Committee would be unable to do its work. On behalf of the Committee, I sincerely thank you.

Finally, I would like to recognise the Secretariat for supporting the Committee's work and drafting the report for the Committee's consideration. In particular, I would like to thank Caroline Williams, Charlotte Lever and Kathleen Hurley for their leadership and advice – bringing this Inquiry to fruition.



Sarah Connolly
Chair

Executive summary

Chapter 2 – Whole of Government

For the general government sector (GGS) in 2023–24, \$93.1 billion was raised in revenue, and \$97.3 billion was spent. Revenue was mainly comprised of grants (\$41.8 billion) and taxation (\$36.9 billion), while employees were the largest expense item (\$36 billion). The GGS includes departments and agencies controlled and largely financed by the Government.

The GGS net operating deficit was reduced by more than half, from \$8.8 billion in 2022–23 to \$4.2 billion in 2023–24, continuing the trend of decreasing net operating deficits since 2021–22. The \$2 billion raised through *the COVID Debt Levy* on payroll and land tax contributed to the decrease in the net result.

GGS net debt for 2023–24 was \$133.2 billion, an increase of 15.8% over the previous year. The proportion of net debt to gross state product was 21.9%.

The Government reports it has completed steps one and two of its five step fiscal strategy, and that step three, returning to operating surpluses, will be achieved in 2025–26. The remaining two steps relating to reducing debt levels as a proportion of the State's economy are expected to be achieved by the end of the current forward estimates period. The Victorian Auditor-General has noted that successfully achieving the fiscal strategy's outcomes will require effective management of several emerging risks.

The Government did not achieve the *COVID Debt Repayment Plan's* objective to rebalance the public service by reducing 3,000 to 4,000 Victorian public service (VPS) roles in 2023–24. Full-time equivalent employment in the VPS increased by 79 in 2023–24.

In 2023–24 Treasurer's Advance (TA) payments to departments totalled \$11.6 billion, a decrease of \$581 million over the previous year. The use of TAs has grown since the COVID-19 pandemic. In 2018–19, they totalled \$1.8 million. The Committee recommends changes to departmental reporting requirements so there is greater public disclosure regarding the reasons for seeking TA payments and better descriptions of their purpose.

The Committee found that of the approximately 300 reviews and studies undertaken or commissioned by departments and agencies in 2023–24, 58 were publicly available. The Committee has recommended departments and agencies make reports and studies publicly available wherever possible.

Chapter 3 – Department of Health

The Department of Health (DH) is responsible for supporting, protecting and enhancing the health, wellbeing and safety of all Victorians. In 2023–24 the department's original budget was \$25.8 billion. It spent \$27.4 billion.

Based on 15 Productivity Commission key measures of health systems performance, Victoria ranked first among Australian states in 2024. However, DH's results against its own performance measures in 2023–24 show that it is not meeting all of its targets in emergency and ambulance services, admitted services and mental health clinical care.

Like other health services around the world, Victoria's health system is experiencing cost pressures due to an ageing population, rising costs of medical equipment and wages, and increasing patient acuity. In 2023–24, 53 of Victoria's 76 services reported an operating deficit, including 19 with deficits of more than \$10 million. Due to these financial pressures, DH received a \$1.5 billion Treasurer's Advance (TA) for hospital services. While DH has regularly received additional resources for hospital services in prior years, the amount delivered through TAs has increased significantly since 2016–17. To improve transparency regarding this funding, the Committee recommends improved reporting on how much additional funding each health service receives through TAs each year.

DH launched nine new sexual and reproductive health hubs and five women's health clinics in 2023–24. The Committee discussed ongoing gaps in medical and surgical abortion provision with the department. To continue to improve access and reduce gaps in provision, the Committee recommends that DH collect information on the number and location of healthcare practitioners who can prescribe the abortion pill.

Since the *Royal Commission into Victoria's Mental Health System's* report in 2021, DH has improved delivery against some of its performance measures for mental health clinical care. Its performance remains below its targets for mental health admissions and consumer and family and carer satisfaction. Information provided by DH on the implementation of the Royal Commission's recommendations showed that several were behind schedule. DH did not provide specific reasons for the delays but advised that it had re-sequenced initiatives based on sector and stakeholder consultation. The Committee recommends that DH or the Mental Health Wellbeing Commission publicly report on progress against each of the sub-components of the recommendations, including revised implementation dates and the reasons for any delays.

DH achieved 54% of its performance measures published in its Annual Report.

Chapter 4 – Department of Education

The Department of Education (DE) is responsible for education infrastructure and educating pre-schoolers, primary and secondary school children. In 2023–24 the department's original budget was \$15.6 billion. It spent \$16.4 billion.

DE had a large capital program totalling \$8.5 billion in 2023–24, of which \$3.8 billion was for new projects. Sixty-five projects had a revised total estimated investment and 48 projects had a revised completion date. The department attributed the revisions to volatility in the construction sector, as well as tender issues such as extended tender processes, negotiation periods, or unfavourable tender outcomes.

The Victorian Curriculum and Assessment Authority (VCAA) experienced challenges in delivering the Victorian Certificate of Education exams in 2022, 2023, and 2024. These challenges related to exam content and distribution. DE has commissioned three reviews during this time to examine these issues. According to the Secretary of DE, repeated errors demonstrate systemic problems within the VCAA. The third review announced in late 2024 will examine the VCAA's systems, processes, accuracy and quality assurance. The Committee recommends the VCAA consider publishing the review findings and recommendations.

The 2023–24 Budget allocated \$204.8 million over four years for *Targeted Initiatives to Attract More Teachers*. The initiatives have been successful in expanding the government teacher workforce and decreasing the projected teacher shortfall to 2029. In 2023, Victoria also had the lowest student-teacher ratio of all Australian states. While the overall outcome is positive, the outcomes of individual attraction and retention initiatives are more difficult to determine. DE will undertake a comprehensive evaluation of these initiatives over four years. The Committee recommends DE consider the benefits of publishing the full evaluation.

The 2023–24 Budget provided funding for programs which support socially disadvantaged students. These included the *School Breakfast Club* program, the *Affordable School Uniforms* program, the *Glasses for Kids* program, and the *Free period products in all government schools* initiative. The Committee recommends that DE develop budget paper performance measures to gauge the performance of these programs.

DE achieved 64% of its performance measures published in its Annual Report. Twenty-four performance measures could not be reported on due to revisions to the National Assessment Program – Literacy and Numeracy (NAPLAN) reporting framework.

Chapter 5 – Department of Justice and Community Safety

The Department of Justice and Community Safety's (DJCS) vision is 'a trusted justice and community safety system that works together to build a just, safe, and resilient Victoria'. In 2023–24 the department's original budget was \$9.2 billion. It spent \$10.3 billion.

The *Royal Commission into Victoria's Mental Health System* called for improvements to support people experiencing a mental health crisis, using a health professional-led response rather than police-led one (Recommendation 10). Both DJCS and the

Department of Health (DH) have received funding to implement the recommendation. However, implementation has been delayed and it is now due to be completed by 2027, three years later than recommended by the Royal Commission. The Committee makes two recommendations regarding this, including that DJCS, Victoria Police and DH consider reporting on the specific actions taken to progress Recommendation 10 including reasons for any delays.

In 2023–24 the BlueHub mental health service was embedded and expanded as a mental health support service for Victoria Police. Victoria Police's *Strategy 2023–2028* includes the strategic priority of mental health support staff. However its *Mental Health Strategy and Wellbeing Action Plan 2017–20* is now dated. The Committee recommends that Victoria Police update this plan, and publicly report on the outcomes of its mental health and wellbeing programs for its members.

In 2023–24 DJCS had several initiatives that supported women's safety. Victoria Police highlighted to the Committee the success of the screening and assessment for stalking and harassment pilot program, which draws on a Dutch model to improve police training and risk assessment for stalking incidents.

In 2023–24, DCJS's performance declined from the year prior regarding liquor regulation including liquor inspections and client satisfaction. DJCS stated it did not meet its targets for inspections due to a focus on high harm venues, times, and locations. DJCS also noted that it has taken steps to improve its performance for client satisfaction and licence approvals, such as increased staffing and improving digital and website services.

Triple Zero Victoria (TZV) replaced the Emergency Services Telecommunications Authority as the emergency call handling agency in December 2023. TZV experienced a two-hour unplanned outage on 20 November 2024. Its business continuity plans ensured dispatching could still take place. TZV is working on a next-generation computer-aided dispatch system which will result in improved reliability and functionality. To increase public transparency, TZV should publish details of technical issues affecting call taking and dispatching services in future annual reports.

DJCS achieved 51% of its performance measures published in its Annual Report.

Chapter 6 – Department of Transport and Planning

The Department of Transport and Planning (DTP) is responsible for transport, planning, land, precinct and policy functions. In 2023–24 DTP's original budget was \$8 billion and actual expenditure was \$9.3 billion.

DTP received the largest amount of Treasurer's Advance (TA) payments in 2023–24 of all the departments (\$5.8 billion). The TAs for the *Level Crossing Removal Project* (\$2.2 billion) and *Suburban Rail Loop East – Main Works* (\$1.4 billion) were the largest payments made for single projects.

DTP had the largest capital expenditure of departments and agencies examined in this report, with \$9.2 billion for new projects and \$33.8 billion for existing projects budgeted over 2023–24. This was 60.7% of all departmental budgeted capital expenditure.

The five major Big Build infrastructure projects (the *Level Crossing Removal*, *Metro Tunnel*, *North East Link*, *West Gate Tunnel* and *Suburban Rail Loop* projects) all have the same ‘milestones delivered in accordance with agreed budget and timelines’ measure. The target of 100% has been met for each of these projects since 2020–21 according to the budget papers. The Committee recommends the department develop new performance measures for the *Suburban Rail Loop*, *North East Link* and *Level Crossing Removal* projects to provide more transparent insights on progress against the original completion dates and budgets.

The three sources of funding for the *Suburban Rail Loop – East* project—State Government borrowings, Commonwealth grant funding and value capture mechanisms—are each expected to contribute a third of the anticipated \$30 to \$34 billion required for the project.

Monday, Friday and peak hour commuter public transport usage has declined in Melbourne while off-peak and weekend travel has increased in line with post-pandemic travel patterns across the Western world. Regional public transport patronage increased in 2023–24, reflecting the impact of the fare cap introduced in March 2023.

In 2023–24 DTP achieved 67% of its 205 performance measures published in its Annual Report.

Chapter 7 – Department of Families, Fairness and Housing

The Department of Families, Fairness and Housing’s (DFFH) mission is ‘safe and supported children and families, in stable homes and strong communities’. In 2023–24 the department’s original budget was \$4.7 billion. It spent \$5.4 billion.

The Victorian Government contributed \$2.9 billion to the National Disability Insurance Scheme (NDIS) in 2023–24. The Commonwealth Government and the Victorian Government are participating in NDIS reform discussions. DFFH has been advocating for engagement with persons with disability as part of these discussions. DFFH provided \$3.9 million to support Victorians with disability through the *State Disability Plan* in 2023–24. This funding enabled the continuation of the work of Disability Liaison Officers and the *Victorian Disability Advocacy Program*.

As part of DFFH’s efforts to respond to family violence, the Orange Door Network continued to operate its 54 sites in 2023–24. The Orange Door completed 76.5% of its assessments within its target timeframe of seven days or less and 93% of its L17 reports (assessments referred by Victoria Police) within its target timeframe. The Orange Door Network had no primary sites closed during 2023–24, had a single access point closed for two days, and had six outposts closed for a total of 37 days due to staff availability.

In 2023–24 there were 201.7 full-time equivalent vacancies in the Orange Door Network. DFFH continues to implement its *10-Year Industry Plan* to build the family violence workforce.

Vacancy rates for public housing improved in 2023–24 after increasing for eight years. However, turnaround times between a tenant moving out and a new tenant moving into public housing in 2023–24 were the highest they have been in the previous five years at 48.3 days. The difficulty in reletting homes in the public housing towers increased the average time. The Committee recommends that DFFH develop performance measures reporting on vacant public housing stock and the average turnaround times for reletting public housing to improve public understanding of DFFH’s work in these areas.

DFFH achieved 64% of its performance measures published in its Annual Report.

Chapter 8 – Department of Jobs, Skills, Industry and Regions

The Department of Jobs, Skills, Industry and Regions (DJSIR) is focused on growing Victoria’s prosperity, building the productive capacity of the economy and increasing participation. In 2023–24 the department’s original budget was \$4.5 billion. It spent \$4.2 billion. The difference was predominantly due to an underspend in the Training, Higher Education and Workforce Development output.

Breakthrough Victoria (BV) was established in 2020–21 as a state-backed venture capital fund, with an initial \$2 billion investment. At the time of the hearings DJSIR was actively considering further performance reporting for BV. The agency produces media releases on its new investments. In 2023–24 it improved the way it announces its investments to the public. The Committee found there is scope for BV to further improve its reporting and made two recommendations on this.

In 2023–24 eligibility for Government-subsidised TAFE was expanded. This contributed to an increase of almost 18,000 students accessing TAFE. Since 2020–21, key performance measures for TAFEs have also improved, including employment outcomes for students. Despite this, the financial sustainability and viability of several TAFEs deteriorated between 2019 and 2023.

DJSIR achieved 67% of its performance measures published in its Annual Report.

Chapter 9 – Department of Energy, Environment and Climate Action

The Department of Energy, Environment and Climate Action (DEECA) is responsible for the State’s energy and resources, environment, water and agriculture functions. In 2023–24 the department’s original budget was \$2.8 billion. It spent \$3.3 billion. The 17.5% difference was predominantly due to additional funding for flood and bushfire recovery activities and native timber harvesting transition initiatives.

In 2023–24, the State’s metropolitan water corporations made almost \$430 million in profits and paid \$640.4 million in dividends to the Victorian Government. This included capital repatriations deferred from 2022–23. Most regional and all rural water corporations reported net losses.

The State Electricity Commission (SEC) is implementing a three-step approach to accelerating the State’s transition to a zero-emissions electricity system. The Melbourne Renewable Energy Hub will increase Victoria’s energy storage capacity by 600 megawatts, 23.1% of the Government’s 2030 target. To support households to go all electric, the SEC has begun testing a digital electric home planner. Finally, the SEC has taken steps to increase the renewable energy workforce. The Committee found it difficult to measure the SEC’s progress and recommends it develop performance measures for the 2025–26 Budget.

In 2023–24 DEECA has increased the State’s renewable energy generation capacity and its energy storage capacity. The Government is on track to meet its 2025 targets for greenhouse gas emission reductions and renewable energy generation. However, approval delays for the Port of Hastings project have impacted the Government’s schedule for offshore wind development. The Committee recommends DEECA provide an update on how approval delays have impacted achievement of the Government’s offshore wind generation targets.

DEECA improved the performance of its *Solar Homes* program in 2023–24. Since the program began, it has added 15.2% to Victoria’s renewable energy generation capacity. Similarly, DEECA’s *ResourceSmart Schools* program has helped schools reduce their energy consumption, waste production and water usage, leading to reduced greenhouse gas emissions and other environmental benefits.

DEECA achieved 68% of its performance measures.

Chapter 10 – Court Services Victoria

Court Services Victoria (CSV) provides administrative services and facilities to support the Victorian courts, the Victorian Civil and Administrative Tribunal, the Judicial College of Victoria and the Judicial Commission of Victoria. In 2023–24 CSV’s original budget was \$820.3 million. It spent \$835.3 million.

One of CSV’s key challenges in 2023–24 was implementing its savings initiatives while minimising the impact on the quality of frontline court services. CSV saved \$8.1 million in 2023–24 through restructuring and reducing back office and corporate functions. It has an overall savings target of \$20 million by 2027–28. Further savings are being pursued through the Supreme and Children’s Courts. The Committee will continue to monitor how CSV and the courts achieve the savings target.

The Chief Executive Officer of CSV discussed the benefits of therapeutic court programs that received funding in 2023–24, including the *Drug Court* program. The *Drug Court* program delivered \$2 of benefit for every \$1 invested in the program. Participants reduced their likelihood of reoffending by almost 30%.

CSV achieved 38% of its performance measures published in its Annual Report. As in 2022–23, several measures were not met regarding the average cost per case and case clearance rates, noting that a number of cost measures were not met due to an increase in major project costs.

Chapter 11 – Department of Government Services

The Department of Government Services (DGS) is responsible for improving Victorian’s experience interacting with government, connecting and digitising government platforms and streamlining Victorian public sector corporate and procurement services. In 2023–24 DGS’s budget was \$584.7 million. It spent \$671.9 million.

One of the key priorities of DGS is ensuring good governance in local government. The *Local Government Community Satisfaction Survey* recorded a small reduction in community satisfaction with overall council performance to 54% in 2023–24. To support better governance practices, the Minister for Local Government appointed 11 new municipal monitors to six councils. The Government also introduced several legislative reforms to strengthen council leadership, capability and councillor conduct. To increase transparency regarding municipal monitors, the Committee recommends DGS publish the total cost of engagements in its annual reports.

The 2023–24 Budget provided \$51.4 million for public library services, including a \$5.5 million Treasurer’s Advance. Additional funding was required to ensure that the *Public Libraries Funding Program* could be maintained at the previous year’s level, reflecting the increase in use of public libraries by the community. The Committee recommended DGS and the Department of Treasury and Finance review the base funding and performance measures related to the program.

In 2023–24 DGS delivered 233 Zero Emissions Vehicles (ZEVs) for the VicFleet. As of November 2024, there were 501 ZEVs in VicFleet making up 3.3% of the Government’s total fleet. DGS has committed to full electrification of its fleet by 2035. The Committee recommends that DGS release its plan on how it will achieve this goal.

DGS achieved 69% of its performance measures published in its Annual Report.

Chapter 12 – Department of Treasury and Finance

The Department of Treasury and Finance (DTF) provides economic, commercial, financial and resource management advice to the Victorian Government. In 2023–24 the department’s original budget was \$473.1 million. Actual expenditure was \$412.5 million.

DTF manages central contingency reserves. The total value of these contingencies has grown from less than 5% of the total funding approved by Parliament each year between 2014–15 and 2018–19 to 13.3% of total funding in 2023–24. The allocation of contingencies to departments is not reported in a timely manner, so the published budgeted amount often differs from the actual result. The Committee makes two

recommendations on central contingencies to increase transparency regarding their allocation and reporting.

Treasurer's Advances (TAs) provide upfront funding to departments with urgent and unforeseen expenditure claims before Parliament can provide approval. The value of TAs quadrupled in 2019–20 to support the Government's COVID-19 pandemic response. In 2023–24, the value of TAs remained above pre-pandemic levels. DTF reports on TAs granted each financial year in its Annual Financial Report. TAs are also authorised through a subsequent year's Appropriations Bill. However, the information currently reported is limited and additional reporting would ensure the Parliament has sufficient information to make informed decisions when considering the Appropriation Bills.

The Early Intervention Investment Framework (EIIF) is designed to reduce future demand and public spending on acute services and create other economic benefits. The number of initiatives has grown from 10 in 2021–22 to 22 in 2023–24. The total funded value of initiatives has more than doubled in that time. The 2023–24 Budget only lists EIIF measures that were introduced in that financial year, so the forward estimates may understate the costs and economic benefits of EIIF initiatives. The Committee recommends that DTF report the expected costs and benefits of all new and existing EIIF initiatives in future state budgets over the same time period.

DTF achieved 77% of its performance measures published in its Annual Report.

Chapter 13 – Department of Premier and Cabinet

The Department of Premier and Cabinet (DPC) leads whole of government policy and performance. In 2023–24 DPC's original budget was \$431.6 million. Actual expenditure was \$482.9 million.

In 2023–24 DPC continued to prepare the State for formal Treaty negotiations, which began in November 2024. In early 2024 the Treaty Authority established the Negotiations Database, which allows for registration of groups who are eligible to negotiate Treaty. The database is a key community accountability mechanism for negotiations.

In February 2024 DPC established a new function to coordinate the implementation of *Victoria's Housing Statement*. DPC estimates that since the release of the statement, just over 70,707 new homes have been built. Due to limited reporting, it is not evident what impact Government action had on housing in 2023–24. The Committee recommends DPC develop performance reporting on the Statement and the Department of Treasury and Finance release the related economic modelling.

In 2023–24 it was more expensive per square metre to build an apartment compared to a detached house in Victoria. The Committee was advised that this presented a challenge to the Housing Statement's aim of encouraging greater housing density in Melbourne's established suburbs.

DPC achieved 75% of its performance measures published in its Annual Report.

Chapter 14 – Parliament

In 2023–24 the Parliamentary Departments' budget was \$216.6 million. Actual expenditure was \$209 million. The Parliamentary Departments achieved 97% of their performance measures published in their Annual Reports.

The Parliamentary Departments continued to implement recommendations from Operations Watts in 2023–24. This included delivering the Electorate Officers Conference, supporting Members to undertake electorate officer recruitment and increasing site visits to electorate offices.

Regional engagement was a focus in 2023–24, with the Legislative Council sitting in Echuca on 18 April 2024. It provided the regional community with direct access to Members of Parliament and cost the Parliamentary Departments \$171,000.

A key challenge faced by the Parliamentary Departments in 2023–24 was physical security at the Parliamentary precinct and at electorate offices. Since 2018–19, the number of protests at Parliament have decreased while the number of security incidents at electorate offices has increased. The Department of Parliamentary Services has improved security at the precinct and electorate offices over the last five years.

Findings and recommendations

1 Introduction

RECOMMENDATION 1: The Victorian Government in collaboration with all relevant departments publish proportional targets for affordable housing in each priority precinct and a proportional breakdown of the type of affordable housing planned for each priority precinct (affordable rental, social and public housing, shared equity program etc). This should form part of the wider annual reporting on the reforms and outcomes of the Housing Statement. 7

FINDING 1: In 2023–24 the Department of Energy, Environment and Climate Action published 1,103 action statements as required under the *Flora and Fauna Guarantee Act 1988*. 9

RECOMMENDATION 2: In future annual reports the Department of Energy, Environment and Climate Action publish how many action statements (as required under the *Flora and Fauna Guarantee Act 1988*) have been published and updated, reviewed or amended, and how many are outstanding. This should include the name of the flora or fauna the action statement applies to. 9

RECOMMENDATION 3: The Department of Energy, Environment and Climate Action explore ways to monitor and inform the public on the implementation of action statements. 9

2 Whole of Government

FINDING 2: The Government has reported it has completed steps one and two of its five step fiscal strategy. It anticipates that step three, returning to operating surpluses, will be achieved in 2025–26. The remaining two steps relating to reducing debt levels as a proportion of the State’s economy are expected to be achieved by the end of the current forward estimates period. 15

FINDING 3: The \$93.1 billion raised in general government sector revenue over 2023–24 was mainly comprised of grants (\$41.8 billion) and taxation (\$36.9 billion). 16

FINDING 4: General government sector expenses for 2023–24 were \$97.3 billion. Employees accounted for the largest expense—\$36 billion. 17

FINDING 5: The Government did not achieve the *COVID Debt Repayment Plan's* objective to rebalance the public service by reducing the number of roles by 3,000 to 4,000 in 2023–24. Full-time equivalent employment in the Victorian public service increased by 79 in 2023–24. 18

FINDING 6: In response to the Committee's questionnaire, the departments and agencies reported \$285.8 million in savings for 2023–24. 20

FINDING 7: Most departments and agencies focussed on spending reductions for contractors and consultants to achieve savings. While departments and agencies reduced spending on contractors by \$33 million in 2023–24 compared to the previous year, spending on consultants rose by \$116.7 million. 20

FINDING 8: While savings made through Victorian public service role reductions and reducing consultants and labour hire expenditure as outlined in the 2023–24 Budget's *COVID Debt Repayment Plan* were not fully realised, \$2 billion raised through the *COVID Debt Levy* on payroll and land tax contributed to the decrease in the general government sector's net result for 2023–24. 21

FINDING 9: Victoria's general government sector net operating deficit was reduced by more than half, from \$8.8 billion in 2022–23 to \$4.2 billion in 2023–24. This continues the trend of decreasing net operating deficits for the general government sector since 2021–22. 22

FINDING 10: While government infrastructure investment increased by 11% to reach \$24.2 billion in 2023–24, the figure is expected to fall in coming years as Big Build projects reach completion, and as the Government reduces its capital works program. 22

FINDING 11: General government sector net debt for 2023–24 was \$133.2 billion, an increase of 15.8% over the previous year. The proportion of net debt to gross state product was 21.9%. 24

FINDING 12: The public financial corporation sector raised \$15.8 billion in revenue for 2023–24, and \$17.7 billion in expenses. The resulting deficit of \$1.9 billion was a reduction compared to the previous year's figure of \$3.2 billion. 24

FINDING 13: Revenue for the public non-financial corporation (PNFC) sector for 2023–24 was \$11.1 billion, and expenses were also \$11.1 billion. A derecognition of rail assets led to an adjustment and as a result, the PNFC net result was a deficit of \$3.2 billion.

25

FINDING 14: The State of Victoria’s net deficit from transactions of \$8.5 billion in 2023–24 reflects the improving net result from transaction results in the general government and public financial corporation sectors. The net result for the State of Victoria was a deficit of \$5.5 billion, a \$2.1 billion (27.5%) improvement to the deficit position of 2022–23.

26

FINDING 15: Victoria’s current credit ratings of AA+ stable (Fitch), Aa2 stable (Moody’s) and AA stable (Standard and Poor’s) are comparable to the credit ratings of Queensland, Tasmania and South Australia.

27

FINDING 16: Treasurer’s Advance payments made to departments over 2023–24 totalled \$11.6 billion. While this was a decrease of \$580 million over the previous year, the use of Treasurer’s Advances has grown since the pandemic.

28

RECOMMENDATION 4: The Department of Treasury and Finance update the Model Report to require departments to disclose Treasurer’s Advances they accessed along with the following information:

- the value of funding requested and approved in-principle by the Treasurer
- the value of the funding drawn down
- a description of the purpose of each Treasurer’s Advance
- the related outputs that the Treasurer’s Advance contributed to
- an explanation of, or reason, why the purpose was urgent and unforeseen.

31

FINDING 17: Of the \$11.6 billion in Treasurer’s Advance payments that were listed in the *2023–24 Financial Report*:

- \$7.6 billion was for ‘Treasurer’s Advance payments relating to contingency releases’, with most of this funding paid to the Department of Transport and Planning (\$5.5 billion)
- \$4 billion was for ‘Treasurer’s Advance payments relating to decisions made post budget’ with the Department of Health receiving the largest amount (\$1.5 billion).

32

FINDING 18: Committee questionnaire responses show approximately 300 reviews and/or studies were undertaken or commissioned by departments and agencies over 2023–24, at a cost of approximately \$112 million. Of these reports or studies, 58 were publicly available.

34

RECOMMENDATION 5: Departments and agencies make reports and studies listed in their Committee questionnaire responses or their annual reports publicly available wherever possible.

34

3 Department of Health

FINDING 19: Based on the performance measures in the Productivity Commission’s Report on Government Services, Victoria’s health care system performs best overall.

42

FINDING 20: While Victoria’s health system compares favourably to other Australian and international jurisdictions on many key metrics, the Department of Health’s data shows that it underperformed against several of its own performance measures in 2023–24.

44

FINDING 21: The majority of Victoria’s metropolitan and rural health services reported operating deficits in 2023–24. The number of health services reporting operating deficits of more than \$10 million rose to 19, up from two in 2022–23.

46

FINDING 22: The Department of Health received \$1.8 billion in Treasurer’s Advances in 2023–24, including \$1.5 billion in additional resources for hospitals and health services. This is a six-fold increase since 2016–17.

47

RECOMMENDATION 6: To improve the transparency of reporting, the Department of Treasury and Finance update the Model Report to require the Department of Health to report the amount allocated to each health service for each Treasurer’s Advance or contingency release.

48

FINDING 23: The Department of Health’s sexual and reproductive health hubs and 1800 My Options initiative have improved access to abortion.

49

RECOMMENDATION 7: To improve access to abortion services and minimise inequities in services provision, the Department of Health collect information on the number and location of healthcare practitioners who can prescribe the abortion pill.

50

FINDING 24: Despite improvements in the number of mental health clinical service hours and satisfaction rates, the Department of Health did not meet its targets for timeliness of mental health patient admissions and satisfaction. **52**

FINDING 25: Implementation of several recommendations of the Royal Commission into Victoria's Mental Health System are behind schedule. **55**

RECOMMENDATION 8: The Department of Health or the Mental Health and Wellbeing Commission publicly report on progress against each of the sub-components of the recommendations of the Royal Commission into Victoria's Mental Health System, including any revised implementation dates and reasons for delays. This information should be included as part of the consolidated annual reporting and more detailed reporting on its website. **56**

4 Department of Education

FINDING 26: In 2023–24 the Department of Education revised the timelines of 48 of its capital projects, 68.8% of which it extended by a year or less. Delays were primarily due to issues surrounding tenders. **61**

FINDING 27: In 2023–24 the Department of Education achieved 64% of its performance measures. DE did not report on 24 additional performance measures in 2023–24 because the Australian Curriculum, Assessment and Reporting Authority introduced a new reporting framework for NAPLAN, meaning the results of the measures could not be compared to the previous year. **63**

FINDING 28: Errors have occurred in the content and distribution of some Victorian Certificate of Education examination papers in 2022, 2023 and 2024. A third review of the Victorian Curriculum and Assessment Authority was announced in November 2024. **64**

FINDING 29: The Department of Education noted that the errors during the Victorian Certificate of Education examinations over multiple years point to systematic issues within the Victorian Curriculum and Assessment Authority. The Minister of Education has commissioned a root-and-branch review of the organisation. **65**

RECOMMENDATION 9: Where errors are identified in Victorian Certificate of Education examinations, the Department of Education and/or the Victorian Curriculum and Assessment Authority notify affected schools, parents/guardians and students as soon as possible, and provide a clear explanation of the problem and remedial action. **65**

RECOMMENDATION 10: The Victorian Curriculum and Assessment Authority consider publishing the root-and-branch review upon its completion, alongside details of how and when it will address the review's findings.

65

FINDING 30: The Department of Education's suite of initiatives for attracting and retaining teachers has supported the forecast shortfall of teachers decreasing by 2029. However, the effectiveness of each individual initiative is unclear.

67

RECOMMENDATION 11: The Department of Education consider the benefits of publishing in full the strategic evaluation of its workforce attraction and retention initiatives as they are completed.

68

FINDING 31: In 2023 Victoria had the second-lowest student-teacher ratio of any Australian jurisdiction. This is due to several factors, including the construction of new schools and school upgrades, and growth in the education workforce.

68

FINDING 32: Disadvantaged students have benefitted from programs supported in the 2023–24 Budget, including the School Breakfast Club program, the Affordable School Uniforms program, the Glasses for Kids program, and Free period products in all government schools.

70

RECOMMENDATION 12: The Department of Education include performance measures in the next budget for programs that support socially disadvantaged students, such as the School Breakfast Club program, the Affordable School Uniforms program, and the Glasses for Kids program.

70

5 Department of Justice and Community Safety

FINDING 33: Victoria Police mental health crisis responses increased by 26.5% from 2017–18 to 2023–24. This equates to a call out every 10 minutes compared to every 12 minutes in 2017–18.

80

FINDING 34: Recommendation 10 of the Royal Commission into the Mental Health System relating to responses to mental health crises has not been implemented within the original timeframe set out in the Commission's final report. There is no explicit timeframe for full implementation of a health-led, rather than police-led, response to mental health emergencies.

81

RECOMMENDATION 13: The Department of Justice and Community Safety, Victoria Police and the Department of Health consider separately reporting on the specific actions taken to progress implementation of Recommendation 10 of the Royal Commission into Victoria's Mental Health System, including revised implementation dates and reasons for any delays.

81

RECOMMENDATION 14: The Department of Justice and Community Safety and Victoria Police report on its websites the activities undertaken and the outcomes achieved as a result of funding received in the 2021–22 and 2023–24 Budgets to progress Recommendation 10 of the Royal Commission into Victoria's Mental Health System.

81

RECOMMENDATION 15: Victoria Police update its *Mental Health Strategy and Wellbeing Action Plan*. The update should align with Victoria Police's other current corporate documents and strategies and should reflect the outcomes and achievements of the *Mental Health Strategy and Wellbeing Action Plan 2017–20*.

82

RECOMMENDATION 16: Victoria Police publicly report on the outputs and outcomes of its mental health and wellbeing programs for its members, through its annual reports or future budget papers.

83

RECOMMENDATION 17: Victoria Police disaggregate its annual report data relating to the number of occupational health and safety reported incidents to identify the proportion attributed to a mental health injury.

83

FINDING 35: In 2023–24 the Department of Justice and Community Safety and Liquor Control Victoria did not meet targets associated with liquor inspections in metropolitan and regional Victoria. Performance for metropolitan inspections declined from 2022–23.

86

RECOMMENDATION 18: In future annual reports the Department of Justice and Community Safety include comprehensive reasons to explain why it does not meet any of its performance measures by a variance of over 5%.

86

FINDING 36: In 2023–24 the Department of Justice and Community Safety's performance on liquor licensing client satisfaction and licence and permit approvals declined compared to 2022–23. It has taken several steps to improve performance including increased staffing and improving digital and website services.

87

FINDING 37: Triple Zero Victoria experienced an unplanned outage related to its computer-aided dispatch system on 20 November 2024 for approximately two hours. It utilised business continuity arrangements to ensure it continued delivering its services during the outage.

88

RECOMMENDATION 19: Triple Zero Victoria publish details of technical issues affecting its call taking and dispatching services in future annual reports.

88

FINDING 38: Hexagon and Fujitsu have been announced as the vendors of the Triple Zero Victoria *Next generation computer aided dispatch system* project, at a cost of \$253 million.

89

RECOMMENDATION 20: The Department of Justice and Community Safety and the Department of Treasury and Finance publish the details of the *Next generation computer aided dispatch system for Triple Zero Victoria*, including the expected delivery quarter and year, in Budget Paper No. 5 of the 2025–26 Budget.

89

6 Department of Transport and Planning

FINDING 39: Completion-related work for the *Metro Tunnel*, *70 High Capacity Metro Trains* and *West Gate Tunnel* Big Build projects took place over 2023–24.

92

FINDING 40: Population growth and climate change were key challenges for the Department of Transport and Planning in 2023–24.

93

FINDING 41: Contingency payments made by the Department of Treasury and Finance to the Department of Transport and Planning for major projects, lower fare revenue for the transport network and flood recovery funding meant the department received \$1.3 billion or 25.3% more than the originally budgeted \$5.3 billion in output appropriations in 2023–24.

94

FINDING 42: The extra contingency payments made to the department in 2023–24 resulted in higher-than-expected other operating expenses and employee expenses.

95

FINDING 43: The Department of Transport and Planning made \$60.8 million in savings as part of the 2023–24 Budget's COVID Debt Repayment Plan - Savings and Efficiencies, as well as finalising a restructure in April 2024. The savings and restructure did not result in a net reduction in staffing levels.

95

FINDING 44: In 2023–24 the Department of Transport and Planning received \$5.5 billion in contingency releases through Treasurer’s Advances. **96**

FINDING 45: Treasurer’s Advance payments that are contingency releases for Department of Transport and Planning capital projects are not included in departmental appropriation estimates contained in the budget estimates and therefore are not subject to parliamentary oversight and scrutiny prior to the start of the financial year. **97**

FINDING 46: The reasons provided by the Department of Transport and Planning for capital works project completion delays (greater than five years) varied widely in its questionnaire response. **99**

RECOMMENDATION 21: The Department of Transport and Planning provide more detail around the causes of delays (greater than five years) to capital projects in its Committee questionnaire responses. **99**

FINDING 47: The five major infrastructure projects that form part of the Big Build program (the *Level Crossing Removal*, *Metro Tunnel*, *North East Link*, *West Gate Tunnel* and *Suburban Rail Loop* Projects) all have the same ‘milestones delivered in accordance with agreed budget and timelines’ objective indicator and performance measure. According to the Department of Transport and Planning, they have all fully achieved the target of 100% since 2020–21. **102**

RECOMMENDATION 22: The Department of Transport and Planning create new performance measures for the *Suburban Rail Loop*, *North East Link* and *Level Crossing Removal* projects that provide transparent insights on their progress against their original completion dates and budgets published in the budget papers. **103**

FINDING 48: The three sources of funding for the *Suburban Rail Loop – East* project, State Government borrowings, Commonwealth grant funding and value capture mechanisms, are expected to each contribute a third of the anticipated \$30 to \$34 billion total estimated investment. **104**

FINDING 49: \$2.2 billion of the expected \$10 to 11 billion has been committed to the *Suburban Rail Loop – East* project from the Commonwealth Government. Further information and modelling on value capture mechanisms has been prepared by the Department of Treasury and Finance and is before the Victorian Government for consideration. **104**

FINDING 50: The Government forecasts high levels of population growth around the six *Suburban Rail Loop – East* precincts, driven by high rise development within the core precinct area, and then tapering out to six storey development. At this stage the Government estimates there could be a potential 70,000 extra dwellings. **106**

FINDING 51: In metropolitan Melbourne, Monday, Friday and peak hour commuter public transport usage has declined. Off-peak and weekend travel has increased. This is in line with post-pandemic travel patterns across the western world. **107**

FINDING 52: The implementation of the Bus Plan has introduced an extra 4,600 additional services since June 2021. Bus travel has been less affected by the pandemic. **108**

FINDING 53: Regional public transport patronage increased in Victoria in 2023–24, reflecting the impact of the fare cap introduced in March 2023. **108**

7 Department of Families, Fairness and Housing

FINDING 54: The Department of Families, Fairness and Housing (DFFH) reduced its Victorian public service employees by 200 between 30 June 2023 and 30 June 2024 as part of the Government’s *COVID debt repayment plan*. DFFH’s overall number of full-time equivalent employees remained stable between June 2023 and June 2024 due to increases in Child Protection Practitioner and Housing Services employees. **111**

FINDING 55: The Department of Families, Fairness and Housing achieved 64% of its performance measures in 2023–24. It did not meet 74% of its performance measures in the Housing Assistance output. **114**

RECOMMENDATION 23: The Department of Families, Fairness and Housing develop performance measures that report on the number of people that access the services that Disability Liaison Officers provide. **115**

FINDING 56: In 2023–24 \$3.9 million was provided to the State Disability Plan, which funded initiatives including Disability Liaison Officers and the Disability Advocacy Program. Just under 3,000 Victorians were supported through disability advocacy in 2023–24. **116**

FINDING 57: The Victorian Government is currently engaging with the Commonwealth Government to develop Foundational Supports as part of the National Disability Insurance Scheme reforms and has emphasised engagement with people with disability as central to the process. **117**

FINDING 58: Preventing and responding to family violence was a key focus for improvement for the Department of Families, Fairness and Housing (DFFH) in 2023–24. DFFH has several key family violence initiatives, including the Orange Door Network. The Orange Door Network conducted over 176,000 assessments in 2023–24, surpassing its target. **118**

FINDING 59: The Orange Door Network completed 76.5% of its assessments in seven days or less, and 93% of its L17 report assessments in seven days or less. The Department of Families, Fairness and Housing cited demand, administrative errors, and incomplete referrals as the reasons for delays in completing L17 referrals. **119**

FINDING 60: The Orange Door Network had no primary sites closed due to staff shortages in 2023–24 and recorded limited closures for its access points and outposts. The Ararat outpost was closed for 20 days between December 2023 and January 2024 due to the lack of staff. **120**

FINDING 61: In 2023–24 the Orange Door Network had 1,195.2 full-time equivalent (FTE) staff and 201.7 FTE vacancies. To fill vacancies in the family violence sector, the Department of Families, Fairness and Violence is implementing a 10-Year Industry Plan. **120**

FINDING 62: Victoria's vacancy rate for public housing as of 30 June 2024 was 4.4%, which is an improvement from the year prior and the first improvement in almost ten years. Of the current vacant public housing stock, 56.4% is being held for asset management purposes, 21.4% is in the reletting process, and 22.2% is ready to be relet. **121**

RECOMMENDATION 24: The Department of Families, Fairness and Housing develop a performance measure for inclusion in its next annual report on vacant public housing stock. **122**

FINDING 63: The average turnaround time for reletting public housing in 2023–24 was 48.3 days. The Department of Families, Fairness and Housing's target is 28 days. The turnaround time for public housing towers was approximately 60 days, increasing the overall average. **123**

FINDING 64: Public housing towers are more difficult to let due to several reasons, such as limited accessibility, lack of private green space, older facilities, location and social stigma of being in towers. **123**

RECOMMENDATION 25: The Department of Families, Fairness and Housing's performance measure and outcomes on the turnaround time for reletting public housing be included in its next annual report. **123**

8 Department of Jobs, Skills, Industry and Regions

FINDING 65: In 2023–24 the Department of Jobs, Skills, Industry and Regions received \$637.3 million in Treasurer's Advances. **129**

FINDING 66: In 2023–24 the Department of Jobs, Skills, Industry and Regions achieved 67% of its performance measures. **130**

FINDING 67: The Committee reiterates the importance of publishing additional performance measures, including both financial and non-financial performance measures. Given the importance of its return on investment to Breakthrough Victoria's purpose, this should also be included. **132**

FINDING 68: In the absence of a requirement to publicly report each of its investments, Breakthrough Victoria regularly publishes media releases for all new investments. **132**

FINDING 69: In 2023–24 Breakthrough Victoria improved the way it announces its investments to the public, however there is scope to further enhance the transparency of these investments to the public and the Parliament. **133**

RECOMMENDATION 26: Breakthrough Victoria further enhance the public reporting of its investments by making investment updates more consistent and easily accessible on its website, including follow-on investments. **133**

FINDING 70: Breakthrough Victoria could improve its updates on the value, impact or progress of its individual investments. **133**

RECOMMENDATION 27: Breakthrough Victoria provide annual updates on the:

- cumulative value of funds it has contributed to each of its investments
- current estimated fair value of each of its investments at the end of the financial year
- value of dividends received from each of its investments during the financial year. **134**

FINDING 71: While Breakthrough Victoria has operated at a loss for its first three years, it has moved towards profitability year-by-year. As more capital is invested, Breakthrough Victoria expects its operational efficiency and profitability to further improve. **135**

FINDING 72: Since 2020–21, key performance measures related to TAFE, improving employment outcomes and enabling students to achieve their reasons for training, have improved. **136**

FINDING 73: The financial sustainability and viability of some TAFEs has deteriorated between the calendar years 2019 and 2023. Several TAFEs are forecasting ongoing cash deficits, which may result in financial sustainability challenges. **138**

9 Department of Energy, Environment and Climate Action

FINDING 74: Increased costs for forestry and emergency management contributed to higher than budgeted revenue for the Department of Energy, Environment and Climate Action in 2023–24. **142**

FINDING 75: In 2023–24, Victoria’s metropolitan water corporations collectively made \$429.3 million in profits and paid \$640.4 million in dividends and capital repatriations to the Victorian Government. **146**

FINDING 76: Most regional and all rural water corporations reported net losses in 2023–24. **146**

FINDING 77: The State Electricity Commission (SEC) has invested \$245 million in the Melbourne Renewable Energy Hub which will increase Victoria’s energy storage capacity by 600 megawatts, 23.1% of the Government’s 2030 target. The SEC has a 30% equity stake in the first two battery components and a 49% equity stake in the third battery component. **149**

FINDING 78: Whilst the State Electricity Commission (SEC) has made progress on increasing renewable energy storage capacity through the Melbourne Renewable Energy Hub, the Committee is unable to comment on the SEC’s other aims of promoting electrification of Victorian households and increasing the renewable energy workforce. **150**

FINDING 79: The SEC does not have public measures or targets to provide transparency or accountability for its progress towards its objectives, especially those related to electrifying homes and building the renewable energy workforce. **151**

RECOMMENDATION 28: To promote greater transparency and accountability for its performance, the State Electricity Commission develop and publicly report on appropriate measures and targets for each of its objectives on its website and in its annual report. **151**

RECOMMENDATION 29: The Department of Energy, Environment and Climate Action include relevant output objectives, objective indicators and performance measures for the State Electricity Commission in the 2025–26 Budget. **151**

FINDING 80: Recent amendments to Victorian legislation have created clear, legislated targets for greenhouse gas emissions, renewable energy generation, energy storage and offshore wind capacity. The Department of Energy, Environment and Climate Action regularly reports on progress against these targets. **152**

FINDING 81: The Government reports Victoria is on track to meet its 2025 targets for greenhouse gas emissions reductions and renewable energy generation. **154**

FINDING 82: Victoria has increased its energy storage capacity to 557 megawatts (MW), with an additional 1,115MW currently under construction. This will improve the reliability of Victoria’s renewable energy system and allow renewable energy supply to better align with demand. **155**

FINDING 83: Commonwealth Government approval delays for the Port of Hastings, the Victorian Government’s preferred offshore wind construction port, have impacted Victoria’s schedule for offshore wind development. **157**

RECOMMENDATION 30: Once known, the Department of Energy, Environment and Climate Action provide a public update on any impacts to the Victorian Government's offshore wind generation targets as a result of Commonwealth approval delays for offshore wind projects.

157

FINDING 84: The Department of Energy, Environment and Climate Action approved 27,428 solar hot water rebates through the *Solar Homes* program in 2023–24, 508% more than its target.

158

FINDING 85: The performance of the *Solar Homes* program has improved since 2021–22, but it needs to increase the rate of solar system installations to meet its 2028 target.

159

FINDING 86: The *Solar Homes* program added 358.7 megawatts of renewable electricity generation capacity in 2023–24, making up 2.8% of Victoria's renewable energy capacity, contributing to emissions reductions targets and saving Victorian households money.

159

FINDING 87: *ResourceSmart Schools* has helped schools to reduce their energy consumption, waste production and water usage, contributing to reduced energy costs for schools, reduced greenhouse gas emissions and other environmental benefits.

161

10 Court Services Victoria

FINDING 88: In 2023–24, the Victorian Civil and Administrative tribunal made progress in clearing the backlog on its Residential Tenancies list, reducing the pending caseload by 54%.

163

FINDING 89: In 2023–24 Court Services Victoria (CSV) achieved \$8.1 million in savings through back-office efficiencies. CSV has an overall savings target of \$20 million by 2027–28.

166

FINDING 90: In 2023–24 Court Services Victoria achieved or exceeded 38% of its performance measures.

167

FINDING 91: The Drug Court program, delivered across several jurisdictions in 2023–24, resulted in a cost benefit of \$2 for every \$1 invested in the program and reduced the likelihood of reoffending by people who completed a drug order by 30%.

168

11 Department of Government Services

FINDING 92: In 2023–24 the Department of Government Services exceeded its original budget of \$584.7 million by 14.9% (\$87.2 million). **171**

FINDING 93: The 2023–24 *Local Government Community Satisfaction Survey*, conducted by the Department of Government Services, recorded a reduction in community satisfaction with overall council performance, from 56% in 2022–23 to 54%. The continued reduction in community satisfaction rates reflects a trend from previous years, with current efforts to improve satisfaction with council performance yet to have a marked impact. **174**

FINDING 94: In 2023–24, the Minister for Local Government appointed 11 municipal monitors across six local councils at a rate of \$1,335 per day plus reasonable out-of-pocket expenses, paid to councils as required by the *Local Government Act 2020*. **175**

RECOMMENDATION 31: The Department of Government Services publish the total cost of engaging municipal monitors on a financial-year basis in its annual report. **175**

FINDING 95: In 2024, the *Local Government Amendment (Governance and Integrity) Act 2024* introduced reforms to improve standards of behaviour and integrity in Victorian councils, including:

- mandatory training
- enhancing the councillor code of conduct
- strengthening powers to address councillor behaviour.

176

FINDING 96: The Department of Government Services received a \$5.5 million Treasurer’s Advance to supplement the allocated \$45.8 million in the 2023–24 State Budget to deliver the Public Libraries Funding Program. Additional funding was required to ensure total allocations under the program could be maintained at the previous year’s level. **177**

RECOMMENDATION 32: The Department of Government Services and the Department of Treasury and Finance review the base funding and current performance measures related to supporting public libraries for the next budget cycle to ensure they forecast anticipated activity more accurately and reflect changes in library usage. **177**

FINDING 97: The Department of Government Services surpassed its goal of transitioning 400 VicFleet vehicles to zero emission vehicles by 2023. The Victorian Government has a goal to fully electrify its fleet by 2035. Currently, 3.3% of the VicFleet are zero emission vehicles. **178**

RECOMMENDATION 33: The Department of Government Services release its plan on how it will transition its entire VicFleet to zero emissions vehicles by 2035. **178**

12 Department of Treasury and Finance

FINDING 98: The total value of central contingencies managed by the Department of Treasury and Finance has grown, initially driven by the need to support the Government's response to the COVID-19 pandemic. In 2023–24 contingency funding represented 13.3% of all funding authorised by the Parliament of Victoria. **184**

RECOMMENDATION 34: The Department of Treasury and Finance:

- include an explanation of the value of funding allocated to central contingencies in future budget papers
- report payments and the purposes of such payments it makes from central contingencies to departments in the Annual Financial Report that are not made via a Treasurer's Advance, if applicable. **185**

RECOMMENDATION 35: The Department of Treasury and Finance update the model report to require departments report for each contingency release during the financial year:

- the funds received from the central contingencies
- the reasons the contingency release was required
- the outputs or capital projects which the contingency releases contributed to. **185**

FINDING 99: The value of Treasurer's Advances initially increased to enable the Government's response to the COVID-19 pandemic and has remained above pre-pandemic levels in 2022–23 and 2023–24. **187**

FINDING 100: The information reported for each Treasurer's Advance in the Annual Financial Report and annual Appropriations Act is limited. **189**

FINDING 101: The Government has committed \$685.4 million to 22 Early Intervention Investment Framework initiatives over the five years from 2023–24. It is expected to result in at least \$1 billion dollars of avoided costs and broader economic benefits to the Victorian economy.

190

FINDING 102: The Early Intervention Investment Framework (EIIF) measures in the Government’s 2023–24 Budget only included new budget measures, which limits the visibility of the total scope and size of the EIIF in effect for that budget year and its forward estimate period.

191

RECOMMENDATION 36: The Department of Treasury and Finance report the expected costs and benefits of all new and existing Early Intervention Investment Framework initiatives in future state budgets.

191

FINDING 103: The Department of Treasury and Finance has expanded the scope of its reporting on the estimated costs and benefits of new Early Intervention Investment Framework budget measures. However, the usefulness of the cost and benefit estimates are diminished because costs are reported on a different timeframe to the estimated benefits meaning they are not comparable.

193

RECOMMENDATION 37: The Department of Treasury and Finance ensure that when it reports on the committed funding and estimated impacts of Early Intervention Investment Framework initiatives that it reports all estimates over the same time period.

193

13 Department of Premier and Cabinet

FINDING 104: In 2023–24 the Department of Premier and Cabinet achieved 75% of its performance measures.

199

FINDING 105: Several steps have been taken to prepare for Treaty negotiations between the State of Victoria and Traditional Owners and First Peoples in Victoria. Negotiations began in November 2024.

199

FINDING 106: In 2024, the Treaty Authority established the Negotiations Database, a key community accountability mechanism of Treaty negotiations.

200

FINDING 107: The Department of Premier and Cabinet estimates that 70,707 new houses have been built since the release of the Housing Statement in September 2023. **201**

RECOMMENDATION 38: As the coordinating department, the Department of Premier and Cabinet develop targets to measure the outcomes of the five reform areas outlined in *Victoria's Housing Statement* and report on progress toward these targets on a yearly basis. **202**

FINDING 108: In 2023–24 it was more expensive per square metre to build an apartment compared to a detached house in Victoria. This presented a challenge to the Housing Statement's aim of encouraging greater housing density in Melbourne's established suburbs. **203**

RECOMMENDATION 39: The Department of Treasury and Finance release its economic modelling in relation to the Housing Statement. **203**

14 Parliament

FINDING 109: The Parliamentary Departments underspent by 3.5% (\$7.6 million) in comparison to their original budget in 2023–24. **206**

FINDING 110: In 2023–24, the Parliamentary Departments continued to implement recommendations from the Operation Watts report. This included the successful delivery of the inaugural Electorate Officers Conference, supporting Members undertaking electorate officer recruitment and increased site visits to electorate offices by Parliamentary Services. **212**

FINDING 111: On 18 April 2024, a regional sitting of the Legislative Council was held in Echuca Library at the cost of \$171,000. It provided the regional community, including young people, with direct access to Members to share their experiences and exchange ideas. **213**

Acronyms and terms

AIRS	Australian Incident Reporting System
BV	Breakthrough Victoria
CAD	Computer-aided dispatch
CEO	Chief Executive Officer
CFA	Country Fire Authority
CO2-e	Carbon dioxide equivalent
COTE	Centre of Training Excellence
CSV	Court Services Victoria
DE	Department of Education
DEECA	Department of Energy, Environment and Climate Action
DFFH	Department of Families, Fairness and Housing
DGS	Department of Government Services
DH	Department of Health
DLOs	Disability Liaison Officers
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
DTP	Department of Transport and Planning
EBAs	Enterprise bargaining agreements
EES	Environmental Effects Statement
EIIF	Early Intervention Investment Framework
EO/s	Electorate officer/s
EPA	Environmental Protection Authority
ESTA	Emergency Services Telecommunications Authority
FFG Act	<i>Flora and Fauna Guarantee Act</i>
FPO	Financial and performance outcomes
FRV	Fire Rescue Victoria
FTE	Full-time equivalent
GEO	GEO Healthcare
GGS	General government sector
GII	Government infrastructure investment

GP	General practitioner
GSP	Gross state product
GW	Gigawatt
GWh	Gigawatt hours
HR	Human resources
HV	Homes Victoria
IBAC	Independent Broad-based Anti-corruption Commission
IGEM	Inspector-General of Emergency Management
IIP	Infrastructure Investment Program
ITC	Information Technology Centre
KPI	Key performance indicator
KW	Kilowatt
KWh	Kilowatt hours
LCV	Liquor Control Victoria
MARAM	Multi-Agency Risk Assessment
MCV	Magistrates Court of Victoria
MHWC	Mental Health and Wellbeing Commission
MBCP	Men's Behaviour Change Program
MoG	Machinery of government
MREH	Melbourne Renewable Energy Hub
MW	Megawatt
MWh	Megawatt hours
NAPLAN	National Assessment Program—Literacy and Numeracy
NDIS	National Disability Insurance Scheme
NFP	Non-financial public
OECD	Organisation for Economic Co-operation and Development
PACER	Police, Ambulance and Clinical Early Response
PAEC	Public Accounts and Estimates Committee
PFC	Public financial corporation
PNFC	Public non-financial corporation
PPCC	Priority Primary Care Centres
PPE	Personal protective equipment
PPP	Public private partnership
PV	Photovoltaic
REJI Act	<i>Renewable Energy (Jobs and Investment) Act 2017</i>
RMF	Resource Management Framework
RoGS	Report on Government Services

Acronyms and terms

S&P	Standard and Poor's
SEC	State Electricity Commission
SRH	Sexual and reproductive health
SRL	Suburban Rail Loop
SRLA	Suburban Rail Loop Authority
SRO	State Revenue Office
TA/s	Treasurer's Advance/s
TAC	Transport Accident Commission
TAFE	Technical and Further Education
TCV	Treasury Corporation of Victoria
TEI	Total estimated investment
TZV	Triple Zero Victoria
WHV	Women's Health Victoria
WoVG	Whole of Victorian Government
VCAA	Victorian Curriculum and Assessment Authority
VCAT	Victorian Civil and Administrative Tribunal
VCE	Victorian Certificate of Education
VET	Vocational Education and Training
VFMC	Victorian Funds Management Corporation
VLC	Victorian Liquor Commission
VMIA	Victorian Managed Insurance Authority
VO	Victorian Ombudsman
VPS	Victorian public service
VRET	Victoria's Renewable Energy Targets
WHV	Women's Health Victoria
ZEB	Zero emissions buses
ZEVs	Zero emissions vehicles

Chapter 1

Introduction

1.1 Background

On behalf of the Parliament, the Committee's Inquiry into the financial and performance outcomes (FPO) assesses how effective and efficient the public sector was in delivering the initiatives and infrastructure investments outlined in the Budget. This report scrutinises the 2023–24 financial year. The FPO inquiry complements the Committee's scrutiny of the budget estimates by assessing what the Government achieved, compared to what it planned to achieve.

This report sets out the Committee's analysis, findings and recommendations regarding the Government's financial and performance outcomes for 2023–24. Over the financial year general government sector (GGS)¹ expenses totalled \$97.3 billion.² Another \$24.2 billion was invested in infrastructure (capital works).³

1.2 Objectives

The aim of the Committee's inquiry is to benefit the Parliament and the community by:

- promoting the accountability of Victorian Government departments and agencies
- improving the transparency and clarity in the reporting of public sector performance
- identifying the challenges and key issues managed by departments and agencies, and how well they were managed
- providing more meaningful information about the outcomes delivered by the public sector in 2023–24, how outcomes compared to targets and how government activity and expenditure benefited the Victorian community.

1.3 The Inquiry process

To assist the Committee with its deliberations, as part of this inquiry a questionnaire was sent to all departments and their agencies, Court Services Victoria (CSV) and the Parliament prior to the public hearings. Topics in the questionnaire included:

1 The GGS is made up of departments and agencies that are controlled and largely financed by the Government, providing goods and services to the community at significantly below cost.

2 Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, p. 7.

3 *Ibid.*, p. 14.

- programs that delivered the most important outcomes in the community, and programs that did not deliver their intended outcomes
- utilisation of Treasurer’s Advances (TAs) and why Advances were required
- cost, completion and scope changes to capital projects
- explanations for any variances in revenue and expenses compared to the Budget and previous years.

The Committee held public hearings from 18 to 22 November 2024, with the Secretaries of all departments, the Chief Executive Officer of CSV and the heads of the three parliamentary departments. In preparing this report, the Committee primarily used evidence presented at the public hearings, annual reports, information provided by departments in the questionnaires and responses provided to questions taken on notice. Information gathered during the Inquiry is published on the Committee’s website.⁴

Under the *Financial Management Act 1994* (Vic), Victorian Government departments and public bodies have annual reporting obligations.⁵ Annual reports prepared by departments and public bodies must be tabled in Parliament before 31 October each year and include financial statements audited by the Victorian Auditor-General’s Office, and a report of operations.⁶ Annual reports are a key accountability mechanism as they provide data and analysis to the Parliament and community on whether departments have met their annual and medium-term goals and objectives, and internal targets for performance.

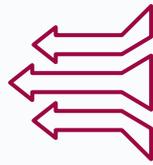
The FPO inquiry process is illustrated below.

4 Parliament of Victoria, *Inquiry into the 2023–24 financial and performance outcomes*, 2025, <<https://www.parliament.vic.gov.au/get-involved/inquiries/inquiry-into-the-2023-24-financial-and-performance-outcom>> accessed 7 February 2025.

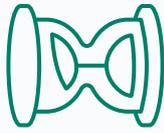
5 Department of Treasury and Finance, *The Resource Management Framework – Part 1 of 2 – Main Document*, Melbourne, December 2023, p. 7.

6 Department of Treasury and Finance, *2022–23 Model Report for Victorian Government Departments*, Melbourne, April 2023, p. 4.

The financial and performance outcomes process



Outcomes can include improvements to annual reports, including performance reporting, governance processes, financial reporting, public sector effectiveness and efficiency and better outcomes for the community



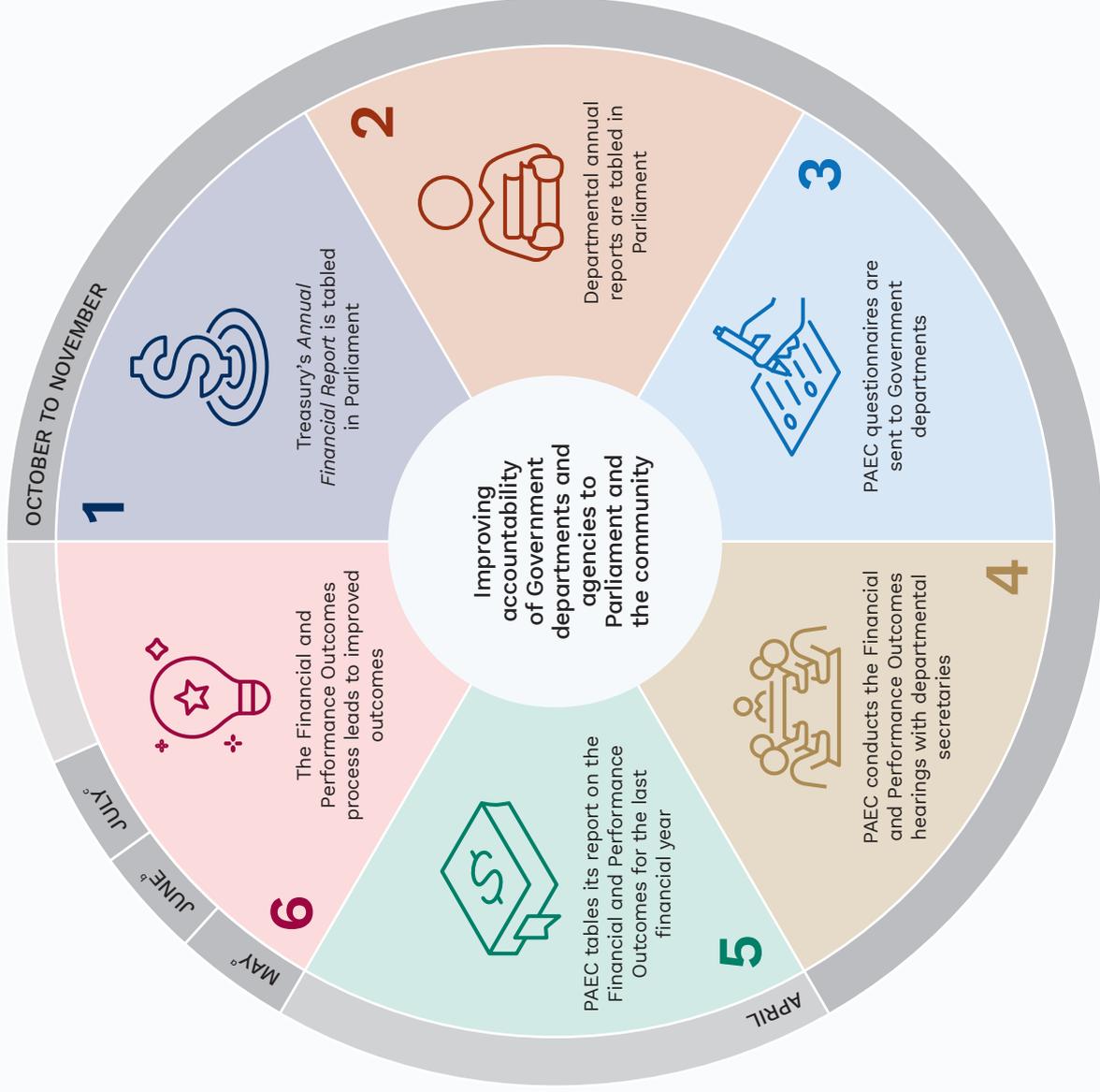
The Government must table a response to PAEC's recommendations within six months



PAEC's report contains recommendations directed at improved transparency and clarity in the reporting of public sector finances and performance



At the public hearings, PAEC asks the departmental secretaries questions about the outcomes of their department's activities over the last financial year



Treasury's *Annual Financial Report* tells Parliament about the financial transactions and financial position of the State compared to the budget



The Victorian Auditor-General's audit of the *Annual Financial Report* is tabled in Parliament



Departmental annual reports provide an overview of the performance and financial operations of a department for the last financial year



Departments respond to PAEC's questionnaire, which asks for information about expenditure and revenue, and outcomes achieved during the last financial year

1.4 Key findings of the report

Victoria's economy performed solidly in 2023–24, with gross state product growth (1.5%) in line with the original Budget estimate.⁷ While the unemployment rate increased to 4%, this reflected increasing participation in the labour market as more people looked for work.⁸

While inflation remained high in 2023–24 at 4%, this was below the budget estimate of 4.25% and well below the previous year's peak of 6.9%.⁹ Wage growth was in line with the Budget estimate (3.6%), however this was still lower than the inflation rate.¹⁰ Victoria's population grew strongly in 2023–24 reflecting high net overseas migration levels and rebounding international student arrivals post-pandemic.¹¹

The net result for the GGS continues to improve, with the operating deficit decreasing by more than half, from \$8.8 billion in 2022–23 to \$4.2 billion for 2023–24.¹² The financial position was assisted by increases in revenue, through additional *COVID Debt Levy* measures on payroll and land tax.¹³ While the *COVID Debt Repayment Plan*, released as part of the 2023–24 Budget, stated savings would be made through Victorian public service (VPS) staff reductions, as well as spending on contractors and consultants, VPS full-time equivalent staff reductions and contractor expenditure savings did not occur.¹⁴ Spending on employees was the GGS sector's largest expense and this increased in 2023–24 to \$36 billion.¹⁵

The Government continued to use TA payments to departments across a range of post-budget decisions, as well as for contingency payments for major infrastructure projects.¹⁶ TAs utilised have increased from \$1.8 million 2018–19 to \$11.6 billion in 2023–24.¹⁷ In 2022–23 the unused component of TAs was \$1.8 billion and in 2023–24 this was \$2.1 billion.¹⁸ The use of TAs is discussed throughout this report, with the Committee making a series of recommendations aimed at enhancing the transparency of TAs.

7 Department of Treasury and Finance, *Macroeconomic Data 2024–25 Budget Update*, January 2025, <<https://www.dtf.vic.gov.au/macroeconomic-indicators>> accessed 20 January 2025; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2023, p. 22.

8 Department of Treasury and Finance, *2023–24 Financial Report*, p. 1; Department of Treasury and Finance, *Macroeconomic Data 2024–25 Budget Update*.

9 Department of Treasury and Finance, *Macroeconomic Data 2024–25 Budget Update*; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 22.

10 Ibid.

11 Department of Treasury and Finance, *2023–24 Financial Report*, p. 2.

12 Ibid., p. 8.

13 Ibid., pp. 8–9.

14 Ibid.

15 Ibid., p. 10.

16 Ibid., pp. 161–165.

17 Department of Treasury and Finance, *2018–2019 Financial Report*, Melbourne, 2019, p. 127; Department of Treasury and Finance, *2023–24 Financial Report*, p. 167.

18 *Appropriation (2024–25) Act 2024* (Vic), s 3.

Departmental performance results and Committee questionnaire responses showed the Victorian community was still adjusting after COVID-19. The post-pandemic environment continued to negatively impact participation in a number of Government programs and services, including:

- delays to new school planning and construction
- lower TAFE enrolments
- under-participation by schools in the Department of Environment, Energy and Climate Action's (DEECA) ResourceSmart Schools program
- reduced public transport patronage.¹⁹

Nevertheless, initiatives aimed at reducing pandemic related backlogs, such as the Department of Health's *COVID Catch Up Plan* and CSV's *Backlog VCAT residential tenancies recovery program* both effectively reduced lengthy waitlists developed during the pandemic.²⁰

As a result of its deliberations in this Inquiry the Committee makes a series of recommendations for better public disclosure and more transparent reporting across key Government initiatives, including:

- improved performance reporting for Big Build major infrastructure projects
- the development of targets to measure the impact of Victoria's Housing Statement
- timely updates and announcements of new and existing investments made by Breakthrough Victoria
- the publication of the costs and benefits of Early Intervention Investment Framework initiatives.

1.5 The Government's response to the Committee's recommendations

In March 2024 the Committee made 56 recommendations in its *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*.²¹ Of the 56 recommendations, most were supported or supported-in-principle (Figure 1.1). Three recommendations

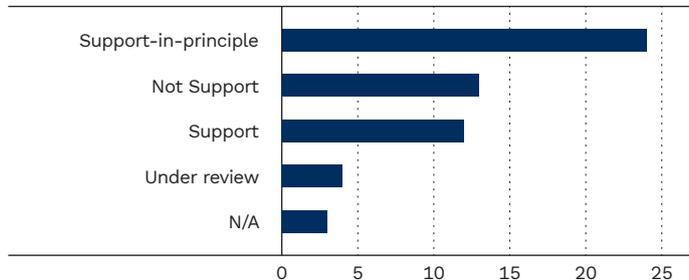
¹⁹ Ms Jenny Atta PSM, Secretary, Department of Education, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, p. 17; Victorian Auditor-General's Office, *Results of 2023 Audits: Technical and Further Education Institutes*, Melbourne, July 2024, p. 3; Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, Melbourne, 2024, pp. 26–79; Department of Transport and Planning, *Annual Report 2023–24*, Melbourne, 2024, pp. 42–43, 49, 51.

²⁰ Department of Health, *Response to the 2023–24 Financial and Performance Outcomes General Questionnaire*, received 11 November 2024, pp. 17–21; Department of Health, *Annual Report 2023–24*, Melbourne, 2024, p. 228; Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 6.

²¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. xxix–lvii.

were addressed by the Parliament of Victoria separately.²² The Government’s response to key Committee recommendations is discussed in more detail below.

Figure 1.1 Government response to recommendations made in the Report on the 2021–22 and 2022–23 Financial and Performance Outcomes



Source: Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, 17 October 2024.

1.5.1 Recommendation four

In regard to the Government’s four-step fiscal strategy, the Committee found that while positive progress was made in three of the four steps, progress toward stabilising net debt was unclear as ‘stabilisation’ was not defined.²³ The Committee recommended the Government set a numerical indicator that defines stabilisation in net debt and set a timeframe that defines the ‘medium term’ in which to achieve debt stabilisation in the next set of budget papers.²⁴

The Government supported the recommendation in principle, noting that in the 2024–25 Budget a fifth step was added to the fiscal strategy: reducing net debt as a percentage of gross state product.²⁵ The Committee commends the introduction of this step, as it allows for further transparency regarding whether debt levels are being managed in line with economic growth.

1.5.2 Recommendations 21 and 22

In its previous Financial and Performance Outcomes report the Committee made two recommendations related to the Government’s priority precincts and affordable housing:

Recommendation 21: The Department of Transport and Planning (DTP) collate and report annually on the total proportion of affordable housing expected to be delivered in the Arden precinct for very low income, low income and medium income households,

²² Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, 20 September 2024.

²³ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, pp. 20–21.

²⁴ Ibid.

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

including the proportion delivered under affordable rental, social housing (including public housing) and shared equity programs, given the variety of planning assessment pathways and development requirements in delivering affordable housing.

Recommendation 22: The Department of Transport and Planning report annually on the total proportion of affordable housing expected to be delivered in the Sunshine and all other precincts once it begins approving planning applications for new housing developments, given the various planning assessment pathways and development requirements for the delivery of affordable housing.²⁶

DTP agreed to the recommendations in principle, adding DTP is ‘aligned to whole-of-government reporting on *Victoria’s Housing Statement* implementation’.²⁷ DTP stated that the Housing Statement Progress Update details statewide accomplishments and targets, and that DTP was in the process of exploring and developing objectives and performance measures for the department as a whole.²⁸

While the Housing Statement and the progress update refer to developing priority precincts and building affordable housing,²⁹ they do not include information on the proportion and type of affordable housing the Government plans for each precinct, or progress toward meeting any existing affordable housing targets. Chapter 13 of this report (the Department of Premier and Cabinet) outlines that reporting on *Victoria’s Housing Statement* and associated targets is limited and recommends that targets are developed and reported on yearly. Considering Victoria’s current housing crisis that includes housing affordability as a significant element, it is important for the public and Parliament to understand the Government’s targets and outcomes related to affordable housing.

RECOMMENDATION 1: The Victorian Government in collaboration with all relevant departments publish proportional targets for affordable housing in each priority precinct and a proportional breakdown of the type of affordable housing planned for each priority precinct (affordable rental, social and public housing, shared equity program etc). This should form part of the wider annual reporting on the reforms and outcomes of the Housing Statement.

²⁶ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, pp. 128–129.

²⁷ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, p. 10.

²⁸ Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 12 November 2024, p. 193.

²⁹ Victorian Government, *Victoria’s Housing Statement: The decade ahead 2024–2034*, Melbourne, 2023, pp. 18, 20; Victorian Government, *Victoria’s Housing Statement: Progress Update*, Melbourne, September 2024.

1.5.3 Recommendation 40

The Committee made the following recommendation regarding action statements under the *Flora and Fauna Guarantee Act 1988 (Vic)*:

Recommendation 40: The Department of Energy, Environment and Climate Action consider legislative changes that stipulate timelines for preparing and reviewing action statements under the *Flora and Fauna Guarantee Act 1988 (Vic)*.³⁰

The *Flora and Fauna Guarantee Act 1988* (FFG Act) stipulates that DEECA must prepare action statements to support the conservation and management of all listed species, subspecies and varieties of threatened communities of flora and fauna.³¹

The Committee found that in 2022–23, there were approximately 1,500 action statements outstanding, with DEECA expecting to complete a further 500 in 2023–24.³² Considering this backlog, the Committee recommended DEECA consider legislative changes to the FFG Act that stipulate timelines for preparing and reviewing action statements. DEECA did not support the recommendation but did not provide reasoning, solely citing its accelerated preparation and publication of action statements.³³

DEECA has made significant progress in completing action statements, publishing 1,103 in 2023–24 and having plans to publish a further 707 in 2024–25.³⁴ The Committee commends DEECA's work in this area. However, DEECA publishes limited information about its action statement work plan³⁵ and it remains unclear:

- how many action statements are outstanding, if any
- if or when action statements are updated, reviewed or amended, with some action statements being 10 to 20 years old³⁶
- whether implementation of action statements or completion of initiatives are tracked or monitored.

³⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, p. 194.

³¹ Department of Energy, Environment and Climate Action, *Action statements*, 5 December 2024, <<https://www.environment.vic.gov.au/conserving-threatened-species/action-statements>> accessed 24 February 2025; *Flora and Fauna Guarantee Act 1988 (Vic)* s 19.

³² Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, p. 194.

³³ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, p. 18.

³⁴ Department of Energy, Environment and Climate Action, *Action Statement Preparation List 2024–2025*, Melbourne, October 2024, pp. 2–3.

³⁵ Department of Energy, Environment and Climate Action, *Action statements*; Department of Energy, Environment and Climate Action, *Action Statement Preparation List 2024–2025*.

³⁶ For example: Department of Sustainability and Environment, *Action Statement No. 114: Alpine Water Skink*, Melbourne, 2003.

FINDING 1: In 2023–24 the Department of Energy, Environment and Climate Action published 1,103 action statements as required under the *Flora and Fauna Guarantee Act 1988*.

RECOMMENDATION 2: In future annual reports the Department of Energy, Environment and Climate Action publish how many action statements (as required under the *Flora and Fauna Guarantee Act 1988*) have been published and updated, reviewed or amended, and how many are outstanding. This should include the name of the flora or fauna the action statement applies to.

RECOMMENDATION 3: The Department of Energy, Environment and Climate Action explore ways to monitor and inform the public on the implementation of action statements.

1.6 Report structure

This report presents the findings and recommendations of the Committee from its Inquiry into the 2023–24 Financial and Performance Outcomes. The report comprises 14 chapters, including this chapter.

Chapter two considers the economic performance of Victoria in 2023–24, comparing the State’s economic outcomes over the year compared with the initial budgetary forecast.

Chapters three to 14 scrutinise the financial and performance outcomes by department or entity in descending size of budget allocation. Each chapter includes an overview of the department or entity, information about their performance against the performance measures published in annual reports, and a financial and capital spend analysis (where relevant). Key issues identified during the Committee’s inquiry are examined for each department or entity.

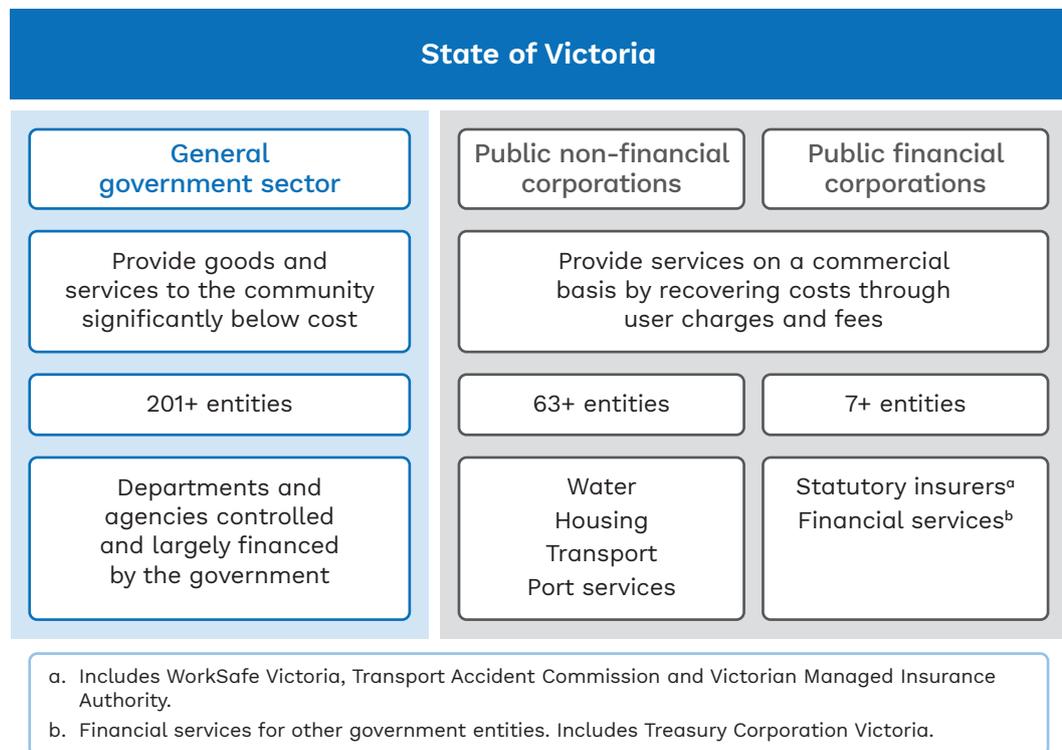
Chapter 2

Whole of Government

This chapter examines the overall economic and financial performance of the State of Victoria in 2023–24. It discusses the actual results against the forecast and estimates originally set out in the Budget.

The State of Victoria's finances are made up of three sectors: the general government sector (GGS), the public non-financial corporation (PNFC) sector and the public financial corporation (PFC) sector. Figure 2.1 shows the public entities that form each of the sectors, the services they deliver and the cost recovery models they operate under.

Figure 2.1 The State of Victoria's financial sectors



Source: Victorian Auditor-General's Office, *Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24*, Melbourne, November 2024, p. 6.

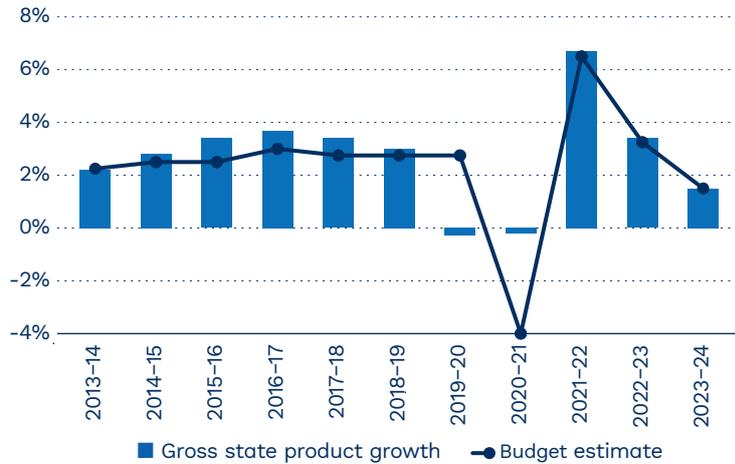
Gross state product



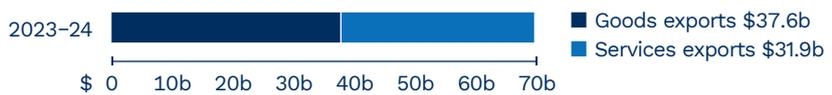
Victorian real GSP for 2023-24 was \$580.9 billion. Real GSP measures the total market value of the State's goods and services while removing the impact of inflation on prices.

GSP growth was driven by public demand, particularly Commonwealth program spending and elevated business investment. Victoria also experienced strong exports growth.

Gross state product grew by 1.5%, in line with the original budget estimate



Victoria's services exports grew by 33.6% in 2023-24 to reach \$31.9 billion



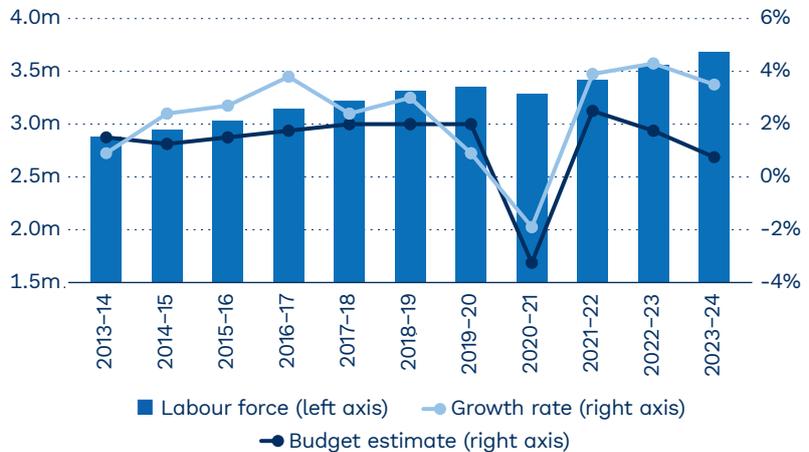
Labour market



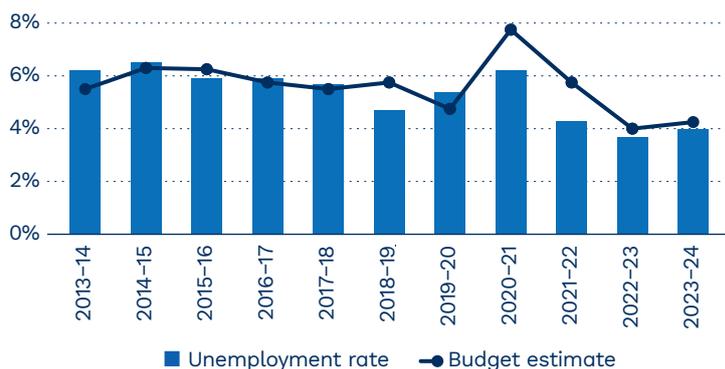
Victoria experienced very strong labour market conditions, with a high participation rate.

The strong labour market contributed to higher-than-expected payroll tax returns for 2023-24.

A large increase in people participating in the labour market...



...also meant Victoria's unemployment rate increased in 2023-24



The higher unemployment rate for 2023-24 compared to the previous year means the growth in jobs did not keep pace with the increases in labour market participation.

Nevertheless, the 4.0% unemployment rate was below the budget estimate of 4.3%, and remains at historically low levels.

Wages



The wages growth was driven by the strong labour market, and was in line with the original budget estimate.

The increase reflects the impact of inflation-related negotiations for wage outcomes, and significant increases in minimum and award wage decisions made by Fair Work Commission. Private sector wage growth outpaced public sector wages (and Victoria lags behind other Australian states and territories).

Victoria experienced the highest wages growth in 10 years...



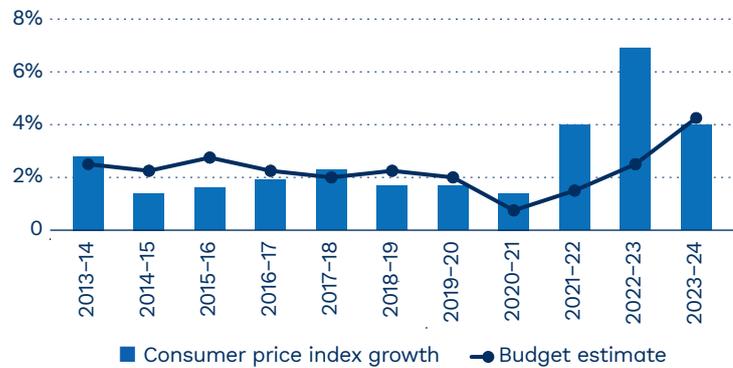
Prices



Inflation was still high in 2023-24 at 4%, but fell from the previous year's high of 6.9%. This reflects lowering price inflation for goods, as global supply chain disruptions experienced over recent years began to ease. However, prices for services remained high.

As the inflation rate remained outside the target band of 2-3%, interest rates were kept elevated by the Reserve Bank of Australia throughout 2023-24.

...however wages growth was still lower than the inflation rate



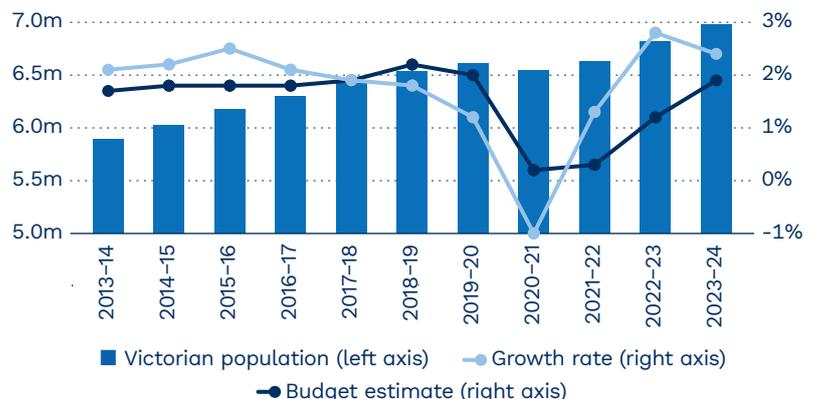
Population



The population growth rate of 2.4% exceeded the original budget estimate of 1.9%. Population increases were driven by net overseas migration and continuing high levels of international student arrivals.

High population growth, along with the strong labour market and tight supply conditions contributed to high demand for housing throughout 2023-24.

Strong population growth following COVID-19 continued



Source: Department of Treasury and Finance, 2023-24 Financial Report, Melbourne, 2024; Department of Treasury and Finance, 2023-24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*; Department of Treasury and Finance, 2023-24 Financial and Performance Outcomes hearings presentation: *Treasury and Finance*, supplementary evidence received 18 November 2024; Department of Treasury and Finance, *Macroeconomic Data 2024-25 Budget Update*, January 2025, <<https://www.dtf.vic.gov.au/macroeconomic-indicators>> accessed 20 January 2025; Australian Bureau of Statistics, National, state and territory population, 12 December 2024, <<https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/jun-2024#states-and-territories>> accessed 20 January 2025; Australian Bureau of Statistics, Table 3.2, *International Trade: Supplementary Information, Financial Year, 2023-24*, 17 December 2024, <<https://www.abs.gov.au/statistics/economy/international-trade/international-trade-supplementary-information-financial-year/latest-release>> accessed 20 January 2025; Department of Foreign Affairs and Trade, Victoria Trade Fact Sheet 2023-24, n.d., <<https://www.dfat.gov.au/sites/default/files/vic-cef.pdf>> accessed 31 January 2025.

The chapter discusses:

- the progress made against the Government's fiscal strategy, which aims to restore the State's finances after the COVID-19 pandemic response
- the savings made from the COVID Debt Repayment Plan, announced in the 2023–24 Budget
- Victoria's net debt position, infrastructure investment and current credit rating
- the purpose and use of Treasurer's Advances (TA) payments.

The chapter examines the disclosure of studies and reports undertaken by departments, which became a compulsory annual reporting requirement for the first time in 2023–24.

2.1 Fiscal strategy

The Government first announced its four-step fiscal strategy to restore the State's finances over the medium term after the COVID-19 pandemic in the 2020–21 Budget. The strategy's four steps are:

- step one: creating jobs, reducing unemployment and restoring economic growth
- step two: returning to an operating cash surplus
- step three: returning to operating surpluses
- step four: stabilising debt levels.¹

In the 2024–25 Budget the Government added 'reducing net debt as proportion of GSP (gross state product) by 2027–28' as a fifth step.²

The Department of Treasury and Finance (DTF) Secretary advised the Committee of the strategy's progress, informing it that:

- step one was achieved as 'the economy is performing well, the labour market is strong, economic activity is well above pre-pandemic levels and the labour market is even stronger than before the pandemic'
- step two was achieved in 2022–23 when the government achieved an operating cash surplus of \$4.2 billion, with another operating cash surplus in 2023–24 and more expected through to 2027–28 at the end of the current forward estimates period.³

¹ Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, pp. 1–2.

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

³ Mr Chris Barrett, Secretary, Department of Treasury and Finance, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, p. 10.

The latest Budget (2024–25) forecasts that step three will be achieved in 2025–26 when the Government expects an operating surplus of \$1.5 billion. Step four is also anticipated to be completed by the end of the forward estimates when debt is no longer growing as a share of the economy, measured as a proportion of GSP.⁴

In the *Report on the Annual Financial Report of the State of Victoria: 2023–24*, the Auditor-General observed that successfully achieving the fiscal strategy's outcomes would require effective management of several emerging risks, including:

- growing indebtedness of the state
- rising interest costs of new and refinanced debt
- rising employee costs taking up a large portion of the GGS's revenue and income
- managing operating expenses growth amid rising service demand and high inflation
- limitations to new revenue and income streams
- unplanned and significant cost escalations of major infrastructure projects.⁵

FINDING 2: The Government has reported it has completed steps one and two of its five step fiscal strategy. It anticipates that step three, returning to operating surpluses, will be achieved in 2025–26. The remaining two steps relating to reducing debt levels as a proportion of the State's economy are expected to be achieved by the end of the current forward estimates period.

2.2 General government sector outcomes for 2023–24

The following section outlines the financial performance of the GGS over 2023–24.

2.2.1 Revenue

GGS revenue was \$93.1 billion in 2023–24, \$3.8 billion (4.3%) more than the originally budgeted figure and a 9.8% increase on the revenue raised the previous year.⁶ The \$41.8 billion raised through grants was the largest revenue component and was in line with the original budget estimate.⁷

Taxation was the second largest source of revenue, accounting for \$36.9 billion, \$2 billion (5.7%) more than budgeted and a \$4.5 billion (14%) increase from 2022–23.⁸

⁴ Ibid.

⁵ Victorian Auditor-General's Office, *Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2023–24*, Melbourne, November 2024, p. 25.

⁶ Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, p. 8; Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 7.

⁷ Ibid.

⁸ Ibid.

Figure 2.2 Grants and taxation were the largest general government sector revenue components in 2023–24



Source: Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, p. 8.

Other sources of revenue included:

- interest income, which raised \$1.8 billion, a slight increase over the budget estimate (\$1.6 billion)⁹
- dividends, income tax equivalent and rate equivalent income which raised \$2.2 billion. This was 72.5% (\$943 million) more than the original budget estimate, and 168.2% (\$1.4 billion) greater than the amount paid the previous year.¹⁰ The extra dividend revenue in 2023–24 largely reflects a \$1.1 billion payment made by the Transport Accident Commission (TAC).¹¹

FINDING 3: The \$93.1 billion raised in general government sector revenue over 2023–24 was mainly comprised of grants (\$41.8 billion) and taxation (\$36.9 billion).

2.2.2 Expenses

GGs expenses for 2023–24 were \$97.3 billion, \$3.7 billion (4%) more than 2022–23 and \$4 billion (4.3%) more than the original budgeted figure.¹²

The largest expense item for 2023–24 was employee expenses, costing \$36 billion, an increase of \$2.4 billion (7.2%) over the previous year. The Government stated the increase reflects additional spending for service delivery in the health and education sectors, along with wage increases in line with enterprise bargaining agreements (EBAs).¹³

⁹ Department of Treasury and Finance, *2023–24 Financial Report*, pp. 8–9; Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 7.

¹⁰ Ibid.

¹¹ Department of Treasury and Finance, *2023–24 Financial Report*, p. 9.

¹² Ibid., p. 8; Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 7.

¹³ Department of Treasury and Finance, *2023–24 Financial Report*, p. 10.

Figure 2.3 Employees expenses was the largest general government sector expense item in 2023–24



Source: Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, p. 8.

Increasing GGS employee expenses also resulted in increases to the other superannuation expenses line item. This was \$4.1 billion, \$291 million (7.7%) greater than the budget estimate, driven by higher employer contributions to the defined contribution plans, as well as increases to the superannuation guarantee.¹⁴

Other operating expenses were \$29.1 billion, \$3 billion (11.6%) greater than the original budget estimate.¹⁵ Payments made under this line item for 2023–24 included the \$380 million settlement payment made on behalf of the State to the Commonwealth Games parties, energy bill relief concession payments and redress scheme expenses in the justice and family and children portfolios.¹⁶

Other GGS expenses items over 2023–24 included:

- Grant expenses totalling \$16.7 billion, \$2.4 billion (12.5%) less than the 2022–23 figure. The reduction reflects payments made in 2022–23 for WorkSafe’s financial sustainability initiative, the \$250 *Power Saving Bonus* and grants made to local government in relation to the October 2022 floods¹⁷
- \$5.6 billion for interest expenses, an increase of \$1.7 billion (41.9%) over the previous year, again reflecting the interest rate increases, impacting the repayments the GGS makes on its borrowings. Additional borrowings were also made in 2023–24 to finance the State’s capital program.¹⁸

FINDING 4: General government sector expenses for 2023–24 were \$97.3 billion. Employees accounted for the largest expense—\$36 billion.

¹⁴ Ibid., pp. 8, 10; Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 7.

¹⁵ Department of Treasury and Finance, *2023–24 Financial Report*, p. 8; Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 7.

¹⁶ Department of Treasury and Finance, *2023–24 Financial Report*, p. 11.

¹⁷ Ibid.

¹⁸ Ibid., p. 10.

2.2.3 COVID Debt Repayment Plan

The *COVID Debt Repayment Plan* was announced in the 2023–24 Budget ‘to help pay off the debt and accumulating interest incurred as a direct result of the pandemic’.¹⁹ The key components of the plan were:

- rebalancing the Victorian public service (VPS) and making savings by reducing expenditure on labour hire and consultancies
- introducing a temporary COVID-19 debt levy on land and payroll tax.²⁰

Rebalancing the Victorian public service

As part of the *COVID-19 Debt Repayment Plan*, the Government committed to ‘reduce our VPS levels by 3,000 to 4,000 roles in 2023–24, across corporate and back-office functions’.²¹

The Committee previously calculated that 1,435.9 full-time equivalent (FTE) roles were expected to be reduced across the VPS in 2023–24, based on the departmental responses to the 2024–25 Budget estimates inquiry questionnaire that was conducted before the end of the financial year.²² When asked by the Committee about the discrepancy between the 1,435.9 FTE role reduction based on the departments’ information and the aim of a 3,000 to 4,000 role reduction as part of the *COVID-19 Debt Repayment Plan*, DTF advised that it was possible for the public service to reduce roles in one area of administration, but increase in others due to changing priorities.²³

Data has since been released by the Victorian Public Sector Commission establishing that the number of roles in the VPS were only reduced minimally by headcount in 2023–24, from 57,386 to 57,345.²⁴ FTE roles increased from 54,760 to 54,839 over the same time.²⁵

FINDING 5: The Government did not achieve the *COVID Debt Repayment Plan*’s objective to rebalance the public service by reducing the number of roles by 3,000 to 4,000 in 2023–24. Full-time equivalent employment in the Victorian public service increased by 79 in 2023–24.

¹⁹ Department of Treasury and Finance, *COVID Debt Repayment Plan*, Melbourne, May 2023, p. 16.

²⁰ Ibid., pp. 19–20.

²¹ Ibid., p. 20.

²² Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, Melbourne, October 2024, pp. 18–19.

²³ Mr Chris Barrett, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 24.

²⁴ Victorian Public Sector Commission, *Number of employees 2024*, 20 December 2024, <<https://vpssc.vic.gov.au/workforce-data-state-of-the-public-sector/employee-and-executive-numbers/number-of-employees/#heading4>> accessed 24 January 2025.

²⁵ Ibid.

Creating savings by reducing expenditure on labour hire and consultancies

The *COVID Debt Repayment Plan* also re-affirmed the Government's commitment to create savings by implementing 'reductions in corporate and back office functions, reductions in labour hire and consultancy expenditure'.²⁶ The *COVID Debt repayment plan – savings and efficiencies* line item in the Budget Papers set a target of \$175.1 million for 2023–24.²⁷ There were two other saving initiatives in the 2023–24 Budget:

- *Labor's Financial Statement savings*, anticipated to create \$125 million in savings for 2023–24
- *Whole of Government savings and efficiencies*, expected to create \$18.3 million in savings in 2023–24.²⁸

The Committee asked the departments and agencies to detail the savings made over 2023–24. The questionnaire responses show \$239.3 million was made in savings across the departments and Court Services Victoria (CSV), while a further \$46.5 million in savings was made by the four metropolitan water corporations, Alfred Health, PNFC entity Breakthrough Victoria and PFC entities (Treasury Corporation of Victoria [TCV], Victorian Managed Insurance Authority [VMIA] and the Victorian Funds Management Corporation).²⁹ DFFH, DJSIR, DPC, DTF and CSV listed savings against *Whole of Government savings and efficiencies*, but stated that the *COVID Debt repayment plan – savings and efficiencies* initiative was not applicable.³⁰

The Committee also asked how these savings were achieved. Most questionnaire responses stated savings were made by reducing the reliance on consultants, contractors, labour hire and 'discretionary professional services'.³¹

²⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 6.

²⁷ Ibid.

²⁸ Ibid., p. 118.

²⁹ Committee analysis of *Responses to the 2023–24 Financial and Performance Outcomes Questionnaire*.

³⁰ Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 6 January 2025, p. 71; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 78; Department of Premier and Cabinet, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 42; Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 41; Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 27.

³¹ Department of Education, *Revised Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 6 January 2025, p. 112; Department of Health, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 98; Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 98.

Questionnaire responses by departments and agencies showed that while overall spending on consultants had fallen in 2023–24 by \$33.7 million, spending on contractors (including labour hire) rose by \$116.7 million.³²

FINDING 6: In response to the Committee’s questionnaire, the departments and agencies reported \$285.8 million in savings for 2023–24.

FINDING 7: Most departments and agencies focussed on spending reductions for contractors and consultants to achieve savings. While departments and agencies reduced spending on contractors by \$33 million in 2023–24 compared to the previous year, spending on consultants rose by \$116.7 million.

Overall the varied responses from the departments and agencies to the Committee’s questions on savings demonstrate the need for greater accuracy and transparency in the public reporting of savings measures achieved at the end of the financial year. The Committee made a recommendation to this effect in its *Report on the 2024–25 Budget Estimates*.³³

The temporary COVID-19 debt levy on land and payroll tax

Two *COVID Debt Repayment Plan* revenue measures were introduced in 2023–24 to help pay off the debt incurred as part of the Government’s pandemic response and are expected to remain in place until 30 June 2033.³⁴ They are:

- changes to land tax rates and the introduction of flat rate surcharges based on three levels of land values
- temporary payroll tax surcharges on businesses based on the size of a company’s national payroll.³⁵

³² Department of Education, *Revised Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 114–116; Department of Energy, Environment and Climate Action, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 14 November 2024, pp. 71–72; Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 73; Department of Government Services, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, pp. 45–46; Department of Health, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 102–103; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 82; Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 102–105; Department of Transport and Planning, *Revised Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 12 November 2024, pp. 143–150; Department of Premier and Cabinet, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 44–45; Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 45–46.

³³ Recommendation 1. Source: Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, p. 20.

³⁴ Department of Treasury and Finance, *COVID-19 Debt Repayment Plan*, p. 19.

³⁵ Ibid.

The *COVID Debt Levy – Payroll \$10m+* revenue measure raised \$934 million in 2023–24.³⁶ The first year of the *COVID Debt Levy – Landholdings* measure on land tax raised \$1.2 billion in revenue for 2023–24.³⁷

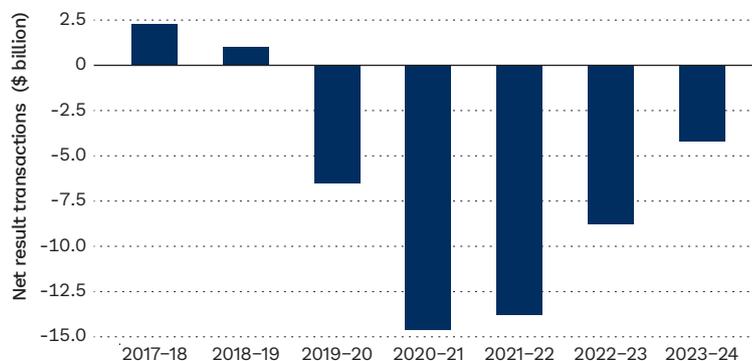
DTF advised the Committee that these changes increased overall tax revenues, which had driven a decrease in the budget’s operating deficit, otherwise known as the net result.³⁸

FINDING 8: While savings made through Victorian public service role reductions and reducing consultants and labour hire expenditure as outlined in the 2023–24 Budget’s *COVID Debt Repayment Plan* were not fully realised, \$2 billion raised through the *COVID Debt Levy* on payroll and land tax contributed to the decrease in the general government sector’s net result for 2023–24.

2.2.4 Net result

The GGS net result from transactions for 2023–24 was a deficit of \$4.2 billion, a \$4.6 billion or 52.3% improvement on the \$8.8 billion net deficit in 2022–23.³⁹ Figure 2.4 shows the series of GGS deficits since the onset of the pandemic.

Figure 2.4 Victoria has experienced general government sector net operating deficits since the onset of the pandemic in 2020, but these have decreased steadily since 2021–22



Source: Mr Chris Barrett, Secretary, Department of Treasury and Finance, *2023–24 Financial and Performance Outcomes hearings presentation*: Treasury and Finance, supplementary evidence received 18 November 2024, p. 10

³⁶ Department of Treasury and Finance, *2023–24 Financial Report*, pp. 8–9.

³⁷ Ibid.

³⁸ Mr Chris Barrett, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 9.

³⁹ Department of Treasury and Finance, *2023–24 Financial Report*, p. 8.

The Secretary of DTF told the Committee that the 2023–24 net result is in line with the estimate made in the 2024–25 Budget, and that ‘Victoria is on track to return to an operating surplus in 2025–26’.⁴⁰ An operating surplus is achieved when revenue from transactions is greater than expenses from transactions.⁴¹

FINDING 9: Victoria’s general government sector net operating deficit was reduced by more than half, from \$8.8 billion in 2022–23 to \$4.2 billion in 2023–24. This continues the trend of decreasing net operating deficits for the general government sector since 2021–22.

2.2.5 Government infrastructure investment

Government infrastructure investment (GII) is a measure of the Government’s infrastructure and capital works project costs. The Committee was told the Government is now ‘turning on the infrastructure that we have been investing in over the last few years’ through the Big Build projects across the State’s road, rail and freight network systems.⁴² The final delivery of trains for the Big Build’s *High Capacity Metro Trains* project occurred in 2023–24, while two other major Big Build projects (*Metro Tunnel* and *West Gate Tunnel* project) are due for completion in 2025.⁴³ There is further discussion on the progress of these and other major projects in Chapter 6 (Department of Transport and Planning).

GII was \$24.2 billion in 2023–24, an 11% increase on the 2022–23 figure.⁴⁴ The most recent budget shows the GII is expected to decrease from 2024–25, as various Big Build projects reach completion, and the Government reduces its capital works program in response to construction sector supply constraints, including increasing costs of materials and labour shortages.⁴⁵

FINDING 10: While government infrastructure investment increased by 11% to reach \$24.2 billion in 2023–24, the figure is expected to fall in coming years as Big Build projects reach completion, and as the Government reduces its capital works program.

2.2.6 Net debt

GGs net debt for 2023–24 was \$133.2 billion. This was a 15.8% increase on the 2022–23 net debt figure (\$115 billion), and 1.6% below the original budget estimate.⁴⁶

⁴⁰ Mr Chris Barrett, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 3.

⁴¹ Department of Treasury and Finance, *2023–24 Model Report*, Melbourne, 2024, p. 260.

⁴² Mr Paul Younis, Secretary, Department of Transport and Planning, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, pp. 19–20.

⁴³ Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 12–14.

⁴⁴ Department of Treasury and Finance, *2023–24 Financial Report*, p. 14.

⁴⁵ Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 6.

⁴⁶ Department of Treasury and Finance, *2023–24 Financial Report*, p. 6; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, Melbourne, 2024, p. 5.

As discussed above, the percentage of GGS net debt to GSP now forms part of the Government's fiscal strategy, which aims to reduce net debt as proportion of GSP by 2027–28. In 2023–24 net debt as a proportion of GSP was 21.9%, 0.7 percentage points under the original budget estimate.⁴⁷ According to current Government estimates, net debt to GSP is expected to peak at 25.2% in 2026–27.⁴⁸

The Secretary of DTF told the Committee that 'stabilisation and then decline in net debt as a share of the economy is the core element of the government's fiscal strategy over the forward estimates and is a key measure of the capacity of the state to service its debt in future years'.⁴⁹

Table 2.1 compares GGS net debt across Australia's jurisdictions. It shows that Victoria's level of debt for 2023–24 (\$133.2 billion) was the highest out of all the states and territories, followed by New South Wales (\$93.4 billion). While Victoria is again the highest out of all the states and territories using the net debt as a proportion of GSP measure (21.9%), the Northern Territory closely follows (20.8%).

Table 2.1 Jurisdictional comparison of general government sector net debt

Jurisdiction	2023–24 GGS net debt (\$billion)	Proportion of GGS net debt to GSP 2023–24 (%)
Australia (gross domestic product)	491.5	18.4
Victoria	133.2	21.9
New South Wales	93.4	11.4
Western Australia	19.7	4.4
South Australia	19.3	13.0
Australian Capital Territory	7.3	13.7
Northern Territory	7.2	20.8
Queensland	5.7	1.1
Tasmania	3.3	8.4

Source: New South Wales Treasury, *Report on the State Finances 2023–24*, Sydney, 2024, pp. 1–5; Government of Western Australia, *2023–24 Annual Report on State Finances*, Perth, 2024, p. 183; Government of South Australia, *State Budget 2023–24: Final Budget Outcome*, Adelaide, 2024, p. 49; Queensland Treasury, *Report on State Finances 2023–24 – Queensland Government*, Brisbane, 2024, pp. 3–2; Government of Tasmania, Department of Treasury and Finance, *Treasurer's Annual Financial Report 2023–24*, Hobart, 2024, p. 20; Northern Territory Government, Department of Treasury and Finance, *2023–24 Treasurer's Annual Financial Report*, Darwin, 2024, p. 37; Australian Capital Territory Government, *June Quarter 2024 Consolidated Financial Report*, Australian Capital Territory, 2024, p. 8; Commonwealth of Australia, *Final Budget Outcome 2023–24*, Australian Capital Territory, 2024, p. 2; Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, p. 6.

⁴⁷ Department of Treasury and Finance, *2023–24 Financial Report*, p. 6; Department of Treasury and Finance, *Budget Paper No 2: 2023–24*, p. 5.

⁴⁸ Department of Treasury and Finance, *Budget Paper No. 2: 2024–25*, p. 6.

⁴⁹ Mr Chris Barrett, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 3.

FINDING 11: General government sector net debt for 2023–24 was \$133.2 billion, an increase of 15.8% over the previous year. The proportion of net debt to gross state product was 21.9%.

2.3 State of Victoria financial performance

The following section outlines the financial performance of the PFC and PNFC sectors over 2023–24. It then combines the financial results of the three sectors to give the net result from transactions for the State of Victoria.

2.3.1 Public financial corporation sector's financial performance

PFCs are state-owned organisations that provide finance and insurance-related services, and include WorkSafe Victoria, TAC, the VMIA and TCV.

For the PFC sector:

- Revenue was \$15.8 billion in 2023–24, \$937 million (6.3%) more than the original budgeted figure and \$3.3 billion (26.4%) greater than 2022–23 result.⁵⁰ The year-on-year increase in revenue reflects higher interest income for TCV and a \$1.9 billion (24%) increase in the sales of goods and services (2023–24 total: \$8.1 billion), reflecting the increase of average WorkSafe Victoria premiums from 1.3% the previous year to 1.8% in 2023–24.⁵¹
- Expenses were \$17.7 billion, \$275 million less than the original budget figure but \$2 billion more than expenses for 2022–23.⁵² The increase once again reflects the impact of high interest rates, with TCV interest expenses increasing by \$1.7 billion (35.9%) to reach \$5.2 billion.⁵³ Greater insurance claims expenses for the State's insurance agencies also accounted for some of the sector's expenses increase.⁵⁴
- The net result for 2023–24 was a deficit of \$1.9 billion, a reduction of \$1.3 billion compared to the previous year's deficit of \$3.2 billion.⁵⁵

FINDING 12: The public financial corporation sector raised \$15.8 billion in revenue for 2023–24, and \$17.7 billion in expenses. The resulting deficit of \$1.9 billion was a reduction compared to the previous year's figure of \$3.2 billion.

⁵⁰ Department of Treasury and Finance, *2023–24 Financial Report*, p. 22; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24 Strategy and Outlook*, p. 80.

⁵¹ Department of Treasury and Finance, *2023–24 Financial Report*, p. 22.

⁵² Ibid.; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 80.

⁵³ Department of Treasury and Finance, *2023–24 Financial Report*, pp. 22–23.

⁵⁴ Ibid., p. 23.

⁵⁵ Ibid., pp. 22–23.

2.3.2 Public non-financial corporation sector's financial performance

PNFCs are state-owned entities that provide goods and services to the public on a commercial basis, and include water authorities, Homes Victoria, Ports Victoria and VicTrack.

For the PNFC sector:

- Revenue was \$11.1 billion in 2023–24, \$833 million more than the original budget figure and \$247 million more than the previous year.⁵⁶ The increased revenue reflects greater water consumption due to less rainfall, resulting in the PNFC water authorities receiving extra revenue.⁵⁷
- Expenses were \$11.1 billion, \$537 million greater than the Budget, and \$343 million more than the previous year's total expenses, driven by increases in employee expenses reflecting new EBAs at the water corporations, increased staffing levels and higher depreciation experienced by the water sector and Homes Victoria.⁵⁸
- The net result for 2023–24 was an operating surplus of \$1 million, \$296 million more than the expected net result in the Budget, but \$96 million less than the 2023–24 result.⁵⁹ The *2023–24 Financial Report* notes that the sector's net result from transactions 'does not include some significant drivers of the PNFC sector's performance such as the revaluation of land, buildings, infrastructure and the derecognition of the rail assets under AASB 16 Leases'.⁶⁰ Under accounting standards these are listed as 'Other economic flows' and amounted to \$3.2 billion in 2023–24, \$118 million more than the previous year, reflecting larger than expected derecognition of rail assets.⁶¹ As a result of other economic flows, the PNFC net result was a deficit of \$3.2 billion in 2023–24.⁶²

FINDING 13: Revenue for the public non-financial corporation (PNFC) sector for 2023–24 was \$11.1 billion, and expenses were also \$11.1 billion. A derecognition of rail assets led to an adjustment and as a result, the PNFC net result was a deficit of \$3.2 billion.

⁵⁶ Ibid., p. 18; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 73.

⁵⁷ Department of Treasury and Finance, *2023–24 Financial Report*, p. 18.

⁵⁸ Ibid.; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 73.

⁵⁹ Department of Treasury and Finance, *2023–24 Financial Report*, p. 18; Department of Treasury and Finance, *Budget Paper No. 2: 2023–24*, p. 73.

⁶⁰ Under Australian accounting standards, 'derecognition' is the removal of a previously recognised asset or liability from an entity's financial statement. Source: Australian Accounting Standards Board, *Conceptual Framework for Financial Reporting*, Melbourne, 2022, p. 36; Department of Treasury and Finance, *2023–24 Financial Report*, p. 19.

⁶¹ Department of Treasury and Finance, *2023–24 Financial Report*, p. 19.

⁶² Ibid., p. 18.

2.3.3 Net result from transactions for the State of Victoria

The State of Victoria's net result from transactions combines the net result from the three sectors (GGS, PFC and PNFC). However, the calculation also accounts for transfers made between the financial sectors (for example, on assets or outputs operated jointly by a GGS and PNFC entity), to prevent duplication in the financial statements.⁶³

In 2023–24 the State of Victoria's net deficit from transactions was \$8.5 billion, \$4.3 billion (33.6%) less than the previous year. This reflects the improving net result from transaction results in the GGS and PFC sectors.⁶⁴

Once intersectoral flows are considered, the net result for the State of Victoria in 2023–24 was a deficit of \$5.5 billion, a \$2.1 billion (27.5%) improvement to the deficit position compared to the previous year.⁶⁵

FINDING 14: The State of Victoria's net deficit from transactions of \$8.5 billion in 2023–24 reflects the improving net result from transaction results in the general government and public financial corporation sectors. The net result for the State of Victoria was a deficit of \$5.5 billion, a \$2.1 billion (27.5%) improvement to the deficit position of 2022–23.

2.4 Credit ratings

Victoria currently receives credit ratings from three agencies: Fitch, Moody's and Standard and Poor's (known as 'S&P'). Table 2.2 shows Victoria's current credit ratings, along with the ratings of other Australian jurisdictions. Credit agencies base their assessment on a jurisdiction's:

- economy and economic outlook
- financial performance
- balance sheet
- liquidity and debt management strategy
- fiscal strategy of the Government.⁶⁶

⁶³ These are known as inter-sector eliminations. Due to the inter-sector eliminations, the net result from transactions of the State of Victoria is not the equal sum of the general government, PNFC and PFC sectors' net result from transactions.

⁶⁴ Department of Treasury and Finance, *2023–24 Financial Report*, p. 25.

⁶⁵ Ibid.

⁶⁶ Department of Treasury and Finance, *State credit rating*, 14 October 2024, <<https://www.dtf.vic.gov.au/state-credit-rating>> accessed 13 January 2025.

Table 2.2 Current credit ratings across Australian jurisdictions

Jurisdiction	Fitch	Moody's	S&P
Victoria	AA+ stable	Aa2 stable	AA stable
NSW	AAA	AAA	AA+ / negative
SA	AA+	Aa1 / P1 stable	AA+ / A1+ stable
WA	n.a	AAA	AAA
Queensland	AA+ / stable	AA+ / stable	AA+ / A1+ negative
Tasmania	n.a.	AA2	AA+ / negative
ACT	n.a	n.a	AA+ negative
NT	n.a	Aa3 stable	n.a
Australia	AAA	AAA	AAA

Source: Hon Daniel Mookhey MLC, Treasurer (NSW), *S&P reaffirms AA+ credit rating but warns of strong headwinds*, media release, 28 November 2024; Hon Daniel Mookhey MLC, Treasurer (NSW), *Fitch affirms Triple-A credit rating*, media release, 18 October 2024; Hon Stephen Mullighan MP, Treasurer (SA), *South Australia maintains credit rating according to S&P*, media release, 6 September 2024; Government of South Australia, South Australian Government Financing Authority, *Financial Markets – Credit Rating*, n.d., <<https://www.safa.sa.gov.au/fmcs/financial-markets>> accessed 6 February 2024; Hon Rita Saffioti, Treasurer (WA), *Moody's Investors Service reaffirms Western Australia's Aaa credit rating*, media releases, 24 September 2024; Queensland Treasury Corporation, *Credit Ratings*, 2025, <<https://www.qtc.com.au/institutional-investors/credit-ratings>> accessed 6 February 2025; Hon Guy Barnett MP, Treasurer (TAS), *Tasmania's economy receives AA+*, media release, 23 November 2024; Hon Michael Ferguson MP, Treasurer (TAS), *Moody's confirms Tasmania's sound economic management*, media release, 14 August 2023; Pegasus Economics, *Review of the ACT Budget 2024–25*, Australian Capital Territory, 2024, p. 19; Department of Treasury and Finance (NT), *Borrowing and Financing Strategies*, 2025, <<https://treasury.nt.gov.au/df/nffc/borrowing-and-financing-strategies#:~:text=NTTC%20is%20rated%20Aa3%20by%20Moody's%20Investors%20Service%20with%20a%20stable%20outlook>> accessed 6 February 2025; Hon Jim Chalmers MP, Treasurer (Commonwealth), *Australia's AAA credit rating reaffirmed following MYEFO*, media release, 13 February 2024.

Victoria's current credit rating compares favourably to Queensland, Tasmania and South Australia. New South Wales and Western Australia have the highest credit ratings, with AAA assessments from two of the three credit agencies.

FINDING 15: Victoria's current credit ratings of AA+ stable (Fitch), Aa2 stable (Moody's) and AA stable (Standard and Poor's) are comparable to the credit ratings of Queensland, Tasmania and South Australia.

2.5 Key issue—Treasurer's Advances

The *Resource Management Framework* (RMF) defines TAs as an 'annual appropriation to the Treasurer to meet urgent expenditure claims that were unforeseen at the time of the Budget' and notes that 'amounts advanced under this authority are reported to and sanctioned by the Parliament in a subsequent year's annual Appropriation Bill'.⁶⁷ Box 2.1 outlines the role of appropriation bills and the use of contingency funding sources such as TAs.

⁶⁷ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document*, Melbourne, June 2024, p. 10.

In 2023–24 there were \$11.6 billion in TA payments made to departments.⁶⁸ While this is a decrease of \$581 million (4.8%) compared to the previous year, the use of TAs has grown since the pandemic. In 2018–19, TAs were \$1.8 million.⁶⁹ The growth in the use of TAs is discussed further in Chapter 12 (Department of Treasury and Finance).

FINDING 16: Treasurer’s Advance payments made to departments over 2023–24 totalled \$11.6 billion. While this was a decrease of \$580 million over the previous year, the use of Treasurer’s Advances has grown since the pandemic.

Box 2.1 Appropriation bills, central contingency funding and Treasurer’s Advances

The Government must pass appropriation bills through the Parliament to use public money from the consolidated fund. All appropriation bills are scrutinised and debated by both houses of Parliament and must be passed in the Legislative Assembly. This process forms the basis of accountability for financial and performance management of government funding.⁷⁰

The majority of funding is authorised through the Annual Appropriations Acts and are provided on a ‘global basis’ to each department to fund three types of activities:⁷¹

- provision of outputs – the acquisition, production and delivery of goods and services
- additions to net asset base – the acquisition or construction of capital projects or the injection of capital funding
- payments on behalf of the State – transfer payments, central financing.⁷²

(Continued)

⁶⁸ Department of Treasury and Finance, *2023–24 Financial Report*, p. 165.

⁶⁹ Department of Treasury and Finance, *2022–2023 Financial Report*, Melbourne, 2023, p. 165; Department of Treasury and Finance, *2018–19 Financial Report*, Melbourne, 2019, p. 127.

⁷⁰ Auditor-General of Victoria, *Parliamentary control and management of appropriations*, Melbourne, 2003, p. 19.

⁷¹ Global appropriations, also referred to as ‘one line’ appropriations, are provided to departments for application towards specified purposes and provide substantial resource management flexibility to the government and departments. Source: Auditor-General of Victoria, *Parliamentary control and management of appropriations*, p. 19.

⁷² A minority of funding provided in the Annual Appropriations Acts are specific appropriations that must be used for a defined purpose. Outside of the Annual Appropriations Acts the Parliament of Victoria may pass acts which provide funding on a one-off or ongoing basis independent of the annual budget priorities. Source: Auditor-General of Victoria, *Parliamentary control and management of appropriations*, p. 11.

Box 2.1 Continued

By their nature, global appropriations provide the Government with substantial resource management flexibility between budgets to manage issues and opportunities as they arise.⁷³ However to further enhance the flexibility of the Government between budgets, appropriations amounts to departments may include contingency provisions to enable the Government to manage:

- service growth
- new initiatives in future budgets
- cost pressures on capital projects
- urgent and unforeseen expenditure requirements.⁷⁴

Central contingencies

The appropriations are held in central contingencies which are managed by DTF and allocated to departments when required. DTF maintains and reports on three central contingency reserves.

1. General government output contingencies can provide funding for
 - existing policy decisions where funding has yet to be allocated to various departments
 - services and programs that have additional costs due to growth in prices or demand
 - future government policy decisions and commitments.⁷⁵
2. General government asset contingencies can provide funding for
 - existing decisions which have been made but where money is yet to be allocated to the administering departments
 - future government asset policy decisions and commitments.⁷⁶
3. The Advance to the Treasurer, also known as a Treasurer's Advance, is available to fund urgent and unforeseen claims that may arise before Parliamentary sanction is obtained.⁷⁷

⁷³ Auditor-General of Victoria, *Parliamentary control and management of appropriations*, p. 35.

⁷⁴ Victorian Auditor-General's Office, *Accessing Emergency Funding to Meet Urgent Claims*, Melbourne, 2020, p. 8.

⁷⁵ Department of Treasury and Finance, *Budget Paper No. 5: 2023–24*, p. 29.

⁷⁶ *Ibid.*, p. 30.

⁷⁷ *Appropriation (2023–24) Act 2023 (Vic) s7.*

2.5.1 Information on Treasurer's Advance payments

For each TA payment, the *Annual Financial Report* currently provides:

- the department that accessed the TA
- the value of the TA approved by DTF
- a one-line description of the purpose of the TA.⁷⁸

In its *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, the Committee recommended changes to reporting the use of TAs in departmental annual reports, to be established in amendments made to the Model Report⁷⁹ which would require explanations for the payments.⁸⁰ This recommendation⁸¹ was not supported by the Government, stating ‘transparency on the issue and application of Treasurer’s Advances is already achieved through the combination of the departmental financial report and the *Annual Financial Report* disclosures while avoiding duplication of material across annual reports’.⁸²

Nevertheless, the Committee maintains the current level of information in the *Annual Financial Report* makes it difficult to appropriately scrutinise TAs used during the previous financial year.

The Committee notes that the Commonwealth’s equivalent mechanism, Advances to the Finance Minister, has more robust reporting requirements designed to enhance transparency and accountability. The reporting requirements of Advances to the Finance Minister include:

- recording every Advance to the Finance Minister determination in the Federal Register of Legislation, along with an explanatory statement
- issuing a media release by the Finance Minister during the same week the determination is made
- requiring the Finance Minister to present an annual report to Parliament, detailing all allocations made during the financial year. This report must also include an assurance review conducted by the Australian National Audit Office.⁸³

⁷⁸ Department of Treasury and Finance, *2023–24 Financial Report*, pp. 160–165.

⁷⁹ The Model Report is the annual reporting guidance document that sets out the disclosure requirements departments must follow in their annual reports and is published by DTF. Source: Department of Treasury and Finance, *Model reports, 2024*, <<https://www.dtf.vic.gov.au/model-report>> accessed 10 February 2024.

⁸⁰ Recommendations 5 and 6. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. 39–40.

⁸¹ The Committee’s recommendation followed a similar one made by the Auditor-General for updates to the Model Report requiring departments to separately disclose their actual expenditure against each approved Treasurer’s Advance in their audited annual financial report. That recommendation was supported, with DTF reporting to VAGO that as at 31 December 2023 it was expecting to implement the recommendation by 30 March 2024. Sources: Victorian Auditor-General’s Office, *Assessing Emergency Funding to Meet Urgent Claims*, pp. 5, 31; Victorian Auditor-General’s Office, *Responses to Performance Engagement Recommendations: Annual Status Update 2024*, Melbourne, 2024, p. 56.

⁸² Government of Victoria, Response to the Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2021–22 and 2022–23 Financial and Performance Outcomes*, 17 October 2024, p. 4.

⁸³ Explanatory Memorandum, Appropriation Bill (No. 2) 2024–25 (Cth). Part 3, Clause 12.

Noting there were 254 TA payments reported across the departments in 2023–24, the length of reporting that would be required to further report the relevant information in the Annual Financial Report would be burdensome.⁸⁴ Therefore the Committee proposes that the departmental annual reports should provide more detailed information.

RECOMMENDATION 4: The Department of Treasury and Finance update the Model Report to require departments to disclose Treasurer’s Advances they accessed along with the following information:

- the value of funding requested and approved in-principle by the Treasurer
- the value of the funding drawn down
- a description of the purpose of each Treasurer’s Advance
- the related outputs that the Treasurer’s Advance contributed to
- an explanation of, or reason, why the purpose was urgent and unforeseen.

Changes made to reporting Treasurer’s Advances in 2023–24

The reporting of TAs in the *Annual Financial Report* has also changed over recent years. In the *2021–22 Financial Report* the list of TAs was divided into payments attributed to the COVID–19 response, and payments not attributed to the COVID–19 response.⁸⁵ The COVID–19 response categories were not reported in 2022–23, despite pandemic-related TA payments continuing to be made.⁸⁶

For 2023–24, DTF introduced additional information, dividing TA payments into the categories of ‘Treasurer’s Advance payments relating to decisions made post budget’ and ‘Treasurer’s Advance payments relating to contingency releases’.⁸⁷

Figure 2.5 shows the contingency payment-related TAs made over 2023–24 mainly impacted DTP, with \$5.5 billion in TA payments made to the department. The use of TA contingency payments made to DTP over 2023–24 is discussed in greater detail in Chapter 6 (Department of Transport and Planning). DH received the greatest amount of TA payments relating to decisions post-budget, totalling \$1.5 billion. TA payments made to DH are also discussed further in Chapter 3 (Department of Health).

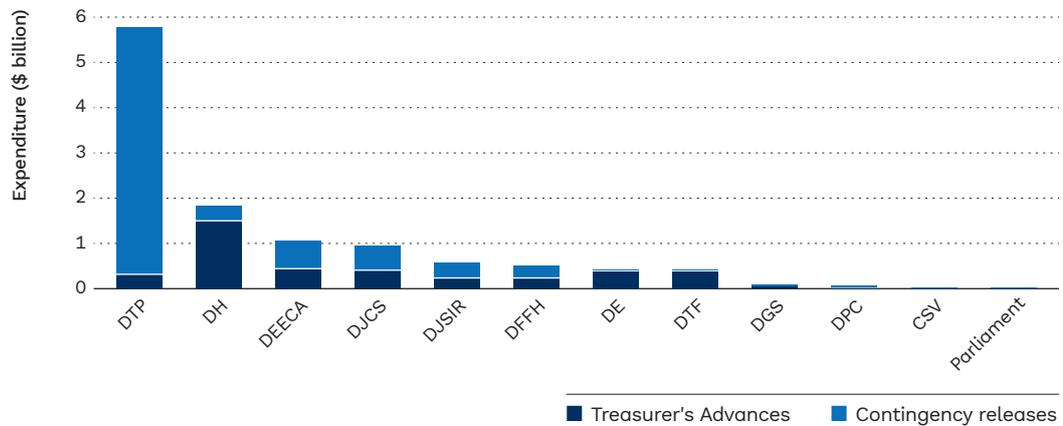
⁸⁴ Department of Treasury and Finance, *2023–24 Financial Report*, pp. 160–165.

⁸⁵ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, pp. 37–40.

⁸⁶ Department of Treasury and Finance, *2022–2023 Financial Report*, pp. 163–165.

⁸⁷ Department of Treasury and Finance, *2023–24 Financial Report*, pp. 160–165.

Figure 2.5 The new reporting mechanism of treating contingency payments as Treasurer’s Advances was applied in 2023–24



Source: Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, pp. 160–165.

FINDING 17: Of the \$11.6 billion in Treasurer’s Advance payments that were listed in the *2023–24 Financial Report*:

- \$7.6 billion was for ‘Treasurer’s Advance payments relating to contingency releases’, with most of this funding paid to the Department of Transport and Planning (\$5.5 billion)
- \$4 billion was for ‘Treasurer’s Advance payments relating to decisions made post budget’ with the Department of Health receiving the largest amount (\$1.5 billion).

2.6 Key issue—Disclosure of reports and studies

To promote greater transparency and accountability of public spending, each year the Committee asks departments to list all reviews, studies and evaluations conducted either internally or externally, detailing the costs and public availability.

For the first time the *2023–24 Model Report* includes disclosure guidance for departmental annual reports that requires them to also list all internally or externally compiled reports commissioned over the completed financial year. These include:

- feasibility studies
- scoping studies
- audits/reviews
- research and development

- inquiries and investigations
- impact/evaluation studies.⁸⁸

The Committee welcomes the new reporting requirements as they enhance policy analysis and research, and program evaluation and information that is available to the public.

Committee questionnaire responses show approximately \$112 million was spent across the departments and agencies on reports and studies in 2023–24.⁸⁹ DH had the highest expenditure, with \$35.8 million spent across 41 reports, although \$26.5 million (74%) was for one study: *Hazelwood Long Term Health Study (Health)*. Of the 43 reports DH listed in its questionnaire response, only six were available publicly.⁹⁰

DJSIR (60) and DE (59) had the most reviews or studies undertaken in 2023–24, out of all the departments. However, only two of these undertaken within DE were publicly available, and only four at DJSIR.⁹¹ The Secretary of DE advised the Committee, ‘it is a very big list of projects...for what is a very big portfolio’ and that ‘many of them are to inform further internal work or advice to government on projects’.⁹²

The Secretary of DE also said the new annual reporting disclosure requirements had ‘really triggered for us, at my request, some work on, ‘Where is it sensible that we just make these reports available? Let’s do it where we can’ and that ‘I would expect that a number of them can readily be made available going forward’.⁹³ The Committee welcomes this undertaking to grant greater public access to the department’s reviews and studies.

⁸⁸ The Model report also states that commercially sensitive reports, or reports containing material that would be detrimental to commercial operations do not need to be included. Source: Department of Treasury and Finance, *2023–24 Model Report for Government Departments*, Melbourne, 2024, p. 5.

⁸⁹ Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 76–93; Department of Education, *Revised Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 124–140; Department of Energy, Environment and Climate Action, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 76–93; Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 85–106; Department of Government Services, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 54–59; Department of Health, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 117–130; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 95–115; Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 121–161; Department of Transport and Planning, *Revised Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 163–171; Department of Premier and Cabinet, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 55–60; Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 56–68.

⁹⁰ Department of Health, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 117–130.

⁹¹ Department of Education, *Revised Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 124–140; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 95–115.

⁹² Ms Jenny Atta PSM, Secretary, Department of Education, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, p. 25.

⁹³ *Ibid.*

Departments that demonstrated a greater level of public disclosure include DTF, which made 12 of its 18 reviews and studies available online over 2023–24, and DEECA, where 14 of the 24 reviews listed in the questionnaire were also available online.⁹⁴

While it was the first time that information on reports and studies was required in departmental annual reports, there were some major discrepancies between the information in the annual reports and the responses departments made to a similar question in the Committee’s questionnaire:

- In comparison to the \$35.8 million across 43 reports listed in the questionnaire, DH’s Annual Report listed only four reviews and studies undertaken over 2023–24, three of them available publicly, at a cost of \$3.7 million.⁹⁵
- DEECA reported eight reviews and studies costing a total of \$1.9 million in its Annual Report, while its questionnaire response showed 24 reviews or studies costing \$22.3 million.⁹⁶
- The Department of Government Services (DGS) did not report any reviews and studies in its 2023–24 Annual Report, but the questionnaire response showed ten reviews or studies were undertaken over the year at a cost of \$492,450.⁹⁷

In total, the questionnaire responses show the department undertook approximately 300 reviews or studies over 2023–24, with 58 made publicly available. While the Committee recognises reports and studies can deal with sensitive issues that are confidential in nature, may be for internal use only by a department, or are cabinet in confidence, overall the Committee would encourage greater public access to these reviews and studies.

FINDING 18: Committee questionnaire responses show approximately 300 reviews and/or studies were undertaken or commissioned by departments and agencies over 2023–24, at a cost of approximately \$112 million. Of these reports or studies, 58 were publicly available.

RECOMMENDATION 5: Departments and agencies make reports and studies listed in their Committee questionnaire responses or their annual reports publicly available wherever possible.

⁹⁴ Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 56–68; Department of Energy, Environment and Climate Action, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 76–93.

⁹⁵ Department of Health, *Annual Report 2023–24*, Melbourne, 2024, p. 67.

⁹⁶ Department of Energy, Environment and Climate Action, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 79–93; Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, Melbourne, pp. 124–125; Department of Health, *Annual Report 2023–24*, p. 67.

⁹⁷ Department of Government Services, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 49–59.

2.7 Quality of responses to the Committee’s financial and performance outcomes questions

As part of this inquiry, a questionnaire was sent to all departments and various agencies. The questionnaire responses are used by Committee members to inform public hearings and the inquiry report.

The Committee has previously noted examples of departments not providing responses to questions put to them by the Committee in the questionnaire.⁹⁸ Poor departmental answers to the Committee’s questions in this inquiry included:

- DGS, CSV, DTP and DTF listing the five poorest performance measures for 2023–24 instead of five least performing programs (Question 2B of the Committee questionnaire)⁹⁹
- DTP providing generic and non-specific responses on the benefits of using the PPP model versus other delivery/funding models for the nine PPP-funded projects currently underway in the department (Question 12)¹⁰⁰
- pro-forma responses across the departments to the Committee’s question on the actions taken to achieve savings targets and the impact of these measures.¹⁰¹

The Committee reiterates the importance of receiving accurate, appropriately detailed and department-specific answers to the questionnaire in order to assist the Committee’s work on behalf of Parliament.

⁹⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, p. 231; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, pp. 19–20.

⁹⁹ Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 9; Department of Government Services, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 16–17; Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 21–23; Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 10–11.

¹⁰⁰ Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 98–106.

¹⁰¹ Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 27; Department of Education, *Revised Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 112; Department of Energy, Environment and Climate Action, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 69; Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 71; Department of Government Services, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 42; Department of Health, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 98–99; Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 78; Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 98; Department of Transport and Planning, *Revised Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 141; Department of Premier and Cabinet, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 38–39; Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 41.

Chapter 3

Department of Health

3.1 Overview

The Department of Health's (DH) vision is that 'Victorians are the healthiest people in the world'.¹ Its mission is to contribute to 'the government's commitment to a stronger, fairer, better Victoria by developing and delivering policies, programs and services that support, protect and enhance the health, wellbeing and safety of all Victorians.'²

The department's objectives are:

- to keep people healthy and safe in the community
- to provide care closer to home
- to keep improving care
- to improve Aboriginal health and wellbeing
- to move from competition to collaboration
- a stronger workforce
- a safe and sustainable health system.³

3.2 Outcomes and challenges

DH identified its programs that delivered the most important outcomes in the community in 2023–24. These included:

- improving planned surgery performance through the COVID Catch Up Plan—performing 209,925 planned surgeries, reducing the surgery preparation list by 19.4% since June 2023, and improving timeliness metrics for Category 2 and Category 3 patients
- expanding home-based care, including through the Better@Home initiative—delivering over 420,000 bed days at home to 72,000 patients
- visiting 523 schools through the School Dental Program (Smile Squad) to perform free oral health check-ups and follow-up care to children in government schools, over twice the target of 200

1 Department of Health, *Annual Report 2023–24*, Melbourne, 2024, p. 8.

2 Ibid.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 207.

- completing a 12-month Community Pharmacists pilot, providing over 13,000 services through 760 participating community pharmacies. Over 76% of the services benefitted women accessing treatment for urinary tract infections or resupply of the oral contraceptive pill.⁴

DH also identified programs that did not deliver their planned outcomes and key challenges faced by the department. These included:

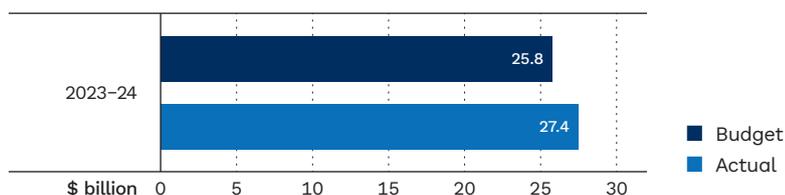
- not meeting emergency patient waiting time targets, with 71.1% of emergency patients treated within the clinically recommended time compared to a target of 80%. DH attributed this to increased patient complexity and seasonal increases in respiratory cases
- providing a mental health bed within eight hours to only 46.8% of mental health clients presenting to the emergency department, compared to a target of 80%. DH stated this was due to more 'people presenting with complex and high care-needs, often requiring intensive care area beds', and 'planned and unplanned bed closures across 2023–24 due to capital works and workforce shortages'
- only transferring 64.9% of ambulance patients within 40 minutes, compared to a target of 90%. DH attributed this to sustained pressure due to changes in patient complexity and seasonal pressures related to an increase in respiratory cases.⁵

3.3 Financial analysis

3.3.1 Output expenditure

In 2023–24 the department's budget was \$25.8 billion. Actual expenditure for the year was \$27.4 billion, representing a variance of 6.6% (\$1.7 billion).⁶

Figure 3.1 In 2023–24 the Department of Health exceeded its original budget by 6.6%



Source: Department of Health, *Annual Report 2023–24*, Melbourne, 2024, pp. 228–246.

⁴ Department of Health, *Response to the 2023–24 Financial and Performance Outcomes General Questionnaire*, received 11 November 2024, pp. 17–21; Department of Health, *Annual Report 2023–24*, p. 228.

⁵ Department of Health, *Response to the 2023–24 Financial and Performance Outcomes General Questionnaire*, pp. 22–24.

⁶ Department of Health, *Annual Report 2023–24*, pp. 228–246.

3.3.2 Revenue and expenses

Revenue

In 2023–24, DH’s output appropriations were \$14.7 billion. This was 13.5% (\$1.7 billion) higher than the budgeted amount.⁷ DH stated the increase reflects funding it received through Treasurer’s Advances (TAs), including funds released from central contingency and additional funding for Government policy initiatives.⁸ As discussed further in Section 3.6, most of this funding went to support hospital services.

Expenses

DH spent 19.5% (\$1.5 billion) more than budgeted on ‘Other operating expenses’ in 2023–24. DH stated that this was due to post-budget policy decisions, ‘realignment of funding’ from public hospitals to denominational health services and the increased cost of health services including nurse agency, outsourcing and contractor expenses.⁹

DH’s expenses on employee benefits rose from \$17.1 billion in 2022–23 to \$18.3 billion in 2023–24, an increase of 7.3% (\$1.2 billion).¹⁰ This was 6.2% (\$1.1 billion) higher than budgeted.¹¹ DH attributed this to increased costs from enterprise bargaining agreements, workers compensation insurance and an increase in full-time equivalent employees across health entities.¹²

These cost increases were offset by a decrease in expenses on grants and other transfers, reducing from \$2.2 billion in 2022–23 to \$1.2 billion in 2023–24.¹³ DH attributed this to decreased State contributions to the National Health Funding Pool.¹⁴

Overall financial performance

Table 3.1 summarises DH’s financial performance in 2023–24.

⁷ Department of Health, *Response to the 2023–24 Financial and Performance Outcomes General Questionnaire*, p. 93.

⁸ *Ibid.*, p. 91.

⁹ *Ibid.*, pp. 96–97.

¹⁰ *Ibid.*, p. 95.

¹¹ *Ibid.*, p. 96.

¹² *Ibid.*, pp. 95–96.

¹³ *Ibid.*, p. 95.

¹⁴ *Ibid.*

Table 3.1 In 2023–24 the Department of Health’s expenses exceeded its income by \$1.1 billion

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	27,801	29,437	6
Expenses from transactions	28,073	30,499	9
Net result	(272)	(1,061)	291

Source: Department of Health, *Annual Report 2023–24*, Melbourne, 2024, p. 221.

3.4 Performance information

DH achieved or exceeded 54% of its 196 performance measures published in its 2023–24 Annual Report. The department did not meet 17% of its measures within a 5% variance and did not meet 29% of its measures exceeding a 5% variance.¹⁵

The least performing outputs were:

- Emergency Services (six of nine measures not achieved)
- Residential Aged Care (two of three measures not achieved)
- Home and Community Care Program for Younger People (two of three measures not achieved)
- Ambulance and Non-Emergency Services (two of three measures not achieved)
- Admitted Services (15 of 26 measures not achieved)
- Mental Health Clinical Care (15 of 29 measures not achieved).¹⁶

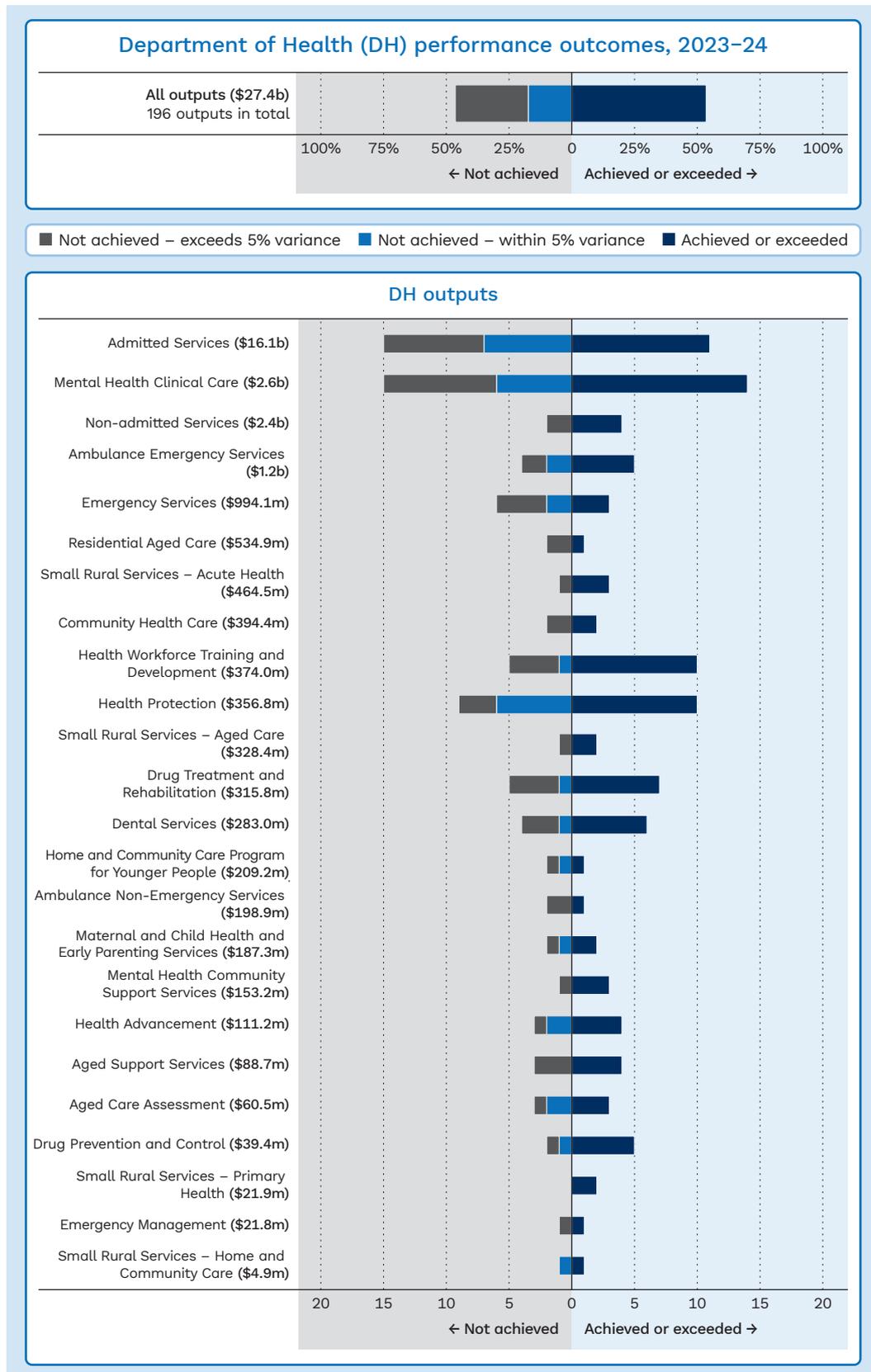
Admitted Services and Mental Health Clinical Care made up 68% of DH’s actual expenditure in 2023–24.¹⁷

¹⁵ Department of Health, *Annual Report 2023–24*, pp. 228–246.

¹⁶ Department of Health, *Annual Report 2023–24*, pp. 248–246.

¹⁷ Ibid.

Figure 3.2 The Department of Health achieved 54% of its performance measures in 2023–24



Source: Department of Health, *Annual Report 2023–24*, Melbourne, 2024, pp. 228–246.

3.5 Key issue—Overall sector performance

In the Inquiry hearings, the Secretary of DH directed the Committee's attention to the Commonwealth Fund's *Mirror, Mirror 2024* report.¹⁸ The report compares the health systems of 10 countries: Australia, Canada, France, Germany, the Netherlands, New Zealand, Sweden, Switzerland, the United Kingdom and the United States.¹⁹ The report ranks countries based on measures of:

- access to care
- care process
- administrative efficiency
- equity
- health outcomes.

The report ranked Australia first overall amongst the health systems reviewed, and first for health outcomes and equity. It also notes that Australia has the lowest health care spending as a share of gross domestic product.²⁰

The Secretary also highlighted the Productivity Commission's *Report on Government Services 2024* (RoGS) data which 'finds that Victoria is the highest overall performer of all Australian states' based on '15 key measures of system performance across domains of availability, affordability, access, equity and health outcomes.'²¹ Victoria ranked in the top three states for all key comparable RoGS measures except for mental health readmissions, for which Victoria ranked sixth of six states. These results remain relatively consistent in the latest 2025 RoGS results, which include more recent data.²²

FINDING 19: Based on the performance measures in the Productivity Commission's Report on Government Services, Victoria's health care system performs best overall.

¹⁸ The Commonwealth Fund is an American foundation dedicated to promoting high-performing, equitable healthcare. Source: The Commonwealth Fund, *About Us*, 2025, <<https://www.commonwealthfund.org/about-us>> accessed 12 February 2025; Professor Euan Wallace, Secretary, Department of Health, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 22 November 2024, *Transcript of evidence*, p. 2.

¹⁹ The report is based on surveys conducted in 2021, 2022 and 2023, as well as data from the World Health Organisation, the Organisation for Economic Co-operation and Development, Our World in Data, and national data registries. Source: Blumenthal et al, *Mirror, Mirror 2024: A Portrait of the Failing U.S. Health System – Comparing Performance in 10 Nations*, September 2024, p. 3.

²⁰ Blumenthal et al, *Mirror, Mirror 2024: A Portrait of the Failing U.S. Health System – Comparing Performance in 10 Nations*, p. 5.

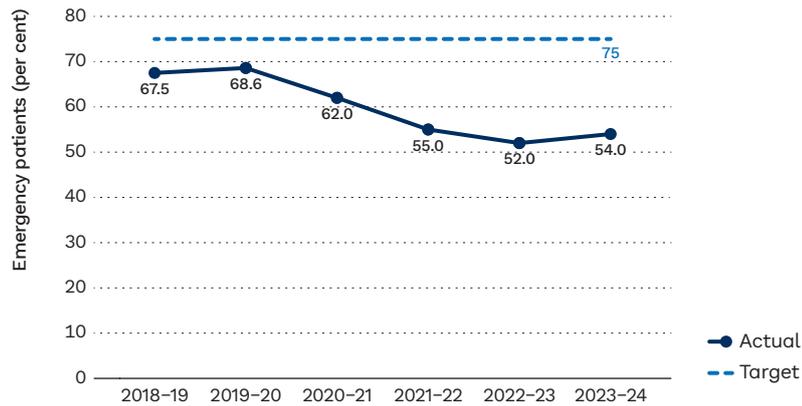
²¹ Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, pp. 1–2.

²² Productivity Commission, *Report on Government Services 2025: E Health*, 6 February 2025, <<https://www.pc.gov.au/ongoing/report-on-government-services/2025/health/rogs-2025-part-2-overview-and-sections.pdf>> accessed 7 February 2025.

Despite these overall positive results against national benchmarks, the performance information outlined in Section 3.4 demonstrates there is room for improvement across Victoria's health system, including in emergency and ambulance services, admitted services and mental health clinical care. For example:

- DH was 28% below its own target for the proportion of emergency patients with a length of stay less than four hours.

Figure 3.3 The proportion of emergency patients with a length of stay of less than four hours remains below the target

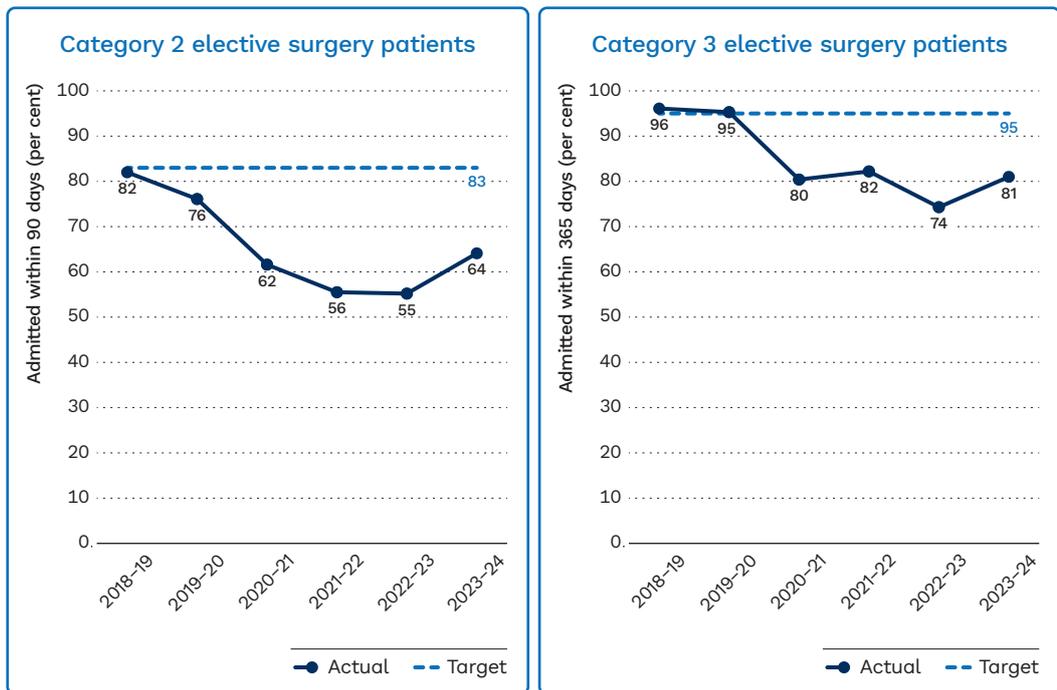


Source: Committee analysis of Department of Health and Department of Health and Human Services *Annual Reports* 2018-19 to 2023-24.

- The proportion of Category 2 elective surgery patients admitted within 90 days and Category 3 elective surgery patients admitted within 365 days has improved compared to 2022-23, but both measures remain below the target. However, the proportion of Category 1 patients admitted within 30 days has not dropped below its target of 100% over the same time period.²³

²³ Department of Health, *Annual Report 2023-24*, p. 229.

Figure 3.4 The Department of Health did not meet its targets for Category 2 and Category 3 elective surgery patient admission times



Source: Committee analysis of Department of Health and Department of Health and Human Services *Annual Reports* 2018-19 to 2023-24.

As the Secretary emphasised, Victoria's health system faces significant challenges, including increased demand, an ageing population and increased case complexity.²⁴

FINDING 20: While Victoria's health system compares favourably to other Australian and international jurisdictions on many key metrics, the Department of Health's data shows that it underperformed against several of its own performance measures in 2023-24.

3.6 Key issue—Health service finances

Health services globally are experiencing cost pressures due to ageing populations, technological innovations, increased input costs driven by inflation, labour costs, ongoing pandemic-induced backlogs and the need to improve health service resilience in case of future pandemics.²⁵ In the hearings, the Department of Treasury and Finance also highlighted rising health service costs due to a growing and ageing population and increased:

- cost and sophistication of medical equipment
- medication costs

²⁴ Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 1.

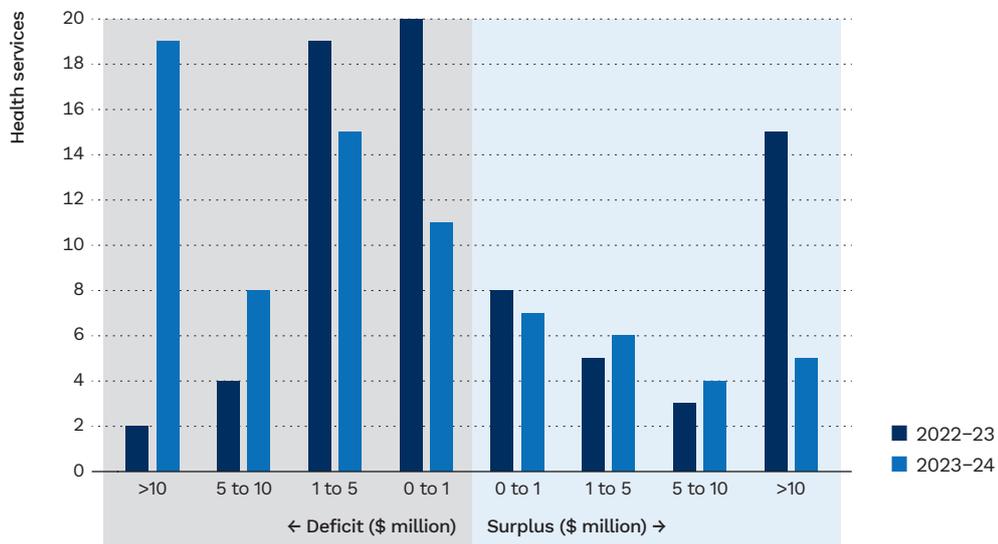
²⁵ Organisation for Economic Co-operation and Development, *Fiscal Sustainability of Health Systems*, Paris, 2024, pp. 10, 18.

- wages
- patient acuity.²⁶

These cost pressures can place financial strain on both individual health services and hospitals, and the overall health system. The Committee previously noted an improvement in health services’ financial outcomes. In its *Report on the 2024–25 Budget Estimates*, the Committee noted that the number of health services reporting an operating deficit had declined from 58 of 76 services in 2020–21 to 44 in 2022–23.²⁷ In 2023–24 however, this number rose to 53 services reporting an operating deficit.²⁸

In 2023–24 the number of health services reporting operating deficits rose to 19 services with deficits of more than \$10 million, up from two in 2022–23.²⁹

Figure 3.5 The operating result of Victoria’s public hospitals and health services worsened in 2023–24 compared to 2022–23



Source: Committee analysis of Victorian health services’ *Annual Report 2023–24*.

Overall, Victoria’s metropolitan health services and public services recorded a net loss from transactions of \$852.6 million. Only Peter MacCallum Cancer Centre, St Vincent’s Health and Tweddle Child and Family Health Service recorded net profits from transactions in 2023–24.³⁰ Victoria’s regional health services and public hospitals recorded net losses from transactions totalling \$179.5 million. Of 58 services and hospitals, 19 recorded net profits after transactions in 2023–24.³¹

26 Mr Chris Barrett, Secretary, Department of Treasury and Finance, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, pp. 22–23.

27 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the Budget Estimates 2024–25*, October 2024, p. 34.

28 Committee analysis of Victorian health services’ *Annual Report 2023–24*. This does not include the Queen Elizabeth Centre, which had not tabled its *Annual Report 2023–24* at the time of writing.

29 Committee analysis of Victorian health services’ *Annual Report 2023–24*.

30 Ibid.

31 Ibid.

Victoria's health services have a financial performance measure of 14 days of available cash as measured on the last day of each month. Only two metropolitan health or hospital services—St Vincent's Health and The Royal Victorian Eye and Ear Hospital—met their available cash target. Austin Health and Northern Health both reported a negative result for this measure.³² Of the rural public health services and hospitals, 26 were under the target for available cash, and 31 met or exceeded the target. Three rural services recorded negative results.³³ The Committee notes that this measure has been discontinued in the *Victorian Health Services Performance Monitoring Framework 2024–25* due to it not being 'useful', with the measure 'Adjusted current asset ratio' in place to measure liquidity.³⁴

FINDING 21: The majority of Victoria's metropolitan and rural health services reported operating deficits in 2023–24. The number of health services reporting operating deficits of more than \$10 million rose to 19, up from two in 2022–23.

In July 2023, the department commissioned an Expert Advisory Committee to examine the design and governance of Victoria's health system. The Committee published a Health Services Plan in April 2024. The plan included recommendations to improve the design and structure of Victoria's health services.³⁵ The Government accepted 21 recommendations in full, five in principle and rejected one recommendation.³⁶ In response to the recommendations, DH announced it would create Local Health Service Networks, which will start operating from 1 July 2025. The networks are expected to improve collaboration and connection between services and reduce duplication and administrative inefficiencies.³⁷

Treasurer's Advances

Due to the financial pressures described above, DH received a \$1.5 billion TA 'to support service delivery levels and performance in Victoria's hospitals'. This made up most of the \$1.8 billion in TAs that DH received in 2023–24.³⁸ The Secretary characterised this as 'sustainability funding to our hospitals' and stated:

It is about the way that our health system has been funded now for a very long time. If we go back over the BP3 papers for the last half dozen or eight or 10 financial years, you will see that there has always been additional so-called sustainability funding made later on in the financial year, and about \$1.4 billion of that additional funding that you refer to, Mr O'Brien, is just that: it is sustainability funding to our hospitals.³⁹

³² Ibid.

³³ Ibid.

³⁴ Department of Health, *Victorian Health Services Performance Framework 2024–25 Business Rules*, Melbourne, 2024, p. 18.

³⁵ Expert Advisory Committee, *Health Services Plan: Report of the Expert Advisory Committee*, Melbourne, April 2024, pp. 4, 7–26.

³⁶ Department of Health, *Health Services Plan*, 10 January 2025, <<https://www.health.vic.gov.au/research-and-reports/health-services-plan>> accessed 5 February 2025.

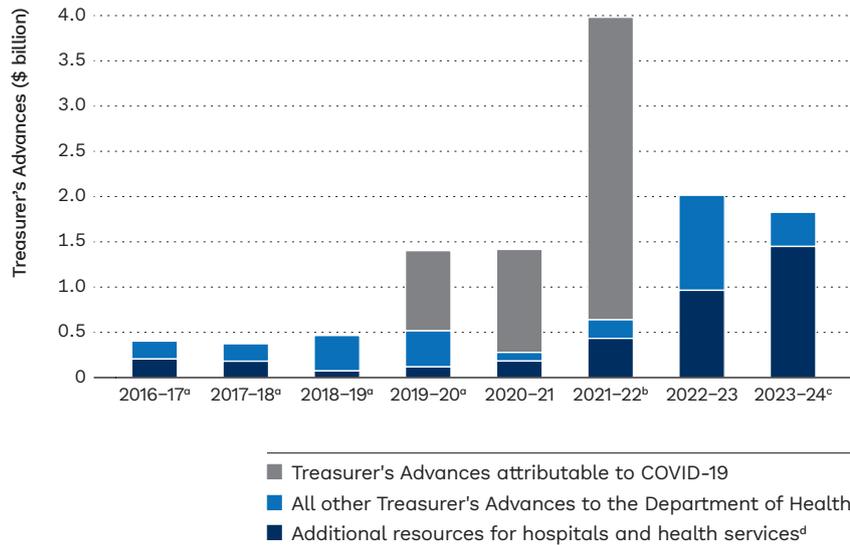
³⁷ Department of Health, *Local Health Service Networks*, 28 January 2025, <<https://www.health.vic.gov.au/local-health-service-networks>> accessed 5 February 2025.

³⁸ Department of Health, *Response to the 2023–24 Financial and Performance Outcomes General Questionnaire*, pp. 26, 36.

³⁹ Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 3.

While TAs have been made to DH every year since 2016–17, the size of the TAs for additional resources for hospitals and health services has increased markedly from \$205 million in 2016–17 to \$1.5 billion in 2023–24 (Figure 3.6). This is an increase of 606% over eight years.

Figure 3.6 Treasurer’s Advances providing additional resources to hospitals and health services have increased between 2016 and 2024



- a. 2016–17 to 2019–20 shows Treasurer’s Advances for the Department of Health and Human Services, which includes outputs now performed by the Department of Families, Fairness and Housing.
- b. The Committee has combined Treasurer’s Advances for ‘Additional resources for health services’ and ‘Addressing demand for hospital services’ under ‘Additional resources for hospitals and health services’.
- c. The *Annual Financial Report 2023–24* distinguished between Treasurer’s Advances and contingency releases. The Committee has combined these totals to align with reporting in prior years which did not differentiate between Treasurer’s Advances and contingency releases.

Additional resources for hospitals and health services do not include smaller specific advances, e.g. for ambulance services or nurses and midwives. Source: Committee analysis of Department of Treasury and Finance, *Financial Report*, 2016–17 to 2023–2024.

FINDING 22: The Department of Health received \$1.8 billion in Treasurer’s Advances in 2023–24, including \$1.5 billion in additional resources for hospitals and health services. This is a six-fold increase since 2016–17.

The Secretary stated that after the budget is tabled, DH:

undertook the process that we normally undertake, which is we then go to services to say, ‘With this draft budget, what does that look like for your activities?’⁴⁰

The Resource Management Framework states that a request for a TA made by submission to Cabinet or a Cabinet committee should include costings, including any calculations, formulas and source data.⁴¹ The Committee asked, on notice, for

⁴⁰ Ibid., pp. 3–4.

⁴¹ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main document*, Melbourne, June 2024, pp. 86–87.

submissions from health services that informed requests for additional funds but the department could not provide them. It stated, ‘This information exists only in the form of iterative planning conversations.’⁴²

DH’s and the health services’ Annual Reports do not describe how much funding from TAs went to each health service. In response to a question on notice, DH provided a breakdown of funding from TAs per health service.⁴³ On average, this TA funding represented 5.2% of each health service’s annual revenue, or an average increase of 5.6%.⁴⁴ The TA funding comprised over 10% of annual revenue for Austin Health, Bass Coast Health, East Grampians Health Service, Mercy Public Hospitals and Portland District Health.⁴⁵

RECOMMENDATION 6: To improve the transparency of reporting, the Department of Treasury and Finance update the Model Report to require the Department of Health to report the amount allocated to each health service for each Treasurer’s Advance or contingency release.

3.7 Key issue—Sexual and reproductive health

DH launched nine new sexual and reproductive health (SRH) hubs in 2023–24, bringing the total to 20 hubs.⁴⁶ The hubs provide free or low-cost reproductive healthcare services, such as long-acting reversible contraception, medical abortions and referrals for surgical abortions. The new hubs are located in: Mildura, Wallan, Mill Park, Wyndham Vale, Melton, Broadmeadows, Grampians, Eastern Grampians and Central Highlands.⁴⁷ In 2023–24, 8,557 women accessed services at SRH hubs.⁴⁸

DH also established five women’s health clinics in 2023–24 to enable women to more easily access specialist sexual and reproductive healthcare, abortion care, contraception and treatment for a number of conditions.⁴⁹ DH funds the Women’s Health Victoria 1800 My Options website and phonelines, which ‘provides a free and confidential information service for women’s contraception, pregnancy, and sexual health options’. On average, the phonenumber supports 600 callers per month.⁵⁰

⁴² Professor Euan Wallace, Secretary, Department of Health, 2023–24 Financial and Performance Outcomes hearing, response to questions on notice, received 3 December 2024, p. 3.

⁴³ Ibid., pp. 2–3.

⁴⁴ For services that received additional funding through the Treasurer’s Advance. Source: Committee analysis of hospitals’ *Annual Report 2023–24* and information provided on notice by the Department of Health.

⁴⁵ Committee analysis of hospitals’ *Annual Report 2023–24* and information provided on notice by the Department of Health.

⁴⁶ Department of Health, *Annual Report 2023–24*, p. 24.

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Professor Zoe Wainer, Deputy Secretary, Department of Health, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 22 November 2024, *Transcript of evidence*, p. 20.

⁵⁰ Department of Health, *Annual Report 2023–24*, p. 24.

The Secretary of DH advised the Committee that the department, Women's Health Victoria (WHV) and other experts have identified areas of Victoria where access to abortion was 'less than desired'.⁵¹ An October 2024 report by WHV found that, of the 24 most disadvantaged local government areas in Victoria:

- 67% did not have any listed surgical abortion providers
- 45% did not have any listed medication abortion providers
- 29% did not have any listed intra-uterine device providers
- 25% did not have an sexually transmitted infection or cervical screening provider, and
- 60% did not have any listed medication abortion dispensing pharmacies.⁵²

According to WHV, while access to medical abortion has improved, in mid-2023 only 17% of general practitioners provided medical abortions and only 19% of pharmacists dispensed the medication.⁵³ WHV also found 'a misalignment' between those seeking surgical abortions and the availability of registered providers, 'particularly in regional areas'.⁵⁴

At the hearings, the Committee discussed access to medical and surgical abortion and gaps in service provision. The Secretary noted that surgical abortion service provision has steadily increased in Victoria's public health services.⁵⁵ To continue to address gaps in abortion access and better align services with need, it is important that DH has reliable data on demand for abortion services and any barriers to access.

In response to the Committee's question about conscientious objections to providing abortion services in public hospitals, the Secretary stated that he was 'not aware of any service conscientiously objecting to the provision of abortion' and that DH requires 'public hospitals to provide abortion services'.⁵⁶ However, responding to a question on notice, DH stated, 'There is no obligation to report a conscientious objection to the Department of Health.'⁵⁷

DH also stated that it does not collect information on the number or location of nurse practitioners and endorsed midwives who can prescribe the abortion pill.⁵⁸

FINDING 23: The Department of Health's sexual and reproductive health hubs and 1800 My Options initiative have improved access to abortion.

⁵¹ Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 37.

⁵² Women's Health Victoria, *Realising access report - 2024*, Melbourne, October 2024, p. 8.

⁵³ *Ibid.*, p. 10.

⁵⁴ *Ibid.*, p. 8.

⁵⁵ Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 37.

⁵⁶ *Ibid.*

⁵⁷ Professor Euan Wallace, Secretary, Department of Health, response to questions on notice, p. 8.

⁵⁸ *Ibid.*

RECOMMENDATION 7: To improve access to abortion services and minimise inequities in services provision, the Department of Health collect information on the number and location of healthcare practitioners who can prescribe the abortion pill.

3.8 Key issue—Mental health

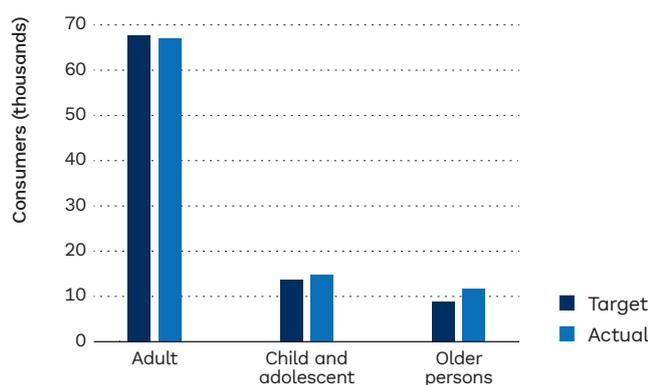
The *Royal Commission into Victoria's Mental Health System* published its final report in February 2021. The Royal Commission found substantial need for reform in Victoria's mental health system.⁵⁹

Implementing reforms and delivering the benefits is a long-term process. While there are some signs of improvement in DH's performance for mental health services, there are still significant challenges and areas of underperformance. As noted in Section 3.5, while Victoria compares very well to other states by most Productivity Commission health service measures, it was the worst performing state for mental health readmissions.⁶⁰ Elements of DH's performance in mental health service delivery are discussed below.

3.8.1 Mental health services performance

The number of consumers accessing clinical mental health services exceeded DH's target for child and adolescent and older persons. DH attributed this to investment in community health growth for these age groups.⁶¹ A total of 93,572 consumers across all age groups accessed services, exceeding the combined target of 90,362.⁶²

Figure 3.7 The Department of Health exceeded its targets for the number of child and adolescent and older persons accessing clinical mental health services



Source: Department of Health, *Annual Report 2023–24*, Melbourne, 2024, p. 238.

⁵⁹ Royal Commission into Victoria's Mental Health System, *Final Report, Summary and Recommendations*, Melbourne, February 2021.

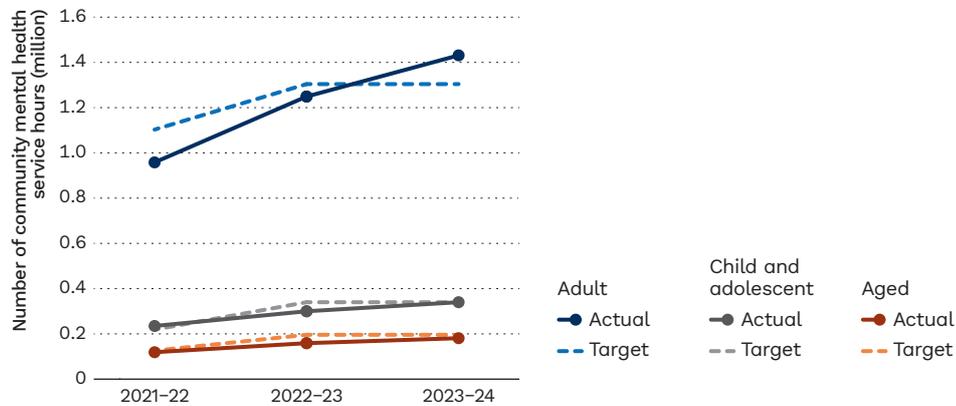
⁶⁰ Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 2.

⁶¹ Department of Health, *Annual Report 2023–24*, p. 238.

⁶² Ibid.

The total number of community mental health service hours has grown for all cohorts, from a total of 1.31 million hours in 2021–22 to 1.95 million hours in 2023–24 (48.8%).⁶³

Figure 3.8 Community mental health service hours have grown for all cohorts since 2021–22



Source: Committee analysis of Department of Health *Annual Reports 2021–22 to 2023–24*.

DH met 14 of 29 (48%) performance measures for Mental Health Clinical Care and three of four (75%) performance measures for Mental Health Community Support Services in 2023–24.⁶⁴

DH did not meet its target of admitting 80% of mental health emergency patients within eight hours in 2023–24.⁶⁵ While performance has improved compared to 2022–23, it remains below results between 2018–19 and 2021–22.⁶⁶ DH attributed the 2023–24 result to ‘multiple systemic factors, including sustained high levels of complex mental health emergency presentations, workforce shortages and high demand for inpatient care’ as well as ‘temporary bed closures.’⁶⁷

⁶³ Committee analysis of Department of Health *Annual Reports 2021–22 to 2023–24*.

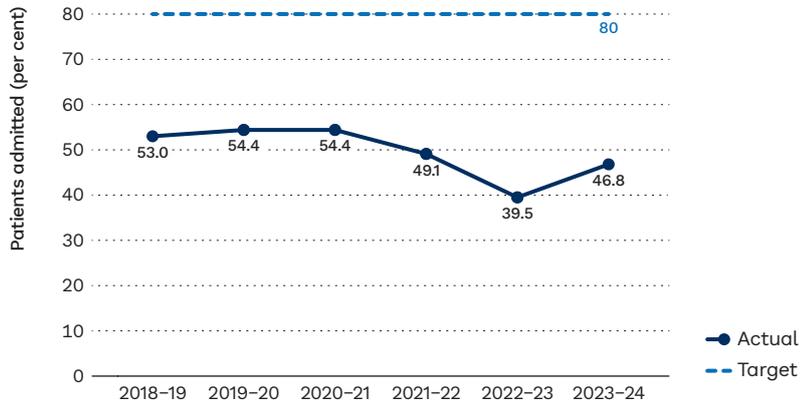
⁶⁴ Department of Health, *Annual Report 2023–24*, pp. 238–241.

⁶⁵ *Ibid.*, p. 240.

⁶⁶ Committee analysis of Department of Health and Department of Health and Human Services *Annual Reports, 2018–19 to 2023–24*.

⁶⁷ Department of Health, *Annual Report 2023–24*, p. 240.

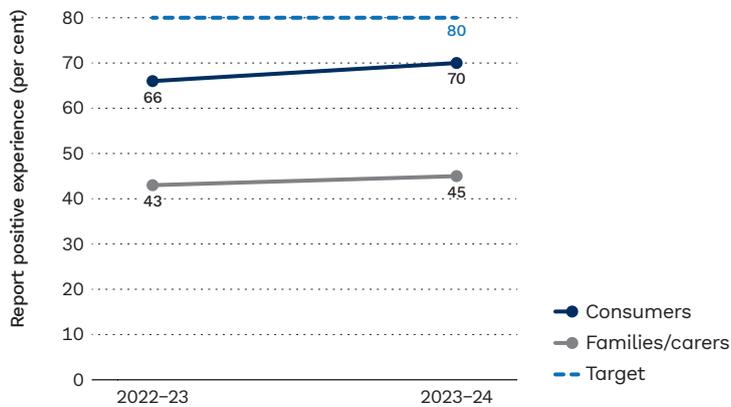
Figure 3.9 The actual proportion of mental health patients admitted within eight hours remains consistently below the target



Source: Committee analysis of Department of Health and Department of Health and Human Services *Annual Reports*, 2018-19 to 2023-24.

Mental health patient satisfaction rates have improved but remain below the target, and family/carer satisfaction only slightly improved compared to 2022-23. For both measures, the department notes that reforms in the *Mental Health and Wellbeing Act 2022* ‘will take time to fully mature.’⁶⁸

Figure 3.10 Mental health patient and family and carer satisfaction has improved but remains below the target



Note: Consumer satisfaction is measured as the percentage who rated their overall experience of care with a service in the last three months as positive. Family/carer satisfaction is measured as the percentage of families/carers reporting a ‘very good’ or ‘excellent’ overall experience of the service.

Source: Committee analysis of Department of Health *Annual Reports*, 2022-23 and 2023-24.

FINDING 24: Despite improvements in the number of mental health clinical service hours and satisfaction rates, the Department of Health did not meet its targets for timeliness of mental health patient admissions and satisfaction.

68 Department of Health, *Annual Report 2023-24*, p. 239; Department of Health, *Annual Report 2022-23*, Melbourne, 2024, p. 61.

3.8.2 Implementing the recommendations of the Royal Commission into Victoria's Mental Health System

The Royal Commission made 74 recommendations to the Victorian Government, including 65 recommendations in its final report and nine recommendations in its interim report.⁶⁹ The Royal Commission's final report acknowledged the challenges of reforming Victoria's mental health system and emphasised the need for change, noting:

If history is any indication, reform will not be easy. Despite best endeavours, previous efforts to redesign the mental health system in Victoria, and across Australia more broadly, have not been realised. As a result, the state's mental health system has catastrophically failed to live up to expectations and is unprepared for current and future challenges.⁷⁰

DH provided the Committee with information about progress against the recommendations. However, it did not provide specific reasons for overdue recommendations as requested by the Committee. DH advised that its consultation with the mental health and wellbeing sector and stakeholders had 'informed a resequencing of initiatives for the next stage of reform'.⁷¹ In December 2024, DH released the priorities and directions for mental health and wellbeing reform over the next three years.⁷²

As of June 2024, 11 of the 74 recommendations were completed, with 57 in progress and six not yet commenced.⁷³

Table 3.2 As of June 2024, 11 of 74 recommendations of the Royal Commission into Victoria's Mental Health System had been completed

	To be commenced	In progress	Completed	Total
Final report recommendations	6	54	5	65
Interim report recommendations	0	3	6	9
Total	6	57	11	74

Source: Professor Euan Wallace, Secretary, Department of Health, 2023–24 Financial and Performance Outcomes hearing, response to questions on notice, received 3 December, pp. 10–14.

Of the recommendations marked 'in progress', six had final implementation dates set by the Royal Commission for the end of 2022, meaning they were at least 18 months behind schedule at the time of DH's response to the Committee. Seven had final implementation dates of the end of 2024.⁷⁴ All of these in progress recommendations

⁶⁹ Royal Commission into Victoria's Mental Health System, *Final Report, Summary and Recommendations*, pp. 37–109.

⁷⁰ Royal Commission into Victoria's Mental Health System, *Final Report, Volume 5: Transforming the system—innovation and implementation*, February 2021, p. 195.

⁷¹ Department of Health, correspondence, 7 February 2025.

⁷² Department of Health, *The next phase of reform: Mental Health and Wellbeing in Victoria*, Melbourne, December 2024.

⁷³ Professor Euan Wallace, Secretary, Department of Health, response to questions on notice, pp. 10–14.

⁷⁴ This does not include recommendations with sub-components due by the end of 2022 or 2024 if the final sub-component is due after 2024.

list DH as the lead agency. The Royal Commission considered recommendations with a deadline of the end of 2022 to be ‘short term’ reforms, reflecting their high level of priority.⁷⁵

Table 3.3 Six recommendations of the Royal Commission in Victoria’s Mental Health System were due for implementation by the end of 2022 and seven were due by the end of 2024

Due date	Number	Topic
End of 2022	2	Governance arrangements for promoting good mental health and preventing mental illness
End of 2022	23	Establishing a new Statewide Trauma Service
End of 2022	32	Supporting young carers
End of 2022	35	Improving outcomes for people living with mental illness and substance use or addiction
End of 2022	49	Monitoring and improving mental health and wellbeing service provision
End of 2022	61	Sharing mental health and wellbeing information
End of 2024	8	Responding to mental health crises
End of 2024	10	Supporting responses from emergency services to mental health crises
End of 2024	14	Supporting mental health consultation liaison services
End of 2024	27	Facilitating suicide prevention and response initiatives
End of 2024	29	A new agency led by people with lived experience of mental illness or psychological distress
End of 2024	33	Supporting Aboriginal social and emotional wellbeing
End of 2024	62	Contemporary information architecture

Source: Professor Euan Wallace, Secretary, Department of Health, 2024–25 Financial and Performance Outcomes hearing, response to questions on notice, received 3 December 2024, pp. 10–14.

It is important that DH implement these recommendations to address high-priority issues. For example, Recommendation 8 is about ensuring that every Adult and Older Adult Area Mental Health and Wellbeing Service delivers a centrally coordinated 24-hour telephone crisis response service, expanding crisis outreach services and improving emergency departments’ ability to respond to mental health crises. The department’s website does not have information about progress towards this recommendation.⁷⁶ As discussed in Chapter Five (Department of Justice and Community Safety), Victoria Police mental health crises responses continue to increase despite the Commission’s recommendation (10) that these responses are led by health professionals and directed by Ambulance Victoria, rather than Victoria Police.⁷⁷

⁷⁵ Royal Commission into Victoria’s Mental Health System, *Final Report, Volume 5*, p. 226.

⁷⁶ Department of Health, *Recommendation 08: Responding to mental health crises*, 9 December 2024, <<https://www.health.vic.gov.au/mental-health-reform/recommendation-8>> accessed 7 February 2025.

⁷⁷ Department of Health, *Recommendation 10: Supporting responses from emergency services to mental health crises*, 9 December 2024, <<https://www.health.vic.gov.au/mental-health-reform/recommendation-10>> accessed 7 February 2025.

Three recommendations have gone from 'In progress' in 2021 to 'To be commenced' in 2024. These were:

- Recommendation 12: Developing new bed-based rehabilitation services
- Recommendation 22: Supporting the mental health and wellbeing of older Victorians
- Recommendation 60: Building a contemporary system through digital technology.⁷⁸

FINDING 25: Implementation of several recommendations of the Royal Commission into Victoria's Mental Health System are behind schedule.

The Victorian Government established the Mental Health and Wellbeing Commission (MHWC) on 1 September 2023, an independent body to ensure government accountability for the performance, quality and safety of Victoria's mental health and wellbeing system.⁷⁹ This includes independent oversight and 'monitoring and reporting on the progress of implementing the recommendations made by the Royal Commission.'⁸⁰ In its *Annual Report*, the MHWC stated that it is 'in a dialogue with government to better understand progress on the recommendations.'⁸¹

In its *Annual Report* the MHWC published a table provided by DH showing the progress made on implementation of the recommendations.⁸² However, it does not show progress against the sub-components of recommendations. This makes it difficult to accurately assess progress, for example, where the recommendation may have a completion date of 2031, but sub-components are due at the end of 2022 and 2024. In addition, it does not provide reasons for any delays in implementation.

DH also provides some information about what it is doing to address each of the Royal Commission's recommendations on its website, such as relevant programs and initiatives.⁸³ While this information provides some transparency and accountability, it does not explain:

- how the department is addressing the various elements of the recommendation
- how well it is tracking against timelines
- the reasons for any delays.

⁷⁸ Hon James Merlino MP, Minister for Mental Health, 2021-22 Budget Estimates hearing, response to questions on notice, question 3 attachment; Professor Euan Wallace, Secretary, Department of Health, response to questions on notice, pp. 10-14.

⁷⁹ Mental Health and Wellbeing Commission, *Annual Report 2023-24*, Melbourne, 2024, pp. 6-7.

⁸⁰ *Ibid.*, p. 58.

⁸¹ *Ibid.*

⁸² *Ibid.*, pp. 59-65.

⁸³ Department of Health, *About the Royal Commission*, last updated 4 December 2024, <<https://www.health.vic.gov.au/mental-health-wellbeing-reform/recommendations>> accessed 10 January 2025.

RECOMMENDATION 8: The Department of Health or the Mental Health and Wellbeing Commission publicly report on progress against each of the sub-components of the recommendations of the Royal Commission into Victoria's Mental Health System, including any revised implementation dates and reasons for delays. This information should be included as part of the consolidated annual reporting and more detailed reporting on its website.

Chapter 4

Department of Education

4.1 Overview

The Department of Education's (DE) vision 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.¹

DE's objectives are to:

- raise development outcomes of three and four-year-old children prior to attending school
- raise learning, development, engagement and wellbeing outcomes for all Victorian students
- provide equitable and inclusive schooling to all Victorian students.²

4.2 Outcomes and challenges

DE identified several programs that delivered the most important outcomes in the community in 2023–24, including:

- expanding the number of schools that offered Disability Inclusion Profiles, adding 260 in 2023–24 to bring the total number of schools to 1,240.³ Disability Inclusion Profiles collect information about a student's functional needs, adjustments required, and strengths and aspirations regarding their education⁴
- completing 14 new schools in 2023–24 as part of the New Schools Construction program⁵
- 97% of kindergarten services participating in Free Kinder in 2023–24, and approximately 140,000 children accessing the program.⁶

1 Department of Education, *Annual Report 2023–24*, Melbourne, 2024, p. 1.

2 Ibid., p. 19.

3 Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 6.

4 Department of Education, *Disability Inclusion Profile*, 23 January 2025, <<https://www2.education.vic.gov.au/pal/disability-inclusion-profile/policy>> accessed 31 January 2025.

5 Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 6–7.

6 Ibid., pp. 7–8.

DE also identified programs that did not deliver their planned outcomes and key challenges faced by the department. These included:

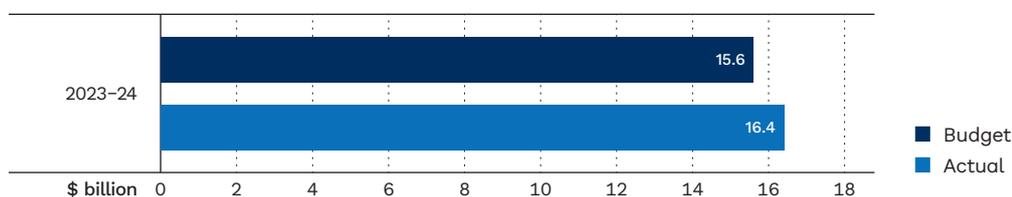
- the long-standing challenge in recruiting for the education workforce compounded by Victoria's increasing population, the rollout of the Best Start, Best Life reforms for early childhood education, high national employment and a reduction in teaching degree enrolments. Many of DE's programs target rural, remote and hard-to-staff government schools.⁷ This challenge is discussed further in Section 4.6
- more frequent high-profile data breaches impacting the school and early childhood education sectors. These sectors handle sensitive private information. DE implemented several new initiatives in response, such as mandating that schools adopt the department's approved technology and software services and identifying and reporting vulnerable school devices.⁸

4.3 Financial analysis

4.3.1 Output expenditure

In 2023–24 DE's budget was \$15.6 billion. Actual expenditure for the year was \$16.4 billion, representing a variance of 5% (\$782.8 million).⁹

Figure 4.1 In 2023–24 the Department of Education exceeded its original budget by 5%



Source: Department of Education, *Annual Report 2023–24*, Melbourne, 2024, pp. 21–40.

The largest variances in output costs were in the Kindergarten Delivery output and the Early Childhood Sector Supports and Regulation output. During 2023–24 DE moved programs between these two outputs, resulting in overspends and underspends compared to their targets.¹⁰

Both the School Education – Primary output and the School Education – Secondary output recorded overspends of 8.2% and 9.4% respectively, which resulted in a combined overspend of \$802.2 million.¹¹ The reasons for the overspends included

⁷ Ibid., pp. 150–151.

⁸ Ibid., pp. 151–152.

⁹ Department of Education, *Annual Report 2023–24*, pp. 21–40.

¹⁰ Ibid., pp. 23, 24.

¹¹ Ibid., pp. 28, 31.

additional funding allocated to the *Lifting student outcomes - Tutor Learning Initiative* and schools enrolment-based funding.¹² These variances were the primary contributor to the 5% variance of DE's overall budget.¹³

4.3.2 Revenue and expenses

In 2023–24 DE's output appropriations increased by 4.7% to \$15.7 billion, attributable to budget initiatives and indexation funding. This was partly offset by the Training and Skills and Higher Education portfolios being transferred out of DE and the timing of funding from the Commonwealth for the Preschool Funding Agreement.¹⁴

DE's Sales of goods and services decreased by 27.8% from 2022–23 due to machinery of government changes, and Fair value of assets and services decreased by 100% due to discontinuation of free rapid antigen tests and personal protective equipment in 2022.¹⁵

In 2023–24 DE's expenses grew slightly in most categories. DE's employee benefits increased by 4.9% compared to 2022–23, explained by wage increases in line with enterprise agreements, growth in full-time equivalent (FTE) staff and an increase in the superannuation guarantee.¹⁶ DE's Government Teaching Service workforce grew by just under 4,000 FTE between June 2023 and June 2024, including 1,500 FTE teaching staff.¹⁷ DE's other operating expenses grew by 5.1% primarily due to an increase in service payment fees as part of the *Best Start, Best Life* initiative and an increase in expenses as schools transitioned back to onsite learning post-COVID.¹⁸

Overall financial performance

Table 4.1 summarises DE's financial performance in 2023–24.

Table 4.1 In 2023–24 the Department of Education's income exceeded expenses by \$200 million

Controlled items	Budget (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	16,109	16,555	3
Expenses from transactions	15,572	16,355	5
Net result	537	200	(63)

Source: Department of Education, *Annual Report 2023–24*, Melbourne, 2024, pp. 213–214.

¹² Ibid.

¹³ Ibid., pp. 21–40.

¹⁴ Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 104.

¹⁵ Ibid., pp. 105–106.

¹⁶ Ibid., p. 109.

¹⁷ Department of Education, correspondence, 6 January 2025.

¹⁸ Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 109–110.

4.3.3 Capital expenditure

DE has a high-value capital program, totalling \$8.5 billion. This comprised 12% of all government infrastructure projects in 2023–24. Of the \$8.5 billion, \$3.8 billion was for new capital projects.¹⁹ In 2023–24, Budget Paper No. 4 listed 58 new projects and 196 existing projects for DE.²⁰

The Committee asked DE which of its capital projects had variances in total estimated investment (TEI), estimated completion date and project scope. In 2023–24 DE revised the TEI for 65 projects, the completion date for 48 projects, and the scope of two projects.²¹ Of the 65 initiatives that had a revised TEI, 42 were revised by under 25% of total value. Only two projects had revised TEIs over 100%:

- Alamanda K-9 College 2021–22 project TEI increased by 213% due to a co-contribution from the college and market escalation in the construction sector
- Northcote High School 2021–22 project TEI increased by 116%, primarily due to reprioritisation in line with the New Schools Construction program.²²

DE advised that the TEI revisions were largely due to ‘volatility in the construction market and the impact on pricing of infrastructure’, specifically including ‘increases in the cost of materials, energy prices, insurance and labour’.²³ In the hearings, the Secretary emphasised that pre-pandemic, the department had a ‘very strong track record of estimating budgets and delivering schools on budget and on time’, and that the volatility of the construction market post-pandemic has meant ‘it has been much more challenging to project where the market will be once the projects go out’ to tender.²⁴

Of the 48 projects with revised completion dates, 68.8% were revised by a year or less.²⁵ The Fitzroy North Primary School project had its completion date revised by two years. This delay was caused by updates to the tender design and documentation, contract underperformance, material and subcontractor availability, and historical issues during the acquisition of council land.²⁶

For the remaining projects, the department advised that delays were primarily due to issues surrounding tenders: extended tender processes, engineering issues during the tender phase, extended tender negotiation periods, or unfavourable tender

¹⁹ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, pp. 30, 43.

²⁰ *Ibid.*, pp. 37–54.

²¹ Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 36–53.

²² *Ibid.*, pp. 36–46.

²³ Ms Jenny Atta PSM, Secretary, Department of Education, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, p. 8; Ms Jacinta Blanch, Acting Chief Executive Officer, Victorian School Building Authority, Department of Education, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, p. 8.

²⁴ Ms Jenny Atta PSM, Secretary, Department of Education, *Transcript of evidence*, p. 17.

²⁵ Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 46–53.

²⁶ *Ibid.*, p. 48.

outcomes.²⁷ Other reasons for delays included builders becoming insolvent resulting in contracts being terminated, demolition and asbestos removal, latent conditions and landscaping delays, builder performance impacting the construction program timeline and the need for associated minor redesign.²⁸

FINDING 26: In 2023–24 the Department of Education revised the timelines of 48 of its capital projects, 68.8% of which it extended by a year or less. Delays were primarily due to issues surrounding tenders.

4.4 Performance information

DE achieved or exceeded 64% of its 84 performance measures published in its 2023–24 Annual Report. The department did not meet 23% of its measures within a 5% variance and did not meet 13% of its measures exceeding a 5% variance.²⁹ Overall this is an improvement compared to 2022–23.³⁰

In addition to the 84 performance measures, DE had 24 performance measures that it could not report on in 2023–24 due to the Australian Curriculum, Assessment and Reporting Authority introducing a new reporting framework for the National Assessment Program—Literacy and Numeracy (NAPLAN), which rendered the new measures incomparable to the 2023–24 measures.³¹

²⁷ Ibid., pp. 46–53.

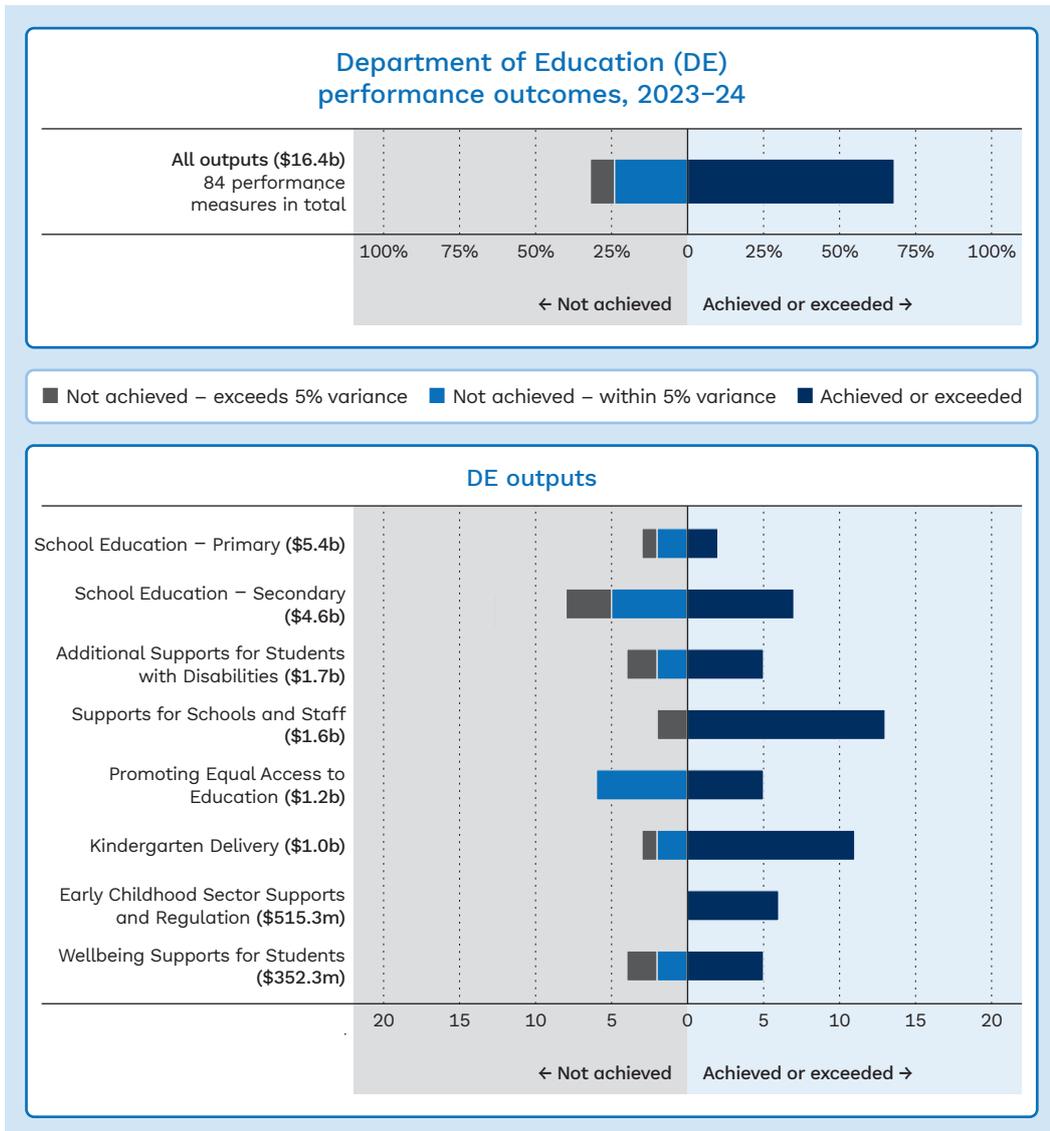
²⁸ Ibid.

²⁹ Department of Education, *Annual Report 2023–24*, pp. 21–40.

³⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, p. 72.

³¹ Department of Education, *Annual Report 2023–24*, pp. 27, 28, 30, 38.

Figure 4.2 The Department of Education achieved 64% of its performance measures in 2023–24



Source: Department of Education, *Annual Report 2023–24*, Melbourne, 2024, pp. 21–40.

DE performed strongly in its Early Childhood Sector Supports and Regulation and Supports for Schools and Staff outputs, achieving 100% and 87% of performance measures respectively. DE performed less well in School Education – Primary, School Education – Secondary, and Promoting Equal Access to Education, where it did not achieve over 50% of its performance measures in each output.³²

³² Ibid., pp. 21–40.

FINDING 27: In 2023–24 the Department of Education achieved 64% of its performance measures. DE did not report on 24 additional performance measures in 2023–24 because the Australian Curriculum, Assessment and Reporting Authority introduced a new reporting framework for NAPLAN, meaning the results of the measures could not be compared to the previous year.

4.5 Key issue—Victorian Curriculum and Assessment Authority—Victorian Certificate of Education exam errors

The Victorian Curriculum and Assessment Authority (VCAA) is a statutory authority serving both government and non-government schools. It develops and implements several curricula and assessments, including the Victorian Certificate of Education (VCE).³³ Issues have arisen regarding the VCAA’s delivery of the VCE examinations each year from 2022 to 2024. Two reviews of VCE processes were completed during that time. The Government has announced another review in response to errors in 2024.³⁴

DE commissioned the first review, published in August 2023 and conducted by Deloitte, in response to alleged errors in the 2022 VCE mathematics exams. The review concluded that there had been no deviations from VCAA policies and procedures in the development of the 2022 VCE exams, nor were there any major errors in the exams.³⁵

Community members and academics alleged there were further errors in the 2023 VCE exams, and DE initiated a second review.³⁶ The review was led by Dr John Bennett AM and published in March 2024. It discussed transparency and the procedures around handling errors, stating that the VCAA could take better measures to deal more effectively with issues as they arise and ‘needs to develop procedures for managing issues that have been raised by the public or those that will take longer to resolve’.³⁷ It provided six high-level recommendations, including one recommending that the VCAA ‘publish examination material in a more timely manner and update its policies and processes relating to the management of errors and alleged errors’.³⁸

³³ Victorian Curriculum and Assessment Authority, *What we do*, n.d., <<https://www.vcaa.vic.edu.au/About-us/Pages/WhatWeDo.aspx>> accessed 26 November 2024.

³⁴ Dr John Bennett AM, *Independent Review into the Victorian Curriculum and Assessment Authority’s Examination-Setting Policies, Processes and Procedures for the Victorian Certificate of Education*, March 2024, pp. 4, 14; Premier of Victoria, *Root-And-Branch Review Ordered Into The VCAA*, media release, 15 November 2024.

³⁵ Jason Smallwood, Executive Director, Curriculum Division, Department of Education, correspondence, 13 October 2024, <https://www.gedcat.com/open_letter/3-external-review-summary.pdf> accessed 5 December 2024; Dr John Bennett AM, *Independent Review into the Victorian Curriculum and Assessment Authority’s Examination-Setting Policies, Processes and Procedures for the Victorian Certificate of Education*, p. 14.

³⁶ Dr John Bennett AM, *Independent Review into the Victorian Curriculum and Assessment Authority’s Examination-Setting Policies, Processes and Procedures for the Victorian Certificate of Education*, p. 4.

³⁷ *Ibid.*, pp. 1, 21.

³⁸ *Ibid.*, pp. 9–11.

On 3 October 2023 VCAA stated it had implemented or was on track to implementing all of the recommendations.³⁹

In November 2024, DE commissioned a third review to be completed in 2025.⁴⁰ This review was commissioned in response to study guide booklets for students published on VCAA's website containing material that was replicated in 65 of the 116 VCE exams.⁴¹ The VCAA had removed the study booklets from its website before distributing the exams and had advised the Minister of Education it would change exams where material was too similar.⁴²

On 18 November 2024, the Victorian Government stated that the errors in exams were being addressed to ensure that no students were given unfair advantages. Alongside the root-and-branch review, DE announced that it would establish an independent monitor to oversee the VCAA 2025 examinations.⁴³

FINDING 28: Errors have occurred in the content and distribution of some Victorian Certificate of Education examination papers in 2022, 2023 and 2024. A third review of the Victorian Curriculum and Assessment Authority was announced in November 2024.

The Secretary of DE advised the Committee that the repeat issues demonstrated a problem with the systems in place at the VCAA—'there is an umbrella issue, if you like, that goes to embedded systems and processes we [DE] suspect are at play here.'⁴⁴ The Secretary acknowledged that VCAA's performance has declined in recent years, stating 'clearly we conclude at this stage that there has been a deterioration [of the agency's performance] over time'.⁴⁵

The Secretary advised that the root-and-branch review commissioned by the Minister of Education would examine 'the issues around systems, processes, accuracy and quality assurance ... to unpack all of that with a comprehensive review of the structure, operations, capability and culture of the organisation so that we do have a fit-for-purpose, high-performing agency to fulfil this really critical role'.⁴⁶ The Committee acknowledges the positive step taken in the initiation of the

39 Victorian Curriculum and Assessment Authority, 'Implementing the recommendations of the Independent Panel Review' in *VCE Examination Improvement*, 3 October 2023, <<https://www.vcaa.vic.edu.au/Documents/news/ImplementationofrecommendationsIPR.pdf>> accessed 5 December 2024.

40 Hon Ben Carroll MP, *Ensuring Fairness In The Marking of 2024 VCE Exams*, media release, 18 November 2024; Department of Education, *Terms of Reference for the Review into the VCAA and role of the Independent Monitor*, 5 February 2025, <<https://www.vic.gov.au/terms-reference-review-vcaa-and-role-independent-monitor>> accessed 13 February 2025.

41 Victorian Curriculum and Assessment Authority, *VCE examination update*, n.d., <<https://www.vcaa.vic.edu.au/assessment/vce-assessment/Pages/2024VCEExaminations.aspx>> accessed 11 December 2024; Ms Jenny Atta PSM, Secretary, Department of Education, *Transcript of evidence*, p. 14.

42 Ms Jenny Atta PSM, Secretary, Department of Education, 2023–24 Financial and Performance Outcomes hearing, response to questions on notice received 4 December 2024, pp. 3–4; Victorian Curriculum and Assessments Authority, *VCE Examination Update*.

43 Hon Ben Carroll MP, *Ensuring Fairness In The Marking of 2024 VCE Exams*, media release; Ms Jenny Atta PSM, Secretary, Department of Education, *Transcript of evidence*, p. 4.

44 Ms Jenny Atta PSM, Secretary, Department of Education, *Transcript of evidence*, p. 4.

45 Ibid.

46 Ibid.

root-and-branch review, which has the potential to address larger, structural issues within the VCAA. To strengthen transparency around the reform of the VCAA and to promote public trust, the Committee recommends VCAA publish the review when it is completed.

FINDING 29: The Department of Education noted that the errors during the Victorian Certificate of Education examinations over multiple years point to systematic issues within the Victorian Curriculum and Assessment Authority. The Minister of Education has commissioned a root-and-branch review of the organisation.

RECOMMENDATION 9: Where errors are identified in Victorian Certificate of Education examinations, the Department of Education and/or the Victorian Curriculum and Assessment Authority notify affected schools, parents/guardians and students as soon as possible, and provide a clear explanation of the problem and remedial action.

RECOMMENDATION 10: The Victorian Curriculum and Assessment Authority consider publishing the root-and-branch review upon its completion, alongside details of how and when it will address the review's findings.

4.6 Key issue—Victorian school workforce attraction and retention initiatives

The 2023–24 Budget provided \$204.8 million in funding over four years for *Targeted Initiatives to Attract More Teachers*.⁴⁷ The funding aimed to address education workforce and teacher retention, a strategic issue that DE has faced for several years.⁴⁸

The funding supported several initiatives including:

- international teacher recruitment
- Teach Rural pilot program
- allowing teachers more time for lesson preparation and assessment
- implementing the Returning Teacher Support Service

⁴⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 12.

⁴⁸ Ibid., p. 20; Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 150; Department of Education, *Response to the 2024–25 Budget Estimates Questionnaire*, received 8 May 2024, pp. 24–26; Department of Education, *Response to the 2021–22 and 2022–23 Financial and Performance Outcomes Questionnaire*, received 20 November 2023, pp. 285–286; Department of Education, *Response to the 2023–24 Budget Estimates Questionnaire*, received 24 May 2023, pp. 11–13.

- targeted financial incentives
- targeted recruitment campaigns
- scholarships for aspiring teachers.⁴⁹

DE's 2023–24 Annual Report noted some outputs resulting from the funding which included:

- 92 teachers received financial incentives to fill hard-to-staff positions
- 90 inactive teachers returned to work in schools
- 98 international teachers recruited
- 553 teachers recruited from graduation incentives
- 2,290 applications for Secondary Teaching Scholarships between March and June 2024.⁵⁰

Outcomes in 2023–24 related to teacher attraction and retention more broadly were discussed during the Inquiry. These included:

- teaching staff within the Government Teaching Service grew by more than 1,500 FTE or 3%⁵¹
- half of all growth in teacher numbers in Australia occurred in Victoria⁵²
- Victoria achieving the best student-teacher ratio across the Australian states in 2023.⁵³ This is discussed further in Section 4.7.

The annual *Victorian Teacher Workforce Snapshot* report,⁵⁴ released in December 2024, provides a broader picture of Victoria's early childhood and school teaching workforces over a six-year period. The report concludes that over the forecast period to 2029, demand will outstrip the supply of teachers. However, the shortfall is decreasing—the 5,036 teacher shortfall forecast for 2028 is now a 1,320 teacher shortfall forecast for 2029.⁵⁵ The report states this is due to the workforce initiatives taking effect from 2023 onwards. The report also notes that there has been a decrease in attrition from the Victorian Institute of Teaching register, from 4.9% in 2022 to 3.9% in 2023, meaning that fewer teachers are letting their licences lapse. At the same time,

49 Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 150–151.

50 Department of Education, *2023–24 Annual Report*, p. 15.

51 Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire - revised*, received 6 January 2025, p. 120.

52 Ms Andrea Del Monaco, Deputy Secretary, Schools Workforce, Department of Education, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, p. 10.

53 Ibid., pp. 10–11; Australian Curriculum, Assessment and Reporting Authority, *Student-teacher ratios*, 2024, <<https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/student-teacher-ratios>> accessed 11 December 2024.

54 Previously known as the *Victorian Teacher Supply and Demand* report.

55 Department of Education, *Victorian Teacher Workforce Snapshot 2023*, 2024, Melbourne, p. 15.

there has been a reported increase in teachers leaving government schools – both primary and secondary.⁵⁶

While the statistics referenced above provide outputs and outcomes for certain initiatives and the *Snapshot* provides the larger picture of Victoria’s education workforce, the causal links between the two are not always clear—it is uncertain which of DE’s teacher attraction and retention initiatives are succeeding. More context is needed to be able to understand the performance information. For example, information about how many hard-to-staff positions still remain would assist in evaluating the impact of the 92 teachers given incentives to fill such positions.

FINDING 30: The Department of Education’s suite of initiatives for attracting and retaining teachers has supported the forecast shortfall of teachers decreasing by 2029. However, the effectiveness of each individual initiative is unclear.

The Committee has discussed the difficulty in gauging the success of the teacher attraction and retention initiatives in its recent reports.⁵⁷ The Committee previously recommended that DE undertake a review of its workforce attraction and retention initiatives and publish it.⁵⁸ DE supported the recommendation in-principle, and advised that it was ‘currently undertaking a comprehensive 4-year strategic evaluation of Victorian school workforce attraction and retention initiatives’.⁵⁹ The evaluation is to take place between November 2023 and December 2028, and mid-year and annual reports will be submitted for each part of the evaluation.⁶⁰

During the Committee hearings, DE advised that there are two key components to the evaluation: strategic evaluation and clustered topic-specific evaluations. The topic-specific evaluations are broken down into the three groups of attraction, recruitment and retention, and Career Start program, and will be undertaken by consultants.⁶¹ DE advised the evaluation will focus on ‘the contribution of the department’s workforce initiatives to the objectives of workforce attraction and retention, rather than an in-depth assessment of the outcome of each initiative’.⁶² It also advised that the final review was not confirmed to be released publicly, but the matter was under consideration.⁶³

The Committee commends the department for commissioning an in-depth evaluation and reaffirms the importance of publishing it publicly.

⁵⁶ Ibid.

⁵⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, pp. 55–57; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. 81–85.

⁵⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, p. 85.

⁵⁹ Department of Education, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 157.

⁶⁰ Ibid., p. 137.

⁶¹ Ms Jenny Atta PSM, Secretary, Department of Education, response to questions on notice, p. 12.

⁶² Ibid.

⁶³ Ms Jenny Atta PSM, Secretary, Department of Education, *Transcript of evidence*, p. 26.

RECOMMENDATION 11: The Department of Education consider the benefits of publishing in full the strategic evaluation of its workforce attraction and retention initiatives as they are completed.

4.7 Key issue—Student-teacher ratios in Australia

As part of DE’s focus on supporting the teaching workforce, the Secretary cited student-teacher ratios as a successful outcome.⁶⁴ For the 2023 calendar year, Victoria recorded the second-lowest student-teacher ratio of any jurisdiction in Australia and the lowest of the states in Australia.

Figure 4.3 In 2023 Victoria has the second-lowest student-teacher ratio of any Australian jurisdiction in government schools



Source: Australian Curriculum, Assessment and Reporting Authority, *Student-teacher ratios*, 2024, <<https://www.acara.edu.au/reporting/national-report-on-schooling-in-australia/student-teacher-ratios>> accessed 11 December 2024.

Several factors have contributed to Victoria’s smaller class sizes. The Government committed to opening 100 new schools by 2026, and it opened 75 new schools between 2019 and 2024. It has also spent \$16.9 billion over the last 10 years to build new schools and deliver school upgrades.⁶⁵ The Government’s investment in increasing the educator workforce has also contributed to lower student-teacher ratios.⁶⁶

FINDING 31: In 2023 Victoria had the second-lowest student-teacher ratio of any Australian jurisdiction. This is due to several factors, including the construction of new schools and school upgrades, and growth in the education workforce.

⁶⁴ Ibid., p. 3.

⁶⁵ Hon Ben Carroll MP, *Maintenance Boost for 78 Victorian Schools*, media release, 6 November 2024.

⁶⁶ Ms Andrea Del Monaco, Deputy Secretary, Schools Workforce, Department of Education, *Transcript of evidence*, p. 10.

4.8 Key issue—Cost of living supports for students

One of DE's objectives is to 'provide equitable and inclusive schooling to all Victorian students', which includes providing support for disadvantaged students.⁶⁷ The 2023–24 Budget provided several supports for students that were discussed in the context of cost of living supports during the hearings.⁶⁸ The 2023–24 Budget provided \$105.5 million in the *Providing Victorian students with the essentials to support their engagement in learning* four-year initiative, which included funding for the School Breakfast Club program, the Affordable School Uniforms program, and the Glasses for Kids program. The Budget also provided \$15.4 million over four years for *Free period products in all government schools*.⁶⁹

In 2023–24:

- meals were delivered by the School Breakfast Club through approximately 1,000 participating schools⁷⁰
- the Affordable School Uniforms program approved applications from 87,000 students and supplied 232,000 items of clothing and educational resources to students between June 2023 and June 2024⁷¹
- the Glasses for Kids program conducted 3,800 screenings and provided 960 pairs of glasses between June 2023 and June 2024⁷²
- the Free Period Products in Government Schools initiative, established in 2019, has delivered over 10 million products to government schools since its inception.⁷³

While the School Breakfast Club, the Affordable School Uniforms, and the Glasses for Kids programs had stated outputs for 2023–24, they had no associated performance measures. As such, it is difficult to measure their contribution to DE's objectives.⁷⁴ With a lack of specific targets for the programs, it is also difficult to understand how well the programs respond to need. As stated in Section 4.6, outputs presented in isolation do not readily contribute to a comprehensive picture of progress.

67 Department of Education, *Annual Report 2023–24*, p. 34.

68 Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, pp. 17–18.

69 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 11–12, 16.

70 Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education, *Transcript of evidence*, pp. 17–18.

71 Department of Education, *Annual Report 2023–24*, p. 12.

72 Ibid.; Glasses for Kids, *Program Impact*, 2024, <<https://glassesforkids.com.au/program-impact>> accessed 28 November 2024.

73 Department of Education, *Annual Report 2023–24*, p. 12.

74 The *Free Period Products in Government Schools* initiative is an exception to this—while it does not have performance measures, the Government committed to placing free period products in every government school, and it has. Source: Victorian Government, *Free period products in all government schools*, 21 November 2024, <<https://www.vic.gov.au/free-period-products-all-government-schools>> accessed 31 January 2025.

FINDING 32: Disadvantaged students have benefitted from programs supported in the 2023–24 Budget, including the School Breakfast Club program, the Affordable School Uniforms program, the Glasses for Kids program, and Free period products in all government schools.

RECOMMENDATION 12: The Department of Education include performance measures in the next budget for programs that support socially disadvantaged students, such as the School Breakfast Club program, the Affordable School Uniforms program, and the Glasses for Kids program.

Chapter 5

Department of Justice and Community Safety

5.1 Overview

The Department of Justice and Community Safety (DJCS) delivers justice and community safety services in Victoria by providing policy and operational management. DJCS manages the development and implementation of a range of laws, regulations and policy across its portfolio areas and ensures all elements of the justice and community safety system are working efficiently and effectively.¹

DJCS's vision is:

a trusted justice and community safety system that works together to build a just, safe, and resilient Victoria.²

In 2023–24 DJCS's objectives are:

- ensuring community safety through policing, law enforcement and crime prevention activities
- reducing 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.³

1 Department of Justice and Community Safety, *Annual Report 2023–24*, Melbourne, 2024, p. 2.

2 Ibid.

3 Ibid., p. 12.

5.2 Outcomes and challenges

In response to the Committee questionnaire, DJCS identified its programs that delivered the most important outcomes in the community and its least performing programs in 2023–24. Victoria Police declined to provide a response to this question, as ‘it was not possible to quantify and compare the ‘importance’ of outcomes in the community achieved by different programs’ since all delivered programs ‘have specific outcomes but also contribute to the broader community safety objective’.⁴

DJCS’ programs that delivered the most important outcomes included:

- transitioning to a new primary health care model across all public prisons including introducing an Aboriginal health workforce and providing more than 1,000 Aboriginal health checks to support culturally responsive care⁵
- supporting more than 4,300 households and over 13,000 calls for information and referrals to the 1800 Emergency Recovery Hotline through the Flood Recovery Support Program. Over 2,000 people received assistance to find suitable emergency or temporary accommodation and 35 local councils established physical Recovery Hubs in 2023–24⁶
- commencing the Distracted Driver and Seatbelt Program from 1 July 2023. In the first month of operation 6,113 infringement notices were issued: 3,296 portable device offences, 2,720 seatbelt offences and 97 unregistered vehicle offences.⁷

DJCS also identified programs that did not deliver their planned outcomes and key challenges faced by the department. These included:

- limited provision of caravans on flood affected properties through the Homes at Home Program. DJCS advised that by the time of its launch, fewer people needed the support of the program, which allowed for access by up to 120 households in the financial year⁸
- failure to meet liquor licensing inspection and enforcement targets. DJCS reported 3,167 inspections (5,400 target). Additionally, 76% of high-harm liquor breaches resulted in regulatory action (95% target) due to delays between breach detection, investigation and finalisation of regulatory action. Measures regarding liquor regulation performance are discussed further in Section 5.8.⁹

⁴ Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 13 November 2024, pp. 30, 36.

⁵ *Ibid.*, p. 26; Department of Justice and Community Safety, *Annual Report 2023–24*, pp. 3, 5.

⁶ Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 28–39; Department of Justice and Community Safety, *Annual Report 2023–24*, p. 3.

⁷ Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 30.

⁸ *Ibid.*, p. 31.

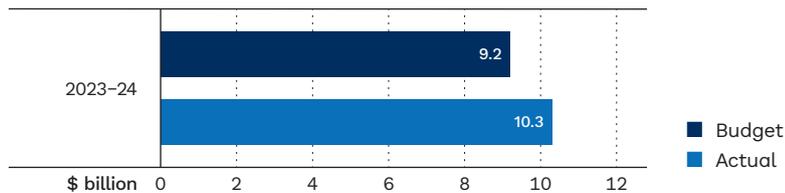
⁹ *Ibid.*, pp. 34–35.

5.3 Financial analysis

5.3.1 Output expenditure

In 2023–24 DJCS's original budget was \$9.2 billion. Actual expenditure for the year was \$10.3 billion, representing a variance of 11.4% (\$1.1 billion).¹⁰

Figure 5.1 In 2023–24 the Department of Justice and Community Safety exceeded its original budget by 11.4%



Source: Department of Justice and Community Safety, *Annual Report 2023–24*, Melbourne, 2024, pp. 43–64.

The variance between the estimated and actual expenditure in 2023–24 was primarily due to overspends in the following outputs:

- The Emergency Management Capability output recorded an overspend of 30.8% (\$532.5 million), primarily due to implementation of the Emergency Management Operational Communication Program and moving service coordination from Ambulance Victoria to Triple Zero Victoria (TZV). Additional spending included support for Fire Rescue Victoria (FRV), the Country Fire Authority's (CFA) digital radio upgrade, Fiskville remediation and emergency events.¹¹
- The Advocacy, Human Rights and Victim Support output recorded an overspend of 152% (\$178.9 million) due to adjustments for the Historical Forced Adoption Redress Scheme and increased costs for the National Redress Scheme for institutional child sexual abuse.¹²
- The Racing, Gambling, Liquor and Casino Regulation output recorded an overspend of 70.7% (\$88.5 million) to support Harness Racing Victoria.¹³

¹⁰ Department of Justice and Community Safety, *Annual Report 2023–24*, pp. 43–64.

¹¹ *Ibid.*, p. 48.

¹² *Ibid.*, p. 61.

¹³ *Ibid.*, p. 64.

5.3.2 Revenue and expenses

Revenue

DJCS's actual output appropriations grew by 1.4% (\$137 million) to \$9.9 billion in 2023–24 compared to the previous year.¹⁴ Compared to its budget, DJCS' actual output appropriations in 2023–24 was 9.9% (\$899.1 million) higher. This was due to additional revenue allocated to:

- support FRV
- implement the Historical Forced Adoption Redress Scheme
- assist Harness Racing Victoria's operations and debt repayment
- support Victoria Police, primarily for frontline officers and operations.¹⁵

In 2023–24 actual expenditure was higher than the budgeted amount for a majority of revenue streams, with:

- Special appropriations 12.7% (\$8.2 million) higher than budgeted due to the previous year's Commonwealth funding being accessed for the Family, Domestic and Sexual Violence Support, Australian Fire Danger Rating System implementation, emergency management sector reform and increased costs of the National Redress Scheme for institutional child sexual abuse.¹⁶
- Grants 105.3% (\$77.1 million) higher than the budgeted amount due to unexpected grants received post-2023–24 Budget to support emergency services, road safety, and emergency management communications programs. Grants included one-off funding from the Department of the Prime Minister and Cabinet for the 2024 ASEAN Summit and from the Australian Criminal Intelligence Commission and funding received by Victoria Police.¹⁷

Expenses

DJCS's employee benefits increased from \$4.7 billion in 2022–23 to \$4.9 billion in 2023–24. This was due to higher employee expenses at Victoria Police due to the 2019 Enterprise Bargaining Agreement, WorkCover costs and additional resources from the *Increasing policing capacity to meet current and future demand* initiative. The initiative allowed Victoria Police to increase frontline policing.¹⁸

¹⁴ Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 86.

¹⁵ *Ibid.*, p. 90.

¹⁶ *Ibid.*, p. 91.

¹⁷ *Ibid.*, p. 93.

¹⁸ *Ibid.*, p. 95.

DJCS spending on contractors including labour hire decreased by 23.3% (\$63 million) to \$207 million in 2023–24. The decline follows higher 2022–23 costs due to Victoria's flood response and immediate recovery.¹⁹ Victoria Police's spending on contractors increased by 29.1% (\$46.6 million) due to IT/communications costs associated with the Service Delivery Transformation program. Key services include the Police Assistance Line, upgrades to Victoria Police's systems and Frontline Technology and the Embedded Youth Outreach Program.²⁰

In 2023–24 DJCS realised combined savings of \$22 million by reducing consultancy, labour hire, and professional services, and reducing roles in policy, communications, stakeholder engagement and business support. This led to a reduced scope of work and some project cessation.²¹

Overall financial performance

Table 5.1 summarises DJCS's financial performance in 2023–24.

Table 5.1 In 2023–24 the Department of Justice and Community Safety's income exceeded its expenses by \$38 million

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	9,227	10,289	11.5
Expenses from transactions	9,200	10,252	11.4
Net result	26	38	46.2

Source: Department of Justice and Community Safety, *Annual Report 2023–24*, Melbourne, 2024, p. 131.

5.3.3 Treasurer's Advances

In 2023–24 DJCS received \$483 million in Treasurer's Advance (TA) payments and \$550.5 million in central contingencies.²²

To support Harness Racing Victoria \$52.5 million in TA payments and \$10.1 million in contingency was provided in 2023–24. This funding was required to prevent insolvency and implement measures to improve financial sustainability. DJCS did not provide a rationale for why funding was accessed via both budget supplementation streams for the same purpose.²³ Similarly, \$92.5 million in TAs and \$228.7 million in contingency was provided to support Emergency Services Organisations including the CFA's Digital Radio Upgrade, Life Saving Victoria, FRV, VicSES fleet rectification and budget supplementation to the CFA for unexpected costs associated with major events.²⁴

¹⁹ Ibid., p. 102.

²⁰ Ibid., pp. 103–104.

²¹ Ibid., p. 98.

²² Ibid., pp. 44, 61.

²³ Ibid., pp. 40, 55.

²⁴ Ibid., pp. 37, 54.

In 2023–24, Victoria Police received a \$246 million contingency payment to support its operations and resources,²⁵ following TA payments provided for the same purpose in 2021–22 (\$219.7 million) and 2022–23 (\$205.3 million).²⁶ Victoria Police advised this funding was used to ensure a safe environment in Victoria by delivering effective policing and law enforcement services.²⁷

During the hearings the Chief Commissioner of Victoria Police advised that TAs had been used for a number of years while Victoria Police determined its appropriate budget level for its operations. Additionally, the TA provided in 2023–24 was used to fund increased public order response, and to cover the cost of overtime due to staff vacancies.²⁸

5.4 Performance information

DJCS achieved or exceeded 51% of its performance measures published in its 2023–24 Annual Report. The department did not meet 11% of its measures within a 5% variance and did not meet 38% of its measures exceeding a 5% variance.

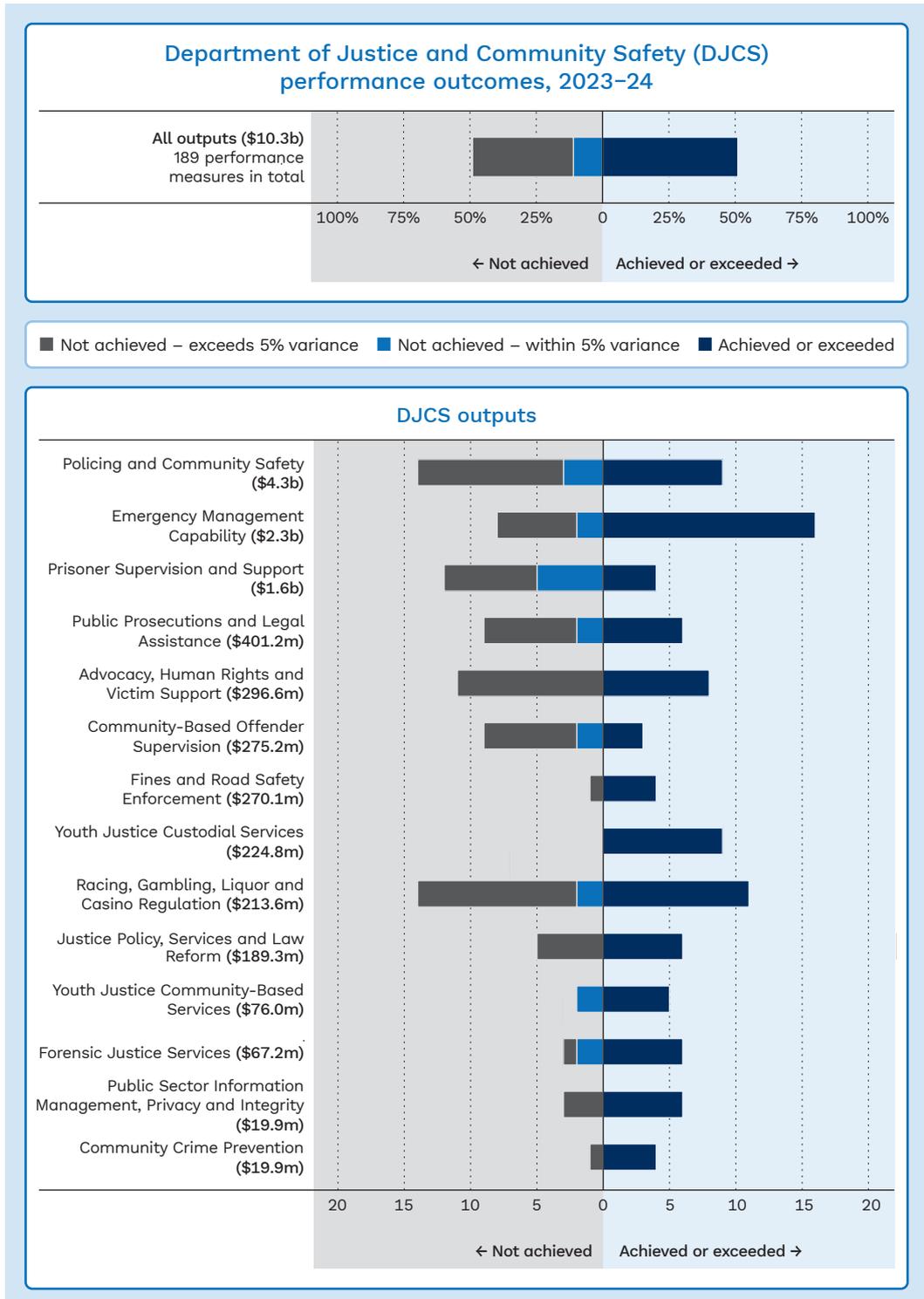
²⁵ Ibid., p. 54.

²⁶ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 202–22 and 2022–23 Financial and Performance Outcomes*, March 2024, p. 93.

²⁷ Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 52.

²⁸ Mr Shane Patton, Chief Commissioner of Victoria Police, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, p. 14.

Figure 5.2 The Department of Justice and Community Safety achieved 51% of its performance measures in 2023–24



Source: Department of Justice and Community Safety, *Annual Report 2023–24*, Melbourne, 2024, pp. 43–64.

The lowest performing measures included:

- The target for the number of young people completing a planned exit through the *Youth Crime Prevention Program* was not met by 29.8% (92 against a target of 131) as the initial program set-up was more labour intensive than expected, resulting in a slower initial uptake. Many participants also required a deeper level of engagement which delayed their successful planned exit.²⁹ DJCS advised that program participants saw a 29% decrease in offending and a 24% in reduction in the severity of offending.³⁰
- The target for number of persons reported injured in vehicle collisions was exceeded by 26% (18,902 against a target of 15,000) and the target for the number of road fatalities in vehicle collisions was exceeded by 45% (290 against a target of 200). DJCS linked unmet targets to population growth and increased vehicle use, noting Victoria's road trauma patterns mirror trends in other Australian jurisdictions.³¹

Some measures have not met their targets over a number of years. Since 2019–2020 DJCS has not met a series of policing and community safety quality and timeliness performance measures. These include:

- the proportion of the community who have confidence in police
- the percentage of the community satisfied with policing services
- crimes against the person resolved within 30 days
- property crime resolved within 30 days.³²

Since 2017–2018, DJCS has not met a series of community-based offender supervision quality performance measures. These included the percentage of community work hours ordered that are completed, successful completion of reparation orders and successful completion of supervised court orders.³³

In 2023–24 DJCS was unable to report on two FRV performance measures due to a cyber-attack FRV experienced in 2022.³⁴ DJCS advised for both measures that:

The result for this measure is not available as the Fire Rescue Victoria (FRV) component is dependent on Australian Incident Reporting System (AIRS) fields and cannot be alternately sourced. Due to a cyber-attack experienced by FRV in 2022, AIRS has not been available to record information required for this measure.³⁵

²⁹ Department of Justice and Community Safety, *Annual Report 2023–24*, p. 45.

³⁰ Mr Bill Kyriakopoulos, Deputy Secretary, Police, Racing, Victims and Coordination, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, p. 36.

³¹ Department of Justice and Community Safety, *Annual Report 2023–24*, p. 43.

³² Ibid., pp. 44–45; Department of Treasury and Finance, *Departmental performance measures—Department of Justice and Community Safety*, 2024, <<https://www.dtf.vic.gov.au/departmental-statements>> accessed 3 February 2025.

³³ Department of Justice and Community Safety, *Annual Report 2023–24*, pp. 44–45; Department of Treasury and Finance, *Departmental performance measures—Department of Justice and Community Safety*.

³⁴ Including whether FRV had met the emergency response time benchmark for road accident rescues and the percentage of structural fires confined to the room of origin. Source: Department of Justice and Community Safety, *Annual Report 2023–24*, pp. 47, 48.

³⁵ Ibid.

5.5 Key issue—Police response to mental health crises

The final report of the *Royal Commission into Victoria's Mental Health System* was tabled in Parliament in February 2021. It found that the mental health system in Victoria was not equipped to handle mental health emergencies, with police often responding first, leading to increased trauma and stigma for people in crisis.³⁶ From 2014 to 2018 there was a 10.9% average annual increase in police attendances for mental health events and a 13% rise in hospital transfers, compared to a 3.6% increase for non-mental health events and general population growth of 2.3%.³⁷

Recommendation 10 of the Royal Commission outlined three actions for the Victorian Government to improve support for people in mental health emergencies:

1. ensure that emergency services responses to mental health crises are led by health professionals rather than police (by end of 2024)
2. revise protocols and practices to ensure Triple Zero mental health crises are directed to Ambulance Victoria and paramedics lead joint responses with police, supported by mental health clinicians (by end of 2022)
3. ensure 24/7 telehealth clinical assistance for ambulance and police responding to mental health crises, in-person co-responders in high-volume areas and diversion and referral services for non-emergency Triple Zero callers (by end of 2024).³⁸

While the Department of Health (DH) is leading implementation of these recommendations, there is a clear impact on Victoria Police's work.

The 2021–22 Budget allocated \$7.5 million over two years to establish Ambulance Victoria as the lead responder to Triple Zero calls primarily concerning mental illness or psychological distress, including program design and development.³⁹ Project teams were set to be created across:

- Ambulance Victoria to enable rapid mental health assessment and provide point of call and in the field support by mental health nurses and referral service staff, including enhanced training for the frontline workforce
- the Emergency Services Telecommunications Authority (ESTA) to undertake planning and design work to direct timely and appropriate support

³⁶ Department of Health, *Recommendation 10: Supporting responses from emergency services to mental health crises*, 9 December 2024, <<https://www.health.vic.gov.au/mental-health-reform/recommendation-10>> accessed 17 December 2024.

³⁷ More recent data is not publicly available. The quoted data was provided during the Royal Commission into Victoria's Mental Health System. Source: Royal Commission into Victoria's Mental Health System, *Final Report Volume 1: A new approach to mental health and wellbeing in Victoria*, Melbourne, 2021, p. 515.

³⁸ Royal Commission into the Victoria's Mental Health System, *Final Report: Summary and recommendations*, Melbourne, 2021, p. 46; Professor Euan Wallace, Secretary, Department of Health, 2024–25 Financial and Performance Outcomes hearing, response to questions on notice, received 3 December 2024, p. 10.

³⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, pp. 8, 12.

- Victoria Police to increase technology capabilities and implement recommendations from the Police, Ambulance and Clinical Early Response (PACER)⁴⁰ evaluation
- DH to oversee project governance and implementation, including setting up control groups and steering committees.⁴¹

The Royal Commission reported that in 2017–18 Victoria Police attended approximately 43,000 events relating to a mental health crisis, equal to a police response every 12 minutes on average.⁴² By 2023–24 this increased to approximately 54,400 callouts, or one every 10 minutes. In 26,943 cases two or more vehicles were dispatched and 10,600 people were taken into the care and control of police for transfer to a mental health assessment.⁴³

Although Victoria Police is ‘not directly responsible’ for any Royal Commission recommendations, the Chief Commissioner emphasised the desire for a health-led response to mental health incidents.⁴⁴

FINDING 33: Victoria Police mental health crisis responses increased by 26.5% from 2017–18 to 2023–24. This equates to a call out every 10 minutes compared to every 12 minutes in 2017–18.

On 31 October 2024 the Mental Health and Wellbeing Commission reported that all three actions related to Recommendation 10 were still in progress. A summary for all Royal Commission recommendations was provided to the Committee, but no reasons for delays in implementation was provided as requested.⁴⁵ As such, it is not clear why the implementation of Recommendation 10 has been delayed.

An additional \$11.5 million was allocated in the 2023–24 Budget to DJCS and DH over two years for planning and designing services to shift the response to mental health crises from a police-led approach to a health-led approach.⁴⁶ DJCS did not provide further information in its Annual Report or response to the Committee’s questionnaire regarding what activities had been undertaken with this funding. DH advised that there is no agreed timeframe on the full implementation of the health-led response to mental health emergencies.⁴⁷

40 The Australian ‘PACER’ model (Police, Ambulance and Clinician Early Response) teams a mental health clinician, police officer and paramedic together in a first responder vehicle to attend mental health crises. Such models are operational in several Australian states, including parts of Victoria, Queensland and New South Wales. Source: The Allen Consulting Group, *Police, Ambulance and Clinical Early Response (PACER) Evaluation: Final Report*, Melbourne, April 2012.

41 Department of Health, *Recommendation 10: Supporting responses from emergency services to mental health crises*.

42 Royal Commission into the Victoria’s Mental Health System, *Final Report Volume 1: A new approach to mental health and wellbeing in Victoria*, Melbourne, 2021, p. 515.

43 Public Accounts and Estimates Committee, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, p. 35.

44 Mr Shane Patton, Chief Commissioner of Victoria Police, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, p. 35.

45 Professor Euan Wallace, Secretary, Department of Health, response to questions on notice, pp. 10–14.

46 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, pp. 55, 64, 82, 84.

47 Ms Katherine Whetton, Deputy Secretary, Mental Health and Wellbeing, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 22 November 2024, *Transcript of evidence*, p. 35.

On 4 December 2024 the *Next Phase* report, which details the next steps for implementing the Royal Commission’s recommendations, highlighted mental health crisis response reforms and the shift towards a health-led response model as a focus. The report identified the continued design and phased implementation of enhanced crisis responses as a key initiative to progress between 2025 to 2027.⁴⁸ This indicates that Recommendation 10 will be fully implemented by 2027, three years later than planned.

FINDING 34: Recommendation 10 of the Royal Commission into the Mental Health System relating to responses to mental health crises has not been implemented within the original timeframe set out in the Commission’s final report. There is no explicit timeframe for full implementation of a health-led, rather than police-led, response to mental health emergencies.

RECOMMENDATION 13: The Department of Justice and Community Safety, Victoria Police and the Department of Health consider separately reporting on the specific actions taken to progress implementation of Recommendation 10 of the Royal Commission into Victoria’s Mental Health System, including revised implementation dates and reasons for any delays.

RECOMMENDATION 14: The Department of Justice and Community Safety and Victoria Police report on its websites the activities undertaken and the outcomes achieved as a result of funding received in the 2021–22 and 2023–24 Budgets to progress Recommendation 10 of the Royal Commission into Victoria’s Mental Health System.

5.6 Key issue—Support for police mental health and wellbeing

Victoria Police’s *Strategy 2023–2028* sets the organisation’s direction and focus. Its strategic priorities emphasise that mental health support is key to ensuring Victoria Police staff are safe and well supported, with the strategy aiming to improve mental health support.⁴⁹

Between 2016 and 2017 Victoria Police took several significant steps regarding the mental health and wellbeing of its workforce. It conducted an independent review into the mental health and wellbeing of its employees, which made recommendations and highlighted a need for Victoria Police to eradicate the stigma related to mental illness and seeking help for mental health issues.⁵⁰

⁴⁸ Department of Health, *The next phase of reform: Mental health and wellbeing in Victoria*, Melbourne, 2024, p. 46.

⁴⁹ Victoria Police, *Keeping you safe: Victoria Police Strategy 2023–2028*, Melbourne, 2023, pp. 1, 11.

⁵⁰ Victoria Police, *Mental health strategy*, 2021, <<https://www.police.vic.gov.au/mental-health-strategy>> accessed 14 January 2025.

In 2017 Victoria Police released the findings of an independent survey undertaken by Monash University, which outlined what type of mental health issues impact Victoria Police employees.⁵¹ It found that Victoria Police staff are regularly exposed to traumatic events, which can impact mental health and wellbeing.⁵² It also found that depression rates, suicidal ideation and exposure to traumatic events were higher among survey respondents than in the general Victorian community.⁵³

In 2017, guided by the conclusions of these previous reports, Victoria Police released its *Mental Health Strategy and Action Plan 2017–2020*.⁵⁴ The strategy outlined areas of focus to promote and protect the mental health of Victoria Police employees.⁵⁵ While Victoria Police undertook a number of reviews in the mid-2010s and had an action plan in place to 2020 to improve mental health support for staff, this plan is dated and has not been replaced.⁵⁶

RECOMMENDATION 15: Victoria Police update its *Mental Health Strategy and Wellbeing Action Plan*. The update should align with Victoria Police’s other current corporate documents and strategies and should reflect the outcomes and achievements of the *Mental Health Strategy and Wellbeing Action Plan 2017–20*.

Victoria Police has taken positive steps in relation to employee mental health and wellbeing. More information could be published by Victoria Police about how this work has continued, what programs are in place and how effective mental health and wellbeing supports that Victoria Police provide to its employees are.

During the hearings the Chief Commissioner highlighted the activities undertaken in 2023–24 to support police officer mental health and wellbeing.⁵⁷ This included \$4 million allocated to embed and expand the BlueHub mental health service to improve access to support for police experiencing trauma-related mental health injuries.⁵⁸

Established as a three-year pilot program in 2020, BlueHub launched in 2021 and is the primary contact point for psychological assessment and tailored trauma and mental health treatment for Victoria Police members by connecting them to clinicians with expertise working with police.⁵⁹

51 Ibid.

52 Monash University, Accident Research Centre, *2017 Victoria Police: Mental Health and Wellbeing Study Summary*, Melbourne, 2017, p. 3.

53 Ibid., pp. 5–6.

54 Ibid., p. 8; Victoria Police, *Mental health strategy*.

55 Victoria Police, *Mental Health Strategy and Wellbeing Action Plan 2017–2020*, Melbourne, 2017, p. 10.

56 Victoria Police, *Mental health strategy*.

57 Mr Shane Patton, Chief Commissioner of Victoria Police, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, pp. 14–15.

58 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 82, 86.

59 Mr Shane Patton, Chief Commissioner of Victoria Police, *Transcript of evidence*, p. 39.

The Chief Commissioner also advised of other activities related to mental health and wellbeing support for Victoria Police members. This includes programs such as an evidence-based support group for working police members displaying mild or moderate symptoms of work-related trauma, a reflective practice injury management consultant program and health and wellbeing hubs.⁶⁰ The hubs offer specialised services delivered by mental health clinicians, injury management consultants, psychosocial health and safety consultants, educators, career advisers and human resource business partners.⁶¹

The Chief Commissioner highlighted the launch of two health and wellbeing hubs in the eastern and western region, noting that since establishment Victoria Police has seen a 12.6% improvement to the 26-week return-to-work performance for mental injuries in the eastern region.⁶² Victoria Police did not provide further data to demonstrate how successful mental health and wellbeing initiatives had been in other regions of Victoria, including the western region. Further, Victoria Police's Annual Report does not provide data on the impact of its work in improving the mental health and wellbeing of its members and it has not yet developed relevant budget paper performance measures.

RECOMMENDATION 16: Victoria Police publicly report on the outputs and outcomes of its mental health and wellbeing programs for its members, through its annual reports or future budget papers.

Victoria Police also reported that its annual WorkCover Premium rate increased from 5.56% to 8.59% in 2023–24, which it acknowledged was predominantly due to the rise in mental health claim injuries.⁶³ Victoria Police reported an 8.5% decrease in occupational health and safety reported incidents from the previous year to 3,809 in 2023–24, but it is unclear what proportion of these incidents relate to a mental health injury.⁶⁴

RECOMMENDATION 17: Victoria Police disaggregate its annual report data relating to the number of occupational health and safety reported incidents to identify the proportion attributed to a mental health injury.

5.7 Key issue—Support for women's safety

In 2023–24 DJCS worked across several initiatives to support women's safety. The 2023–24 Budget allocated \$22.8 million to Victoria Police and Victoria Legal Aid to provide specialist police prosecutors and legal support at Specialist Family

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² Ibid.

⁶³ The WorkCover scheme-wide rate also increased from 1.27% to 1.80% which has impacted employers across Victoria. Overall, the WorkCover Premium additional cost for Victoria Police was \$87.3 million in 2023–24. Source: Victoria Police, *Annual Report 2023–24*, p. 19.

⁶⁴ Ibid., pp. 11–12.

Violence Courts.⁶⁵ DJCS advised it received \$570,000 in the 2024–25 Budget for training staff in the Family Violence Multi-Agency Risk Assessment Framework (MARAM). The MARAM framework aims to enhance risk assessment and management in family violence cases. Informed by the Victorian Law Reform Commission’s report, the Government also plans to introduce legislation in 2025 to change family violence intervention orders and the stalking offence.⁶⁶

Victoria Police highlighted the success of the screening and assessment for stalking and harassment pilot program, which draws on a Dutch model to improve police training and risk assessment for stalking incidents. The program trained 424 frontline and specialist police officers and its assessment method was applied 180 times. The Swinburne University Centre for Forensic Behavioural Science is evaluating the program, based on interviews and focus groups with participating police, specialist stalking advisers and stalking victims who had contact with Victoria Police during the pilot period.⁶⁷ Originally estimated at \$68,860, the final cost of the evaluation is \$157,199. DJCS advised the evaluation outcomes will not be publicly released.⁶⁸ It was due for completion by the end of 2024.⁶⁹

5.8 Key issue—Performance of Liquor Control Victoria

Following the Royal Commission into the Casino Operator and Licence in 2021, the Victorian Commission for Gambling and Liquor Regulation was disbanded and divided into two single-purpose regulatory bodies covering gambling and liquor regulation separately.⁷⁰ The Victorian Liquor Commission (VLC) was established in July 2022. It is an independent body that makes decisions about liquor licensing and other matters. Liquor Control Victoria (LCV) provides administrative support for the VLC and is a business unit within DJCS.⁷¹

In 2022–23, the first full year since the establishment of VLC and LCV, DJCS did not meet several performance measures on liquor regulation. These measures included those related to liquor inspections, client satisfaction and timeliness of client services calls.⁷² The results for several of these performance measures continued to decline in 2023–24.

⁶⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 83, 89.

⁶⁶ Ms Marian Chapman, Deputy Secretary, Courts, Civil and Criminal Law, Department of Justice and Community Safety, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, pp. 18–19.

⁶⁷ Mr Shane Patton, Chief Commissioner of Victoria Police, *Transcript of evidence*, pp. 19–20.

⁶⁸ Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 155.

⁶⁹ Ms Marian Chapman, Deputy Secretary, Courts, Civil and Criminal Law, Department of Justice and Community Safety, *Transcript of evidence*, pp. 18–19.

⁷⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Gambling and liquor regulation in Victoria: a follow up of three auditor-General reports*, November 2023, p. 1.

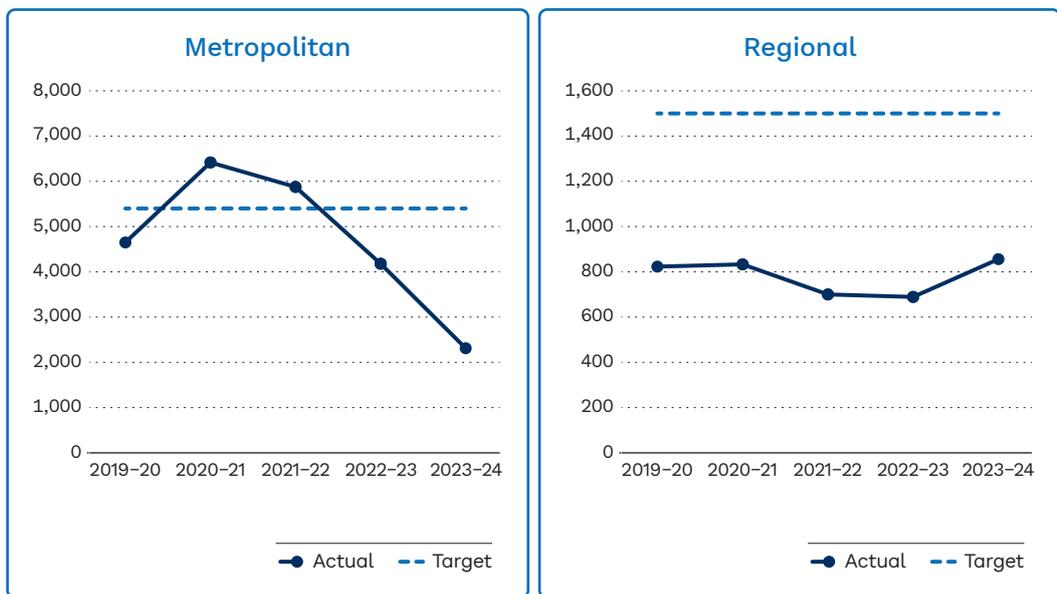
⁷¹ Department of Justice and Community Safety, *Annual Report 2023–24*, p. 13.

⁷² Department of Justice and Community Safety, *Annual Report 2022–23*, Melbourne, 2023, pp. 59–61.

Liquor inspections are a key function of LCV and are essential to harm minimisation, as they are used to ensure licence holders are following the law. In 2023–24 LCV issued 236 infringements for breaches such as supplying liquor to intoxicated people, supplying liquor to minors, permitting minors to be on licensed premises and selling liquor without a licence.⁷³

In 2023–24 LCV conducted 2,311 inspections in metropolitan areas compared to a target of 5,400. In regional areas, LCV conducted 856 inspections compared to a target of 1,500. Regional inspections increased compared to 2022–23, while metropolitan inspections declined significantly, as demonstrated in Figure 5.3.⁷⁴

Figure 5.3 Liquor inspections in metropolitan and regional Victoria did not meet targets in 2023–24



Source: Department of Justice and Community Safety, *Annual Report 2023–24*, Melbourne, 2024, pp. 63, 64; Department of Treasury and Finance, *Departmental performance measures: Department of Justice and Community Safety, 2024*, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 4 February 2025.

In its Annual Report DJCS advised that it did not meet its targets for inspections in 2023–24 due to ‘a focus on high harm venues, times, and locations.’ The Annual Report does not clarify how this affected the number of inspections undertaken.⁷⁵ However, DJCS’ response to the Committee’s questionnaire listed several challenges impacting LCV’s achievement of inspections targets, including:

- an increased focus on harm minimisation and risk, increasing the use of prosecution as an enforcement option. This required significant resources and time

⁷³ Mr Toby Hemming, Deputy Secretary, Integrity, Regulation and Legal Services, Department of Justice and Community Safety, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, p. 29.

⁷⁴ Department of Justice and Community Safety, *Annual Report 2023–24*, pp. 63, 64.

⁷⁵ Ibid.

- the need for increased training for team members
- recruitment challenges in attracting and retaining suitable candidates.⁷⁶

In 2022–23 DJCS advised it did not meet its targets for the same two measures due to high vacancy rates.⁷⁷ DJCS told the Committee that LCV had increased its staffing in 2023–24 to 100 people—the most staff it has ever had.⁷⁸ However DJCS' questionnaire response demonstrates that recruitment continued to affect LCV's inspection work in 2023–24.

FINDING 35: In 2023–24 the Department of Justice and Community Safety and Liquor Control Victoria did not meet targets associated with liquor inspections in metropolitan and regional Victoria. Performance for metropolitan inspections declined from 2022–23.

RECOMMENDATION 18: In future annual reports the Department of Justice and Community Safety include comprehensive reasons to explain why it does not meet any of its performance measures by a variance of over 5%.

In 2023–24 performance related to licensing applications and client satisfaction declined when compared to 2022–23, as shown in the table below.

Table 5.2 The Department of Justice and Community Safety did not meet performance measures related to licensing applications and client satisfaction in 2023–24

Performance Measure	Year	Target (%)	Actual (%)	Explanation for not meeting measure in 2023–24
Liquor licensing client satisfaction	2022–23	85	81	The actual is lower than the target due to increased demand.
	2023–24	85	78	
Liquor approvals, licence, permit applications and variations completed within set time	2022–23	85	90.5	The actual is lower than the target as it captures the finalisation of old and incomplete applications which were not being progressed by the applicant.
	2023–24	85	71.2	

Source: Department of Justice and Community Safety, *Annual Report 2022–23*, Melbourne, 2023, pp. 60, 61; Department of Justice and Community Safety, *Annual Report 2023–24*, Melbourne, 2024, p. 65.

⁷⁶ Department of Justice and Community Safety, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 34.

⁷⁷ Department of Justice and Community Safety, *Annual Report 2022–23*, pp. 59–60.

⁷⁸ Mr Toby Hemming, Deputy Secretary, Integrity, Regulation and Legal Services, Department of Justice and Community Safety, *Transcript of evidence*, p. 27.

DJCS advised the Committee that annual surveys of licensees determine client satisfaction. In 2023–24 the reasons for declined satisfaction included liquor licence processing times, clarity of communications and wait times for those who contacted LCV by phone and email.⁷⁹ The department added that LCV had taken steps to improve client satisfaction. These included increasing staffing, gradually implementing digital forms for licence applications and renewals and in the future, improving the DJCS and LCV website so answers to common questions are easy to find.⁸⁰

While timeliness related to licence approvals declined in 2023–24, DJCS added that increased staffing allowed for faster approvals, declining from a 68-day average in 2023–24 to a 41-day average between July and November 2024.⁸¹ The financial year to date percentage of approvals and applications undertaken within the set time had also improved to 86.5% at the time of the hearings in November 2024. However, DJCS added that this was an aggregate average for all licence types and permanent liquor licences were taking an average of 84 days for approval.⁸²

FINDING 36: In 2023–24 the Department of Justice and Community Safety’s performance on liquor licensing client satisfaction and licence and permit approvals declined compared to 2022–23. It has taken several steps to improve performance including increased staffing and improving digital and website services.

5.9 Key issue—Triple Zero Victoria computer-aided dispatch

The Committee has previously detailed the Government’s emergency call taking reform, beginning in late 2022.⁸³ In December 2023 TZV replaced ESTA as the emergency or 000 call handling agency.⁸⁴ This change was preceded by several serious issues experienced by ESTA since 2020, including delays in call-taking and ambulance dispatching.⁸⁵

TZV utilises a bespoke computer-aided dispatch (CAD) system for its call-taking and dispatching services.⁸⁶ During the hearings the Committee discussed with departmental representatives an unplanned outage of TZV’s CAD system on 20 November 2024, from 5.30pm to 7.30pm.⁸⁷ Unplanned outages affecting the 000

⁷⁹ Ibid., pp. 27–28.

⁸⁰ Ibid., p. 28.

⁸¹ Ibid., pp. 27–28.

⁸² Ibid., p. 23.

⁸³ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, pp. 103–109.

⁸⁴ Triple Zero Victoria, *Annual Report 2023–24*, Melbourne, 2024, p. 4.

⁸⁵ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, pp. 103–109.

⁸⁶ Inspector-general for Emergency Management, *Review of Victoria’s emergency ambulance call answer performance: COVID-19 pandemic-related 000 demand surge*, Melbourne, September 2022, p. 148.

⁸⁷ Ms Kate Fitzgerald, Deputy Secretary, Emergency Management, Department of Justice and Community Safety, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, p. 4.

CAD system are significant because they may cause delays in dispatching, which could put people's lives at risk. DJCS advised that during this time TZV initiated its business continuity plans to ensure dispatching could still take place, advising such arrangements were 'well practiced...and consistent with other jurisdictions'.⁸⁸ During the unplanned outage TZV received 781 calls for assistance.⁸⁹

TZV's Annual Report 2023–24 notes it did not experience any CAD unplanned outages in 2023–24.⁹⁰ However it did experience other issues outside its control that interrupted its services, including a technical error with Telstra that resulted in call transfer issues in March 2024.⁹¹ TZV does not report on CAD planned or unplanned outages, or other technical issues affecting its services. Given how essential the work of TZV is to the Victorian public and the community's interest in its work, TZV should publish details of technical issues affecting its services in its future annual reports. Doing so will also ensure the public has a better understanding of how frequent technical issues are, their impact, how quickly they are resolved and actions taken to prevent their recurrence.

FINDING 37: Triple Zero Victoria experienced an unplanned outage related to its computer-aided dispatch system on 20 November 2024 for approximately two hours. It utilised business continuity arrangements to ensure it continued delivering its services during the outage.

RECOMMENDATION 19: Triple Zero Victoria publish details of technical issues affecting its call taking and dispatching services in future annual reports.

When asked about the unplanned outage, DJCS advised that ongoing work on a 'next generation CAD system' would result in improved reliability and functionality of TZV's CAD system.⁹² The *Next generation computer aided dispatch system for Triple Zero Victoria* was a line item in the 2023–24 Budget, with no associated funding or completion timeframes specified due to commercial arrangements not being finalised.⁹³ The Budget outlined two core benefits of a new CAD system: an increase in emergency call handling capacity and improvements to operational response times.⁹⁴

TZV advised of its progress on this project in its Annual Report 2023–24. It stated it had worked with the emergency services community to seek input and ensure 'understanding and awareness' about the project. TZV had also started procurement

⁸⁸ Ibid.

⁸⁹ Ms Kate Houghton, Secretary, Department of Justice and Community Safety, 2024–25 Financial and Performance Outcomes hearing, response to questions on notice, received 29 November 2024, p. 1.

⁹⁰ Triple Zero Victoria, *Annual Report 2023–24*, p. 35.

⁹¹ Telstra, *Triple Zero issue: what happened, how we responded, and what's next*, 1 March 2024, <<https://www.telstra.com.au/exchange/triple-zero-issue>> accessed 13 January 2025.

⁹² Ms Kate Fitzgerald, Deputy Secretary, Emergency Management, Department of Justice and Community Safety, *Transcript of evidence*, p. 4.

⁹³ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 92.

⁹⁴ Ibid.

activities to test the market and identify a vendor.⁹⁵ DJCS advised that a service delivery partner had been appointed to help identify and appoint a vendor.⁹⁶ On 28 November 2024 the Emergency Services Minister announced a consortium of Hexagon and Fujitsu had been appointed as the vendors of the project, at a cost of \$253 million.⁹⁷

Information Technology Centre projects can be difficult and costly for governments to complete and can often run into delays and unforeseen hurdles. Considering the significance of the project, it will be important for DJCS to clearly and transparently report on its progress.

FINDING 38: Hexagon and Fujitsu have been announced as the vendors of the Triple Zero Victoria *Next generation computer aided dispatch system* project, at a cost of \$253 million.

RECOMMENDATION 20: The Department of Justice and Community Safety and the Department of Treasury and Finance publish the details of the *Next generation computer aided dispatch system for Triple Zero Victoria*, including the expected delivery quarter and year, in Budget Paper No. 5 of the 2025–26 Budget.

⁹⁵ Triple Zero Victoria, *Annual Report 2023–24*, p. 35.

⁹⁶ Ms Kate Fitzgerald, Deputy Secretary, Emergency Management, Department of Justice and Community Safety, *Transcript of evidence*, p. 4.

⁹⁷ Victoria, Legislative Council, 28 November 2024, *Parliamentary debates*, p. 4729.

Chapter 6

Department of Transport and Planning

6.1 Overview

The Department of Transport and Planning (DTP) combines transport, planning, land, precinct and policy functions in one department with the vision 'to create thriving places and connected communities'.¹

DTP's objectives are:

- reliable and people-focused transport services
- safe and well-regulated transport services
- a safe and quality-built environment
- effective management of Victoria's land assets
- build prosperous and connected communities.²

6.2 Outcomes and challenges

DTP was asked to identify its programs that delivered the most important outcomes in the community, programs that did not deliver their planned outcomes and the key challenges faced by the department in 2023–24.

DTP listed the progress made across the Big Build projects as an important outcome.³ In terms of the status of these major projects:

- The first test trains went through the twin tunnels of the Metro Tunnel project in July 2023, with further region to region testing starting later that year.⁴ Two of the five underground stations, Arden and Parkville, were completed over 2023–24 and are now undergoing testing. The underground train line is due to open in 2025.⁵

1 Department of Transport and Planning, *Annual Report 2023–24*, Melbourne, 2024, p. 8.

2 Ibid., p. 38.

3 Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 12 November 2024, pp. 12–13.

4 Ibid., p. 12.

5 Ibid.

- The last nine of the 70 High Capacity Metro trains (\$2.3 billion total estimated investment [TEI]) were delivered in 2023–24 and are scheduled to run through the Metro Tunnel.⁶ These trains currently deliver services on the Cranbourne and Pakenham lines, along with some Sunbury line services.⁷
- Fit out works for both tunnels of the West Gate Tunnel project (\$10.2 billion TEI). This includes the completion of adjoining road works such as extra lanes on the West Gate Freeway between Millers Road and the M80 Ring Road interchange and the installation of 84 spans of elevated road over Footscray Road.⁸ The West Gate Tunnel is expected to open in 2025.⁹
- Ten level crossings were removed and five new stations were completed as part of the Level Crossing Removal Project (\$15.3 billion combined TEI across two projects).¹⁰
- Contracts were signed for the Eastern Freeway and M80 Ring Road upgrades, including new lanes and traffic management systems as part of the wider North East Link project (\$12.2 billion combined TEI across three projects).¹¹
- The tunnelling contract for the Cheltenham to Glen Waverley section of the Suburban Rail Loop (SRL) East (\$30–\$34 billion TEI) was awarded to Suburban Connect in December 2023 and preparation work continued across SRL East sites (Cheltenham, Heatherton, Clayton, Monash, Glen Waverley, Burwood and Box Hill).¹²

FINDING 39: Completion-related work for the *Metro Tunnel*, *70 High Capacity Metro Trains* and *West Gate Tunnel* Big Build projects took place over 2023–24.

DTP did not outline the five least performing programs that did not deliver their planned outcomes in the community in 2023–24. Instead, DTP listed the five poorest performing performance measures, explaining the variances between the actual results and targets.¹³ This included:

- poor ‘Public transport services – patronage’ performance measure results, particularly for metropolitan train and tram services, reflecting passenger patronage levels that remained below pre-pandemic levels.¹⁴ This is discussed further in Section 6.6

6 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25 State Capital Program*, Melbourne, 2024, p. 184.

7 Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 14.

8 Ibid, p. 13; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 83.

9 Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 13.

10 Ibid.; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 79.

11 Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 14; Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 81.

12 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, p. 187; Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 13.

13 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. 112–113; Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 22–23.

14 Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 22.

- ‘Average number of days to issue an archaeological consent’, which was 55% below the target due to high volumes and complexity of applications, as well as resource constraints causing delays¹⁵
- the ‘Revenue from sale of surplus Government land including Crown land’ performance measure was 67.7% under the target reflecting a reduced number of sales on the open market while an Institutional Investor review took place. A planned sale of properties to Homes Victoria was also postponed so they could be included in the Social Housing Growth Fund Program.¹⁶

Key challenges faced by DTP over 2023–24 were:

- increasing housing supply and enhancing transport infrastructure to meet the needs of Victoria’s growing population. The department explained that it is addressing this challenge by introducing a series of planning and land use changes. These include delivering on Victoria’s Housing Statement, further planning reforms to boost housing supply including reviewing and rewriting the Planning and Environment Act 1987 and making it easier to build small secondary dwellings¹⁷
- providing transport and planning services, and flood and storm recovery in times of climate change and increasing extreme weather events.¹⁸ In response to these challenges, DTP is in the process of transitioning 4,500 diesel buses to zero emissions buses (ZEB) technology.¹⁹ In 2023–24 the first electric bus depot was completed as part of the ZEB trial.²⁰ In terms of extreme weather events, flood response-related road maintenance was undertaken over 2023–24 including rectification works to over 30 landslip sites.²¹

FINDING 40: Population growth and climate change were key challenges for the Department of Transport and Planning in 2023–24.

6.3 Financial analysis

6.3.1 Output expenditure

In 2023–24 DTP’s budget was \$8 billion. Actual expenditure for the year was \$9.3 billion, representing a variance of 15.5%.²²

¹⁵ Ibid., p. 23.

¹⁶ Ibid.

¹⁷ Ibid., p. 187.

¹⁸ Ibid., pp. 188–189.

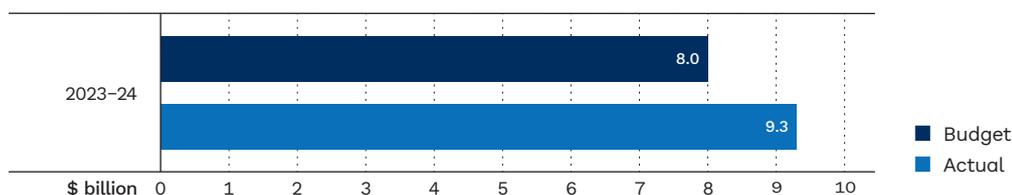
¹⁹ Ibid., p. 188.

²⁰ Ibid.

²¹ Ibid., p. 189.

²² Department of Transport and Planning, *Annual Report 2023–24*, pp. 43–70.

Figure 6.1 In 2023–24 the Department of Transport and Planning exceeded its original budget by 15.5%



Source: Department of Transport and Planning, *Annual Report 2023–24*, Melbourne, 2024, pp. 43–70.

6.3.2 Revenue and expenses

Revenue

DTP received \$6.7 billion in output appropriations in 2023–24, \$1.3 billion or 25.3% more than the original budget of \$5.3 billion. The additional revenue reflects:

- extra contingency funding from the Department of Treasury and Finance (DTF) for major projects including the Level Crossing Removal Project, the Suburban Rail Loop and Metro Tunnel
- payments made to address the ongoing impacts of COVID-19 on the transport network resulting in lower fare revenue due to declining patronage
- funding made available in December 2023 for flood recovery works to the road network.²³

Grant funding was \$319 million, 34.6% less than the budget. This was due to lower Transport Accident Commission grant funding as a result of delays to the Commonwealth Road Safety program.²⁴ However DTP received additional revenue ‘reflecting adjustments for actual costs under the Metro Tunnel service concession arrangement’ totalling \$740 million.²⁵

FINDING 41: Contingency payments made by the Department of Treasury and Finance to the Department of Transport and Planning for major projects, lower fare revenue for the transport network and flood recovery funding meant the department received \$1.3 billion or 25.3% more than the originally budgeted \$5.3 billion in output appropriations in 2023–24.

Expenses

Other operating expenses was DTP’s largest expenses item, at \$5.5 billion, 18.1% (\$840 million) over the original budget figure, again reflecting the extra output appropriations made to the department for major projects, the transport network and

²³ Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 135.

²⁴ *Ibid.*, p. 136.

²⁵ *Ibid.*

flood recovery.²⁶ Depreciation and amortisation expenses were 14.4% (\$155 million) higher than the budget of \$1.1 billion reflecting a revaluation of roads and road infrastructure assets that resulted in an increase to the asset base.²⁷

Employee expenses for DTP were \$893 million, 40.2% (\$256 million) greater than the Budget. DTP again explained the difference between the budgeted and actual figures as reflecting ‘the release of funding from DTF central contingency relating to the capital program for various projects including the *Suburban Rail Loop* and the *Level Crossing Removal Project*, within existing total estimated investment (TEI) budgets’.²⁸

FINDING 42: The extra contingency payments made to the department in 2023–24 resulted in higher-than-expected other operating expenses and employee expenses.

6.3.3 Savings

As part of the 2023–24 Budget’s *COVID Debt Repayment Plan - Savings and Efficiencies*, DTP made \$60.8 million in savings. DTP explained that savings were made through ‘a range of measures that do not impact frontline services, including reduced corporate and back-office functions, reduced functions from non-essential programs and the consolidation of functions following recent machinery of government changes’.²⁹

While DTP did not make any large staffing adjustments in 2023–24, its Annual Report noted the intent of the savings plan was to ‘rebalance the public service, bringing it back towards pre-pandemic levels, while maintaining the frontline services that matter to Victorians’. In April 2024, the department finalised a new structure.³⁰

The Committee notes this restructure has not resulted in any notable staff reductions, and that staffing levels increased at the major infrastructure project delivery organisations (Victorian Infrastructure Delivery Authority and the Suburban Rail Loop Authority [SRLA]) in 2023–24, assisted by the additional contingency funding received.³¹

FINDING 43: The Department of Transport and Planning made \$60.8 million in savings as part of the 2023–24 Budget’s *COVID Debt Repayment Plan - Savings and Efficiencies*, as well as finalising a restructure in April 2024. The savings and restructure did not result in a net reduction in staffing levels.

²⁶ Ibid., p. 140.

²⁷ Ibid., p. 139.

²⁸ Ibid.

²⁹ Ibid., p. 141.

³⁰ Department of Transport and Planning, *Annual Report 2023–24*, p. 15.

³¹ Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 139, 154–155.

Overall financial performance

Table 6.1 summarises DTP's financial performance in 2023–24.

Table 6.1 In 2023–24 the Department of Transport and Planning's income exceeded its expenses by \$257 million

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	8,019.4	9,506.2	18.5
Expenses from transactions	7,886.4	9,249.2	17.3
Net result	133.0	257.0	93.2

Source: Department of Transport and Planning, *2023–24 Annual Report*, Melbourne, 2024, pp. 203–204.

6.3.4 Treasurer's Advances

As discussed in Chapter Two, DTP received the largest total of Treasurer's Advance (TA) payments in 2023–24 out of all the departments:

- \$317.3 million for post-budget decisions and
- \$5.5 billion of contingency releases.³²

The TA payments made for the *Level Crossing Removal Project* (\$2.2 billion) and *Suburban Rail Loop East – Main Works* (\$1.4 billion) were the highest payments made for single projects or initiatives across all of the departments in 2023–24.³³

FINDING 44: In 2023–24 the Department of Transport and Planning received \$5.5 billion in contingency releases through Treasurer's Advances.

The Committee asked the Secretary of DTP why TA contingency releases were used as the funding mechanism for major projects.³⁴ The Secretary advised that 'Treasurer's advances are used to release funding to the department' and once a TEI figure for a project has been established, 'a significant part of that TEI goes into Treasury'.³⁵ It was further explained that 'when we [the department] report back to cabinet committee on meeting milestones they release that money across to the department'.³⁶ Overall, TA contingency release payments were characterised by the Secretary as 'a mechanism that Treasury use to manage cash and expenditure from the departments'.³⁷

³² Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, pp. 161–165.

³³ Ibid.

³⁴ Public Accounts and Estimates Committee, *2023–24 Financial and Performance Outcomes hearing*, Melbourne, 20 November 2024, *Transcript of evidence*, p. 16.

³⁵ Mr Paul Younis, Secretary, Department of Transport and Planning, *2023–24 Financial and Performance Outcomes hearing*, Melbourne, 20 November 2024, *Transcript of evidence*, p. 16.

³⁶ Ibid.

³⁷ Ibid.

This process was confirmed by the DTF Secretary who noted ‘... the money then passes out of that central contingency to the department as they bring forward their plans. We might do a high-value, high-risk assessment with them, we might do our various gateway reviews, and then, in accordance with the milestones of that capital program, we then pass the money to them as those milestones are achieved and we grow more confident in the estimates’.³⁸

Ultimately, the DTF Secretary noted this TA contingency payment process:

... is a better way of budgeting and making sure that we are keeping control of the capital expenditure.... it is a good idea to pass payments to departments based on milestones and based on the confidence that we have got in the estimates of the capital program. [And] because there had been some confusion in past years about all of the Treasurer’s advances being effectively reported in the same way, whether they were a Treasurer’s advance that was effectively for out-of-cycle spending or a Treasurer’s advance that was coming out of contingency for capital cost control measures, we deliberately, as an additional measure of transparency, in this year’s end-of-year financial report separated those two out to avoid any misunderstandings.³⁹

The Committee queried whether this payment system is more transparent given central contingencies, while listed as an overall figure in the budget papers, are not listed as individual items. DTF officials pointed to the information provided in Budget Paper No. 4 regarding individual capital project spending.⁴⁰

FINDING 45: Treasurer’s Advance payments that are contingency releases for Department of Transport and Planning capital projects are not included in departmental appropriation estimates contained in the budget estimates and therefore are not subject to parliamentary oversight and scrutiny prior to the start of the financial year.

The Committee acknowledges that setting aside a central contingency to provide DTF the opportunity to scrutinise major projects before allocating funds to a department appears to be a reasonable approach to funding major projects. However, the Committee notes that the Government already maintains the ‘general government asset contingencies’.

6.3.5 Capital expenditure

DTP had the highest capital expenditure for the general government sector (GGS), with \$9.2 billion for new projects and \$33.8 billion for existing projects budgeted over

³⁸ Mr Chris Barrett, Secretary, Department of Treasury and Finance, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, pp. 3–4.

³⁹ *Ibid.*, p. 4.

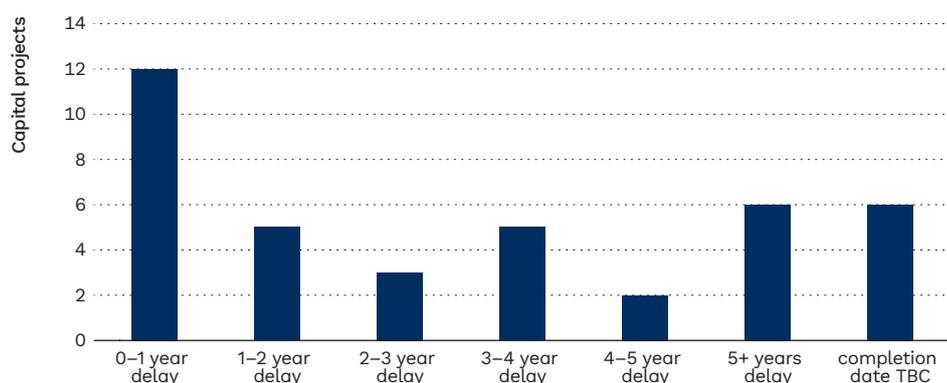
⁴⁰ Public Accounts and Estimates Committee, Department of Treasury and Finance, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, p. 4.

2023–24.⁴¹ DTP's total budgeted capital expenditure for 2023–24 (\$43 billion) was 60.7% of the GGS's budgeted capital expenditure.⁴²

In its questionnaire response DTP identified 19 projects where the TEI changed after the project's initial funding announcement.⁴³

DTP identified 39 existing projects where the estimated completion date was revised. This included six projects that did not have a completion date when they were first announced.⁴⁴

Figure 6.2 Length of Department of Transport and Planning capital project delays in 2023–24



Source: Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 12 November 2024, pp. 59–67.

Figure 6.2 shows the number of projects delayed by length of time. Some explanations provided for the delays on several projects were detailed and location-specific. For example:

- the Building Our Regions (regional various) project, originally scheduled to be completed by quarter 4, 2017–18, but now expected to be completed by quarter 4, 2024–25, was held up 'due to an updated schedule in the Midland Highway Duplication Planning between Geelong and Bannockburn, as well as the Corridor Study for Phillip Island transport network improvements'
- the Regional road upgrades 2017–18 (regional various) project, originally scheduled to be completed in quarter 4 2019–20 but now revised to quarter 1 2025–26 experienced 'delays in service relocation works on Barwon Heads and Staceys Road'

⁴¹ Department of Treasury and Finance, *Budget Paper No. 4: 2023–24 State Capital Program*, Melbourne, 2023, p. 31

⁴² *Ibid.*, pp. 30–31.

⁴³ Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 52–59.

⁴⁴ *Ibid.*, pp. 59–67.

- the Urban Congestion Package – Canterbury Road upgrade (metropolitan various) project rescheduled for completion from quarter 1 2019–20 to quarter 4 2024–25 was delayed due to ‘land acquisition, stakeholder engagement, and planning processes’.⁴⁵

However, the department also gave more general explanations for other projects experiencing delays greater than five years. These included:

- the Kilmore Bypass (Kilmore) project had an 11-year completion delay from quarter 4 of 2014–15, to quarter 4 of 2025–26. The workplan is stated as now being ‘in line with a revised project schedule’
- the Port-Rail shuttle (metropolitan intermodal system) (metropolitan various), had a five-and-a-half-year delay, from quarter 2, 2017–18 to quarter 4 2024–25, as a result of ‘delays caused by latent conditions’
- the Strong bridges, stronger economy (statewide) project had a revised completion date from quarter 4 2019–20 to quarter 2, 2025–26 is ‘in line with a revised project schedule’.⁴⁶

FINDING 46: The reasons provided by the Department of Transport and Planning for capital works project completion delays (greater than five years) varied widely in its questionnaire response.

RECOMMENDATION 21: The Department of Transport and Planning provide more detail around the causes of delays (greater than five years) to capital projects in its Committee questionnaire responses.

DTP reported that 13 projects were completed in 2023–24, with six taking between two to four years longer than the original project completion date. Ten of the completed projects were delivered under the original TEI.⁴⁷

6.4 Performance information

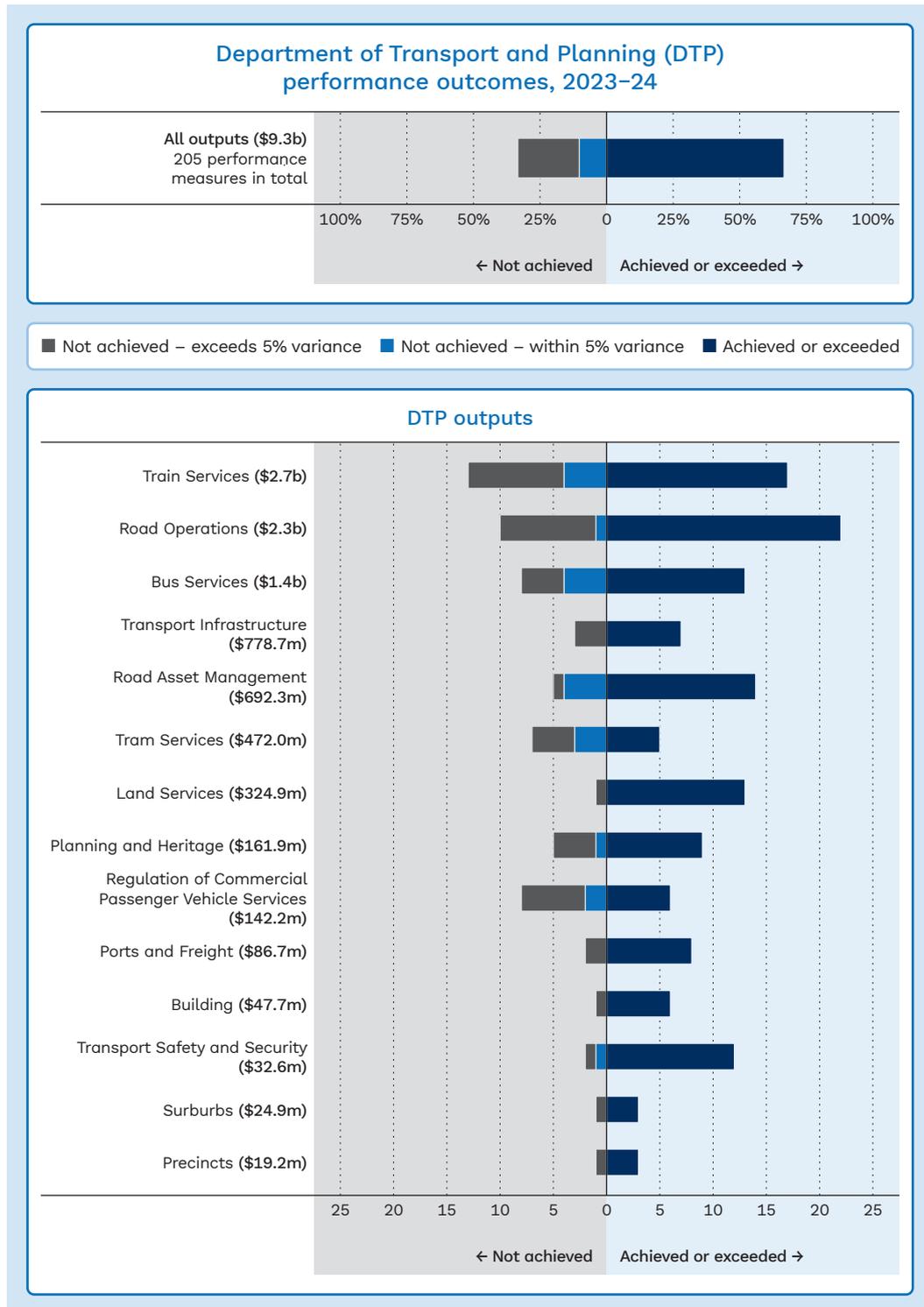
In 2023–24 DTP achieved or exceeded 67% of its 205 performance measures published in its Annual Report. The department did not meet 23% of its measures exceeding a 5% variance.

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Ibid., pp. 74–85.

Figure 6.3 The Department of Transport and Planning achieved 67% of its performance measures in 2023–24



Source: Department of Transport and Planning, *Annual Report 2023–24*, Melbourne, 2024, pp. 42–70.

6.4.1 Performance indicators for Victoria's major infrastructure projects

The Transport Infrastructure output falls under DTP's key objective of building prosperous and connected communities. In its Annual Report, the department lists the progress made over 2023–24 for eight key asset initiatives and projects as evidence of progress towards this objective.⁴⁸ The 'improved transport and planning' objective has eight indicators shown in Table 6.2.

Table 6.2 Improved transport and planning objective indicators results 2020–21 to 2023–24

Indicator	Unit of measure	2020–21	2021–22	2022–23	2023–24
Transport projects completed within agreed scope, timeframes and budget	per cent	76	84	73	62
Level Crossing Removal Project – milestones delivered in accordance with agreed budget and timelines	per cent	100	100	100	100
Metro Tunnel Project – milestone delivered in accordance with agreed budget and timelines	per cent	100	100	100	100
North East Link Project – milestones delivered in accordance with agreed budget and timelines	per cent	100	100	100	100
West Gate Tunnel Project – milestones delivered in accordance with agreed budget and timelines	per cent	100	100	100	100
Major road improvement projects completed: metropolitan	number	1	2	3	1
Major road improvement projects completed: regional	number	0	1	2	2
Road network permitted for use by high productivity freight vehicles	per cent	27	34	34	34

Source: Department of Transport and Planning, *Annual Report 2023–24*, Melbourne, 2024, p. 67.

All but two of these objective indicators ('Transport projects completed within agreed scope, timeframes and budget' and 'Road network permitted for use by high productivity freight vehicles') are also budget paper performance measures for the Transport Infrastructure output.⁴⁹

⁴⁸ The projects are: Level Crossing Removal Project, Metro Tunnel Project, North East Link program, Regional Rail Revival program, Suburban Rail Loop, West Gate Tunnel project, Precincts and the Growing Suburbs Fund. Source: Department of Transport and Planning, *Annual Report 2023–24*, pp. 65–66.

⁴⁹ In addition to four major Big Build projects in Table 6.2, there is also another 'milestones delivered in accordance with agreed budget and timelines' performance measure and target (100%) for the Suburban Rail Loop. Source: Department of Transport and Planning, *Annual Report 2023–24*, pp. 69–70.

According to the Annual Report, these major projects have all achieved 100% for the ‘milestones delivered in accordance with agreed budget and timelines’ measures.⁵⁰ This is in spite of publicly announced TEI variations and changes to project completion dates in the budget papers and in information provided by the department to the Committee in its questionnaire responses.

For example, the *West Gate Tunnel Project*’s TEI increased by \$4.7 billion as a result of the settlement reached by the State, Transurban and the Design and Construction contractor in 2021 (2020–21 financial year), yet the project still achieved 100% that year for ‘milestones delivered in accordance with agreed budget and timelines’.⁵¹

A previous Committee discussed the limitations of ‘milestones delivered in accordance with agreed budget and timelines’ as a performance measure and recommended DTP (then the Department of Transport) ‘review the quality performance measures in the Transport Infrastructure output to ensure they provide transparent insights on the progress of funded projects against original timelines and budgets’.⁵² The Government supported this in-principle.⁵³ More recently the Committee raised the same issue in relation to the *Level Crossing Removal Project* objective indicator at the 2024–25 Budget estimates hearings.⁵⁴

DTP’s questionnaire response advised that the *West Gate Tunnel* and *Metro Tunnel* Big Build projects are now close to completion.⁵⁵ While it may be unnecessary to introduce improved performance measures for the *Metro Tunnel* and *West Gate Tunnel* projects, it would be worthwhile to do so for the ongoing *Suburban Rail Loop*, *North East Link* and *Level Crossing Removal* projects. These three projects have a combined TEI of \$57.5 billion and the earliest current expected completion date for any these projects is the *North East Link* in 2028–29.⁵⁶

FINDING 47: The five major infrastructure projects that form part of the Big Build program (the *Level Crossing Removal*, *Metro Tunnel*, *North East Link*, *West Gate Tunnel* and *Suburban Rail Loop* Projects) all have the same ‘milestones delivered in accordance with agreed budget and timelines’ objective indicator and performance measure. According to the Department of Transport and Planning, they have all fully achieved the target of 100% since 2020–21.

50 Department of Treasury and Finance, *Departmental statements*, 14 October 2024, <<https://www.dtfvic.gov.au/departmental-statements>> accessed 12 December 2024.

51 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, p. 119.

52 Recommendation 28. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Budget Estimates*, October 2019, p. 141.

53 Government of Victoria, Response to the Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Budget Estimates*, 4 August 2020, p. 18.

54 Public Accounts and Estimates Committee, 2024–25 Budget Estimates hearing, Melbourne, 17 May 2024, *Transcript of evidence*, p. 16.

55 Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 12–14.

56 Department of Treasury and Finance, *Budget Paper No. 4: 2024–25*, pp. 79, 81, 187.

RECOMMENDATION 22: The Department of Transport and Planning create new performance measures for the *Suburban Rail Loop*, *North East Link* and *Level Crossing Removal* projects that provide transparent insights on their progress against their original completion dates and budgets published in the budget papers.

6.5 Key issue—Suburban Rail Loop—East

The *Suburban Rail Loop—East (SRL East)* is the first stage of the wider SRL project and will join Cheltenham to Box Hill, with another four connecting stations (Clayton, Monash, Glen Waverley and Burwood) planned for development. The project is budgeted at \$30 billion to \$34 billion with development, initial and early works anticipated to finish in the first half of 2026.⁵⁷

At the hearings the Committee discussed various elements of the SRL East project with the Department of Premier and Cabinet (DPC), DTF and DTP.

Funding sources for the Suburban Rail Loop—East project

In line with the *SRL East* business case, the Government intends to fund the project from three main sources:

- State government funding via borrowings
- Commonwealth grants
- new funding sources in the form of value capture mechanisms (including proceeds from State-enabled land development).⁵⁸

DPC and DTF officials confirmed the Government's plan to fund the *SRL East* project using these funding sources equally.⁵⁹ The payments made via the State Budget and other TA and contingency payments made over 2023–24 for the project are outlined above.

The Commonwealth Government to-date has committed \$2.2 billion in funding.⁶⁰ The Committee was informed that discussions are taking place between the State and Commonwealth Governments for the remaining \$10–11 billion allocated via Commonwealth grants.⁶¹ DTP also confirmed the Project Proposal Report for the

⁵⁷ Ibid., p. 187.

⁵⁸ Suburban Rail Loop Authority, *Suburban Rail Loop — Business and Investment Case*, Melbourne, 2021, pp. 353–355.

⁵⁹ Mr Chris Barrett, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 14; Mr Jason Loos, Deputy Secretary, Economic Policy and State Productivity, Department of Treasury and Finance, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 19 November 2024, *Transcript of evidence*, p. 3.

⁶⁰ Commonwealth of Australia, *Budget Paper No. 2, Budget Measures October 2022–23*, Canberra, 2022, p. 160; Commonwealth of Australia, *Budget Paper No. 3, Federal Financial Relations*, Canberra, 2022, p. 58.

⁶¹ Mr Jason Loos, Deputy Secretary, Economic Policy and State Productivity, Department of Treasury and Finance, *Transcript of evidence*, p. 3.

Commonwealth's \$2.2 billion grant has been submitted for consideration, although the department did not make this available to the Committee on the basis that it contains commercially sensitive information.⁶²

In terms of the funding provided by the value capture process, while DTF officials confirmed they have 'done the work, including modelling on a number of options for Government', the public release of this information is a matter for the Government.⁶³ DPC officials also noted 'a lot of work has happened on value capture and government decisions are to be made on that'.⁶⁴ The Committee asked DTF officials if there were plans for Deakin and Monash Universities to make value capture payments due to their close proximity to two of the stations. The department was unable to confirm this, saying advice was before the Government on the matter.⁶⁵

FINDING 48: The three sources of funding for the *Suburban Rail Loop – East* project, State Government borrowings, Commonwealth grant funding and value capture mechanisms, are expected to each contribute a third of the anticipated \$30 to \$34 billion total estimated investment.

FINDING 49: \$2.2 billion of the expected \$10 to 11 billion has been committed to the *Suburban Rail Loop – East* project from the Commonwealth Government. Further information and modelling on value capture mechanisms has been prepared by the Department of Treasury and Finance and is before the Victorian Government for consideration.

Suburban Rail Loop—East Precinct 'Visions'

In late 2024, the Government released 'Vision' documents containing draft conceptual precinct and structural plans for the six *SRL East* precincts.⁶⁶ The Visions are a result of the community feedback and engagements process that took place over 2023–24.⁶⁷

⁶² Mr Paul Younis, Secretary, Department of Transport and Planning, 2023–24 Financial and Performance Outcomes hearing, response to question on notice received 28 November 2024, p. 5.

⁶³ Ms Kate O'Sullivan, Deputy Secretary, Infrastructure, Department of Treasury and Finance, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, p. 13.

⁶⁴ Mr Jason Loos, Deputy Secretary, Economic Policy and State Productivity, Department of Treasury and Finance, *Transcript of evidence*, p. 3.

⁶⁵ Public Accounts and Estimates Committee, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, p. 14.

⁶⁶ Victoria's Big Build: Suburban Rail Loop, *Strategy, Final Visions*, 12 December 2024, <<https://bigbuild.vic.gov.au/library/suburban-rail-loop/planning/final-visions>> accessed 2 January 2025.

⁶⁷ Mr Frankie Carroll, Chief Executive Officer, Suburban Rail Loop Authority, Department of Transport and Planning, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, p. 33.

The Committee was told how the SRL project is ‘designed to reshape the spatial framework of Melbourne’ as:

relying on a hub-and-spoke mechanism to grow our city, either being build in the centre or build around the edges, is not a sustainable model with the growth patterns ... What SRL does is connect up all of those important elements.⁶⁸

The documents contain forecasts for population and employment based on consolidating housing and employment activity within these precincts.

Table 6.3 As a result of the Suburban Rail Loop—East project, the number of people living and working in the six precincts is projected to increase rapidly in coming decades

	Precinct	2021	2041	Average annual growth rate 2021–2041 (%)	2050s projection
Employment	Cheltenham	10,600	22,600	3.9	36,500
	Clayton	12,700	29,600	4.3	57,500
	Monash	20,900	50,000	4.5	162,000
	Glen Waverley	7,800	13,800	2.9	25,000
	Burwood	9,000	16,900	3.2	24,000
	Box Hill	18,500	38,700	3.8	48,500
Population	Cheltenham	9,400	20,800	4.1	52,500
	Clayton	14,200	26,900	3.2	55,000
	Monash	10,000	17,900	3.0	30,500
	Glen Waverley	7,100	11,700	2.5	46,500
	Burwood	5,300	11,100	3.8	44,500
	Box Hill	13,300	29,100	4.0	77,500

Source: Suburban Rail Loop Authority, *The Vision for Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill documents*, Melbourne, December 2024, p. 5.

Table 6.3 shows the population of SRL precincts Cheltenham, Burwood and Box Hill are expected to double over the 20 years to 2041, propelled by the concentration of new housing around the SRL stations. Forecasts to the 2050s estimate the population for five of the six precincts could be more than double the 2041 population estimate, with the population of the Box Hill precinct growing to 77,500.⁶⁹ Overall, it is estimated an additional 70,000 dwellings could be built around the six precincts.⁷⁰

⁶⁸ Mr Paul Younis, Secretary, Department of Transport and Planning, *Transcript of evidence*, p. 33.

⁶⁹ Suburban Rail Loop Authority, *The Vision for Cheltenham, Clayton, Monash, Glen Waverley, Burwood and Box Hill documents*, Melbourne, December 2024, p. 5.

⁷⁰ Mr Frankie Carroll, Chief Executive Officer, Suburban Rail Loop Authority, Department of Transport and Planning, *Transcript of evidence*, p. 34.

In terms of the proposed form of extra housing, the department outlined that the plans are for ‘mix-and-match dwellings’ that will reflect ‘affordable dwellings, [and] dwellings for people at different stages in life’.⁷¹ The Chief Executive Officer of the SRLA explained that while there are plans for high rise development within the precinct core (over and adjacent to the actual station), this ‘will quickly actually taper out to about six storeys’.⁷²

In 2025, the Government plans to conduct public hearings chaired by an advisory Committee on the draft conceptual precinct and structural plans contained in the Vision documents, as well as possible planning scheme amendments.⁷³

FINDING 50: The Government forecasts high levels of population growth around the six *Suburban Rail Loop – East* precincts, driven by high rise development within the core precinct area, and then tapering out to six storey development. At this stage the Government estimates there could be a potential 70,000 extra dwellings.

6.6 Key issue—Changing transport patterns

Performance targets relating to public transport patronage were not met in 2023–24. Patronage levels were in line with other post COVID-19 years. In 2023–24:

- metropolitan bus passengers were 5.7% below the target
- regional bus passengers were 7% below target
- metropolitan train passengers were 26.9% below the target
- tram passengers were 25.6% below the target.⁷⁴

The only passenger transport performance result that came within 5% of the target was regional train and coach services, where 23.8 million passengers were carried.⁷⁵

⁷¹ Ibid.

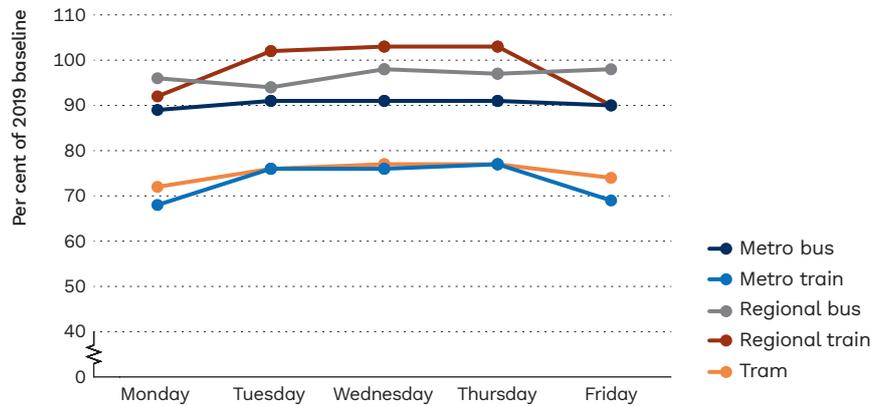
⁷² Ibid.

⁷³ Suburban Rail Loop Authority, *The Vision for Cheltenham*, Melbourne, December 2024, p. 9.

⁷⁴ Department of Transport and Planning, *Annual Report 2023–24*, pp. 42–43, 49, 51.

⁷⁵ Ibid., p. 49.

Figure 6.4 Weekday metropolitan public transport patronage remains down on pre-COVID levels



Source: Mr Paul Younis, Secretary, Department of Transport and Planning, *2023–24 Financial and Performance Outcomes hearings presentation: Transport and Planning*, supplementary evidence received 20 November 2024, p. 3.

Figure 6.4 shows the decline of Monday and Friday commuter public transport patronage, which the department noted is generally 8% below the average transport use levels for the remaining three days of the working week.⁷⁶ DTP advised that such travel to work patterns are now entrenched, and travel patterns across the day have also changed. A study of Flinders Street station commuter traffic in November 2024 found that while typical ‘peak hour’ commuter traffic was only 57% of the pre COVID-19 peak, the non-peak, daytime level was 70%, indicating that ‘there is a lot more travel during the day’.⁷⁷

DTP informed the Committee that weekend travel across the metropolitan train and tram network has increased considerably.⁷⁸ Overall, these changing travel patterns have been consistent with changing travel patterns ‘across the western world’.⁷⁹

The State continues to experience the financial impact of these changing travel patterns. In 2023–24 the department received a \$269 million Section 35 payment under the *COVID-19 Impacts on the Transport Network* program to offset lower patronage and farebox revenue for train and tram operators and continue service delivery.⁸⁰

FINDING 51: In metropolitan Melbourne, Monday, Friday and peak hour commuter public transport usage has declined. Off-peak and weekend travel has increased. This is in line with post-pandemic travel patterns across the western world.

⁷⁶ Mr Paul Younis, Secretary, Department of Transport and Planning, *2023–24 Financial and Performance Outcomes hearings presentation: Transport and Planning*, supplementary evidence received 20 November 2024, p. 3.

⁷⁷ Mr Paul Younis, Secretary, Department of Transport and Planning, *Transcript of evidence*, p. 2.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Department of Transport and Planning, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 32–33.

Other travel modes such as buses were less affected by the COVID-19 pandemic. Figure 6.4 shows that metropolitan weekday bus travel is around 90% of the pre COVID-19 level. The Committee heard about the implementation of the Bus Plan, which has introduced nearly 4,600 additional services to the network since its introduction in June 2021.⁸¹

FINDING 52: The implementation of the Bus Plan has introduced an extra 4,600 additional services since June 2021. Bus travel has been less affected by the pandemic.

Regional train patronage however has gone against the trend of falling patronage post COVID-19. Regional train patronage has increased since the introduction of the fare cap in March 2023 that set daily regional train fares to metropolitan prices.⁸² Since the fare cap was implemented, regional rail patronage has increased 7% over the pre-COVID level. DTP described Victoria's regional rail transport as 'one of the fastest growing railways in Australia'.⁸³

DTP advised the extra regional rail patronage reflects greater use of weekend and inter-peak travel, suggesting greater 'discretionary' travel as the fares have fallen.⁸⁴ DTP's 2023–24 Annual Report states that regional Victorians saved \$50 million in fares in the first 12 months of the fare cap.⁸⁵

FINDING 53: Regional public transport patronage increased in Victoria in 2023–24, reflecting the impact of the fare cap introduced in March 2023.

⁸¹ Mr William Tieppo, Deputy Secretary, Network Design and Integration, Department of Transport and Planning, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, p. 12; Department of Transport and Planning, *Annual Report 2023–24*, p. 39.

⁸² Hon Daniel Andrews MP, Premier, *Countdown to cheaper regional fares for Victorians*, media release, 21 March 2023.

⁸³ Mr Matt Carrick, Chief Executive Officer, V/Line, Department of Transport and Planning, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 20 November 2024, *Transcript of evidence*, p. 13.

⁸⁴ Ibid.

⁸⁵ Department of Transport and Planning, *Annual Report 2023–24*, p. 39.

Chapter 7

Department of Families, Fairness and Housing

7.1 Overview

The Department of Families, Fairness and Housing's (DFFH) mission is 'safe and supported children and families, in stable homes and strong communities'.¹ In 2023–24 DFFH had 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.²

7.2 Outcomes and challenges

DFFH was asked by the Committee to identify its programs that delivered the most important outcomes in the community, programs that did not deliver their planned outcomes and the key challenges faced by the department in 2023–24. DFFH advised that the programs that delivered the most important outcomes included:

- From Homelessness to a Home: in 2023–24, 95% of Homelessness to a Home clients were in stable housing on 1 September 2023, and 93% of clients sustained tenancies for more than 12 months. DFFH found there was also a potential \$6.4 to \$7.3 million cost saving compared to standard specialist homelessness service provision over 24 months³
- The Orange Door Network: in 2023–24, the Orange Door supported more than 206,000 Victorians including over 90,000 children. 89% of clients indicated they were satisfied with the Orange Door services, and nearly 77% of risk assessments for child and adult victim survivors of family violence were undertaken within its target of seven days.⁴ This is discussed further in Section 7.6.

1 Department of Families, Fairness and Housing, *Annual Report 2023–24*, Melbourne, 2024, p. 9.

2 Ibid., pp. 23–24.

3 Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 15 November 2024, p. 32.

4 Ibid., pp. 34–35.

Key challenges and programs that did not deliver their planned outcomes in 2023–24 included:

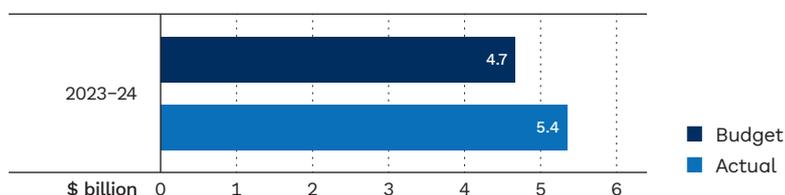
- workforce recruitment and retention within community services: caused by current low unemployment, rapid growth of the sector, high levels of attrition and existing vacancies, and significant health and wellbeing challenges inherent in DFFH's work.⁵ This is discussed further with reference to the Orange Door Network in Section 7.6
- demand for social housing is growing and outstrips supply: caused by the lack of affordable housing, the high demand for social housing, and the cost-of-living crisis⁶
- number of men participating in the Men's Behaviour Change Programs (MBCP): 3,110 men participated in MBCPs against a target of 4,400, representing a variance of 29.3%. MBCPs can only be delivered with full staffing, and DFFH had challenges in workforce recruitment and retention.⁷

7.3 Financial analysis

7.3.1 Output expenditure

In 2023–24 DFFH's budget was \$4.7 billion. Actual expenditure for the year was \$5.4 billion, representing a variance of 14.8% (\$689.6 million).⁸

Figure 7.1 In 2023–24 the Department of Families, Fairness and Housing exceeded its original budget by 14.8%



Source: Department of Families, Fairness and Housing, *Annual Report 2023–24*, Melbourne, 2024, pp. 57–69.

The largest variance was in the Child Protection and Family Services output, which exceeded its budget by 24.3% (\$491 million). DFFH advised this was due to 'insurance claims and premiums as well as expenditure for the Victorian Redress Scheme', which was not included in the budget.⁹ The expenditure for the Victorian Redress Scheme, according to DFFH's response to the Committee's questionnaire, was \$165 million—comprising 33.6% of the total variance in that output.¹⁰

⁵ Ibid., pp. 115–116.

⁶ Ibid., pp. 117–118.

⁷ Ibid., p. 37.

⁸ Department of Families, Fairness and Housing, *Annual Report 2023–24*, pp. 57–69.

⁹ Ibid., p. 59.

¹⁰ Ibid.; Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 66.

The second largest overspend was in the Concessions to Pensioners and Beneficiaries output, which exceeded its budget by 31.5% (\$206.4 million). DFFH advised this was due to 'the Commonwealth National Partnership Energy Bill Relief Fund expenditure'.¹¹

7.3.2 Revenue and expenses

In 2023–24 DFFH's output appropriations increased by 6.7% to \$5.3 billion compared to 2022–23, mainly due to additional funding from the Commonwealth to deliver Energy Bill Relief and the Victorian Redress Scheme.¹²

In 2023–24 DFFH's expenses remained stable compared to the previous year, except for its Other operating expenses, which increased by 23.5% (\$683 million). This increase was due to Government policy commitments including civil claims costs of historical institutional child abuse, the Victorian Redress Scheme and increased contributions from the Commonwealth including the Energy Bill Relief payments.¹³

DFFH's employee benefits were 12.1% (\$87 million) higher than its 2023–24 Budget. This was due to increased funding for recruitment of child protection workers and the cost of voluntary departure packages.¹⁴

As part of the Government's COVID debt repayment plan, DFFH reduced its full-time equivalent (FTE) count by 200 Victorian public service (VPS) employees between 30 June 2023 and 30 June 2024.¹⁵ DFFH stated the reductions were 'designed to avoid impacting frontline services'.¹⁶ Its workforce data shows that the reductions came primarily from VPS3 to VPS6 roles, however DFFH did not report which sectors had a reduced number of roles.¹⁷ Notably, between 30 June 2023 and 30 June 2024 DFFH increased its Child Protection Practitioner employees by 188.9 FTE and its Housing Services employees by 48.1 FTE. As a result, DFFH's overall FTE numbers remained similar to the previous year.¹⁸

FINDING 54: The Department of Families, Fairness and Housing (DFFH) reduced its Victorian public service employees by 200 between 30 June 2023 and 30 June 2024 as part of the Government's *COVID debt repayment plan*. DFFH's overall number of full-time equivalent employees remained stable between June 2023 and June 2024 due to increases in Child Protection Practitioner and Housing Services employees.

¹¹ Department of Families, Fairness and Housing, *Annual Report 2023–24*, p. 69.

¹² Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 65.

¹³ *Ibid.*, p. 68.

¹⁴ *Ibid.*, p. 69.

¹⁵ Department of Families, Fairness and Housing, *Annual Report 2023–24*, p. 24.

¹⁶ *Ibid.*

¹⁷ *Ibid.*, pp. 82–85.

¹⁸ *Ibid.*, pp. 83–85.

7.3.3 Overall financial performance

Table 7.1 summarises DFFH's financial performance in 2023–24.

Table 7.1 In 2023–24 the Department of Families, Fairness and Housing's expenses exceeded its income by \$192 million

Controlled items	Budget (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	4,925	5,399	9.6
Expenses from transactions	4,937	5,590	13.2
Net result	(12)	(192)	1486.2

Source: Department of Families, Fairness and Housing, *Annual Report 2023–24*, Melbourne, 2024, p. 217.

7.3.4 Treasurer's Advances

In 2023–24 DFFH received \$334.6 million in Treasurer's Advances (TAs) for nine initiatives.¹⁹ The Department of Treasury and Finance's (DTF) Financial Report listed ten DFFH initiatives as receiving TAs in 2023–24, totalling \$505.5 million.²⁰ The discrepancy is due to the \$170.7 million *Victorian Redress Scheme for historical abuse and neglect in institutional care* initiative, that DTF classified as a TA.²¹ DFFH classified it as a budget initiative, as it received funding through the 2024–25 Budget (for use in the 2023–24 year).²²

7.4 Performance information

DFFH achieved 64% of its 116 performance measures published in its 2023–24 Annual Report. The department did not meet 13% of its measures within a 5% variance and did not meet 23% of its measures exceeding a 5% variance.²³

¹⁹ Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 38–40.

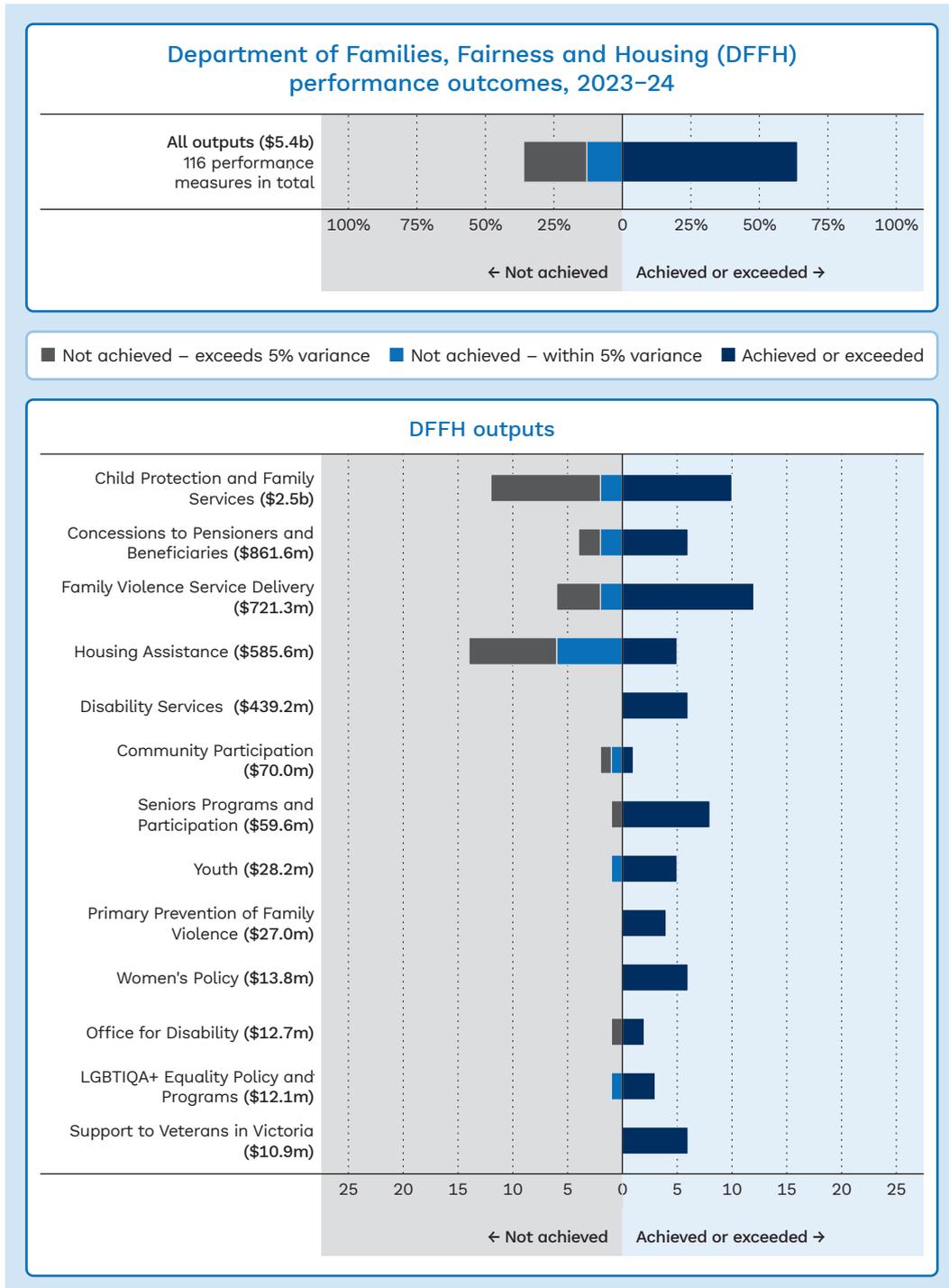
²⁰ Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, pp. 160, 163.

²¹ *Ibid.*, p. 160.

²² Department of Treasury and Finance, *Budget Paper No. 3: 2024–25 Service Delivery*, Melbourne, 2024, p. 36; Department of Families, Fairness and Housing, correspondence, 29 January 2025.

²³ Department of Families, Fairness and Housing, *Annual Report 2023–24*, pp. 57–69.

Figure 7.2 The Department of Families, Fairness and Housing achieved 64% of its performance measures in 2023–24



Source: Department of Families, Fairness and Housing, *Annual Report 2023–24*, Melbourne, 2024, pp. 57–69.

DFFH performed well in several outputs. For the Primary Prevention of Family Violence, Disability Services, Support to Veterans in Victoria, and Women's Policy outputs, DFFH achieved 100% of its performance measures.²⁴

DFFH did not meet 74% of its performance measures in the Housing Assistance output in 2023–24,²⁵ with the:

- Number of bonds issued to low-income Victorians to assist access to the private rental market: 30.7% below the target of 10,000
- Total number of Victorian Affordable Housing Program affordable housing dwellings: 35.6% below the target of 630
- Average waiting time for public rental housing for clients who have received a priority access housing or priority transfer allocation due to family violence: 85.6% higher than its target of 10.5 months
- Average waiting time for public rental housing for those clients who have received priority access housing allocation or a priority transfer: 88.3% higher than its target of 10.5 months.²⁶

DFFH explained its performance across several measures was affected by strong competition in the private rental market and a high demand for social housing.²⁷

DFFH has not performed well against its targets in this output for a number of years. In 2020–21 and 2021–22 61% of measures were not achieved. In 2022–23, 84% of measures were not achieved.²⁸

FINDING 55: The Department of Families, Fairness and Housing achieved 64% of its performance measures in 2023–24. It did not meet 74% of its performance measures in the Housing Assistance output.

7.5 Key issue—Disability services

One of DFFH's objectives is that Victorian communities are safe, fair, inclusive and resilient.²⁹ To achieve this objective, DFFH supports people with disability primarily through the *State Disability Plan* and contributing to the National Disability Insurance Scheme (NDIS).³⁰

²⁴ Ibid., pp. 57–65.

²⁵ Ibid., pp. 67–68.

²⁶ Ibid.

²⁷ Ibid.

²⁸ Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, pp. 38–52; Department of Families, Fairness and Housing, *Annual Report 2021–22*, Melbourne, 2022, pp. 47–61; Department of Families, Fairness and Housing, *Annual Report 2022–23*, Melbourne, 2023, pp. 50–62.

²⁹ Department of Families, Fairness and Housing, *2023–24 Annual Report*, p. 23.

³⁰ Ibid., pp. 34–35.

DFFH provides disability services to those who do not qualify for the NDIS, which is approximately 923,000 people, or 83.9% of Victorians with disability.³¹ The 2023–24 Budget included \$3.9 million to the *Victorian State Disability Plan*.³² This funding supported several initiatives in 2023–24, specifically the continuation of Disability Liaison Officers (DLOs) and the Victorian Disability Advocacy Program.³³

DLOs help people with disability and their families to navigate the health and disability service systems.³⁴ However, there are no associated performance measures and little information available to show whether DLOs are meeting the demand for their services.

RECOMMENDATION 23: The Department of Families, Fairness and Housing develop performance measures that report on the number of people that access the services that Disability Liaison Officers provide.

The Victorian Disability Advocacy Program is another key aspect of the *State Disability Plan*, and it received further funding in 2023–24.³⁵ DFFH explained that this program funds various advocacy organisations who work in three different ways:

1. providing representation for individuals: advocates work with individuals to remedy instances where they have experienced discrimination
2. providing support and capacity-building for self-advocates: delivering training, mentoring and opportunities for self-advocates to be able to represent themselves and learn from each other
3. working with governments and organisations: to achieve long-term social change through legislation, policies and practices.³⁶

This program has an associated performance measure based on the number of disability advocacy clients the funded organisations assist. In 2023–24 it exceeded its target: 2,821 clients were assisted—17.5% over the target of 2,400. DFFH explained that this was due to the strong performance of agencies in response to the increased demand for services.³⁷

31 Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 47–48.

32 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 40.

33 Ibid., p. 47.

34 Mr Argiri Alisandratos, Deputy Secretary, Disability, Fairness and Emergency Management, Department of Families, Fairness and Housing, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 22 November 2024, *Transcript of evidence*, p. 21.

35 Department of Families, Fairness and Housing, *2023–24 Annual Report*, p. 34.

36 Mr Argiri Alisandratos, Deputy Secretary, Disability, Fairness and Emergency Management, Department of Families, Fairness and Housing, *Transcript of evidence*, pp. 21–22; Department of Families, Fairness and Housing, *Disability*, 1 December 2023, <<https://providers.dffh.vic.gov.au/disability-advocacy-organisations>> accessed 17 January 2025; Department of Families, Fairness and Housing, *Disability advocacy*, 1 December 2023, <<https://providers.dffh.vic.gov.au/disability-advocacy>> accessed 14 February 2025.

37 Department of Families, Fairness and Housing, *2023–24 Annual Report*, p. 63.

With at least 1.1 million individuals with disability in Victoria, DFFH's target of 2,400 equates to approximately 0.2% of those with disability.³⁸

FINDING 56: In 2023–24 \$3.9 million was provided to the State Disability Plan, which funded initiatives including Disability Liaison Officers and the Disability Advocacy Program. Just under 3,000 Victorians were supported through disability advocacy in 2023–24.

The other major way that the Government supports individuals with disability is through contributions to the NDIS. In 2023–24 the Victorian Government provided \$2.9 billion in funding to the National Disability Insurance Agency.³⁹ The NDIS supported 177,009 Victorians with disability as at 30 June 2024, up from 163,241 as at 30 June 2023.⁴⁰

The Victorian Government is participating in reform discussions for the NDIS led by the Commonwealth Government, alongside other states and territories.⁴¹ A review of the NDIS was published in October 2023. It made 26 recommendations aiming to make the NDIS fairer and more inclusive.⁴² While most of the review's recommendations are the responsibility of the Commonwealth Government, the Foundational Supports ecosystem—the first recommendation of the review—will be funded equally between the Commonwealth and the states/territories.⁴³ The Victorian Government has been actively engaging with the Commonwealth during 2023–24 to develop Foundational Supports.⁴⁴

Foundational Supports is intended to complement the NDIS, and will be an integrated system of service supports aimed both generally at those with disability, and at individuals with lower-level support needs who do not qualify for the NDIS.⁴⁵ DFFH emphasised that the Government was advocating for the design of Foundational Supports 'to be underpinned by meaningful engagement with people with disability'.⁴⁶

38 Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 47.

39 Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 96; Department of Families, Fairness and Housing, *2023–24 Annual Report*, p. 167.

40 Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 47.

41 Department of Social Services, *Changes to NDIS legislation*, 23 January 2025, <<https://www.dss.gov.au/national-disability-insurance-scheme-review-and-reforms/changes-ndis-legislation>> accessed 14 February 2025; Mr Argiri Alisandratos, Deputy Secretary, Disability, Fairness and Emergency Management, Department of Families, Fairness and Housing, *Transcript of evidence*, p. 20.

42 NDIS Review, *Working together to deliver the NDIS - Independent Review into the National Disability Insurance Scheme: Final Report*, Canberra, 2023, pp. 4–16.

43 Ibid.; Ministers for the Department of Social Services, *Building a strong ecosystem of disability supports*, media release, 30 January 2024.

44 Prime Minister of Australia, *Meeting of National Cabinet - the Federation working for Australia*, media release, 6 December 2023; Mr Argiri Alisandratos, Deputy Secretary, Disability, Fairness and Emergency Management, *Transcript of evidence*, p. 20.

45 NDIS Review, *'Foundational supports for all people with disability'*, 7 December 2023, <<https://www.ndisreview.gov.au/resources/fact-sheet/foundational-supports-all-people-disability>> accessed 15 January 2025.

46 Mr Argiri Alisandratos, Deputy Secretary, Disability, Fairness and Emergency Management, Department of Families, Fairness and Housing, *Transcript of evidence*, p. 20.

The Committee commends DFFH for emphasising engagement with people with disability during the Foundational Supports development process. Foundational Supports is due to commence in 2025, although implementation will be phased.⁴⁷

FINDING 57: The Victorian Government is currently engaging with the Commonwealth Government to develop Foundational Supports as part of the National Disability Insurance Scheme reforms and has emphasised engagement with people with disability as central to the process.

7.6 Key issue—The Orange Door Network

DFFH identified two challenges it experienced in 2023–24 that were related to family violence. They were:

- the high number of women murdered in Australia—caused by a rise in family violence incidents leading to deaths
- ongoing levels of demand for services, including family violence services, and the increasing complexity of support needs for vulnerable women, children and families—caused by cost of living and broader social challenges, and increased community awareness of social need.⁴⁸

The 2023–24 Budget provided \$622.5 million for the Family Violence Service Delivery output and \$30.1 million for the Primary Prevention of Family Violence output.⁴⁹ DFFH advised that the proportion of funding spent on prevention was 3.6%, while 96.4% was spent on response.⁵⁰ DFFH listed several ways in which it is responding to the challenges of family violence, including the Strengthening Women’s Safety package, strengthening family services using a contemporary evidence approach, and continuing the Orange Door Network.⁵¹

The Orange Door Network offers in-person and virtual support to people experiencing family violence, and became fully operational across Victoria in 2023–24 with 18 primary sites, 18 access points and 18 outposts.⁵² The Orange Door Network conducted over 176,000 assessments in 2023–24.⁵³ The total number of assessments

47 Department of Social Services, *Foundational Supports, 2025*, <<https://engage.dss.gov.au/foundational-supports>> accessed 6 January 2025.

48 Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 116, 118.

49 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 174.

50 Ms Peta McCammon, Secretary, Department of Families, Fairness and Housing, 2024–25 Financial and Performance Outcomes hearing, response to questions on notice 2, received 5 December 2024, p. 7.

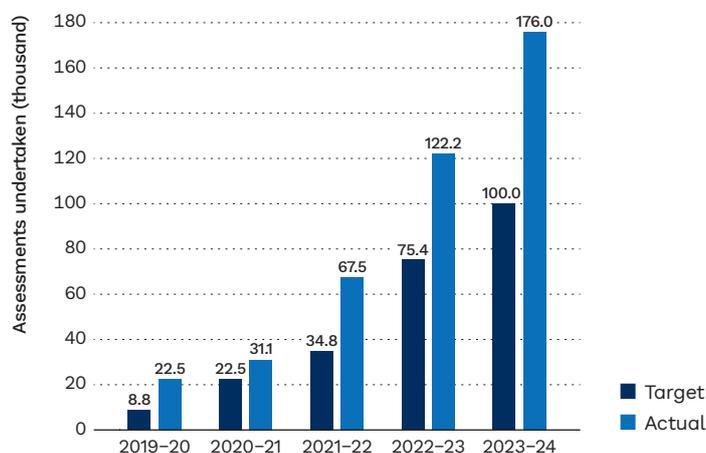
51 Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 116, 118.

52 Hon Vicki Ward MP, Minister for Prevention of Family Violence, 2024–25 Budget Estimates hearing, response to questions on notice, received 5 June 2024, p. 2.

53 Ms Melanie Heenan, Deputy Secretary, Family Safety Victoria, Department of Families, Fairness and Housing, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 22 November 2024, *Transcript of evidence*, p. 25; Department of Families, Fairness and Housing, *Annual Report 2023–24*, p. 59.

undertaken surpassed the network's targets in 2022–23 and 2023–24 with the 18 Orange Door primary sites becoming fully operational.⁵⁴

Figure 7.3 Number of assessments undertaken at Orange Door sites, 2019–20 to 2023–24



Source: Department of Families, Fairness and Housing, *2023–24 Annual Report*, Melbourne, 2024, p. 59; Department of Families, Fairness and Housing, *Annual Report 2022–23*, Melbourne, 2023, p. 53; Department of Treasury and Finance, *Departmental statements*, 14 October 2024, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 3 March 2025.

In 2023–24, of the referrals received by the Orange Door Network, 27% were self-referrals, 9% were child protection referrals, and 52% were L17 reports—a family violence report filed by Victoria Police.⁵⁵

FINDING 58: Preventing and responding to family violence was a key focus for improvement for the Department of Families, Fairness and Housing (DFFH) in 2023–24. DFFH has several key family violence initiatives, including the Orange Door Network. The Orange Door Network conducted over 176,000 assessments in 2023–24, surpassing its target.

During the hearings the Committee and DFFH discussed potential areas of improvement in the Orange Door's services: assessment times for referrals and minimising closures of sites.

⁵⁴ Department of Treasury and Finance, *Departmental statements*, 14 October 2024, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 3 March 2025; Department of Families, Fairness and Housing, *Annual Report 2023–24*, p. 59; Department of Families, Fairness and Housing, *Annual Report 2022–23*, p. 53.

⁵⁵ Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 34–35; Ms Melanie Heenan, Deputy Secretary, Family Safety Victoria, Department of Families, Fairness and Housing, *Transcript of evidence*, pp. 24–25; Ms Peta McCammon, Secretary, Department of Families, Fairness and Housing, response to questions on notice 2, pp. 5–6.

Assessment times for referrals

DFFH's target is to complete 80% of Orange Door assessments within seven days, and in 2023–24 it completed 76.5% of its assessments within this timeframe.⁵⁶ L17 referrals had a stronger completion rate—93% were triaged in less than seven days. The longest an L17 referral took to triage in 2023–24 was 177 days—25 weeks. DFFH explained the primary reasons for delays with assessing L17 reports were demand, administrative errors (where the assessment had been completed but had not been logged), and incomplete referrals where there was a lack of information from the person who filed the referral.⁵⁷

FINDING 59: The Orange Door Network completed 76.5% of its assessments in seven days or less, and 93% of its L17 report assessments in seven days or less. The Department of Families, Fairness and Housing cited demand, administrative errors, and incomplete referrals as the reasons for delays in completing L17 referrals.

Orange Door Network site closures

DFFH also provided data to the Committee on the closures of Orange Door Network sites due to the lack of staff in 2023–24, as follows:

- No primary sites were closed.
- A single access point was closed for two days.
- Six outposts were closed for a total of 37 days. One outpost, Ararat in the Central Highlands, accounted for most of the closures at 20 days, primarily during the holiday season (December 2023 and January 2024).⁵⁸

In relation to staffing of the Orange Door Network, DFFH noted that while there were 1,195.2 FTEs employed between DFFH and partner agencies, there were 37.8 FTE vacancies in DFFH and 163.9 FTE vacancies at partner agencies.⁵⁹ These vacancies reflect the workforce recruitment and retention challenge that DFFH faced in 2023–24.⁶⁰ To build the family violence workforce, DFFH is implementing its *10-Year Industry Plan for Family Violence Prevention and Response*, released in 2017.⁶¹ Data on the family violence workforce is collected biannually by Family Safety Victoria. The most recent data published is from 2019–20.⁶²

⁵⁶ Department of Families, Fairness and Housing, *Annual Report 2023–24*, p. 60; Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 34–35.

⁵⁷ Ms Peta McCammon, Secretary, Department of Families, Fairness and Housing, response to questions on notice 2, p. 6.

⁵⁸ *Ibid.*, pp. 3–4.

⁵⁹ *Ibid.*, p. 2.

⁶⁰ Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 115.

⁶¹ Department of Families, Fairness and Housing, *Building from strength: 10-Year Industry Plan for Family Violence Prevention and Response*, 12 August 2024, <<https://www.vic.gov.au/building-strength-10-year-industry-plan>> accessed 15 January 2025.

⁶² Department of Premier and Cabinet, *Family Violence Outcomes Framework: Measuring and Monitoring implementation strategy*, Melbourne, 2020, p. 5; Victorian Government, *Family violence workforce census*, 9 May 2023, <<https://www.vic.gov.au/family-violence-workforce-census>> accessed 28 January 2025.

FINDING 60: The Orange Door Network had no primary sites closed due to staff shortages in 2023–24 and recorded limited closures for its access points and outposts. The Ararat outpost was closed for 20 days between December 2023 and January 2024 due to the lack of staff.

FINDING 61: In 2023–24 the Orange Door Network had 1,195.2 full-time equivalent (FTE) staff and 201.7 FTE vacancies. To fill vacancies in the family violence sector, the Department of Families, Fairness and Violence is implementing a 10-Year Industry Plan.

7.7 Key issue—Vacancy rates in public housing

DFFH is responsible for providing social housing for Victorians, as part of its objective to ensure that ‘All Victorians have stable, affordable and appropriate housing’.⁶³ It does this primarily through its agency Homes Victoria, which works with other parts of government, industry, the not-for-profit sector, and communities.⁶⁴ As at 30 September 2024, there were 53,554 applications on the Victorian Housing Register for social housing, of which 54.3% were for priority access.⁶⁵ This data demonstrates there is not enough social housing supply.⁶⁶ DFFH’s performance in managing public housing stock was discussed during the hearings.

The Productivity Commission’s *Report of Government Services 2024* shows that Victoria’s vacancy rates for public housing have been steadily rising since 2016, except for 2024 where they decreased, but still exceeded the national average. This data was taken at 30 June of each year.

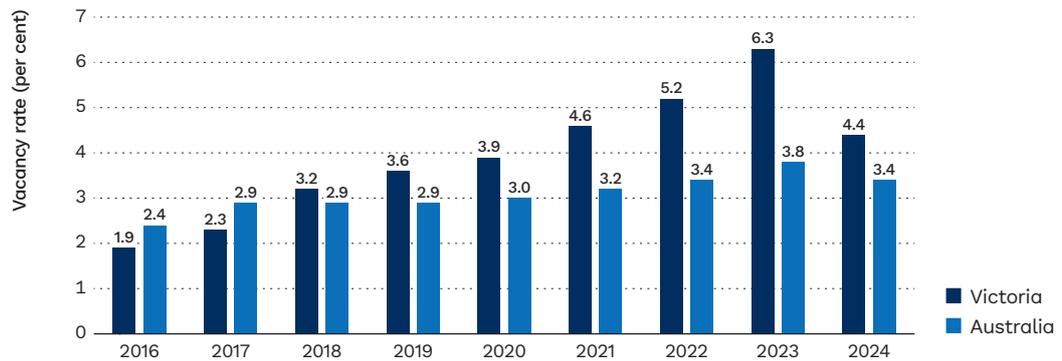
⁶³ Department of Families, Fairness and Housing, *Annual Report 2023–24*, p. 9.

⁶⁴ Homes Victoria, *About Homes Victoria*, 24 June 2024, <<https://www.homes.vic.gov.au/about-homes-victoria>> accessed 3 February 2025.

⁶⁵ Homes Victoria, *Applications on the Victorian Housing Register (VHR)*, 16 December 2024, <<https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr>> accessed 3 February 2025.

⁶⁶ Department of Families, Fairness and Housing, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 117.

Figure 7.4 Victoria’s vacancy rate for public housing has been steadily increasing since 2016, and surpassed the national average in 2018



Source: Productivity Commission, 'Table 18A.10—Proportion of dwellings occupied at 30 June—Public housing' in *Report on Government Services 2025*, Canberra, 2025; Victoria, Legislative Council, 14 May 2024, *Parliamentary Debates*, p. 1488.

DFFH provided a breakdown of vacancy rates at the hearings. It explained that as of 30 June 2024, there were 2,651 vacant public housing homes: 1,494 being held for asset management purposes, 568 in the reletting process, and 589 ready to be relet.⁶⁷ Unlike homes in the reletting process or ready to be relet, homes being held for asset management purposes are not able to be rented in the short-term. Of the homes being held for asset management purposes, almost half were part of a redevelopment or upgrade program, and a quarter had suffered damage and needed extensive works before being rented out.⁶⁸

DFFH does not report on the length of time it takes for a home to move from being held for asset management purposes to the reletting process to being ready to be relet, nor the length of time that homes spend in each category. DFFH explained that the number of vacant homes on 30 June 2024 was 1,092 less than compared to 30 June 2023, and that it was 'trying to work the portfolio as hard as we can and get as many people housed as quickly as we can'.⁶⁹

Specific strategies employed to reduce vacancy rates were not detailed, nor were the reasons behind the vacancy rate rising for several years before declining. The Committee recommends the creation of a new performance measure for vacant public housing stock, to better allow the public to understand the performance trends around vacant public housing stock, alongside DFFH's activities to meet its targets.

FINDING 62: Victoria's vacancy rate for public housing as of 30 June 2024 was 4.4%, which is an improvement from the year prior and the first improvement in almost ten years. Of the current vacant public housing stock, 56.4% is being held for asset management purposes, 21.4% is in the reletting process, and 22.2% is ready to be relet.

⁶⁷ Ms Peta McCammon, Secretary, Department of Families, Fairness and Housing, 2024–25 Financial and Performance Outcomes hearing, response to questions on notice, received 3 December 2024, p. 18.

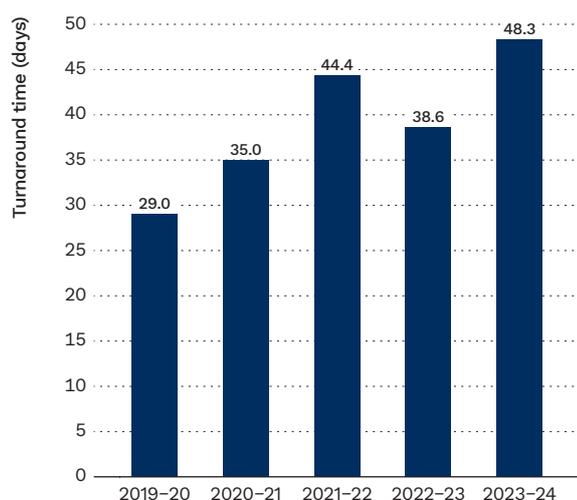
⁶⁸ *Ibid.*, pp. 18–19.

⁶⁹ Mr Simon Newport, Chief Executive Officer, Homes Victoria, Department of Families, Fairness and Housing, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 22 November 2024, *Transcript of evidence*, p. 34.

RECOMMENDATION 24: The Department of Families, Fairness and Housing develop a performance measure for inclusion in its next annual report on vacant public housing stock.

The turnaround time is the time between a tenant leaving and a new one moving in. Victoria's turnaround times for public housing have been increasing since 2019–20, and as of 30 June 2024, is the highest it has been in the last five years.⁷⁰

Figure 7.5 Victoria's turnaround times for vacant public housing stock in 2023–24 is higher than five years ago



Source: Productivity Commission, 'Table 18A.14—Average turnaround times for vacant stock—Public housing' in *Report on Government Services 2025*, Canberra, 2025.

Victoria's turnaround time for public housing properties was 48.3 days according to the 2025 *Report for Government Services*.⁷¹ However, during the hearings DFFH explained that its key performance indicator (KPI) for turnaround times was 28 days, and that it met its KPI for all properties except Victoria's public housing towers. Due to public housing towers being more difficult to relet and taking approximately 60 days to turnaround, the total average turnaround time is higher.⁷²

When properties are offered to a tenant and rejected, they are subsequently offered to another tenant. This process contributes to a longer reletting average and thus higher vacancy rates for properties ready to be relet. Reletting homes in some high-rise towers was particularly difficult in 2023–24. For example, Homes Victoria offered apartments in a Fitzroy public housing tower 49 times to prospective tenants, 37 of which were declined and 12 of which were accepted. It also offered apartments in a Richmond public housing tower 46 times to prospective tenants, 31 of which were declined and 15 of which were accepted.⁷³

⁷⁰ Productivity Commission, 'Table 18A.14—Average turnaround times for vacant stock—Public housing' in *Report on Government Services 2025*, Canberra, 2025.

⁷¹ Ibid.

⁷² Mr Simon Newport, Chief Executive Officer, Homes Victoria, *Transcript of evidence*, p. 35.

⁷³ Ms Peta McCammon, Secretary, Department of Families, Fairness and Housing, response to questions on notice, p. 22.

FINDING 63: The average turnaround time for reletting public housing in 2023–24 was 48.3 days. The Department of Families, Fairness and Housing’s target is 28 days. The turnaround time for public housing towers was approximately 60 days, increasing the overall average.

DFFH explained that there are several reasons why Victoria’s public housing towers take longer to relet than other properties. These include:

- limited accessibility
- lack of private green space (backyards)
- social stigma associated with living in high-rise towers
- location of the properties
- older, less modern facilities and amenities
- potential for the towers to be retired soon.⁷⁴

The Victorian Government plans to demolish the 44 housing towers in Melbourne by 2051. While the redevelopment responds to the accessibility and amenities issues listed above, redevelopment also means prospective tenants may be reluctant to move into housing that is to be demolished in coming years.⁷⁵ Other issues stated by tenants are beyond DFFH’s control—such as the lack of private green spaces, and the towers’ locations. DFFH noted that in cases where applicants reject an offer due to these issues, it assists them to apply for public housing that is more desirable.⁷⁶

FINDING 64: Public housing towers are more difficult to let due to several reasons, such as limited accessibility, lack of private green space, older facilities, location and social stigma of being in towers.

RECOMMENDATION 25: The Department of Families, Fairness and Housing’s performance measure and outcomes on the turnaround time for reletting public housing be included in its next annual report.

⁷⁴ Ibid.

⁷⁵ Ibid.; Homes Victoria, *More about the high-rise development*, 23 September 2024, <<https://www.homes.vic.gov.au/about-high-rise-redevelopment>> accessed 17 January 2025.

⁷⁶ Ms Peta McCammon, Secretary, Department of Families, Fairness and Housing, response to questions on notice, p. 22.

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 our economy and increasing participation.¹

In 2023–24 DJSIR's objectives were to:

- create and maintain jobs
- foster a competitive business environment
- promote economic growth through trade and investment attraction
- build prosperous and liveable regions, and manage and promote outdoor recreation
- grow vibrant, active and creative communities
- deliver high-quality training and skills to meet industry needs and jobs for a growing economy.²

8.2 Outcomes and challenges

DJSIR identified its programs that delivered the most important outcomes in the community in 2023–24 as including:

- the Geelong City Deal
- TAFE delivering the skills Victoria needs (discussed further in Section 8.6)
- International Investment Attraction, which aims to attract foreign direct investment to drive economic growth and job creation. In 2023–24 DJSIR delivered grant support and facilitation activities attracting a range of projects in Victoria's emerging and growth industries. As of 30 June 2024, DJSIR had secured investments in projects expected to deliver 4,550 jobs and \$427 million in innovation expenditure

¹ Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, Melbourne, 2024, p. 4.

² *Ibid.*, pp. 160–162.

- Creative Spaces and Places through its two sub-programs, the First Peoples Program and Making Spaces Program, delivering over \$1 million in funding to support renovations and refurbishments enabling greater access to creative spaces for people with a disability and First Peoples communities.³

DJSIR also identified key challenges faced by the department in 2023–24. These included:

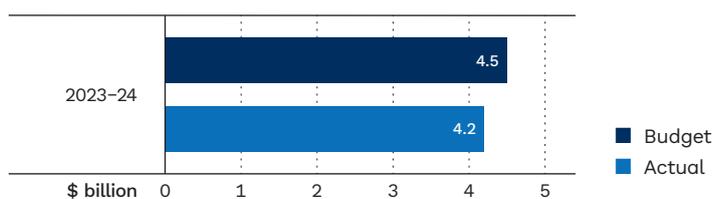
- supporting metropolitan and regional Victorian businesses in a dynamic economic environment of subdued global growth and domestic inflation and cost of living pressures
- improving access to training to increase the ability of the training market system to respond to skills shortages. This was challenging because a combination of strong growth in Victoria’s working-age population, low unemployment and high labour participation rate reduced demand for training in key sectors
- meeting infrastructure requirements to maintain Victoria’s position as the creative, sporting and events capital was difficult due to cost pressures in the global supply chain and a tight labour market.⁴

8.3 Financial analysis

8.3.1 Output expenditure

In 2023–24 DJSIR’s budget was \$4.5 billion. Actual expenditure for the year was \$4.2 billion, 6.8% (\$302.6 million) lower than its original budget.⁵

Figure 8.1 In 2023–24 the Department of Jobs, Skills, Industry and Regions spent 6.8% less than its original budget



Source: Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, Melbourne, 2024, pp. 26–64.

³ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, pp. 12–17.

⁴ *Ibid.*, pp. 127–129.

⁵ Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, pp. 26–64.

This variation was primarily due to a 17.6% (\$434.3 million) underspend in the Training, Higher Education and Workforce Development output, which the department attributed to 'depreciation and administrative adjustments'. DJSIR did not provide further information to explain this underspend.⁶

DJSIR's underspend was partially offset by overspends in other outputs, most notably:

- Tourism and Major Events: 54.9% (\$136 million) overspend, with additional funding provided via a Treasurer's Advance (TA)⁷
- Creative Industries Portfolio Agencies: 22.9% (\$92.9 million) overspend, due to additional funding received via a TA, to ensure the financial sustainability of various creative industries portfolio agencies⁸
- Regional Development: 56% (\$59.7 million) overspend, due to additional expenditure on the Nyaal Banyul Geelong Convention and Event Centre, Geelong City Deal and the Regional Economic Development and Participation Package.⁹

8.3.2 Revenue and expenses

Revenue

DJSIR's output appropriations declined by 12.8%, from \$3.8 billion in 2022–23 to \$3.3 billion in 2023–24. DJSIR advised the variance was driven by decreased funding of sports and recreational infrastructure projects compared to the previous year and the cessation of COVID-19 response programs.¹⁰

Machinery of government (MoG) changes that moved the Skills and TAFE portfolio entities into DJSIR on 1 January 2023 were the main reason for:

- interest income increasing by 40.6%, from \$32 million in 2022–23 to \$45 million in 2023–24
- sales of goods and services increasing by 49.8%, from \$303 million in 2022–23 to \$454 million in 2023–24.¹¹

⁶ Ibid., p. 64.

⁷ Ibid., p. 59.

⁸ DJSIR did not identify which creative industries portfolio agencies it supported with the funding. Source: Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, p. 56.

⁹ Ibid., p. 46.

¹⁰ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 72.

¹¹ Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, p. 5.

Expenses

DJSIR advised the key reason for significant changes in expenses in 2023–24 was MoG changes in 2022–23. These resulted in:

- employee benefits increasing by 32.8%, from \$1.2 billion to \$1.5 billion
- depreciation increasing by 33.5%, from \$158 million to \$211 million
- interest expense decreasing by 64.7%, from \$17 million to \$6 million
- grant expenses decreasing by 17.3%, from \$2 billion to \$1.7 billion.¹²

Overall financial performance

Table 8.1 summarises DJSIR's financial performance in 2023–24.

Table 8.1 In 2023–24 the Department of Jobs, Skills, Industry and Regions' income exceeded its expenses by \$227 million

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	4,050	4,357	8
Expenses from transactions	4,107	4,129	1
Net result from transactions	(57)	227	(501)

Source: Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, Melbourne, 2024, p. 166.

8.3.3 Treasurer's Advances

During 2023–24 DJSIR received \$637.3 million in TAs, which represented 15.2% of its appropriations from the 2023–24 Budget.¹³ TAs used by DJSIR related to both contingency releases and urgent and/or foreseen decisions:¹⁴

- \$344 million (59.2%) related to 21 decisions to release funds from central contingencies
- \$236.6 million (40.8%) related to 16 urgent and unforeseen decisions taken since the 2023–24 State Budget.¹⁵

¹² The increase was partially offset by the reclassification of payments to Registered Training Organisations and dual sector organisations (from operating expenses in 2022–23 to grant expenses in 2023–24). Source: Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 76.

¹³ Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, p. 78.

¹⁴ The value of TAs received is \$56.7 million greater than the value of TAs used because DJSIR did not require and access all TA funds in 2023–24.

¹⁵ A contingency release is a payment that the Department of Treasury and Finance makes to Victorian departments from funding held centrally that is paid via a TA. The difference between the two types of TAs is discussed in detail in Chapter 2–Whole of Government and Chapter 12–Department of Treasury and Finance. Source: Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, pp. 161, 164.

The largest three TA payments relating to contingency releases were:

- \$152.5 million for phase one of the Melbourne Arts Precinct Transformation
- \$41.8 million for Breakthrough Victoria (BV) to provide sufficient capital to deliver its investment strategy in 2023–24¹⁶
- \$36 million for 16 Regional Sport Infrastructure Package projects.¹⁷

The largest three TA payments relating to urgent or unforeseen decisions taken were:

- \$74.6 million in financial support for creative agencies and cultural institutions
- \$49.8 million for Economic Growth Industry Grants to support ecosystem development
- \$44.9 million for the Regional Economic Development and Participation Package.¹⁸

FINDING 65: In 2023–24 the Department of Jobs, Skills, Industry and Regions received \$637.3 million in Treasurer’s Advances.

8.4 Performance information

DJSIR achieved or exceeded 67% of its 156 performance measures published in its 2023–24 Annual Report. DJSIR did not meet 10% of its measures within a 5% variance and did not meet 23% of its measures exceeding a 5% variance. DJSIR’s performance across its quality, quantity and quality performance measures was generally consistent.¹⁹

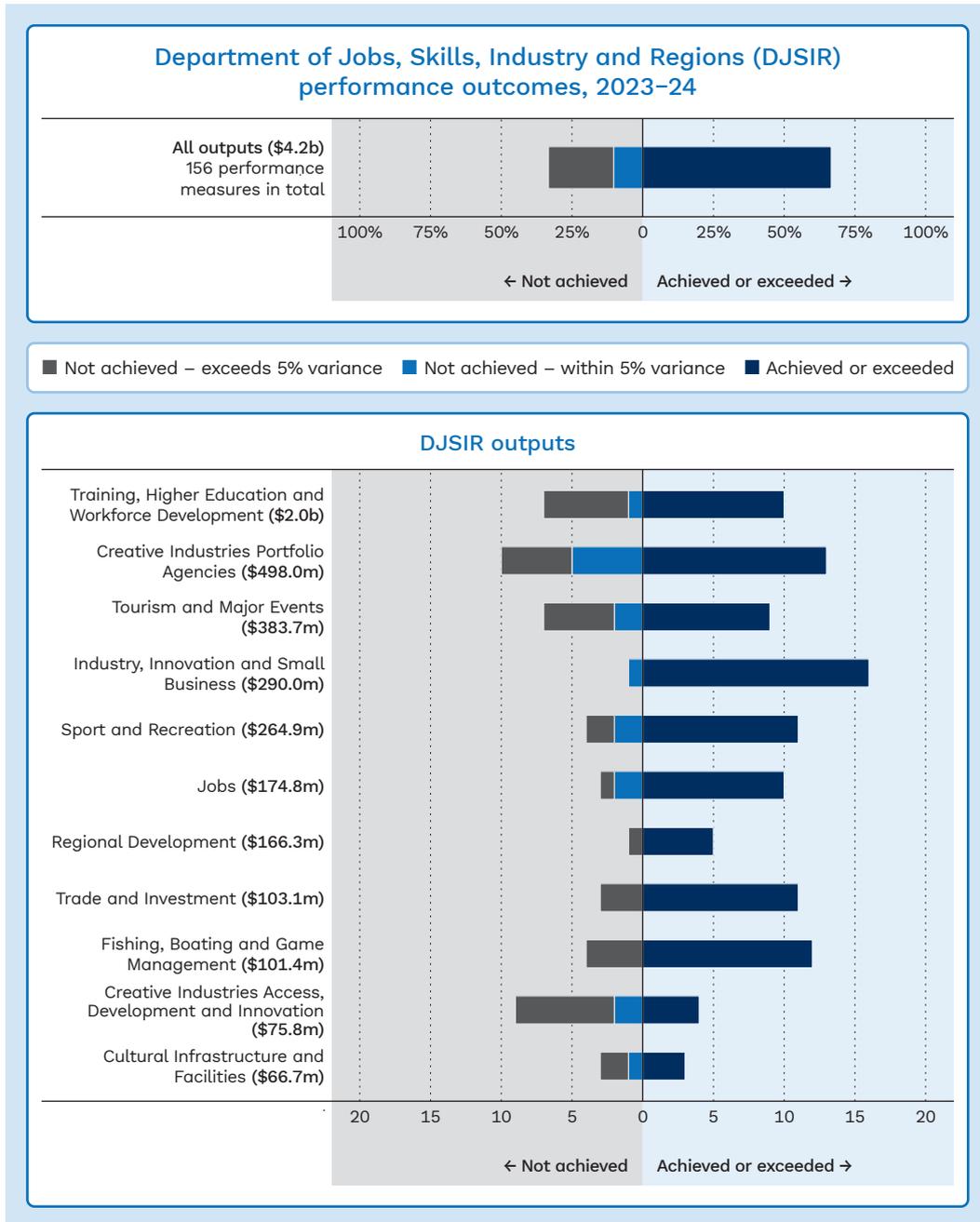
¹⁶ Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, p. 4.

¹⁷ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 23.

¹⁸ *Ibid.*, p. 42; Department of Treasury and Finance, *2023–24 Financial Report*, p. 161.

¹⁹ Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, pp. 26–64.

Figure 8.2 The Department of Jobs, Skills, Industry and Regions achieved 67% of its performance measures in 2023–24



Source: Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, Melbourne, 2024, pp. 26–64.

In 2023–24, DJSIR achieved 50% or more of its performance measures across each of its outputs, except for its Creative Industries Access, Development and Innovation output.²⁰

FINDING 66: In 2023–24 the Department of Jobs, Skills, Industry and Regions achieved 67% of its performance measures.

²⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, p. 165.

8.5 Key issue—Breakthrough Victoria

8.5.1 Publicly funded venture capital investments

In the 2020–21 Budget the Government announced the establishment of the \$2 billion Breakthrough Victoria Fund to ‘drive investment in translational research, innovation and commercialisation outcomes to accelerate growth in key industry sectors and create jobs’.²¹

BV manages a state-backed venture capital fund that makes a small number of high value investments in early-stage businesses and high growth potential ventures.²²

Breakthrough Victoria’s financial and performance reporting

The Committee has previously explored the transparency of BV’s activities including BV’s return on investment in its *Report on the 2024–25 Budget Estimates*. The report found that while BV has fulfilled minimum requirements for public financial reporting, it emphasised the need to further develop its performance reporting.²³ The Committee recommended:

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.²⁴

DJSIR advised the Committee that the recommendation was ‘under active consideration at the moment’.²⁵ The Committee notes that BV’s 2024 Annual Report reported additional financial information, including:²⁶

- the value of BV’s uncalled investments²⁷
- the value of BV’s investments approved but not yet executed
- BV’s operating efficiency ratio.²⁸

²¹ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 118.

²² Breakthrough Victoria, *Annual Report 2024*, Melbourne, 2024, p. 13.

²³ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, pp. 120–122.

²⁴ *Ibid.*, p. 122.

²⁵ Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, *Transcript of evidence*, p. 6.

²⁶ Breakthrough Victoria, *Annual Report 2024*, p. 43.

²⁷ Uncalled capital investments are contractual obligations that Breakthrough Victoria owes to one of its investments to provide additional capital when requested, typically used to meet future funding needs or investment opportunities but have not yet been drawn down by the investee. Source: Mayer Brown, *Beginner’s Glossary to Fund Finance*, 2019, <<https://www.mayerbrown.com/-/media/files/perspectives-events/publications/2016/02/beginners-glossary-to-fund-finance/files/beginners-glossary-to-fund-finance-spring-2016/fileattachment/beginners-glossary-to-fund-finance-spring-2016.pdf>> accessed 9 January 2025.

²⁸ The operating efficiency is a measure of how much an investment firm spends to manage the total capital it has invested. It is calculated as the ratio of the investment expenses, payroll and other operational costs of the investment function, to the Assets under Management. Source: Breakthrough Victoria, *Annual Report 2024*, p. 43.

FINDING 67: The Committee reiterates the importance of publishing additional performance measures, including both financial and non-financial performance measures. Given the importance of its return on investment to Breakthrough Victoria's purpose, this should also be included.

Breakthrough Victoria's investment reporting

The Victorian Government requires public entities to publicly report on many procurements and grants over a certain value.²⁹ However, it has not established a similar framework for public reporting of BV's investments (as distinct to BV's organisational financial reporting). Since July 2022 BV has published media releases when it invests in a venture for the first time and has included overviews of investments in its annual report.³⁰ However BV's media releases have not consistently:³¹

- disclosed the investment vehicle (for example whether it is in the form of a convertible note, ordinary shares or preference shares)³²
- disclosed the value of BV investment into companies
- reported on follow-on investments in pre-existing investments³³
- reported on the ongoing performance or status of BV's investment.³⁴

Given the value of BV's investments are sometimes \$10 million or larger, the Committee believes there is a need to enhance the level of transparency of individual investments.

FINDING 68: In the absence of a requirement to publicly report each of its investments, Breakthrough Victoria regularly publishes media releases for all new investments.

²⁹ Department of Treasury and Finance, *Financial Reporting Direction 12: Disclosure of major contracts*, Melbourne, 2022, p. 1; Department of Treasury and Finance, *Contract management and contract disclosure: Goods and services policy*, Melbourne, 2024, p. 4; Department of Treasury and Finance, *2023–24 Model Report for Victorian Government Departments*, Melbourne, 2024, pp. 30–31.

³⁰ Prior to December 2024 Breakthrough Victoria did not announce when it had made follow-on investments (seven of BV's 22 investments in 2024 were follow-on investments). Source: Breakthrough Victoria, *Our Investments*, 10 December 2024, <<https://breakthroughvictoria.com/media-releases/umps-health>> accessed 9 December 2024.

³¹ Based on analysis of media releases on Breakthrough Victoria's website. Source: Breakthrough Victoria, *Our Investments*, 6 December 2024, <<https://breakthroughvictoria.com/media-releases>> accessed 9 December 2024.

³² A convertible note is a loan that can be converted into equity at certain time or upon a certain event. Source: Australian Taxation Office, *IT 2334: Income tax: convertible notes – meaning of convertible note, note and related instruments*, 2024, <<https://www.ato.gov.au/law/view/document?DocID=ITR/IT2334/NAT/ATO/00001&PIT=99991231235958>> accessed 9 January 2025.

³³ Follow-on investments are secondary or additional investments that Breakthrough Victoria makes in one of its existing investments.

³⁴ Based on Committee analysis of media releases on Breakthrough Victoria's website. Source: Breakthrough Victoria, *Our Investments*.

In April 2024 BV began publishing an ‘investment update’ for all new investments on the same day as its media release. The investment update includes:

- the type of investment (for example Growth Capital or Platform)³⁵
- investment stage (seed investment, series A to series D rounds)
- investment vehicle (for example convertible note, ordinary or preference shares)
- the value of the investment
- additional detail surrounding the expected impact of the investment including: the problem being addressed by the recipient and their solution; and the impact for Victoria (such as the impact on jobs, manufacturing or ecosystem growth).³⁶

This additional information significantly adds to the transparency of BV’s investment and the Committee commends BV’s improved reporting. However, the Committee notes that as of 30 June 2024:

- some investment updates have been inconsistent and omitted relevant information³⁷
- the investment updates can be hard to find on the website
- the information in the investment updates partially duplicates the media releases.³⁸

FINDING 69: In 2023–24 Breakthrough Victoria improved the way it announces its investments to the public, however there is scope to further enhance the transparency of these investments to the public and the Parliament.

RECOMMENDATION 26: Breakthrough Victoria further enhance the public reporting of its investments by making investment updates more consistent and easily accessible on its website, including follow-on investments.

Once investments are made, BV does not consistently provide updates on the value, impact or progress of investments. Regular updates would provide confidence to the Parliament that the investments are on track to achieve their intended outcomes.

FINDING 70: Breakthrough Victoria could improve its updates on the value, impact or progress of its individual investments.

³⁵ The types of investment are explained in Breakthrough Victoria’s annual reports. Source: Breakthrough Victoria, *Annual Report 2024*, p. 15.

³⁶ Breakthrough Victoria, *Our Investments*.

³⁷ For example see the investment update for Cerulea Clinical trials. Source: Breakthrough Victoria, *Investment Update: Cerulea*, Melbourne, 20 May 2024, p. 1.

³⁸ Breakthrough Victoria, *Our Investments*.

RECOMMENDATION 27: Breakthrough Victoria provide annual updates on the:

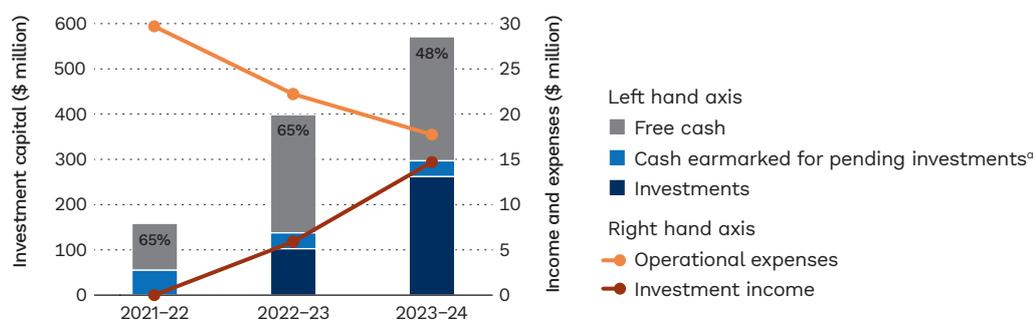
- cumulative value of funds it has contributed to each of its investments
- current estimated fair value of each of its investments at the end of the financial year
- value of dividends received from each of its investments during the financial year.

Breakthrough Victoria's performance

Since its inception in 2021–22, BV has received \$580 million from the Victorian Government, with around \$450 million made available for investment.³⁹ It has received over 1,000 investment proposals with a total value of more than \$3 billion.⁴⁰ Since its inception, BV has approved 44 investments into ventures and partnerships, and as at 30 June 2024, has \$261.8 million invested, or around 52% of available capital.⁴¹ In 2023–24 BV received a \$41.8 million TA. DJSIR advised this was to ensure that BV had 'sufficient investment in its bank account to be able to conduct its business with confidence'.⁴²

Over its first three years BV has focused on establishing the foundations of the organisation and scaling its investment portfolio. As a result, it has been run at an operating loss.⁴³ In 2023–24 BV's loss, excluding grants from the Victorian Government, was \$3 million.⁴⁴

Figure 8.3 Breakthrough Victoria's financial history, 2021–22 to 2023–24



a. Cash earmarked for pending investments is made up of: 'uncalled commitments' (investments that have been contracted but the full funding has not yet been provided) and 'capital commitments approved but not contracted' (investments that have been approved by the BV Board of Directors but that are yet to be executed agreements).

Source: Breakthrough Victoria, *Annual Report 2024*, Melbourne, 2024, p. 43.

³⁹ Breakthrough Victoria, *Annual Report 2024*, p. 54.

⁴⁰ *Ibid.*, p. 9.

⁴¹ Breakthrough Victoria disclosed that a further ten commitments had been approved but not closed or announced. Between July and October Breakthrough Victoria announced five new investments worth \$16.6 million. Source: Breakthrough Victoria, *Annual Report 2024*, pp. 6, 43.

⁴² Mr Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, *Transcript of evidence*, p. 4.

⁴³ Excluding operational grants provided by DJSIR and DPC. Source: Breakthrough Victoria, *Annual Report 2024*, p. 43.

⁴⁴ Breakthrough Victoria, *Annual Report 2024*, p. 43.

BV advised the Committee that in 2023–24 it had restructured to reduce its staffing, from 54.6 full-time equivalent positions (FTE) at 1 July 2023 to 41.5 FTE at 30 June 2024. The reduction reflects that BV is now focused on operational efficiencies and maturing its investment base.⁴⁵ While BV continues to grow its investment base it expects that it will move towards profitability as its operational efficiency improves. It is anticipating a profit in 2024–25.⁴⁶

FINDING 71: While Breakthrough Victoria has operated at a loss for its first three years, it has moved towards profitability year-by-year. As more capital is invested, Breakthrough Victoria expects its operational efficiency and profitability to further improve.

8.6 Key issue—TAFE sector in Victoria

TAFEs run Vocational Education and Training (VET) courses to give students practical skills for a variety of careers.⁴⁷ They also provide pathways to university courses. The Victorian TAFE sector is comprised of 12 TAFEs with 69 campuses across Victoria, nine controlled entities and over 100,000 students.⁴⁸

DJSIR advised the Committee that its *TAFE delivering the skills Victoria needs* program was one of five programs that delivered the most important outcomes for the community in 2023–24.⁴⁹ As part of this program the Government expanded eligibility for subsidised training to all students irrespective of their highest prior education. In 2023, the expanded eligibility contributed to an increase of 17,900 students accessing the program.⁵⁰

This program follows the *Free TAFE* program introduced in 2019, which has benefited more 175,000 people and enabled more people to access TAFE including more than:

- 101,000 women
- 16,000 students with disability
- 50,000 culturally and language-diverse students
- 45,000 students studying in regional Victoria
- 42,000 unemployed people.⁵¹

⁴⁵ Ms Lauren Morrey, Acting Chief Executive Officer, Breakthrough Victoria, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 21 November 2024, *Transcript of evidence*, pp. 4–5.

⁴⁶ Operational efficiency is a measure of the operational costs of administering the fund as percentage of capital invested. Source: Ms Lauren Morrey, Acting Chief Executive Officer, Breakthrough Victoria, 2023–24 Financial and Performance Outcomes hearing, response to questions on notice, received 28 November 2024, p. 1.

⁴⁷ VET courses are also delivered by some universities, community organisations and private training providers.

⁴⁸ In addition to TAFE's four dual-sector universities. Source: Victorian Auditor-General's Office, *Results of 2023 Audits: Technical and Further Education Institutes*, Melbourne, July 2024, pp. 1, appendix B–2.

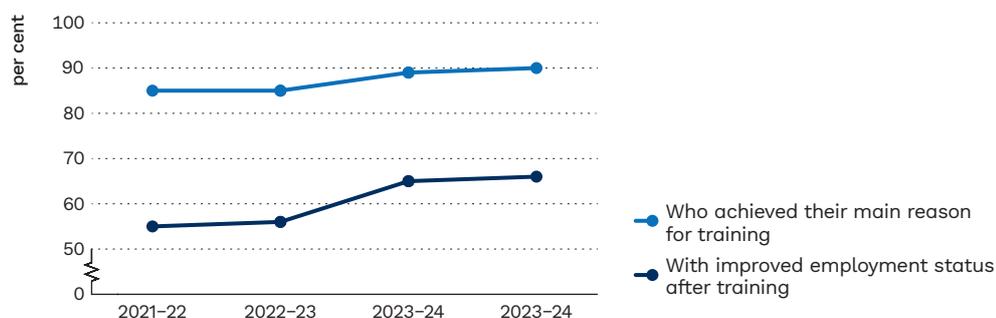
⁴⁹ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 12.

⁵⁰ Ibid.

⁵¹ Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, p. 15.

As Figure 8.4 shows, since 2020–21 key performance measures related to TAFE have gradually improved. As a result, together with the increased enrolments in VET courses, TAFEs are enabling more Victorians to gain employment and/or achieve their aspirations for study.

Figure 8.4 The proportion of Vocational Education and Training students satisfied with training has increased over the last four years



Source: Department of Jobs, Skills, Industry and Regions, *Annual Report 2023–24*, Melbourne, 2024, pp. 60–62.

FINDING 72: Since 2020–21, key performance measures related to TAFE, improving employment outcomes and enabling students to achieve their reasons for training, have improved.

Financial sustainability of Victorian TAFEs

Despite increased enrolments in the calendar year 2023, student enrolments in TAFE remain below pre-pandemic levels.⁵² Since 2019 a number of TAFEs have also experienced operating deficits and have been supported by capital grants to fund campus development and forgiveness of loans.⁵³ Since 2019 the sector’s average deficit has been greater than its budgets. The Auditor-General observed there was tendency amongst TAFEs to underestimate expenditure and overestimate course enrolment figures and related revenue streams.⁵⁴

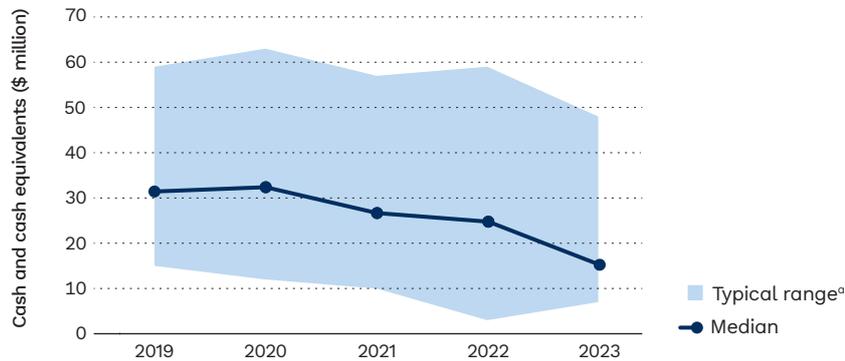
Given the ongoing deficits in the sector, the average cash reserves on hand by TAFEs has consistently declined, as shown in Figure 8.5. If this trend continues it is likely more TAFEs will experience solvency issues and may require financial support to remain operational.

⁵² Victorian Auditor-General’s Office, *Results of 2023 Audits: Technical and Further Education Institutes*, p. 3.

⁵³ *Ibid.*, p. 5.

⁵⁴ *Ibid.*, p. 12.

Figure 8.5 Cash reserves in the TAFE sector have consistently declined since 2019



a. The typical range represents one standard deviation above and below the average, and captures the typical variability in cash reserves, across the 12 TAFEs.

Source: Victorian Auditor-General's Office, *Results of 2023 Audits: Technical and Further Education Institutes*, Melbourne, 2024, data dashboard.

During 2023–24 Goulburn Ovens Institute of TAFE and Melbourne Polytechnic received letters of support, which are an undertaking by the Minister for Skills and TAFE, to provide adequate cashflows to the TAFEs to meet their financial obligation should the need arise.⁵⁵ Goulburn Ovens received a \$15 million TA to enable it to close its financial accounts.⁵⁶ Given that the most recent budgets as at December 2024 indicate that eight of 12 TAFEs are forecasting ongoing cash deficits, the risk of additional shortfalls and financial sustainability challenges is likely to grow.⁵⁷ In addition DJSIR also accessed a \$6.6 million TA to fund 'transition costs'.⁵⁸ DJSIR advised the Committee that:

TAFEs routinely make adjustments to their staffing profile to ensure they have the staff they need to deliver government priorities and provide training that meets the needs of their communities ...

... The Victorian government has made provision to provide support for workforce adjustments where relevant, and this funding was used to support TAFE decisions to right-size workforces in areas of low demand.⁵⁹

DJSIR did not advise which TAFEs received support to make workforce adjustments, however in 2023, 11 of Victoria's 12 TAFEs spent \$6.2 million on employee termination benefits (up 61.4% from 2022). Most of the \$6.2 million in termination benefits related to Bendigo Kangan Institute (\$2.5 million) and Box Hill Institute (\$1.1 million).⁶⁰

⁵⁵ Ibid.

⁵⁶ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 25.

⁵⁷ Victorian Auditor-General's Office, *Results of 2023 Audits: Technical and Further Education Institutes*, pp. 11–13.

⁵⁸ Department of Jobs, Skills, Industry and Regions, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 26.

⁵⁹ Ms Lill Healy, Deputy Secretary, Department of Jobs, Skills, Industry and Regions, 2023–24 Financial and Performance Outcomes hearing, response to questions on notice, received 3 December 2024, p. 2.

⁶⁰ Victorian Auditor-General's Office, *Results of 2023 Audits: Technical and Further Education Institutes*, Melbourne, July 2024, data dashboard.

FINDING 73: The financial sustainability and viability of some TAFEs has deteriorated between the calendar years 2019 and 2023. Several TAFEs are forecasting ongoing cash deficits, which may result in financial sustainability challenges.

Chapter 9

Department of Energy, Environment and Climate Action

9.1 Overview

The Department of Energy, Environment and Climate Action (DEECA) leads Victoria's energy and resources, environment, water and agriculture functions. The department's vision is a thriving, productive and sustainable Victorian community, environment and industry.¹

DEECA's seven objectives are to achieve:

- net zero emissions, climate-ready economy and community
- a healthy, resilient and biodiverse environment
- reliable, sustainable and affordable energy services
- productive and effective land management
- safe and sustainable water resources
- reduced impact of major bushfires and other emergencies on people, property and the environment
- productive and sustainably used natural resources.²

9.2 Outcomes and challenges

DEECA identified its programs that delivered the most important outcomes in the community in 2023–24. These included:

- supporting community groups to deliver 29,417 hectares of revegetation, weed and herbivore control to protect Victoria's biodiversity, including threatened species through the Victorian Landcare program³
- taking possession of land and commencing and completing construction to create new Regional Parks and Parklands across Greater Melbourne⁴

1 Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, Melbourne, 2024, p. 6.

2 Ibid., p. 23.

3 Department of Energy, Environment and Climate Action, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 14 November 2024, p. 15.

4 Ibid., p. 16.

- receiving a record 80,662 applications for households to install solar panels, energy efficient hot water systems and battery loans through the Solar Homes program (discussed further in Section 9.7).⁵

DEECA also identified programs that did not deliver their planned outcomes. These included:

- Installation completion of 10 neighbourhood batteries. DEECA has commenced work on all 10 projects and advised it is on track to deliver the program aim of 100 neighbourhood batteries over the life of the program.⁶
- DEECA did not meet its objective of assessing major waste and recycling investment grants in 75 days from application closure to recommendation, averaging 125 days. The department stated this was ‘due to additional effort required to identify risk mitigations and complete due diligence checks for high risk and high value grants’.⁷
- Of the 4,500 applications for Solar Battery loans that DEECA aimed to approve in 2023–24, it approved 2,036 (45.2%). The department attributed this ‘to lower initial customer demand and the complexity involved in meeting responsible lending obligations’.⁸
- Through its weed control program, DEECA aimed to control 50,000 hectares of weeds in priority locations in 2023–24. It estimates that it controlled 32,000 hectares. The department stated this was due to delayed project commencements and delivery partners completing less weed control than initially proposed.⁹
- DEECA also aimed to inspect 2,700 properties for invasive plant and animal priority species, but only inspected 1,921 properties. The department attributed this to the ‘redirection of resources to higher priority activities’ such as responding to Avian Influenza, Varroa Mite and Brown Marmorated Stink Bug.¹⁰

9.3 Financial analysis

9.3.1 Output expenditure

In 2023–24 DEECA’s original budget was \$2.8 billion. Actual expenditure for the year was \$3.3 billion, representing a variance of 17.5% (\$484.1 million).¹¹

⁵ Ibid., pp. 19–20.

⁶ Ibid., p. 22.

⁷ Ibid., pp. 22–23.

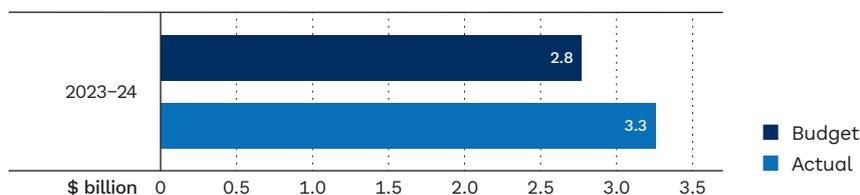
⁸ Ibid., p. 23.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, pp. 26–79.

Figure 9.1 In 2023–24 the Department of Energy, Environment and Climate Action exceeded its original budget by 17.5%



Source: Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, Melbourne, 2024, pp. 26–79.

DEECA exceeded its budgeted output expenditure for eight of its 12 output measures in 2023–24.¹² Two outputs made up 60.8% of the total overspend:

- The Fire and Emergency Management output reported an overspend of 52.1% (\$224.8 million). Additional funding was allocated to support coordinating storm and flood emergency works in response to the October 2022 floods and bushfire emergency management preparation and recovery activities.¹³
- The Agriculture output reported an overspend of 45.1% (\$227.8 million).¹⁴ The sub-output ‘sustainably manage forest resources’ contributed \$198.6 million of the overspend. This was mainly due to additional funding for the Native Timber Harvesting Transition, Forestry Transition Program and Timber Harvesting Transition Support initiatives.¹⁵

DEECA reported an overspend of 193.2% (\$96.3 million) for the Waste and Recycling output compared to its budget of \$49.9 million. DEECA stated that this was predominantly due to additional funding to establish Recycling Victoria and the changed timing of Commonwealth funding from 2022–23 to 2023–24 for the Recycling Victoria Infrastructure Fund.¹⁶

DEECA’s overspend was partly offset by an underspend against the Effective Water Management and Supply output of \$206.4 million. DEECA attributed the lower than budgeted output cost to the ‘profile of contributions’ for the Commonwealth *Sustainable Rural Water Use and Infrastructure Program*.¹⁷ It did not explain how the profile of Commonwealth contributions had changed.

¹² Ibid.

¹³ Ibid., p. 63.

¹⁴ Ibid., pp. 75–78.

¹⁵ Ibid., p. 78.

¹⁶ Ibid., p. 36.

¹⁷ Ibid., p. 58.

9.3.2 Revenue and expenses

Revenue

In 2023–24 DEECA’s actual output appropriations were \$2.6 billion. This was 23.7% (\$794 million) less than 2022–23. DEECA stated that this decrease was primarily due to the conclusion of the *Power Saving Bonus* program.¹⁸

In 2023–24 DEECA’s output appropriations were 18.9% (\$408 million) higher than the budgeted amount of \$2.2 billion.¹⁹ The department stated that this was due to additional funding for forestry transition programs to end native timber harvesting and emergency management, preparedness, response and recovery activities relating to bushfires, floods and biosecurity threats.²⁰ This aligns with the department’s explanation for exceeding its budgeted output expenditure.

FINDING 74: Increased costs for forestry and emergency management contributed to higher than budgeted revenue for the Department of Energy, Environment and Climate Action in 2023–24.

Expenses

DEECA spent \$881 million on employee benefits in 2023–24, an increase of 15.9% (\$121 million) from 2022–23 and 17.6% (\$132 million) more than the original budget.²¹ DEECA attributed the year-on-year increased cost to:

- the increase in paid staff due to the transfer of fire management staff from Parks Victoria to DEECA and additional staff for the State Electricity Commission (SEC) and VicGrid
- a full year of Agriculture Victoria and Resources Victoria staff being reflected in DEECA’s financial statements following machinery of government changes
- overtime costs associated with emergency response and planning burning activities.²²

DEECA’s expenses on grants and other transfers were \$1.5 billion, a decrease of 39.3% (\$955 million) from 2022–23. This was primarily due to:

- the conclusion of the Power Savings Bonus program

¹⁸ Department of Energy, Environment and Climate Action, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 62.

¹⁹ *Ibid.*, pp. 63–64.

²⁰ *Ibid.*

²¹ *Ibid.*, pp. 66, 68.

²² *Ibid.*, p. 66.

- Commonwealth-funded grants paid to deliver the Sustainable Rural Water Use and Infrastructure Development program and the Off Farm Efficiency program
- fewer grants paid following the integration of Parks Victoria fire management staff to DEECA.²³

Overall financial performance

Table 9.1 summarises DEECA's financial performance in 2023–24.

Table 9.1 In 2023–24 Department of Energy, Environment and Climate Action's income exceeded its expenses by \$187 million

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	2,909	3,441	18
Expenses from transactions	2,720	3,254	(20)
Net result	188	187	(1)

Source: Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, Melbourne, 2024, p. 300.

9.3.3 Water corporations

Victoria has 20 water corporations divided into metropolitan, regional, rural and hybrid corporations.²⁴ The corporations are accountable to the Minister for Water, providing a range of services, including water and sewerage services, managing the water supply and distribution, and providing drainage and salinity mitigation services for irrigation and domestic and stock purposes.²⁵

All four metropolitan water corporations reported stable financial positions, with slightly greater profits than the 2022–23 financial year, totalling \$429.3 million, as Table 9.2 shows.²⁶

²³ Ibid., p. 67.

²⁴ Department of Energy, Environment and Climate Action, *How we work with water corporations*, 15 September 2023, <<https://www.water.vic.gov.au/about-us/how-we-work-with-water-corporations>> accessed 14 November 2024.

²⁵ Ibid.

²⁶ Melbourne Water, *Annual Report 2023–24*, Melbourne, 2024, p. 89; Greater Western Water, *Annual Report 2023–24*, Melbourne, 2024, p. 64; South East Water, *Annual Report 2023–24*, Melbourne, 2024, p. 98; Yarra Valley Water, *Annual Report 2023–24*, Melbourne, 2024, p. 118.

Table 9.2 Victoria’s metropolitan water corporations all reported net profits in 2023–24

Corporation	Revenue (\$ million)	Expenses (\$ million)	Net result after tax (\$ million)
Melbourne Water	2,040.3	1,785.5	149.7
Greater Western Water	993.4	874.4	83.2
South East Water	1,143.4	1,037.0	74.3
Yarra Valley Water	1,238.7	1,064.4	122.0
Total^a	5,415.9	4,761.4	429.3

a. Numbers may not add due to rounding.

Source: Melbourne Water, *Annual Report 2023–24*, Melbourne, 2024, p. 89; Greater Western Water, *Annual Report 2023–24*, Melbourne, 2024, p. 64; South East Water, *Annual Report 2023–24*, Melbourne, 2024, p. 98; Yarra Valley Water, *Annual Report 2023–24*, Melbourne, 2024, p. 118.

Box 9.1 Dividends and capital repatriations

Dividends refer to a proportion of company profits paid back to shareholders as a return on their investment. In the case of state-owned companies like Victoria’s water corporations, dividends are paid back to the government. These funds can then be spent on other services and capital projects.²⁷

Capital repatriations are paid in addition to dividends and other contributions and levies. They involve the repayment or transfer of excess capital funds to government from the state-owned company’s balance sheet.²⁸

The metropolitan water corporations collectively paid \$220.7 million in dividends in 2023–24, \$109.8 million (99%) more than budgeted.²⁹

²⁷ Investopedia, *Dividends: Definitions in Stocks and How Payments Work*, 7 July 2024, <<https://www.investopedia.com/terms/d/dividend.asp>> accessed 13 December 2024.

²⁸ Hon Harriet Shing MLC, Minister for Water, 2023–24 Budget Estimates hearing, response to questions on notice, received 21 June 2023, p. 1.

²⁹ Committee analysis of metropolitan water corporations’ responses to the questionnaire.

Table 9.3 Victoria’s metropolitan water corporations contributed \$640.4 million in dividends and capital repatriations in 2023–24

Corporation	Dividends (\$million)		Capital repatriations ^a (\$million)		Total payments(\$ million)	
	Budgeted	Actual	Budgeted	Actual	Budgeted	Actual
Melbourne Water	13.0	47.6	40.4	80.8	53.4	128.4
Greater Western Water	53.0	66.6	35.9	71.8	88.9	138.4
South East Water	24.0	46.7	97.2	194.4	121.2	241.1
Yarra Valley Water	20.9	59.8	36.4	72.7	57.3	132.5
Total	110.9	220.7	209.9	419.7	320.8	640.4

a. This includes capital repatriations deferred from 2022–23.

Source: Committee analysis of metropolitan water corporations’ responses to the questionnaire.

This included an additional efficiency dividend as part of the Government’s *COVID Debt Repayment Plan*.³⁰ South East Water and Greater Western Water stated in their questionnaire responses that the increased dividend payments negatively impacted their cash and borrowing levels.³¹ Melbourne Water stated that the efficiency dividend meant it had to find operational efficiencies and savings to slow ‘key strategic initiatives...which will impact the delivery of outcomes focused on climate change, transition and digital innovation’.³² Yarra Valley Water stated there were ‘no impacts on service delivery or investments’.³³

The metropolitan water corporations also paid a total of \$419.7 million in capital repatriations in 2023–24.³⁴ This was \$209.8 million (100%) higher than budgeted due to the deferral of 2022–23 payments to 2023–24.³⁵ As the Committee noted in its *Report on the 2023–24 Budget Estimates*, DEECA has previously stated that these capital repatriations do not impact consumer water bills, corporations’ service outputs or capital project investments.³⁶ However, both South East Water and Greater Western Water stated in their questionnaire responses for 2023–24 that capital repatriations negatively impacted their cash and borrowing levels, but they also did not provide further details.³⁷

³⁰ Melbourne Water, *Annual Report 2023–24*, p. 91.

³¹ Greater Western Water, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 11 November 2024, p. 16; South East Water, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 11 November 2024, p. 16.

³² Melbourne Water, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 11 November 2024, p. 19.

³³ Yarra Valley Water, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 11 November 2024, p. 18.

³⁴ Committee analysis of metropolitan water corporations’ responses to the questionnaire.

³⁵ Ibid.

³⁶ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2024, p. 160.

³⁷ Greater Western Water, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 16; South East Water, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 16.

FINDING 75: In 2023–24, Victoria’s metropolitan water corporations collectively made \$429.3 million in profits and paid \$640.4 million in dividends and capital repatriations to the Victorian Government.

Most regional water corporations recorded net losses after tax, with a total loss across all 12 corporations of \$63.2 million.³⁸ Barwon Water, East Gippsland Region Water, Goulburn Valley Water and Westernport Water were the only regional water corporations that recorded net profits after tax. The water corporations that only provide rural water services all reported net losses, totalling \$100.6 million. This was 43.5% (\$30.5 million) more than 2022–23.³⁹

FINDING 76: Most regional and all rural water corporations reported net losses in 2023–24.

9.4 Performance information

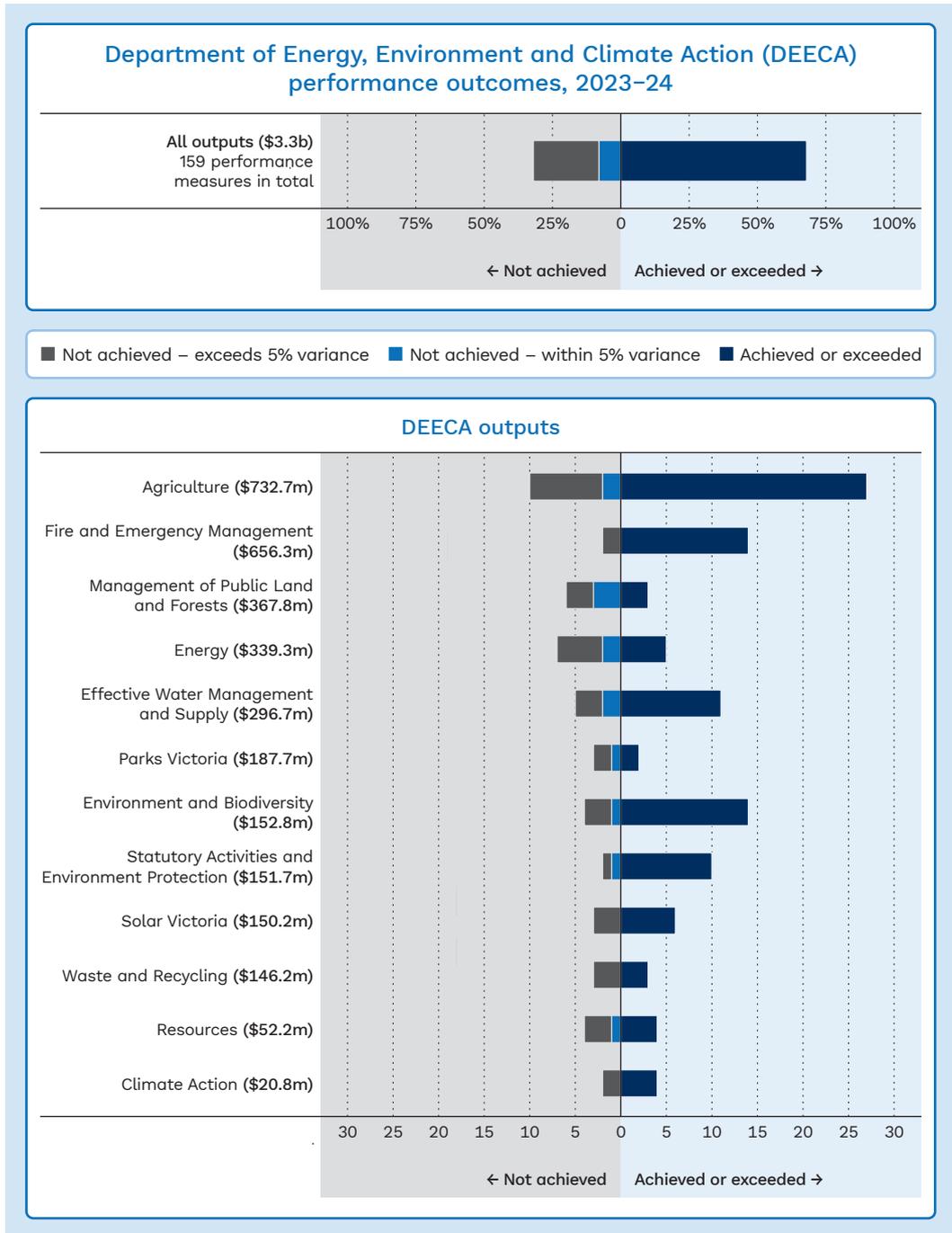
DEECA achieved or exceeded 68% of its 159 performance measures published in its 2023–24 Annual Report. The department did not meet 8% of its measures within a 5% variance and did not meet 24% of its measures exceeding a 5% variance.⁴⁰

³⁸ Barwon Water, *Annual Report 2023–24*, Geelong, 2024, p. 103; Central Highlands Water, *Annual Report 2023–24*, Wendouree, 2024, p. 76; Coliban Water, *Annual Report 2023–24*, Bendigo, 2024, p. 91; Central Gippsland Regional Water Corporation, *Annual Report 2023–24*, Traralgon, 2024, p. 90; East Gippsland Region Water, *Annual Report 2023–24*, Bairnsdale, 2024, p. 92; Goulburn Valley Water, *Annual Report 2023–24*, Shepparton, 2024, p. 126; Grampians Wimmera Mallee Water, *Annual Report 2023–24*, Horsham, 2024, p. 81; Lower Murray Water, *Annual Report 2023–24*, Mildura, 2024, p. 89; North East Water, *Annual Report 2023–24*, Wodonga, 2024, p. 116; South Gippsland Water, *Annual Report 2023–24*, Foster, 2024, p. 82; Wannon Water, *Annual Report 2023–24*, Warrnambool, 2024, p. 68; Westernport Water, *Annual Report 2023–24*, Newhaven, 2024, p. 89.

³⁹ Goulburn-Murray Water, *Annual Report 2023–24*, 2024, p. 70; Lower Murray Water, *Annual Report 2023–24*, 2024, p. 89; Southern Rural Water, *Annual Report 2023–24*, Maffra, 2024, p. 106. Grampians Wimmera Mallee Water services both regional and rural areas and is excluded from this calculation.

⁴⁰ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, pp. 26–79.

Figure 9.2 In 2023–24 the Department of Energy, Environment and Climate Action achieved 68% of its performance measures



Source: Department of Energy, Environment and Climate Action, *Annual Plan 2023–24*, Melbourne, 2024, pp. 26–79.

Output performance measures that DEECA did not meet with a variance of 20% or more included those discussed in Section 9.2 and:

- Number of Victorian schools participating in the ResourceSmart Schools program
- Victorian community trust in the Environmental Protection Authority Victoria (EPA)
- Suburban pocket parks completed.⁴¹

9.5 Key issue—The State Electricity Commission

The Victorian Government re-established the SEC as a State-owned proprietary company in October 2023.⁴² The SEC plans to accelerate Victoria’s transition to a zero-emissions electricity system by:

- investing in renewable energy and storage projects
- supporting households to fully electrify
- increasing the renewable energy workforce.⁴³

The 2023–23 Budget included \$600 million in asset initiative funding for *Bringing back the SEC* in 2023–24, and a further \$400 million in 2024–25.⁴⁴ The budget also included \$24 million in output initiative funding for *Bringing back the SEC* in 2023–24, and \$3.5 million in funding to develop a business case for a SEC Centre of Training Excellence (COTE) and to provide new VET qualifications focused on renewable energy, with an additional \$8.5 million budgeted for the next two financial years for the COTE.⁴⁵

Progress against each of the SEC’s aims is discussed below.

9.5.1 Investments in renewable energy and storage projects

The SEC aims to provide 4.5 gigawatts (GW) of the 25GW of renewable energy and storage capacity that Victoria is forecast to need by 2035.⁴⁶ In November 2023, the SEC announced an equity investment of \$245 million to deliver the 600 megawatt (MW) Melbourne Renewable Energy Hub (MREH)—a battery energy storage system near Melton—through a joint venture with Equis Energy. Construction of the MREH commenced in late 2023 and it is expected to be completed in late 2025.⁴⁷ This project will contribute 23.1% of Victoria’s target of 2.6GW of storage capacity by 2030.⁴⁸

Table 9.4 describes the capacity of the battery components, and the SEC’s equity stake.

⁴¹ Ibid.

⁴² Ibid., p. 18, 39.

⁴³ State Electricity Commission of Victoria, *Strategic Plan 2023–2035*, Melbourne, October 2023, pp. 13, 17.

⁴⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 39.

⁴⁵ Ibid., pp. 28, 34.

⁴⁶ State Electricity Commission of Victoria, *Annual Report 2023–24*, Melbourne, 2024, p. 14.

⁴⁷ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, p. 39.

⁴⁸ *Renewable Energy (Jobs and Investment) Act 2017* (Vic), s 7A.

Table 9.4 The capacity and SEC equity in each of the components of the Melbourne Renewable Energy Hub project

Battery component	Battery units	Capacity (MW)	Duration (MWh)	SEC equity interest (%)
A1	110	200	400	30
A2	110	200	400	30
A3	224	200	800	49
Total	444	600	1600	

Source: State Electricity Commission, *Factsheet: Melbourne Renewable Energy Hub*, <https://www.secvictoria.com.au/_data/assets/pdf_file/0031/7996/Factsheet-Melbourne-Renewable-Energy-Hub.pdf> accessed 23 January 2025; State Electricity Commission, *Annual Report 2023–24*, Melbourne 2024, pp. 42–43.

The Chief Executive Officer (CEO) of the SEC advised the Committee that while the SEC only has a minority stake in this project, issues that materially impact the value and operation of the project require a unanimous decision of the MREH board, which includes SEC directors.⁴⁹ He stated that the SEC ‘delivered on the benefits of public ownership’ through its stake in the MREH by securing its delivery ‘in a more timely fashion that it would have otherwise been delivered’ and doubling the size of the A3 battery component.⁵⁰ The CEO of the SEC also clarified that the Government’s commitment is for the SEC to have a 51% overall stake in the projects it invests in over time, rather than requiring a majority stake in each individual project.⁵¹

FINDING 77: The State Electricity Commission (SEC) has invested \$245 million in the Melbourne Renewable Energy Hub which will increase Victoria’s energy storage capacity by 600 megawatts, 23.1% of the Government’s 2030 target. The SEC has a 30% equity stake in the first two battery components and a 49% equity stake in the third battery component.

In the Committee’s *Report on the 2023–24 Budget Estimates*, the Committee recommended that DEECA develop an objective indicator that reports on the relative share of Victoria’s energy sourced from SEC projects.⁵² In its response, the Government stated that DEECA will include this indicator ‘in future budget papers once appropriate data becomes available for annual reporting.’⁵³

9.5.2 Supporting households to go all-electric

In June 2024, the SEC began testing a digital electric home planner. The planner creates personalised plans to support consumers to reduce energy bills and cost-effectively electrify their homes depending on household energy usage, current

⁴⁹ Mr Chris Miller, Chief Executive Officer, State Electricity Commission, Department of Energy, Environment and Climate Action, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, p. 24.

⁵⁰ *Ibid.*, pp. 24–25.

⁵¹ *Ibid.*, p. 24.

⁵² Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, p. 156.

⁵³ 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. 31.

home appliances and relevant government rebates.⁵⁴ At present there are no public measures or targets associated with supporting household electrification, which makes it difficult to assess the SEC's performance against this objective.

9.5.3 Increasing the renewable energy workforce

The SEC engaged with 2,600 students at 10 school career nights in 2023–24, promoting career pathways in the renewable energy sector.⁵⁵ The SEC is working with the Department of Jobs, Skills, Industry and Regions (DJSIR) on a business case for the COTE. It plans to begin implementing the COTE in 2025.⁵⁶

In the Committee's *Report on the 2023–24 Budget Estimates*, it noted that the 2023–24 Budget and the SEC's website did not contain measures that reflect the contribution of the SEC to employment or economic activity.⁵⁷ The Committee recommended that DEECA publish information about the forecast impact of the SEC on employment.⁵⁸ The Government did not support this recommendation, stating that the SEC (rather than DEECA) will publish relevant information in its annual report.⁵⁹ In response to another Committee recommendation, the Government stated that DEECA would incorporate relevant information about the SEC's outputs, objectives, objective indicators and performance measures into Budget Paper No. 3 'when appropriate once the SEC is fully operationalised'.⁶⁰

Without public measures or targets for the objective of increasing the renewable energy workforce—such as the number of recruits it aims to attract and train, or the number of new courses it aims to provide—it is difficult to assess the SEC's performance against this objective for 2023–24.

Following on from the Government's response to previous recommendations, the Committee expects that DEECA will include relevant performance measures and objective indicators in the 2025–26 Budget and that SEC will report on its performance in its annual report.

FINDING 78: Whilst the State Electricity Commission (SEC) has made progress on increasing renewable energy storage capacity through the Melbourne Renewable Energy Hub, the Committee is unable to comment on the SEC's other aims of promoting electrification of Victorian households and increasing the renewable energy workforce.

⁵⁴ State Electricity Commission, *Annual Report 2023–24*, p. 19.

⁵⁵ *Ibid.*, p. 21.

⁵⁶ *Ibid.*

⁵⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, pp. 157–158.

⁵⁸ *Ibid.*, p. 157.

⁵⁹ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2023–24 Budget Estimates*, p. 32.

⁶⁰ *Ibid.*

FINDING 79: The SEC does not have public measures or targets to provide transparency or accountability for its progress towards its objectives, especially those related to electrifying homes and building the renewable energy workforce.

RECOMMENDATION 28: To promote greater transparency and accountability for its performance, the State Electricity Commission develop and publicly report on appropriate measures and targets for each of its objectives on its website and in its annual report.

RECOMMENDATION 29: The Department of Energy, Environment and Climate Action include relevant output objectives, objective indicators and performance measures for the State Electricity Commission in the 2025–26 Budget.

9.6 Key issue—Reducing greenhouse gas emissions and increasing renewable energy capacity

9.6.1 Climate and energy targets

The *Climate Change and Energy Legislation Amendment (Renewable Energy and Storage Targets) Act 2024* was passed on 27 March 2024.⁶¹ This Act amended the *Climate Change Act 2017*, *Renewable Energy (Jobs and Investment) Act 2017* (the REJI Act), and *Environment Act 1987*, as described in Table 9.5.⁶²

Table 9.5 The Victorian Government amended several Acts relating to environment, climate change and renewable energy in 2023–24

Legislation	Amendments
<i>Climate Change Act 2017</i>	<ul style="list-style-type: none"> bringing forward Victoria's net zero emissions target from 2050 to 2045 mandating interim emissions reduction targets
<i>Renewable Energy (Jobs and Investment) Act 2017</i> (the REJI Act)	<ul style="list-style-type: none"> increasing the 2030 renewable energy targets to 65% creating a 2035 renewable energy target of 95% introducing energy storage and offshore wind energy targets
<i>Environment Act 1987</i>	<ul style="list-style-type: none"> creating an obligation for planning authorities to consider climate change hazards and emissions reductions targets when making planning decisions

Source: Department of Energy, Environment and Climate Action, *Victoria's Renewable Energy Targets 2023/24 Progress Report*, Melbourne, 2024, p. 3; Department of Energy, Environment and Climate Action, *Victorian renewable energy and storage targets*, 31 October 2024 <<https://www.energy.vic.gov.au/renewable-energy/victorian-renewable-energy-and-storage-targets>> accessed 24 January 2025; *Climate Change and Energy Legislation Amendment (Renewable Energy and Storage Targets) Act 2024* (Vic) s 5, 6, 23(1), 23(2), 20, 17.

⁶¹ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, p. 24.

⁶² *Climate Change and Energy Legislation Amendment (Renewable Energy and Storage Targets) Act 2024* (Vic), s 1.

Table 9.6 summarises Victoria's renewable energy targets.

Table 9.6 Victoria's targets for greenhouse gas emissions reductions and renewable energy generation and storage

Year	Targets			
	Greenhouse gas emissions ^a (%)	Renewable energy ^b (%)	Energy storage (GW)	Offshore wind energy (GW)
2025	28–33	40	–	–
2030	45–50	65	2.6	2 ^c
2035	75–80	95	6.3	4
2040	Net zero emissions	–	–	9

a. Below 2005 levels.

b. Proportion of electricity generated in Victoria.

c. 2032 target.

Source: Department of Energy, Environment and Climate Action, *Victoria's 2035 Emissions Reduction Target*, May 2023, p. 5; *Climate Change Act 2017* (Vic) s 10; *Renewable Energy (Jobs and Investment) Act 2017* (Vic) s 7, s 7A, s 7B.

DEECA reports on progress against these targets through its annual Victoria's Renewable Energy Targets (VRET) progress reports and Victorian Greenhouse Gas Emissions reports.⁶³

FINDING 80: Recent amendments to Victorian legislation have created clear, legislated targets for greenhouse gas emissions, renewable energy generation, energy storage and offshore wind capacity. The Department of Energy, Environment and Climate Action regularly reports on progress against these targets.

9.6.2 Progress towards targets

Greenhouse gas emissions

DEECA tabled the *Victorian Greenhouse Gas Emissions Report 2022* in Parliament in November 2024.⁶⁴ The report states 'Victoria's greenhouse gas net emissions for 2022 were 84.7 million tons of carbon dioxide equivalent (CO₂e). This is a 31.3% reduction in emissions from 2005 levels. This is within the 2025 target range of reducing Victoria's emissions by 28–33% below 2005 levels'.⁶⁵

⁶³ Department of Energy, Environment and Climate Action, *Victoria's Renewable Energy Targets 2023/24 Progress Report*, Melbourne, 2024, p. 3; Department of Energy, Environment and Climate Action, *Victorian Greenhouse Gas Emissions Report 2022*, Melbourne, 2024.

⁶⁴ There is a two-year lag in the Commonwealth data used in this report due to the detailed collection process and extensive quality assurance processes. Source: Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, p. 25.

⁶⁵ Department of Energy, Environment and Climate Action, *Victorian Greenhouse Gas Emissions Report 2022*, p. 4.

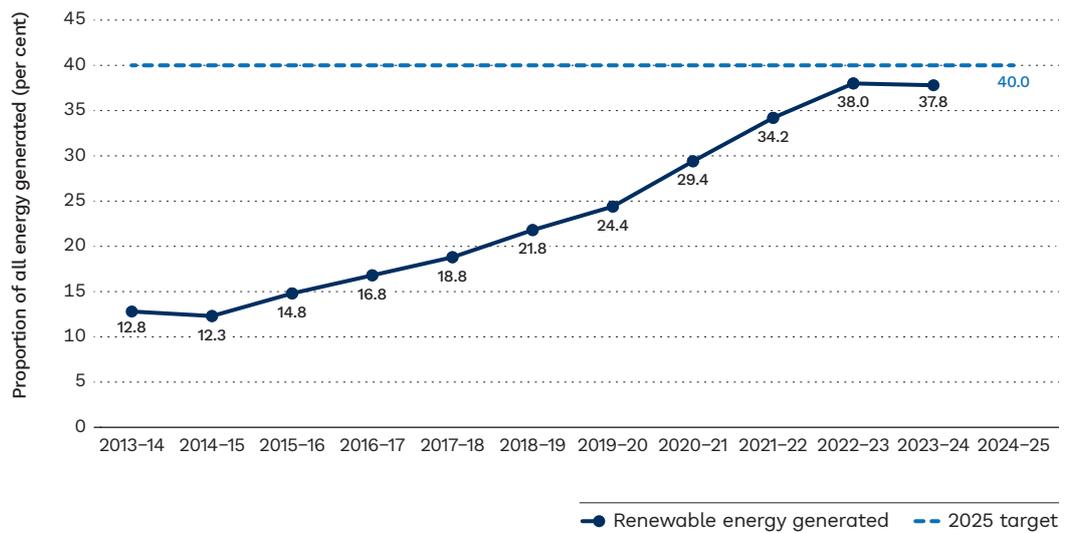
In 2023–24, Victoria generated around 20,545 gigawatt hours (GWh) of electricity from renewable energy sources (Figure 9.3). This represents about 37.8% of Victoria’s total electricity generation of 54,325 GWh.⁶⁶ Low wind conditions in quarter two of 2024 and reduced hydroelectricity generation meant that this was slightly lower than the 38% result in 2022–23.⁶⁷ According to DEECA, Victoria remains on track to meet its 2025 target of 40% electricity generation from renewable sources.⁶⁸

Box 9.2 Renewable energy capacity and generation

Capacity refers to the maximum electricity that can be produced at any one time. Capacity is measured in kilowatts (kW; one thousand watts), megawatts (MW; one million watts) or gigawatts (GW; one billion watts).

Generation refers to the amount of energy produced over time. Generation is measured in kilowatt hours (kWh), megawatt hours (MWh) or gigawatt hours (GWh), which is the amount of energy generated over an hour.⁶⁹

Figure 9.3 Renewable energy has almost tripled as a proportion of all energy generated in Victoria since 2013–14



Source: Department of Energy, Environment and Climate Action and Department of Water, Environment, Land and Planning, *Annual Reports*, 2016–17 to 2023–24.

66 Department of Energy, Environment and Climate Action, *Victoria’s Renewable Energy Targets 2023/24 Progress Report*, p. 5.

67 Ibid., p. 1.

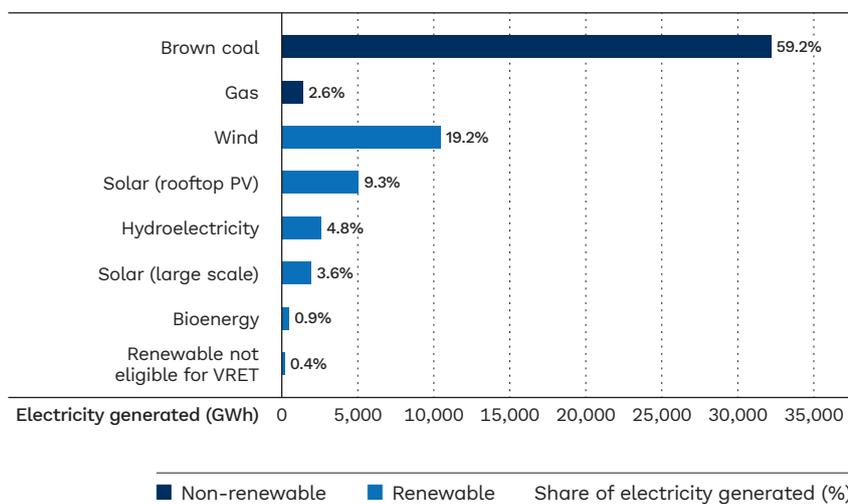
68 Ibid.

69 Climate Council, *Watt’s watt? A guide to renewable energy capacity and generation.*, 26 July 2018, <<https://www.climatecouncil.org.au/resources/watts-watt-a-guide-to-renewable-energy-capacity-and-generation>> accessed 24 January 2025.

In 2023–24, Victoria’s renewable energy capacity increased by 888MW.⁷⁰ Wind made up 109MW of increased capacity and 780MW came from solar, including 630MW of rooftop solar.⁷¹

Figure 9.4 breaks down the sources of renewable and non-renewable energy generated in Victoria in 2023–24. Wind was the largest source of renewable energy, comprising half of all electricity generated from renewable sources, and 19.2% of total electricity generated from all sources. Rooftop photovoltaic (PV) solar was the second largest source of renewable energy, contributing a quarter of electricity generated from renewable sources and 9.3% of total electricity generation.⁷²

Figure 9.4 Wind was the largest source of renewable energy generation in Victoria in 2023–24



Source: Department of Energy, Environment and Climate Action, *Victorian Renewable Energy Targets 2023/24 Progress Report*, pp. 5–6.

FINDING 81: The Government reports Victoria is on track to meet its 2025 targets for greenhouse gas emissions reductions and renewable energy generation.

Energy storage

Renewable energy sources such as wind and solar harness Victoria’s abundant natural resources and help to reduce greenhouse gas emissions. However, these energy sources can be variable and intermittent. The times when they are generating energy also may not align with the times when the community and industry use the most energy.

⁷⁰ Department of Energy, Environment and Climate Action, *Victoria’s Renewable Energy Targets 2023/24 Progress Report*, p. 8.

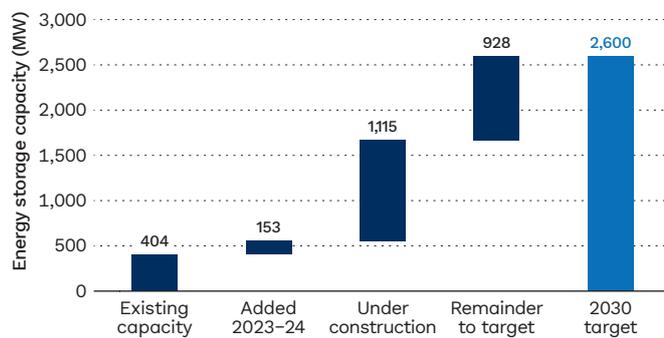
⁷¹ *Ibid.*, p. 9.

⁷² *Ibid.*, pp. 5–6.

Storage options such as batteries are used to improve the reliability of renewable energy by ensuring that it is available when it is needed.⁷³

As of 30 June 2024, Victoria had installed 557MW of energy storage capacity.⁷⁴ This is 21.4% of the 2030 target of 2.6GW.⁷⁵ Victoria's energy storage capacity increased by 153MW in 2023–24, with 150MW coming from a new battery system at Hazelwood and 3MW from thermal storage at Carwarp.⁷⁶ Victoria has an additional 1,115MW of energy storage capacity under construction, including the MREH (discussed in Section 9.5). DEECA estimates that all of these projects will be commissioned by the end of 2025.⁷⁷ This comes to a total of 1,672MW, 64.3% of the 2030 target.⁷⁸

Figure 9.5 Victoria's energy storage capacity increased by 153 megawatts in 2023–24



Source: Department of Energy, Environment and Climate Action, *Victoria's Renewable Energy Targets 2023/24 Progress Report*, 2024, pp. 7, 9–10.

FINDING 82: Victoria has increased its energy storage capacity to 557 megawatts (MW), with an additional 1,115MW currently under construction. This will improve the reliability of Victoria's renewable energy system and allow renewable energy supply to better align with demand.

9.6.3 Offshore wind—Port of Hastings

DEECA published the *Offshore Wind Energy Implementation Statement 3* in December 2023.⁷⁹ According to the statement, 'The Victorian Renewable Energy Terminal at the Port of Hastings will be Victoria's primary assembly port for offshore wind and critical to ensure the achievement of at least 2GW of offshore wind

⁷³ CSIRO, *Diverse array of energy-storage technologies may be key to firming the grid*, 19 January 2021, <<https://www.csiro.au/en/news/all/articles/2021/january/diverse-array-of-energy-storage-technologies-may-be-key-to-firming-the-grid>> accessed 12 December 2024.

⁷⁴ Department of Energy, Environment and Climate Action, *Victoria's Renewable Energy Targets 2023/24 Progress Report*, p. 7.

⁷⁵ *Renewable Energy (Jobs and Investment) Act 2017* (Vic), s 7A(1)(a).

⁷⁶ Department of Energy, Environment and Climate Action, *Victoria's Renewable Energy Targets 2023/24 Progress Report*, pp. 8–9.

⁷⁷ *Ibid.*, pp. 9–10.

⁷⁸ *Renewable Energy (Jobs and Investment) Act 2017* (Vic), s 7A(1)(a).

⁷⁹ Department of Energy, Environment and Climate Action, *Offshore Wind Energy Implementation Statement 3*, Melbourne, 2023.

generation by 2032'.⁸⁰ In the 2023–24 Budget, the Government allocated \$21.2 million to the Department of Transport and Planning (DTP) to 'undertake further planning, design and development work on the Victorian Renewable Energy Terminal at the Port of Hastings'.⁸¹

As discussed in the Committee's *Budget Estimates 2024–25* report⁸², in January 2024 the Commonwealth Government rejected the proposed Port of Hastings development due to environmental risks.⁸³ The Secretary of DEECA stated that the Port of Hastings Corporation is providing further information to the Commonwealth Environment Minister and DEECA is 'confident that the Port of Hastings will provide an important construction and assembly port solution to support the offshore wind delivery in Victoria'.⁸⁴

According to the Secretary, some 'impact assessment and appropriate mitigation' activities that the project would have subsequently completed for the Victorian Environmental Effects Statement (EES) process, were 'effectively, brought forward and undertaken in a more substantive way' as the Port of Hastings addresses the Commonwealth Minister's requirements.⁸⁵ The Secretary acknowledged that 'There has been an impact' on delivering the Government's targets and that DEECA is 'updating the market in relation to the schedule for offshore wind'.⁸⁶ The Secretary also stated that, given its scale, the project will ultimately 'rely on multiple ports in multiple places in south-east Australia'.⁸⁷ In March 2024, DEECA announced a study area in Gippsland for the first offshore wind transmission project.⁸⁸

It is not clear to the Committee how the delayed approvals for the Victorian Renewable Energy Terminal at the Port of Hastings will impact the Victorian Government's ability to:

- deliver offshore wind according to its implementation plan
- meet its offshore wind targets
- deliver the project through Victorian ports.

⁸⁰ Ibid., p. 9.

⁸¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, pp. 96, 99.

⁸² Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, p. 135.

⁸³ Australian Government, Department of Climate Change, Energy, the Environment and Water, 'Statement of Reasons 2023/09609', 8 January 2024, <<https://epbcpportal.environment.gov.au/all-referrals/project-referral-summary/project-decision/?id=984bf791-80ab-ee11-be37-002248933951>> accessed 24 January 2025; 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 2 December 2024.

⁸⁴ Mr John Bradley, Secretary, Department of Energy, Environment and Climate Change, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of Evidence*, p. 4.

⁸⁵ Ibid.

⁸⁶ Ibid., p. 5.

⁸⁷ Ibid.

⁸⁸ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, p. 38.

FINDING 83: Commonwealth Government approval delays for the Port of Hastings, the Victorian Government's preferred offshore wind construction port, have impacted Victoria's schedule for offshore wind development.

RECOMMENDATION 30: Once known, the Department of Energy, Environment and Climate Action provide a public update on any impacts to the Victorian Government's offshore wind generation targets as a result of Commonwealth approval delays for offshore wind projects.

9.7 Key issue—Solar Homes

DEECA's *Solar Homes* program promotes household take-up of solar systems by providing rebates for solar panels and solar hot water systems and loans for solar batteries.⁸⁹

In response to the questionnaire, DEECA identified the *Solar Homes* program as one of its most important outcomes in 2023–24.⁹⁰ The performance of the program has improved compared to the prior two financial years. The Committee's *2021–22 and 2022–23 Financial and Performance Outcomes* report described *Solar Homes* as 'one of DELWP's/DEECA's poorest performing outputs in 2021–22 and 2022–23.'⁹¹ In 2021–22, the output did not meet six of its eight performance measures (75%) by a variance of more than 5%. In 2022–23, it did not meet five of its 11 performance measures (45.5%) by a variance of more than 5%. In 2023–24, only three of its nine performance measures (33.3%) exceeded 5% variance.⁹²

In 2023–24 DEECA exceeded its target for hot water rebate approvals by 508%, approving 27,428 rebates against a target of 4,510. DEECA attributed this to 'consumer interest in obtaining energy efficient hot water systems, influenced by changes to the eligibility criteria and simplification of the application process.'⁹³ DEECA's performance in delivering the rebates since 2019–20 is illustrated in Figure 9.6.

⁸⁹ Solar Victoria, *Solar Homes Program*, 30 August 2024, <<https://www.solar.vic.gov.au/solar-homes-program>> accessed 17 January 2025.

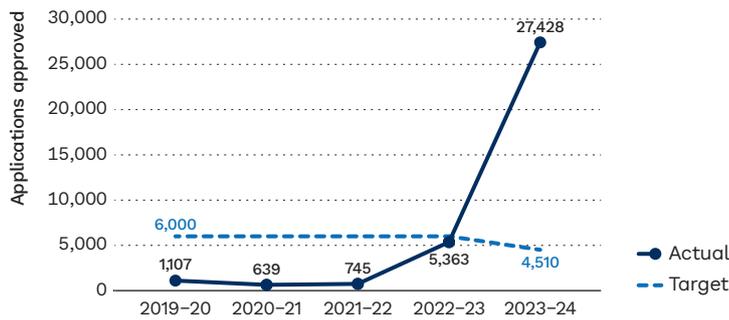
⁹⁰ Department of Energy, Environment and Climate Action, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 19–20.

⁹¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, p. 195.

⁹² *Ibid.*, pp. 195–196; Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, pp. 44–45.

⁹³ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, p. 44.

Figure 9.6 Approvals of solar hot water rebate applications



Source: Department of Treasury and Finance, *Departmental performance measures: Department of Energy, Environment and Climate Action*, 14 October 2024, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 24 January 2025; Department of Energy, Environment and Climate Action, *Annual Report 2022-23*, Melbourne, 2023, p. 53; Department of Energy, Environment and Climate Action, *Annual Report 2023-24*, Melbourne, 2024, p. 44.

FINDING 84: The Department of Energy, Environment and Climate Action approved 27,428 solar hot water rebates through the *Solar Homes* program in 2023-24, 508% more than its target.

In 2023-24 DEECA split the measure for applications for Solar PV rebates into separate measures for owner-occupied and rental households.⁹⁴ DEECA approved 3,321 applications for Solar PV rebates for rental households in 2023-24, exceeding its target of 1,000 approvals by 232%. The department approved 47,877 Solar PV rebates for owner-occupied households, 8% below its target of 52,000.⁹⁵

As of June 2024, the program had supported the installation of 320,599 solar systems since 2019-20. This includes solar PV, hot water, battery and Virtual Power Plant systems. The program added 72,251 solar systems in 2023-24—its best annual result since the program began.⁹⁶ To achieve its goal of 778,500 systems by 2028, DEECA needs to install approximately 114,475 systems per year for the next four years of the program.⁹⁷ This is over twice the average annual rate to date.

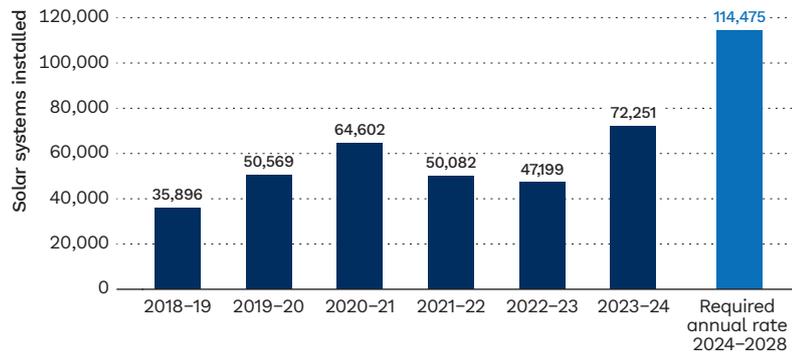
⁹⁴ Ibid., pp. 44, 80.

⁹⁵ Ibid., p. 44.

⁹⁶ Ibid., p. 42.

⁹⁷ Solar Victoria, *Ensuring more Victorian households and small businesses have access to solar energy*, 22 August 2023, <<https://www.solar.vic.gov.au/100000-solar-homes-and-many-more-come>> accessed 17 December 2024.

Figure 9.7 In 2023–24 the number of solar systems installed per year under the Solar Homes program increased



Source: Department of Energy, Environment and Climate Action, *Annual Report 2022–23*, Melbourne, 2023, p. 51; Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, 2024, p. 42; Solar Victoria, *Ensuring more Victorian households and small businesses have access to solar energy*, 22 August 2023, <<https://www.solar.vic.gov.au/100000-solar-homes-and-many-more-come>> accessed 17 December 2024.

FINDING 85: The performance of the *Solar Homes* program has improved since 2021–22, but it needs to increase the rate of solar system installations to meet its 2028 target.

Solar Homes added 358.7MW of electricity generation capacity in 2023–24,⁹⁸ which is 2.8% of Victoria’s total renewable energy capacity as of 30 June 2024.⁹⁹ Since the program began in 2018, it has added to 1.9GW of capacity.¹⁰⁰ This represents 15.2% of Victoria’s total renewable generation capacity.¹⁰¹

The *Solar Homes* program contributed about 3.7% of the electricity generated in Victoria in 2023–24. DEECA estimates that this is ‘around 8.9 per cent of the renewable electricity needed to meet Victoria’s 2025 renewable energy target of 40 per cent renewable generation’.¹⁰²

FINDING 86: The *Solar Homes* program added 358.7 megawatts of renewable electricity generation capacity in 2023–24, making up 2.8% of Victoria’s renewable energy capacity, contributing to emissions reductions targets and saving Victorian households money.

⁹⁸ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, p. 42.

⁹⁹ Department of Energy, Environment and Climate Action, *Victoria’s Renewable Energy Targets 2023/24 Progress Report*, p. 7.

¹⁰⁰ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, p. 42.

¹⁰¹ Department of Energy, Environment and Climate Action, *Victoria’s Renewable Energy Targets 2023/24 Progress Report*, p. 7.

¹⁰² *Ibid.*, p. 6.

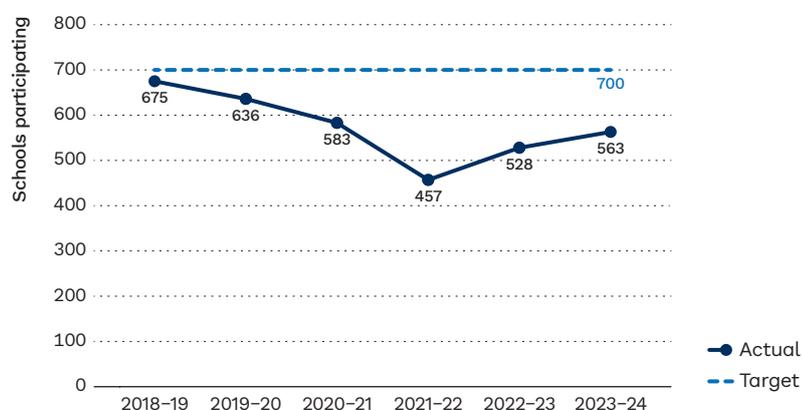
9.8 Key issue—ResourceSmart Schools

ResourceSmart Schools aims to ‘embed sustainable behaviours among Victorian school communities to reduce greenhouse gas emissions, resource usage and waste to landfill’.¹⁰³ Sustainability Victoria has managed the *ResourceSmart Schools* program since 2008. Since its inception it has:

- reduced school operating costs by \$68 million
- avoided 110,000 tonnes of greenhouse gas emissions
- diverted 170,000m³ of waste from landfill
- saved 1.9 kilolitres of water
- planted 5.1 million trees.¹⁰⁴

ResourceSmart Schools received \$2.9 million in funding in the 2023–24 Budget.¹⁰⁵ In 2023–24, 563 schools were active in the program. This was an increase from 2022–23, but it was 20% below DEECA’s target.¹⁰⁶ DEECA attributed the underperformance against the target to ‘continued challenges in the uptake of extracurricular activities in schools since the COVID-19 pandemic’.¹⁰⁷

Figure 9.8 Since 2018–19 the Department of Energy, Environment and Climate Action has not met its target for the number of schools participating in the ResourceSmart Schools program



Source: Department of Treasury and Finance, *Departmental performance measures: Department of Energy, Environment and Climate Action*, 14 October 2024, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 24 January 2025; Department of Energy, Environment and Climate Action, *Annual Report 2022–23*, Melbourne, 2023, p. 31; Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, Melbourne, 2024, p. 26.

¹⁰³ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 31.

¹⁰⁴ Ms Carolyn Jackson, Deputy Secretary, Regions, Environment, Climate Action and First Peoples, Department of Energy, Environment and Climate Action, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of Evidence*, p. 37.

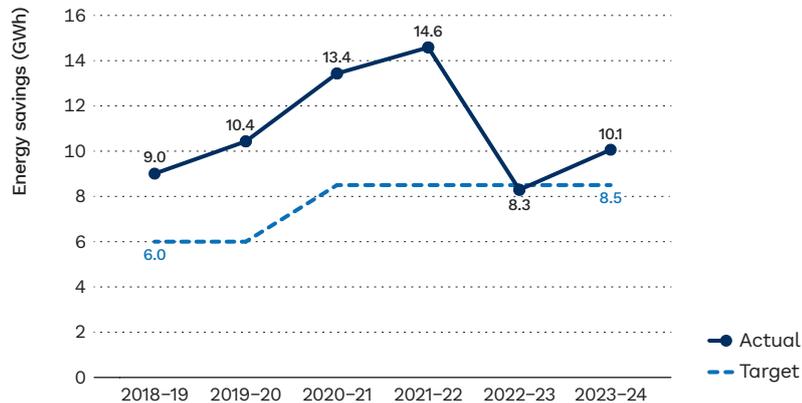
¹⁰⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24*, p. 28.

¹⁰⁶ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, pp. 25–26; Department of Energy, Environment and Climate Action, *Annual Report 2022–23*, Melbourne, 2023, p. 31.

¹⁰⁷ Department of Energy, Environment and Climate Action, *Annual Report 2023–24*, p. 26.

Participating schools reported energy savings of 10,064,674 kWh in 2023–24, 18% more than the target of 8,500,000 kWh. DEECA attributes this to ‘a larger number of schools than expected uploading their energy use and savings data into Sustainability Victoria’s online system’.¹⁰⁸

Figure 9.9 Energy savings for schools participating in ResourceSmart schools



Source: Department of Treasury and Finance, *Departmental performance measures: Department of Energy, Environment and Climate Action*, 14 October 2024, <<https://www.dtf.vic.gov.au/departamental-statements>> accessed 24 January 2025; Department of Energy, Environment and Climate Action, *Annual Report 2022-23*, Melbourne, 2023, p. 31; Department of Energy, Environment and Climate Action, *Annual Report 2023-24*, Melbourne, 2024, p. 26.

This saving equates to an emissions reduction of 8,554 tonnes CO₂e in the 2023 school year, increasing from 7,962 tonnes CO₂e in 2022.¹⁰⁹ It also saved schools \$2.8 million in annual energy bills.¹¹⁰ Schools participating in *ResourceSmart Schools* also decreased waste to landfill by over 11,000m³ and saved 191 million litres of water in 2023.¹¹¹

FINDING 87: *ResourceSmart Schools* has helped schools to reduce their energy consumption, waste production and water usage, contributing to reduced energy costs for schools, reduced greenhouse gas emissions and other environmental benefits.

¹⁰⁸ Ibid.

¹⁰⁹ Ibid., p. 25.

¹¹⁰ Sustainability Victoria, *Annual Report 2023-24*, Melbourne, 2024, p. 12.

¹¹¹ Ms Carolyn Jackson, Deputy Secretary, Regions, Environment, Climate Action and First Peoples, Department of Energy, Environment and Climate Action, *Transcript of Evidence*, p. 37.

Chapter 10

Court Services Victoria

10.1 Overview

Court Services Victoria (CSV) is an independent statutory body established to provide administrative services and facilities to support the Victorian courts, the Victorian Civil and Administrative Tribunal (VCAT), the Judicial College of Victoria and the Judicial Commission of Victoria.¹

Victoria's courts and tribunals' mission is to safeguard and maintain the rule of law through the fair, timely and efficient dispensing of justice.²

10.2 Outcomes and challenges

In response to the Committee's questionnaire, CSV identified its programs that delivered the most important outcomes in the community in 2023–24. These included the *Backlog VCAT Residential Tenancies recovery* program, which aimed to address the backlog in the list resulting from the COVID-19 pandemic. CSV advised that in 2023–24 it finalised 64,000 residential tenancies cases, reducing the pending caseload on the list by 54%.³ The Chief Executive Officer (CEO) of CSV advised the Committee that VCAT was on track to clear its residential tenancies backlog by the end of 2024.⁴

FINDING 88: In 2023–24, the Victorian Civil and Administrative tribunal made progress in clearing the backlog on its Residential Tenancies list, reducing the pending caseload by 54%.

10

Other programs that delivered important outcomes to the community in 2023–24 included:

- the Magistrates Court of Victoria (MCV) service centre, which contributed to improved case throughput and a reduction in the MCV's pending caseload
- CSV's Koori Self-Determination Plan, which sought to strengthen cultural responses to Koori staff and court users
- the Specialist Dandenong Children's Court, which began operations in June 2023.⁵

1 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 368.

2 Ibid.

3 Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 6.

4 Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 19 November 2024, *Transcript of evidence*, p. 12.

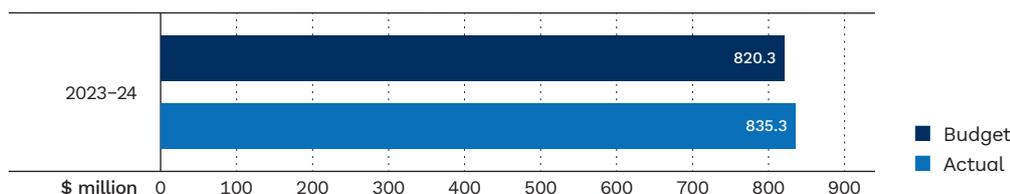
5 Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 6–8.

10.3 Financial analysis

10.3.1 Output expenditure

In 2023–24 CSV’s budget was \$820.3 million. Actual expenditure for the year was \$835.3 million, representing a variance of 1.8% (\$15 million).⁶

Figure 10.1 In 2023–24 Court Services Victoria exceeded its original budget by 1.8%



Source: Court Services Victoria, *Annual Report 2023–24*, Melbourne, 2024, p. 32.

10.3.2 Revenue and expenses

In 2023–24 CSV’s output appropriations grew marginally in comparison to the 2022–23 actual—from \$555 million to \$570 million.⁷ Similarly, CSV’s actual output appropriations expense was only \$1 million above its budget of \$569 million.⁸

In 2023–24 CSV’s employee expenses increased from the previous year by 8.2% (\$40 million).⁹ In 2023–24 CSV exceeded its budget for employee expenses by 10.4% (\$50 million).¹⁰ CSV advised this was due to several factors including remuneration increases, increased payroll tax, increases to superannuation contributions, WorkCover insurance payments and ‘workforce transition payments’ of \$4.5 million.¹¹

CSV’s total number of employees has continued to grow over the last three financial years, from 255.7 full-time equivalent (FTE) in 2021–22 to 303.6 FTE in 2023–24.¹²

⁶ Court Services Victoria, *Annual Report 2023–24*, Melbourne, 2024, p. 32.

⁷ Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 23.

⁸ *Ibid.*, p. 24.

⁹ *Ibid.*, p. 25.

¹⁰ *Ibid.*, p. 26.

¹¹ *Ibid.*

¹² *Ibid.*, p. 37.

Overall financial performance

Table 10.1 summarises CSV's financial performance in 2023–24.

Table 10.1 In 2023–24 Court Services Victoria's expenses exceeded its revenue by \$7.1 million

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	820.0	829.6	1.2
Expenses from transactions	820.0	836.7	2.0
Net result	0.0	(7.1)	-

Source: Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 156; Court Services Victoria, *Annual Report 2023–24*, Melbourne, 2024, p. 33.

10.3.3 Savings initiatives

According to CSV, one of its key challenges in 2023–24 was 'implementing efficiency measures with minimal impact on the quality of frontline court services'. CSV advised that increased cost pressures and the Government's fiscal policy, including savings outlined in the *COVID Debt Repayment Plan*, contributed to this challenge.¹³ In 2023–24 CSV began an organisational restructure to realign and reduce back office and corporate functions to achieve its savings targets.¹⁴ CSV made \$8.1 million in savings in 2023–24 and reduced its consultancy and contracting spend by 33%.¹⁵

While achieving its savings targets, CSV stated that it reduced any impact on operations through 'administrative efficiencies'.¹⁶ CSV advised that most of the savings had been found through the reduced contractor and consultancy spend, while CSV also made changes to people services, finance and other corporate services.¹⁷

The CEO advised that further savings were being pursued through the Supreme Court and the Children's Court, but that those measures were still under consideration.¹⁸ The Committee discussed the proposal by the Children's Court to close its conciliation conference unit with the CEO of CSV.¹⁹ Conciliation conferences are a type of

¹³ Ibid., p. 53.

¹⁴ Ibid.

¹⁵ Ibid., pp. 27, 53.

¹⁶ Ibid., p. 27.

¹⁷ Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, *Transcript of evidence*, p. 6.

¹⁸ Ibid.

¹⁹ Ibid., p. 3.

court-ordered mediation that aim to give all parties, including children and their parents, the opportunity to agree or advise on the action that should be taken in child protection cases.²⁰

Under the proposal, appropriate Children’s Court matters would be heard through other forms of alternative dispute resolution, such as readiness hearings in front of a magistrate.²¹ The Children’s Court reviewed the cost and efficiency of its early dispute resolution approaches in child protection proceedings, but it has not released this review.²² As such, it is not yet known what the expected impacts are on all parties of closing the conciliation conferencing unit and using other resolution methods.

CSV also advised that one of its key challenges in 2023–24 was increased demand in the higher courts, including the Supreme Court and the County Court of Victoria, due in part to legislative changes and case law decisions.²³ As outlined in the Committee’s *Report on the 2024–25 Budget Estimates*, CSV has a further savings target of \$20 million by 2027–28.²⁴ The Committee will continue to monitor where CSV, the courts and tribunal make their savings, how CSV manages increased demand for court services while meeting savings targets and what impact this has on frontline service delivery.

FINDING 89: In 2023–24 Court Services Victoria (CSV) achieved \$8.1 million in savings through back-office efficiencies. CSV has an overall savings target of \$20 million by 2027–28.

10.4 Performance information

In 2023–24 CSV achieved or exceeded 38% of its 39 performance measures. It did not meet 21% of its measures within a 5% variance and did not meet 41% of its measures exceeding a 5% variance.²⁵

20 Children’s Court of Victoria, *Conciliation Conferences*, 2021, <<https://www.childrenscourt.vic.gov.au/family-division/child-protection/conciliation-conferences>> accessed 2 December 2024; Department of Families, Fairness and Housing, *Conciliation conferences*, 2024, <<https://www.cpmanual.vic.gov.au/advice-and-protocols/advice/court/hearings/conciliation-conferences>> accessed 2 December 2024.

21 Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, *Transcript of evidence*, p. 4.

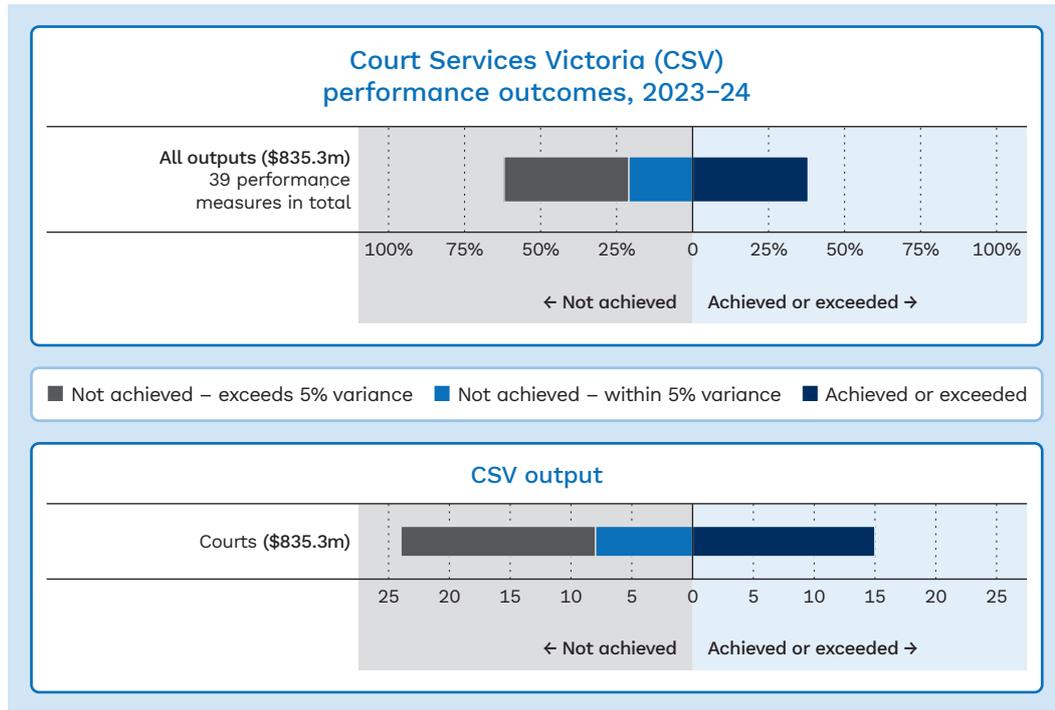
22 Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 43–44.

23 *Ibid.*, p. 53.

24 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, p. 141.

25 Court Services Victoria, *Annual Report 2023–24*, pp. 28–32.

Figure 10.2 In 2023–24 Court Services Victoria achieved 38% of its performance measures



Source: Court Services Victoria, *Annual Report 2023–24*, Melbourne, 2024, pp. 28–32.

CSV’s performance declined from 2022–23, when CSV met or exceeded 41% of its measures.²⁶

As in 2022–23, CSV did not meet several performance measures across court jurisdictions related to ‘Average cost per case’ and ‘Case clearance rate’.²⁷ CSV noted a number of cost measures were not met due to a lower number of matters being finalised in the financial year and an increase in major project costs throughout the year.²⁸

FINDING 90: In 2023–24 Court Services Victoria achieved or exceeded 38% of its performance measures.

²⁶ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, p. 208.

²⁷ Court Services Victoria, *Annual Report 2023–24*, pp. 28–32; Court Services Victoria, *Annual Report 2022–23*, Melbourne, 2023, pp. 33–34.

²⁸ Court Services Victoria, *Annual Report 2023–24*, p. 28.

CSV performed well in several areas including:

- Average cost per case—Criminal matters disposed (closed) in the County Court. This measure exceeded its cost target by 42.4% due to the expansion and increase of therapeutic court programs which enabled more early intervention (discussed in Section 10.5) and improved whole of justice outcomes
- Average cost per case—Civil matters disposed in VCAT. This measure exceeded its target by 10% reflecting higher finalisations due to the backlog recovery program in the Residential Tenancies list (discussed in Section 10.2).²⁹

10.5 Key issues

During the hearings, the Committee and the CEO discussed several areas of CSV's service delivery in 2023–24.

The Dandenong Children's Court began operations in June 2023. In its first year it finalised over 2,700 matters.³⁰ Since the Court added a family violence facility in February 2024, it has heard over 5,200 family violence intervention orders.³¹ The CEO told the Committee that the Court delivered a number of specialised services for children.³² Reflecting demographics in the region, the CEO advised that the Court prioritised creating a safe and inclusive space for Koori people.³³

The CEO also outlined the benefits of therapeutic court programs that received funding in the 2023–24 Budget. The CEO advised that drug treatment courts were available across several jurisdictions for eligible applicants. An evaluation showed that the Drug Court delivered \$2 of benefit for every \$1 invested in the program, and completing a drug treatment order reduced participants' likelihood of reoffending by almost 30%.³⁴ The CEO added that there was also strong engagement in Koori Court and specialist family violence court programs across 2023–24.³⁵

FINDING 91: The Drug Court program, delivered across several jurisdictions in 2023–24, resulted in a cost benefit of \$2 for every \$1 invested in the program and reduced the likelihood of reoffending by people who completed a drug order by 30%.

²⁹ Ibid.

³⁰ Court Services Victoria, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 8.

³¹ Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, *Transcript of evidence*, p. 5.

³² Ibid.

³³ Ibid.

³⁴ Ibid., p. 10.

³⁵ Ibid.

Chapter 11

Department of Government Services

11.1 Overview

The Department of Government Services' (DGS) purpose is to improve Victorian's experience of interacting with government, to connect and digitise government platforms, and to streamline corporate and procurement services across the Victorian Public Sector.¹ DGS was established on 1 January 2023.²

In 2023–24 DGS' objectives were:

- to make it easier for individuals and businesses to engage with government
- to accelerate digital transformation for Government
- corporate services that enable better service delivery and drive productivity over time.³

11.2 Outcomes and challenges

DGS identified its programs that delivered the most important outcomes in the community in 2023–24.⁴ These included:

- the Reducing future justice demand and keeping the community safe initiative, which supported over 4,000 victims of family violence to stabilise their financial circumstances
- the Public Libraries Funding Program
- the Cyber Safe Victoria 2021+ initiative, which improved government cyber security capability and maturity. DGS also listed increased cybercrime and targeting of the public sector as a key challenge in 2023–24.⁵

1 Victorian Government, *Department of Government Services*, last updated 14 November 2024, <<https://www.vic.gov.au/department-government-services>> accessed 22 January 2025.

2 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, p. 215.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 194.

4 Department of Government Services, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, pp. 12–13.

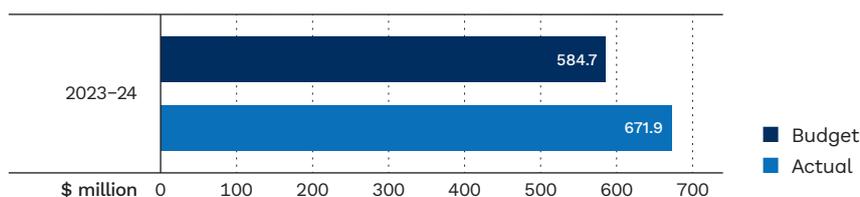
5 Ibid., pp. 12–13, 66.

11.3 Financial analysis

11.3.1 Output expenditure

In 2023–24 DGS' budget was \$584.7 million. Actual expenditure for the year was \$671.9 million, representing a variance of 14.9% (\$87.2 million).⁶

Figure 11.1 In 2023–24 the Department of Government Services exceeded its original budget by 14.9%



Source: Department of Government Services, *Annual Report 2023–2024*, Melbourne, 2024, pp. 34–42.

In 2023–24 five of DGS' six outputs exceeded their budgets (Table 11.1). This included the Identity and Worker Screening Services output, which exceeded its original target budget due to machinery of government transfers and an increased demand for worker screening services.⁷ The Management of Victoria's Public Records output exceeded its original budget due to 'operating cost increases'.⁸

The Regulation of the Victorian Consumer Marketplace output exceeded its original budget primarily due to unforeseen events during the financial year that required one-off funding to manage. These included the collapse of Porter Davis Homes, and financial counselling and renter services for Victorians impacted by floods.⁹

Table 11.1 shows DGS' expenditure by output for 2023–24.

⁶ Department of Government Services, *Annual Report 2023–2024*, Melbourne, 2024, pp. 34–42.

⁷ *Ibid.*, p. 36.

⁸ *Ibid.*, p. 41.

⁹ *Ibid.*, p. 35.

Table 11.1 In 2023–24 five of six of the Department of Government Services' outputs exceeded their original budgets

Output	Target (\$million)	Actual (\$million)	Variance (%)
Regulation of the Victorian Consumer Marketplace	149.8	186.2	24.3
Identity and Worker Screening Services	28.1	55.2	96.4
Local Government	64.7	83.2	28.6
Digital Strategy and Transformation	230.5	241.9	4.9
Management of Victoria's Public Records	12.1	16.3	34.7
Services to Government	99.5	89.1	(10.5)
Total	584.7	671.9	14.9

Source: Department of Government Services, *Annual Report 2023–2024*, Melbourne, 2024, pp. 34–42.

FINDING 92: In 2023–24 the Department of Government Services exceeded its original budget of \$584.7 million by 14.9% (\$87.2 million).

11.3.2 Revenue and expenses

In 2023–24 DGS' output appropriations were \$536.3 million, representing an increase of 14.6% (\$68.4 million) compared to the budget estimate. DGS explained this increase in a similar way to the difference between its overall actual expenditure and its budget. DGS received supplementary funding and further funds to meet urgent and unforeseen needs, such as providing support to customers of Porter Davis Homes after liquidation and councils impacted by floods.¹⁰

In 2023–24 DGS spent \$373.3 million on employee benefits, compared to its original budget of \$333.3 million. DGS attributed this to staffing costs for programs that received supplementary funding, such as identity and worker screening services.¹¹

¹⁰ Department of Government Services, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 38–39.

¹¹ *Ibid.*, pp. 20, 40–41.

Overall financial performance

Table 11.2 summarises DGS' financial performance in 2023–24.

Table 11.2 The Department of Government Services reported a positive net result from transactions of \$107.9 million in 2023–24

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	865.5	1,055.8	22.0
Expenses from transactions	842.5	947.9	12.5
Net result	23.0	107.9	369.1

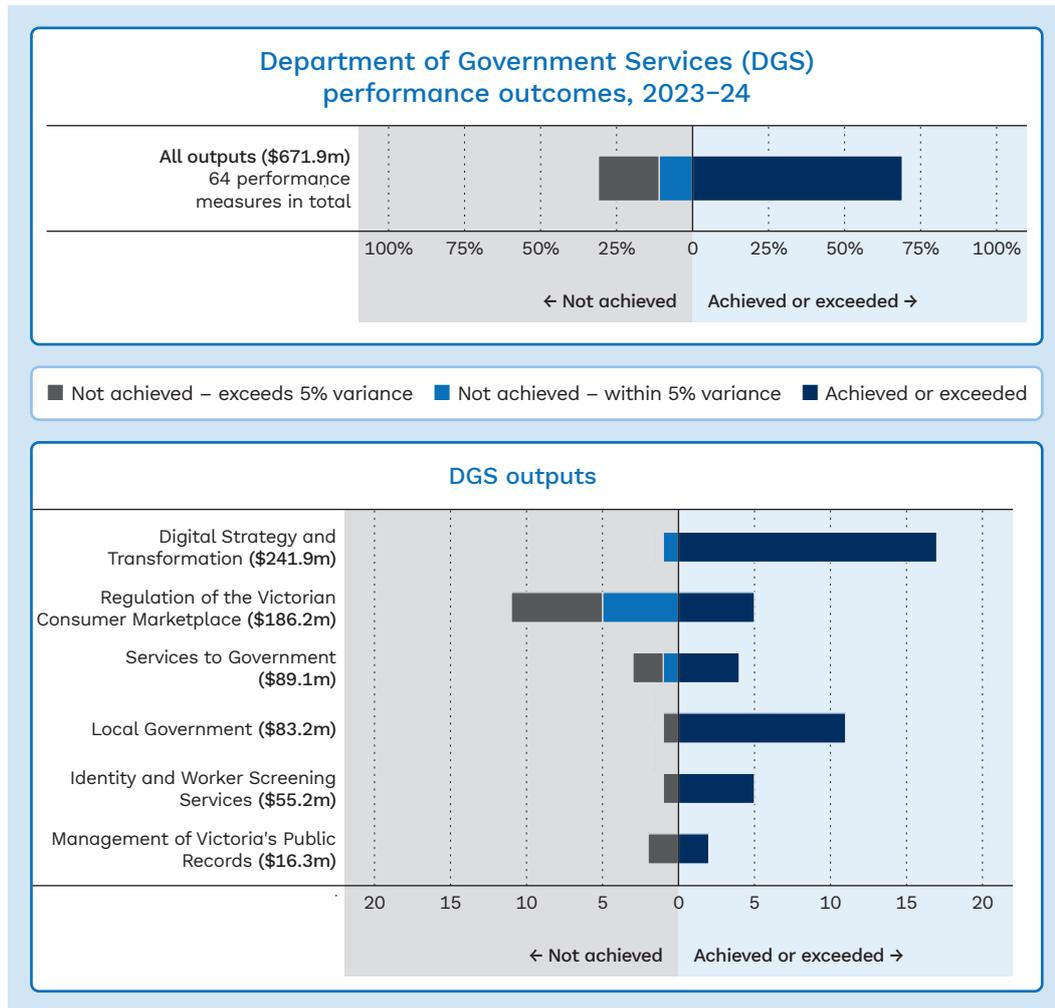
Source: Department of Government Services, *Annual Report 2023–2024*, Melbourne, 2024, p. 159.

11.4 Performance information

In 2023–24 DGS achieved or exceeded 69% of its 64 performance measures published in its 2023–24 Annual Report. The department did not meet 11% of its measures within a 5% variance and did not meet 20% of its measures exceeding a 5% variance.¹²

¹² Department of Government Services, *Annual Report 2023–2024*, pp. 34–42.

Figure 11.2 In 2023–24 the Department of Government Services achieved 69% of its performance measures



Source: Department of Government Services, *Annual Report 2023–2024*, Melbourne, 2024, pp. 34–42.

Several of the unmet measures with over 5% variance were dependent on outcomes and activities undertaken by external agencies. For example, the variance of -43.9% in dispute resolution services provided by the Dispute Settlement Centre of Victoria (DSCV) was due to lower-than-expected referrals from the Victorian Civil and Administrative Tribunal (VCAT).¹³ Overall client satisfaction rate targets for the DSCV were also 18.9% below target due to the impact of assisting VCAT with dispute backlog reduction. This extended resolution timelines for customers.¹⁴

¹³ Ibid., p. 34.

¹⁴ Ibid., p. 35.

11.5 Key issue—Improving governance in local government

One of the key priorities of DGS is ‘ensuring good governance’ within the local government sector. Results from the 2023–24 *Local Government Community Satisfaction Survey*, conducted annually by the department, demonstrated a minor reduction in satisfaction with overall council performance, from 56% to 54% in the previous financial year.¹⁵ Overall satisfaction is lower than it has been since 2015 and has declined each year since 2021, when overall satisfaction was 61%.¹⁶

Metropolitan councils demonstrated higher rates of community satisfaction than the state-wide average. The department noted a significant downward trend continuing in each of the Regional Centre, Large Shire and Small Shire groupings of councils.¹⁷ The department noted the suspension of all councillors from Strathbogie Shire Council in December 2023 due to their failure to demonstrate good governance practices as an example of a detrimental impact.¹⁸

FINDING 93: The 2023–24 *Local Government Community Satisfaction Survey*, conducted by the Department of Government Services, recorded a reduction in community satisfaction with overall council performance, from 56% in 2022–23 to 54%. The continued reduction in community satisfaction rates reflects a trend from previous years, with current efforts to improve satisfaction with council performance yet to have a marked impact.

In 2023–24, 11 new municipal monitors were appointed to six councils to help implement good governance practices and support councils to better serve their communities.¹⁹

The Committee asked DGS about the benefits and costs of engaging municipal monitors. The department advised that:

- the daily rate for a municipal monitor is \$1,335 plus reasonable out-of-pocket expenses. This rate is set by the Minister for Local Government and paid to councils, as required by the *Local Government Act 2020*²⁰

¹⁵ Ibid., p. 24.

¹⁶ JWS Research for the Department of Government Services, *Local Government Community Satisfaction Survey 2024*, 2024, pp. 10, 19.

¹⁷ Department of Government Services, *Annual Report 2023–2024*, p. 24.

¹⁸ Ibid.

¹⁹ Municipal monitors work closely with councils to improve governance practices and help councillors ensure they are performing their roles in accordance with the *Local Government Act 2020*. Recent examples of municipal monitors being appointed due to poor governance include Casey City, Whittlesea City and Strathbogie Shire Councils. Source: Department of Government Services, *Annual Report 2023–2024*, p. 24; Premier of Victoria, *Monitors Appointed for Casey, Strathbogie and Whittlesea*, media release, 6 November 2024, <<https://premier.vic.gov.au/monitors-appointed-casey-strathbogie-and-whittlesea>> accessed 16 January 2025.

²⁰ Ms Lisa Gandolfo, Deputy Secretary, Consumer Affairs and Local Government, Department of Government Services, 2024–25 Financial and Performance Outcomes hearing, response to questions on notice, received 29 November 2024, p. 1.

- the total cost to the department for all of the municipal monitors could not be made available to the Committee because ‘costs differ depending on the hours worked’ and ‘individual councils hold the data about the total costs incurred by them’²¹
- a number of factors contribute to the decision to either appoint or continue the appointment of a monitor, including legacy issues from prior councils, recommendations from the Local Government Inspectorate and observations from monitors themselves over the course of their appointments²²
- monitors in some councils have continued their appointments following the recent elections to ensure governance improvements identified by previous monitors are fully implemented and to support stability as the council transitions to a new council body.²³

FINDING 94: In 2023–24, the Minister for Local Government appointed 11 municipal monitors across six local councils at a rate of \$1,335 per day plus reasonable out-of-pocket expenses, paid to councils as required by the *Local Government Act 2020*.

RECOMMENDATION 31: The Department of Government Services publish the total cost of engaging municipal monitors on a financial-year basis in its annual report.

On 25 June 2024, the *Local Government Amendment (Governance and Integrity) Act 2024* amended the *Local Government Act 2020*.²⁴ The Act introduced several reforms aimed to strengthen council leadership, capability and councillor conduct. The Act is also designed to improve early intervention and effective dispute resolution approaches and to strengthen oversight mechanisms.²⁵

The following changes came into effect:

- On the recommendation of the Minister for Local Government, the Governor in Council now has the power to suspend an individual councillor or disqualify a person who has been dismissed from taking office if they have been found by a municipal monitor or Commission of Inquiry to have created a serious risk to health and safety or prevented the council from performing its functions.
- New powers for the Chief Municipal Inspector, including the power to table reports in Parliament and issue infringements for minor offences.²⁶

²¹ Ibid.

²² Ibid., p. 6.

²³ Ibid., p. 3.

²⁴ Department of Government Services, *Annual Report 2023–2024*, p. 24.

²⁵ Ibid.

²⁶ Ibid., pp. 24–25.

Additional changes came into effect on 26 October 2024, including ongoing mandated training for mayors and councillors and improvements to the councillor conduct framework.²⁷

FINDING 95: In 2024, the *Local Government Amendment (Governance and Integrity) Act 2024* introduced reforms to improve standards of behaviour and integrity in Victorian councils, including:

- mandatory training
- enhancing the councillor code of conduct
- strengthening powers to address councillor behaviour.

11.6 Key issue—Support for public library services

Victorian communities rely on public libraries for free and universal access to resources, education and programs. In an average year, Victoria’s public libraries attract over 30 million visitors and deliver programs to 2.2 million people across the state.²⁸ Public libraries also provide access to services such as information technology, early literacy, child and youth programs and resources and adult learning initiatives.²⁹

In total, DGS spent \$51.4 million on public library services in the last financial year, which included a \$5.5 million Treasurer’s Advance to ensure ‘total allocations under the Public Libraries Funding Program could be maintained at the previous year’s level’.³⁰ The costs of delivering library services to the community are typically split between DGS and local councils, with councils taking on the majority of costs.³¹

To support the provision of high quality and accessible public library services across Victoria throughout 2023–24, DGS oversaw the delivery of three key programs:

- \$48.1 million was allocated through the Public Libraries Funding Program for councils, regional libraries and Vision Australia
- \$2 million to fund 19 projects through the Living Libraries Infrastructure Fund, to support refurbishment and improvements to library buildings and mobile library services

²⁷ Ibid., p. 25.

²⁸ Department of Government Services, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 13.

²⁹ Ibid.

³⁰ When queried by the Committee as to why initial funding allocated through the State Budget has not been adequate to maintain previous funding levels, the department stated that setting appropriations for the department was the responsibility of the Department of Treasury and Finance. Sources: Department of Government Services, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 19; Public Accounts and Estimates Committee, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 19 November 2024, *Transcript of evidence*, p. 4.

³¹ Ibid.

- \$1.1 million through the Premier’s Reading Challenge Book Fund to support the participation of school-aged children in the annual Premiers’ Reading Challenge.³²

The department identified the Public Libraries Funding Program as one of its most important deliverables.³³ It provides operation funding support for public library services and is used to buy new books and other collection items, run online services and deliver outreach programs.³⁴ In particular, access to digital library services saw significant growth over the 2023–24 financial year, resulting in:

- 12 million visits to library websites and mobile apps
- library services and loans being accessed digitally over four million times
- over 10 million downloads of digital resources provided by public libraries.³⁵

The department noted that its current performance measures in Budget Paper No. 3 do not accurately reflect the significant use of public libraries as community hubs and meeting spaces and the growth of digital library services in recent years.³⁶

The department is working with the library sector to ensure it can ‘properly advocate for the...work that libraries do and put that case to Government as part of the [next] budget cycle’.³⁷ The department does not anticipate it will need to apply for a Treasurer’s Advance for this program in 2024–25.³⁸

FINDING 96: The Department of Government Services received a \$5.5 million Treasurer’s Advance to supplement the allocated \$45.8 million in the 2023–24 State Budget to deliver the Public Libraries Funding Program. Additional funding was required to ensure total allocations under the program could be maintained at the previous year’s level.

RECOMMENDATION 32: The Department of Government Services and the Department of Treasury and Finance review the base funding and current performance measures related to supporting public libraries for the next budget cycle to ensure they forecast anticipated activity more accurately and reflect changes in library usage.

³² Department of Government Services, *Annual Report 2023–2024*, p. 26.

³³ Department of Government Services, Response to the 2023–24 Financial and Performance Outcomes Questionnaire, pp. 12–13.

³⁴ *Ibid.*, p. 13.

³⁵ Ms Jo de Morton, Secretary, Department of Government Services, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 19 November 2024, Transcript of evidence, p. 29.

³⁶ *Ibid.*, p. 5.

³⁷ *Ibid.*

³⁸ *Ibid.*

11.7 Key issue—Zero emissions vehicles in VicFleet

The Zero Emissions Vehicle program received funding in the 2020–21 Budget, as part of Victoria’s Road Map to Zero Emissions.³⁹ The pilot project aimed to transition 400 vehicles by 2023 within the government fleet to zero emission vehicles (ZEVs), and to provide charging stations across government-owned and leased buildings that would allow cars to be charged overnight.⁴⁰

In 2023–24, DGS delivered 233 ZEVs within VicFleet to reach its goal of 400.⁴¹ As of November 2024, DGS had surpassed its goal and had 501 electric vehicles in VicFleet.⁴² During the hearings, the Secretary reported that there were 15,000 vehicles total in its fleet and acknowledged that the current number of ZEVs was a small proportion—3.3% of the government’s total fleet. The Secretary stated that the Victorian Government had committed to full electrification of its fleet by 2035, and that they ‘have a plan that would see us meet that target’ despite it being ambitious.⁴³ The plan has not been publicly released.

FINDING 97: The Department of Government Services surpassed its goal of transitioning 400 VicFleet vehicles to zero emission vehicles by 2023. The Victorian Government has a goal to fully electrify its fleet by 2035. Currently, 3.3% of the VicFleet are zero emission vehicles.

RECOMMENDATION 33: The Department of Government Services release its plan on how it will transition its entire VicFleet to zero emissions vehicles by 2035.

³⁹ Department of Environment, Land, Water and Planning, *Victoria’s Zero Emissions Vehicle Roadmap*, Melbourne, 2017, p. 6.

⁴⁰ Buying for Victoria, *Zero emissions vehicle program*, 17 April 2024, <<https://www.buyingfor.vic.gov.au/zero-emissions-vehicle-program>> accessed 3 February 2025; Department of Environment, Land, Water and Planning, *Victoria’s Zero Emissions Vehicle Roadmap*, Melbourne, 2017, p. 6.

⁴¹ Department of Government Services, *2023–24 Annual Report*, p. 6.

⁴² Ms Jo de Morton, Secretary, Department of Government Services, *Transcript of evidence*, p. 28.

⁴³ Ibid.

Chapter 12

Department of Treasury and Finance

12.1 Overview

The Department of Treasury and Finance's (DTF) mission is to provide economic, commercial, financial and resource management advice to help the Victorian Government deliver its policies.¹

In 2023–24 DTF's objectives were to:

- optimise Victoria's fiscal resources
- strengthen Victoria's economic performance
- improve how Government manages its balance sheet, commercial activities and public sector infrastructure.²

12.2 Outcomes and challenges

DTF was asked to identify its programs that delivered the most important outcomes in the community in 2023–24. DTF identified the following:

- delivery of the 2024–25 State Budget
- designing and implementing the commercial and industrial property tax reform
- providing the largest package to date of Early Intervention Investment Framework (EIIF) initiatives
- leading delivery of the Victorian Homebuyer Fund
- promoting fair, equitable and productive workplaces for all Victorians.³

¹ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 335.

² *Ibid.*, pp. 335–336.

³ Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, pp. 4–9.

As in previous years rather than identifying programs that did not deliver their planned outcomes as requested by the Committee, DTF instead listed its lowest-performing performance measures (which replicates its performance information).⁴ This included:

- the accuracy of estimates for the employment growth rate in the 2023–24 Budget. DTF advised this was underestimated because of resilient labour demand and stronger than expected population and economic growth
- the average value of debt over 12 months overdue was higher due to aged debts from both the COVID-19 pandemic and post-pandemic period. DTF advised that overdue debt was being addressed with additional resourcing
- the number of social housing dwellings committed by the Social Housing Growth Fund Grants program was lower than expected because a number of projects were not finalised in 2023–24 as anticipated but were expected to be executed early in 2024–25.⁵

DTF was asked to outline the main challenges it faced in 2023–24. DTF reported:

- the challenging economic and fiscal environment posed by high inflation, rising interest rates and escalating cost-of-living conditions
- supporting Treaty and self-determination
- the complex operating environment due to increasing workload and resourcing allocation challenges and onboarding a new senior leadership group.⁶

12.3 Financial analysis

12.3.1 Output expenditure

In 2023–24 DTF's budgeted expenditure was \$473.1 million. Actual expenditure for the year was \$412.5 million, representing a variance of 12.8% (\$60.6 million).⁷

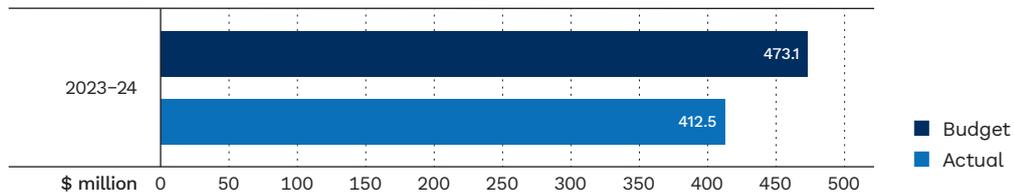
4 Ibid., pp. 10–11; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, p. 230.

5 Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 10–11.

6 Ibid., p. 80.

7 Department of Treasury and Finance, *Annual Report 2023–24*, Melbourne, 2024, pp. 21–34.

Figure 12.1 In 2023–24 the Department of Treasury and Finance spent 12.8% less than its budget



Source: Department of Treasury and Finance, *Annual Report 2023–24*, Melbourne, 2024, pp. 21–34.

DTF advised that its underspend primarily related to delays or rephrasing of major projects as well as some reclassifications for the purposes of financial reporting.⁸

12.3.2 Revenue and expenses

Revenue

In 2023–24 DTF's output appropriations were \$388 million (a 9.3% decline from 2022–23) and made up 97.5% of its total portfolio revenue.⁹ The Other revenue and income category declined by 77.1% to \$8 million due to the transfer of the Government Accommodation Trust to the Department of Transport and Planning as part of machinery of government (MoG) changes.¹⁰

Expenses

DTF's portfolio expenses declined from \$493 million in 2022–23 to \$398 million in 2023–24, which DTF advised the Committee primarily reflected the MoG changes that took effect during 2022–23.¹¹ It was made up of:

- a 11.7% decline in employee benefits to \$218 million
- a 46.7% decline in depreciation expenses to \$8 million
- a 48.9% decline in grant expenses to \$23 million
- a 19.9% decline in other operating expenses to \$149 million.¹²

⁸ See explanations given for 'Total output costs'. Source: Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 74–78.

⁹ See explanations given for 'Total output costs'. Source: Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 36, 38–39.

¹⁰ Department of Treasury and Finance, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 39–40.

¹¹ Ibid.

¹² Department of Treasury and Finance, *Annual Report 2023–24*, pp. 39–40.

Overall financial performance

Table 12.1 summarises DTF's financial performance in 2023–24.

Table 12.1 The Department of Treasury and Finance broke even in 2023–24, with both income and expenses below budget

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	439	398	(9.3)
Expenses from transactions	437	398	(8.9)
Net result	2	0	(100)

Source: Department of Treasury and Finance, *Annual Report 2023–24*, Melbourne, 2024, p. 40.

12.3.3 Treasurer's Advances

DTF was granted \$397 million in Treasurer's Advances (TAs) representing 3.6% of its total parliamentary authority in 2023–24 and around 3.4% of all TAs used by Victorian Government agencies in 2023–24.¹³ DTF used \$380 million to make compensation payments associated with the withdrawal from the 2026 Commonwealth Games.¹⁴ Of the remaining TAs:

- \$11.4 million was used for six urgent or unforeseen decisions taken since the 2023–24 Budget including one \$5.3 million TA for commercial reform and advisory services
- \$5.6 million related to six releases from central contingencies¹⁵
- the largest TA was \$3.4 million to fund the Portable Long Service Authority.¹⁶

12.4 Performance information

In 2023–24 DTF achieved or exceeded 77% of its 82 performance measures published in its Annual Report. The department did not meet 5% of its measures within a 5% variance and did not meet 18% of its measures exceeding a 5% variance.¹⁷

¹³ Ibid., p. 60; Department of Treasury and Finance, *2023–24 Financial Report*, Melbourne, 2024, pp. 160–165.

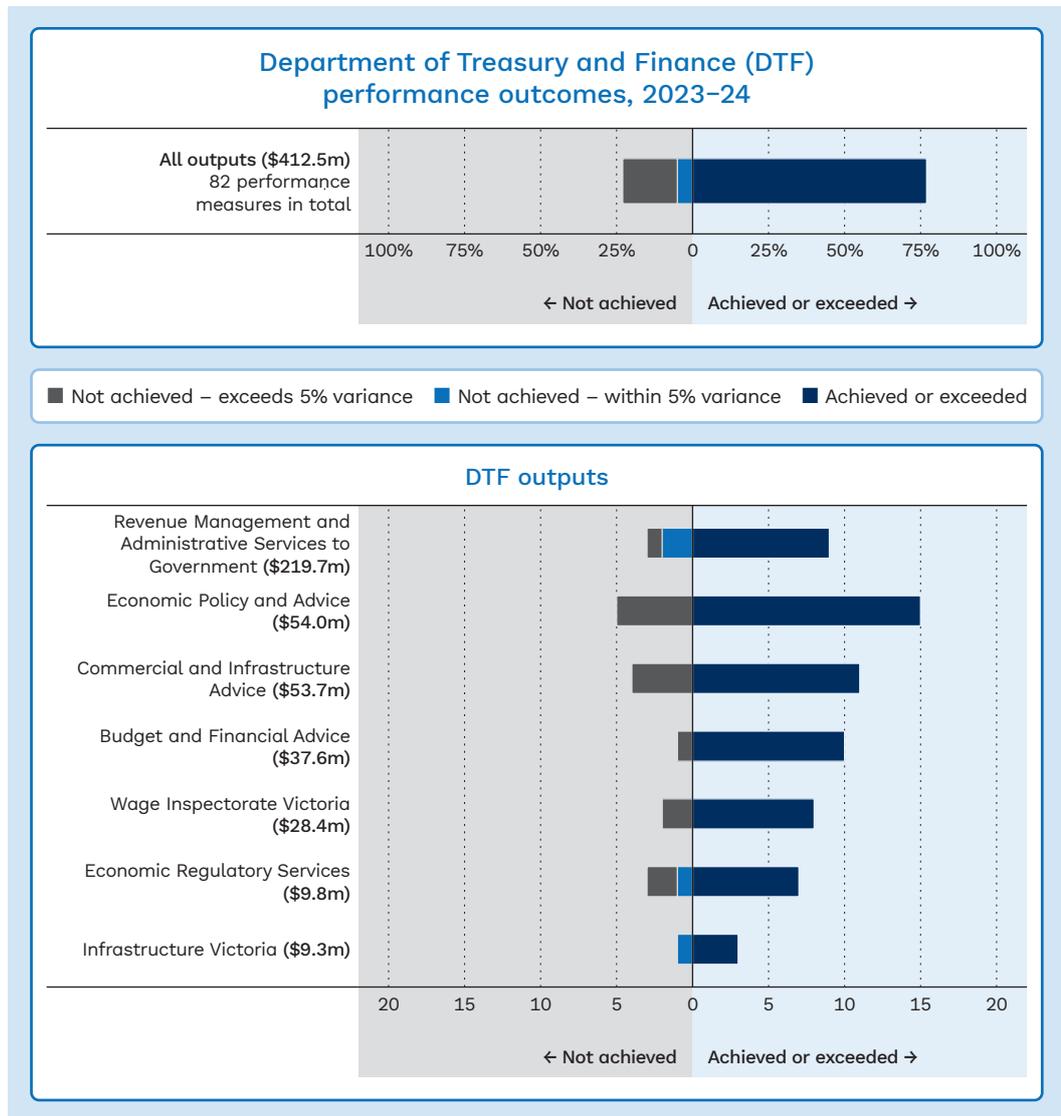
¹⁴ Ibid., p. 162.

¹⁵ The difference between the types of TAs is a key issue and is explored further in Chapter 2 (Whole of Government).

¹⁶ Department of Treasury and Finance, *2023–24 Financial Report*, pp. 162, 165.

¹⁷ Department of Treasury and Finance, *Annual Report 2023–24*, pp. 21–34.

Figure 12.2 In 2023–24 the Department of Treasury and Finance achieved 77% of its performance measures



Source: Department of Treasury and Finance, *Annual Report 2023–24*, Melbourne, 2024, pp. 21–34.

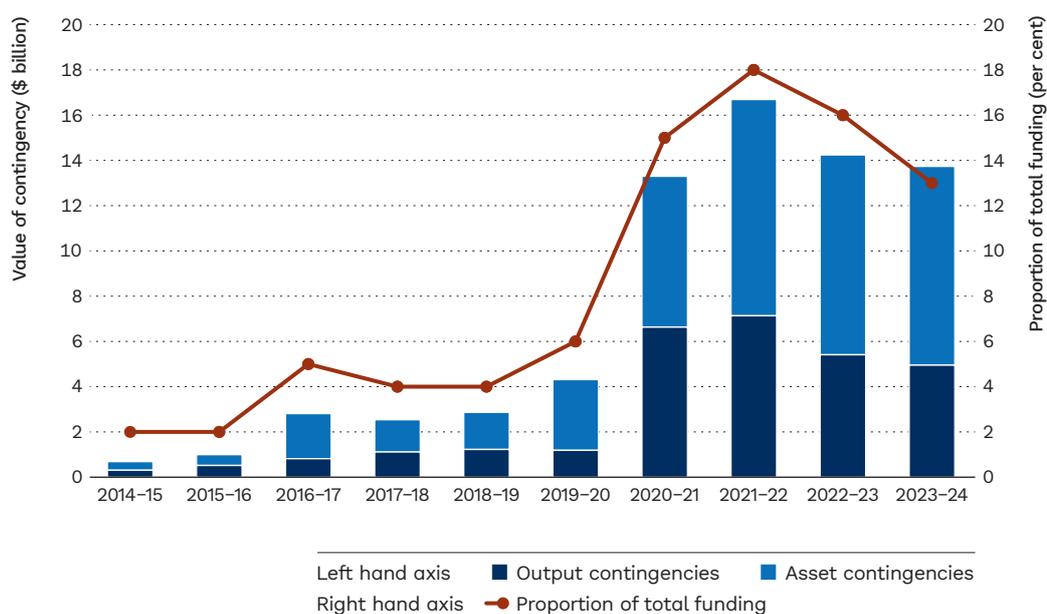
In 2023–24, DTF achieved all but one of its 22 timeliness performance measures and around three-quarters of its quantity and quality performance measures.¹⁸

¹⁸ Ibid.

12.5 Key issue—Contingency funding

The Government allocates funds to central contingency reserves through the annual budget cycle, and these are routinely reported on in *Budget Paper No. 5*.¹⁹ Prior to 2019–20 central contingencies represented less than 5% of funding approved by the Parliament for use by the Government.²⁰ However, since the Government's response to the COVID 19 pandemic in 2020, a step-change has occurred in their use. In 2023–24 they amounted to 13.3% of the funding approved by Parliament (Figure 12.3).²¹

Figure 12.3 Between 2019–20 and 2021–22 Victorian Government contingencies grew and have remained well above pre-pandemic levels



Source: Department of Treasury and Finance, *Annual Financial Report, 2014-15 to 2023-24*; Department of Treasury and Finance, *Budget Paper No. 5: Statement of Finances, 2014-15 to 2023-24*.

FINDING 98: The total value of central contingencies managed by the Department of Treasury and Finance has grown, initially driven by the need to support the Government's response to the COVID-19 pandemic. In 2023–24 contingency funding represented 13.3% of all funding authorised by the Parliament of Victoria.

The value of the central contingencies remains high compared to historical levels.

Additionally, the allocation of central contingencies to departments is not reported in a timely manner. This has resulted in significant variations between the published budget

¹⁹ Department of Treasury and Finance, *Budget Paper No. 5: 2023-24 Statement of Finances*, Melbourne, 2023, pp. 29–30.

²⁰ Department of Treasury and Finance, *Budget Paper No. 5: 2019-20 Statement of Finances*, Melbourne, 2019, pp. 32, 34; Department of Treasury and Finance, *2019-20 Financial Report*, Melbourne, 2020, p. 153.

²¹ Department of Treasury and Finance, *Budget Paper No. 5: 2023-24 Statement of Finances*, pp. 29–30; Department of Treasury and Finance, *2023-24 Financial Report*, p. 148.

and the actual result, as discussed in Chapter 3 (Department of Health), and Chapter 6 (Department of Transport and Planning).

In the *Report on the 2023–24 Budget Estimates*, the Committee recommended DTF provide a breakdown of the large contingencies not allocated by estimated portfolio and department (for example, health, disability, education).²² The recommendation was not supported by the Government, which stated:

It is a long-standing principle that contingencies have been provided in the current format.

DTF does not consider further breakdowns of contingency balances relevant for the purposes of interpreting the budget papers.

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.²³

Given the value of funds held in central contingencies and their impact on the original budget estimates and actual results, the Committee maintains there is a need for more transparent reporting.

RECOMMENDATION 34: The Department of Treasury and Finance:

- include an explanation of the value of funding allocated to central contingencies in future budget papers
- report payments and the purposes of such payments it makes from central contingencies to departments in the Annual Financial Report that are not made via a Treasurer's Advance, if applicable.

RECOMMENDATION 35: The Department of Treasury and Finance update the model report to require departments report for each contingency release during the financial year:

- the funds received from the central contingencies
- the reasons the contingency release was required
- the outputs or capital projects which the contingency releases contributed to.

²² Recommendation 2. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2023–24 Budget Estimates*, October 2023, p. 25.

²³ 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.

12.6 Key issue—Treasurer’s Advances

The annual Advance to the Treasurer’s appropriation (Advance to the Treasurer) is a unique appropriation which forms part of the Government’s central contingencies.²⁴ They are provided as part of the Annual Appropriations bills, which provides funding up-front to the Treasurer to enable the Government to meet urgent claims that may arise before Parliamentary sanction is obtained.²⁵

The Treasurer may approve payments, referred to as TAs, to departments with urgent and unforeseen expenditure claims. TAs are reported to, and sanctioned by, the Parliament in a subsequent year’s Annual Appropriations Act (usually up to two years after being accessed).²⁶ The Resource Management Framework (RMF) provides mandatory requirements and guidance to ensure the use of TAs is appropriate and transparent to the Parliament.²⁷

12.6.1 Treasurer’s Advances as an essential source of emergency funding

TAs are an essential contingency made each year to enable the Victorian Government to act efficiently and effectively to address urgent problems or opportunities as they arise, such as the Government’s response to the COVID-19 pandemic.

As shown in Figure 12.4 the value of the TAs quadrupled in 2019–20 to enable the Government to respond to the COVID-19 pandemic. Despite the tapering of the Government’s response to COVID-19, the value of TAs accessed in 2022–23 and 2023–24 remains well above pre-pandemic levels. The RMF states that ‘any unapplied component of a Treasurer’s Advance in a given year lapses at the end of the year’.²⁸ In 2022–23 the unused component of TAs was \$1.8 billion and in 2023–24 this was \$2.1 billion.²⁹

²⁴ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document*, Melbourne, July 2023, p. 95.

²⁵ *Ibid.*, p. 10.

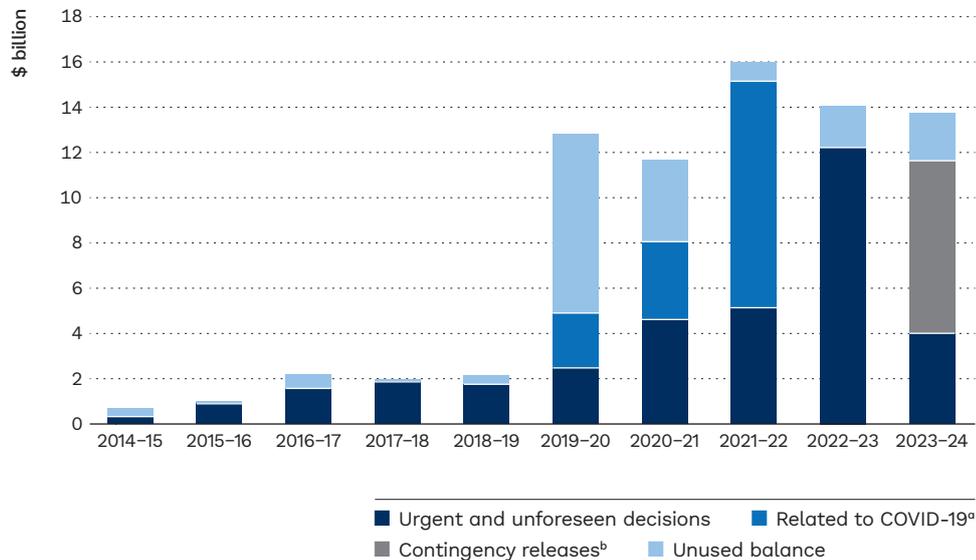
²⁶ *Ibid.*, pp. 10, 90.

²⁷ The Resource Management Framework is mandated for departments by the *Assistant Treasurer’s Standing Directions 2018 under the Financial Management Act 1994 (Vic)*. Source: Victorian Auditor-General’s Office, *Accessing Emergency Funding to Meet Urgent Claims*, Melbourne, 2020, p. 11.

²⁸ Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document*, p. 90.

²⁹ *Appropriation (2024–25) Act 2024 (Vic)*, sch 3.

Figure 12.4 Treasurer’s Advances were heavily relied upon during the COVID-19 pandemic, but the total value claimed remains above pre-pandemic levels



- a. DTF stopped reporting TA payments related to COVID-19 in 2022-23.
 b. DTF commenced reporting 'Contingency releases paid from the advance to the Treasurer' in 2023-24.

Source: Department of Treasury and Finance, *Annual Financial Report, 2014-15 to 2023-24*.

FINDING 99: The value of Treasurer’s Advances initially increased to enable the Government’s response to the COVID-19 pandemic and has remained above pre-pandemic levels in 2022-23 and 2023-24.

In 2023-24 DTF reported a new category of TAs, ‘Contingency releases’, which DTF advised reflected a practice for the financial management of the Government’s major infrastructure projects.³⁰ The practice and appropriateness of this type of TA is examined in Chapter 6 (Department of Transport and Planning).

DTF further advised that ‘Decisions made post-budget’ reflected the traditional use of TAs for urgent and unforeseen issues.³¹ In 2023-24 there were 124 TAs related to decisions made post-budget.³²

³⁰ Mr Chris Barrett, Secretary, Department of Treasury and Finance, 2023-24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, pp. 3-4.

³¹ *Ibid.*, p. 4.

³² Department of Treasury and Finance, *2023-24 Financial Report*, pp. 160-162.

12.6.2 Definition of urgent and unforeseen

The Annual Appropriations Acts require that the TAs be used to:

enable [the] Treasurer to meet urgent claims that may arise before Parliamentary sanction is obtained, which will afterwards be submitted for Parliamentary authority.³³

In 2020 the Victorian Auditor-General recommended DTF update the RMF to, among other changes, clarify the meaning of urgent and unforeseen in relation to requests for TAs.³⁴ The Committee has noted that the RMF was updated giving greater clarification in which circumstances TAs can be made.³⁵

The RMF effective from 1 July 2023 defines urgent claims as occurring where:

issues have become known to departments, or where spending by a department has become necessary, after the Appropriation Bill for that year was finalised, and for which a funding is needed within the same financial year.³⁶

The RMF also introduces the concept of unforeseen issues, which can be addressed through a TA. It states that unforeseen issues arise when:

- circumstances occur outside the department's control that could not reasonably have been predicted by a department during the annual planning process
- the scope of an issue unexpectedly exceeds departments' expectations due to factors outside the department's control
- the timing of an issue unexpectedly changes due to factors outside the department's control.³⁷

12.6.3 Reporting and parliamentary authorisation of Treasurer's Advances

TAs accessed during a financial year are authorised by the Parliament and reported in a subsequent year's Annual Appropriations Bill.³⁸ This is a fundamental process that ensures the Parliament performs its purpose when debating and voting on the Annual Appropriation Acts. For this process to be effective the Parliament must have sufficient, reliable information regarding each of the TAs accessed during the year.

³³ *Appropriation (2023–2024) Act 2023* (Vic), sch 1.

³⁴ Victorian Auditor-General's Office, *Accessing Emergency Funding to Meet Urgent Claims*, pp. 5, 11.

³⁵ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. 38–41.

³⁶ According to the RMF the most common reasons are to respond to emergencies (for example to respond to natural disasters, pandemics) or to respond to other external events (for example to act on a Commonwealth Government decision, action or requirement). Source: Department of Treasury and Finance, *Resource Management Framework – Part 1 of 2 – Main Document*, p. 91.

³⁷ *Ibid.*

³⁸ In practice there is a up to a two-year delay i.e. TAs made during 2023–24 will be included in 2025–26 Annual Appropriations Bill. Source: Explanatory Memorandum, *Appropriation (2024–25) Bill 2024* (Vic), p. 2.

To facilitate this process the Government reports a list of the TAs granted in any given year in that year's Annual Financial Report.³⁹ The information reported is not subject to independent audit or review and includes:

- the department which was granted the TA
- a title describing the purpose of the TA
- the value of payments made using the TA.

The Committee believes the amount of information reported for each TA needs to be increased to provide the Parliament assurance that TAs have been used to fund urgent and unforeseen expenditure claims in line with the definitions established by the Annual Appropriations Acts and the RMF.

FINDING 100: The information reported for each Treasurer's Advance in the Annual Financial Report and annual Appropriations Act is limited.

The Committee notes additional reporting of TAs will ensure the Parliament has sufficient information to be able to make informed decisions when considering appropriations bills.

The Committee previously recommended that DTF amend future Model Reports to ensure departments provide an explanation for TAs received during the financial year.⁴⁰ The Government did not support the recommendation, stating there were already different reporting requirements for TAs through the Annual Financial Report and the Model Report.⁴¹

12.7 Key issue—Early Intervention Investment Framework

The EIIF was first introduced in the 2021–22 Budget, building on the *Partnerships Addressing Disadvantage* initiatives, which were introduced in 2016.⁴²

The EIIF is a strategic approach to optimise public funds and improve social outcomes by supporting investments that will reduce future demand and public spending on

³⁹ Department of Treasury and Finance, *2023–24 Financial Report*, pp. 160–165.

⁴⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, p. 40.

⁴¹ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2021–22 and 2022–23 Financial and Performance Outcomes*, 17 October 2024, p. 4.

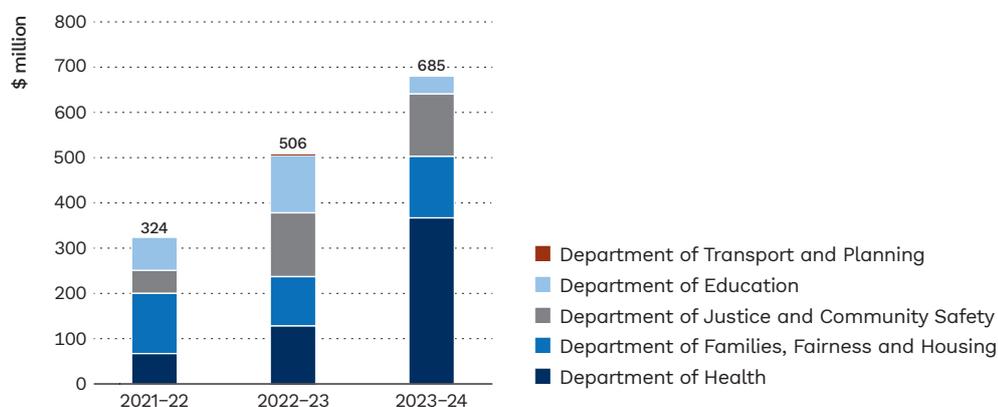
⁴² Department of Treasury and Finance, *Budget Paper No. 2: 2021–22 Strategy and Outlook*, Melbourne, 2021, pp. 46–47.

acute services and create other economic benefits.⁴³ DTF told the Committee that the EIIF is designed to:

rebalance the government service system between early intervention and the provision of acute services by reinvesting expected reductions in acute service costs in early intervention investments in future budgets.⁴⁴

Since its introduction the number of EIIF initiatives has consistently grown, from 10 in 2021–22, to 16 in 2022–23 and 22 in 2023–24.⁴⁵ The majority of the \$1.7 billion committed to EIIF initiatives has been to the Departments of Health (37.2%) and the Department of Families, Fairness and Housing (25%).⁴⁶

Figure 12.5 The value of Early Intervention Investment Framework initiatives introduced in the annual state budget has more than doubled since it was introduced in 2021–22



Source: Department of Treasury and Finance, *Early Intervention Investment Framework*, 18 November 2024, <<https://www.dtf.vic.gov.au/early-intervention-investment-framework>> accessed 10 December 2024.

The 2023–24 Budget announced 22 measures under the EIIF and committed \$685.4 million over five years. The measures are expected to generate economic and fiscal benefits of around \$1 billion across the next 10 years.⁴⁷

FINDING 101: The Government has committed \$685.4 million to 22 Early Intervention Investment Framework initiatives over the five years from 2023–24. It is expected to result in at least \$1 billion dollars of avoided costs and broader economic benefits to the Victorian economy.

⁴³ Department of Treasury and Finance, *The Early Intervention Investment Framework*, Melbourne, 2022, p. 1.

⁴⁴ Mr Chris Barrett, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 20.

⁴⁵ Department of Treasury and Finance, *Early Intervention Investment Framework*, 18 November 2024, <<https://www.dtf.vic.gov.au/early-intervention-investment-framework>> accessed 20 February 2025.

⁴⁶ Ibid.

⁴⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, pp. 407–408.

In the *2023–24 Budget Paper No. 3: Service Delivery*, only 22 EIIIF measures that were introduced in the 2023–24 Budget were listed.⁴⁸ As a result, the project value of estimated cost and economic benefits of the EIIIF over the forward estimates may appear understated. Given that the EIIIF is broader than the initiatives introduced in any one year, the Committee believes that all EIIIF initiatives that are in effect during the forward estimates should be reported.

In response to questions from the Committee regarding the origins of the EIIIF and its impact, the Secretary of DTF advised:

The framework so far has supported \$2.7 billion of investment since 2021–22, and it is expected to generate around \$3 billion in economic and fiscal benefits over the next decade. It does take some time for that to flow through, but we know that the benefits will be significant...

From the investments that we have got this year we are expecting to generate avoided costs of \$655 million to \$770 million. As you can imagine, it is not an exact science, so we do provide it in a range. But that is just the avoided costs. We are also expecting broader economic benefits. We are expecting those to be in excess of \$360 million. That equates to a benefit–cost ratio of just over 1.1 to 1.3.⁴⁹

FINDING 102: The Early Intervention Investment Framework (EIIIF) measures in the Government’s 2023–24 Budget only included new budget measures, which limits the visibility of the total scope and size of the EIIIF in effect for that budget year and its forward estimate period.

RECOMMENDATION 36: The Department of Treasury and Finance report the expected costs and benefits of all new and existing Early Intervention Investment Framework initiatives in future state budgets.

The Committee’s *Inquiry into the 2024–25 Budget Estimates* found that DTF ‘did not disclose the outcome measures developed for Early Intervention Investment Framework initiatives, citing their inclusion in the budget deliberation process’.⁵⁰ Accordingly, the Committee recommended that:

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

⁴⁸ Ibid.

⁴⁹ The 2024–25 Budget included commitments to 29 output initiatives worth \$1.1 billion. The estimated benefits generated from these investments referred to by the Secretary of DTF is specifically related to the commitments made in 2024–25. Source: Mr Chris Barrett, Secretary, Department of Treasury and Finance, *Transcript of evidence*, pp. 20–21.

⁵⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, p. 21.

in the departmental annual reports or via an annually released whole of government publication.⁵¹

During 2023 the Department of Treasury and Finance commissioned the Centre for Evidence and Implementation to prepare two policy papers to support the successful implementation and monitoring of EEIF initiatives:⁵²

- The first paper, 'What successful early intervention looks like across the service system', explores the features of successful early intervention systems and ways in which the EEIF can be leveraged or strengthened to foster these features in the Victorian early intervention system.⁵³
- The second paper, 'Measuring early intervention effectiveness: Principles, methods and examples', outlines four groups of methodological designs appropriate to evaluating outcomes of the EEIF and its initiatives.⁵⁴

However, the EEIF and its publicly reported methodology has not been subsequently updated.⁵⁵

In the 2024–25 Budget, DTF included additional reporting that provided an overview of each output funded through the EEIF. The reporting included the value of:

- service Delivery Funding committed to over five years
- estimated avoided costs over 10 years
- estimated economics benefits over 10 years.⁵⁶

The mismatch between reporting expenses (service delivery funding) over five years and benefits (avoided costs and economic benefits) over 10 years artificially distorts the benefit-cost ratio. The estimates of the expenses and benefits of the EEIF (and its initiatives) would be more useful if they were calculated and reported on a consistent and comparable basis.⁵⁷ This would mean, at a minimum, reporting the expenses and benefits over a matching timeframe.

⁵¹ Ibid.

⁵² DTF also contracted the Victorian Council of Social Service, Centre for Excellence in Child and Family Welfare and the Victorian Aboriginal Child and Community Agency to conduct consultations and research to understand how EEIF initiatives can be co-designed and culturally safe. Source: Department of Treasury and Finance, *Annual Report 2023–24*, pp. 151–153, 156.

⁵³ Centre for Evidence and Implementation, *What successful early intervention looks like across the service system*, Melbourne, June 2023.

⁵⁴ Centre for Evidence and Implementation, *Measuring early intervention effectiveness: Principles, methods and examples*, Melbourne, August 2023.

⁵⁵ Department of Treasury and Finance, *The Early Intervention Investment Framework*, Melbourne, August 2022.

⁵⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2024–25*, pp. 207–210.

⁵⁷ Australian Accounting Standards Board, *Conceptual Framework for Financial Reporting*, Melbourne, 2019, p. 16.

FINDING 103: The Department of Treasury and Finance has expanded the scope of its reporting on the estimated costs and benefits of new Early Intervention Investment Framework budget measures. However, the usefulness of the cost and benefit estimates are diminished because costs are reported on a different timeframe to the estimated benefits meaning they are not comparable.

RECOMMENDATION 37: The Department of Treasury and Finance ensure that when it reports on the committed funding and estimated impacts of Early Intervention Investment Framework initiatives that it reports all estimates over the same time period.

Chapter 13

Department of Premier and Cabinet

13.1 Overview

The Department of Premier and Cabinet's (DPC) vision is to be 'recognised and respected leaders in whole of government policy and performance'.¹

DPC's objectives are:

- stronger policy outcomes for Victoria
- First Peoples in Victoria are strong and self-determining
- improved public administration and support for the Victorian public service.²

During 2023–24, three machinery of government (MoG) changes impacted DPC:

- the Multicultural Affairs Policy and Programs output moved from the Department of Families, Fairness and Housing to DPC
- the Industrial Relations output moved from DPC to the Department of Treasury and Finance
- the Precincts and Land Coordinator General functions transferred to the Department of Transport and Planning, resulting in the Economic policy advice and land coordination output becoming the Economy policy advice and support output.³

13.2 Outcomes and challenges

In response to the Committee's questionnaire, DPC identified its programs that delivered the most important outcomes in the community in 2023–24. These included:

- supporting 678 multicultural festivals and events, including 73 regional events and 30 state significant festivals, contributing to DPC's objective of encouraging Victorians to celebrate and preserve cultures and take part in events that further understanding of other cultures and traditions⁴

¹ Department of Premier and Cabinet, *Annual Report 2023–24*, Melbourne, 2024, p. 4.

² *Ibid.*, p. 5.

³ *Ibid.*, p. 42.

⁴ Department of Premier and Cabinet, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, received 8 November 2024, p. 6.

- delivering the whole of government response to the Yoorrook Justice Commission, including the response to the Yoorrook for Justice report. DPC achieved 88% government stakeholder satisfaction with coordination of the Government's response to the Yoorrook Justice Commission.⁵

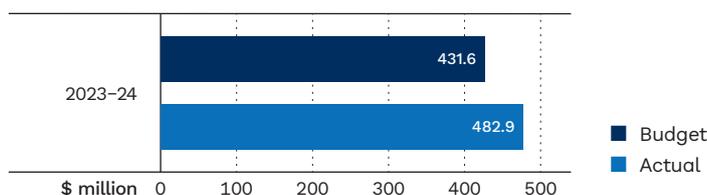
DPC also identified programs that did not deliver the expected outcomes in 2023–24. This included 'enabling traditional owner participation in recognition and settlement agreements with the State'. DPC did not commence any Recognition and Settlement Agreements in 2023–24, due to delays in commencing negotiations. DPC advised four new or amended agreements are expected to commence in 2024–25.⁶

13.3 Financial analysis

13.3.1 Output expenditure

In 2023–24 DPC's budget was \$431.6 million. Actual expenditure for the year was \$482.9 million, representing a variance of 12% (\$51.3 million).⁷

Figure 13.1 In 2023–24 the Department of Premier and Cabinet exceeded its original budget by 12%



Source: Department of Premier and Cabinet, *Annual Report 2023–24*, Melbourne, 2024, pp. 43–51.

The overspend was largely due to a 75% (\$51.3 million) variance in the Executive Government Advice and Support output. It received:

- additional funding after the budget to pay for workforce separation packages, payroll tax surcharges, and the Government's Donation to the Good Friday Appeal 2024
- a funds transfer from the Department of Government Services (DGS) following the 1 January 2023 MoG change.⁸ The MoG change took place in the 2022–23 financial year.

⁵ Ibid., pp. 8–9.

⁶ Ibid., pp. 12–13, 66.

⁷ Department of Premier and Cabinet, *Annual Report 2023–24*, pp. 43–51.

⁸ Ibid., p. 48.

13.3.2 Revenue and expenses

DPC's output appropriations (\$374.7 million) fell by 33.4% in 2023–24 compared to 2022–23. The decrease was due to the 'overall decline in the level of operations', as several major functions (such as Digital Victoria, Service Victoria, Public Record Office Victoria, and corporate services) transferred to DGS in early 2023, so they were not included in DPC's 2023–24 revenue.⁹

There were similar decreases in Special appropriations (\$79.3 million) and Sale of goods and services (\$8.1 million). The 43.8% decline in Special appropriations between 2022–23 and 2023–24 was due to fewer election activities in 2023–24.¹⁰ The 93.2% decline in Sale of goods and services was due to the transfer of Cenitex from DPC to DGS in 2022–23.¹¹

Similar to its revenue, DPC's overall expenses decreased from 2022–23 due to the transfer of several functions to DGS and to the Department of Jobs, Skills, Industry and Regions. Employee benefits decreased by 34.8%, depreciation decreased by 67.4%, the grants expense decreased by 28.5%, and interest and other expenses decreased by 59.6%.¹²

Overall financial performance

Table 13.1 summarises DPC's financial performance in 2023–24.

Table 13.1 In 2023–24 the Department of Premier and Cabinet's expenses exceeded its income by \$4.4 million

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	415.2	491.2	18.3
Expenses from transactions	420.4	495.6	17.9
Net result	(5.2)	(4.4)	(15.4)

Source: Department of Premier and Cabinet, *Annual Report 2023–24*, Melbourne, 2024, p. 135.

13.4 Performance information

In 2023–24, DPC performed strongly according to its performance measures. It achieved or exceeded 75% of its 61 performance measures published in its 2023–24 Annual Report. DPC did not meet 7% of its measures within a 5% variance and did not meet 18% of its measures exceeding a 5% variance.¹³

⁹ Department of Premier and Cabinet, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 33.

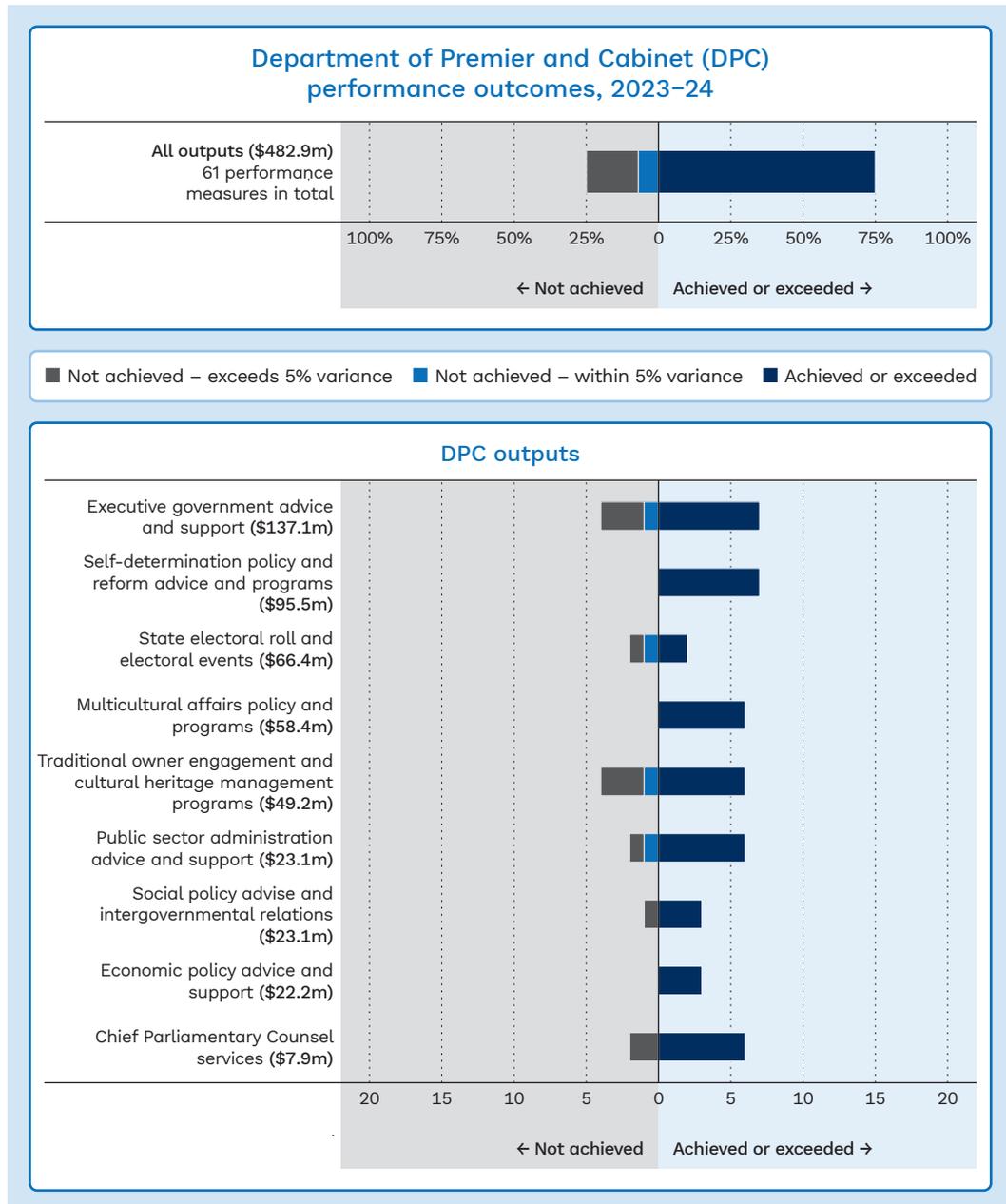
¹⁰ *Ibid.*, p. 34.

¹¹ *Ibid.*

¹² *Ibid.*, pp. 38–39.

¹³ Department of Premier and Cabinet, *Annual Report 2023–24*, pp. 43–51.

Figure 13.2 The Department of Premier and Cabinet achieved 75% of its performance measures in 2023–24



Source: Department of Premier and Cabinet, *Annual Report 2023–24*, Melbourne, 2024, pp. 43–51.

DPC did not achieve 40% of its measures in the Traditional Owner Engagement and Cultural Heritage Management Programs output.¹⁴ Specific performance measures included:

- Average weekly hours of case management provided to members of the Stolen Generations: the target was 100 hours, the result was 85.8. DPC advised this was primarily due to staffing shortages, which affected service delivery.¹⁵

¹⁴ Ibid., pp. 46–47.

¹⁵ Ibid., p. 46.

- Proportion of native title negotiations progressed in accordance with the department’s annual work plan and timeframes monitored by the Federal Court: the target was 100%, while the result was 50%. DPC advised this was ‘due to delays in commencing negotiations under the *Traditional Owner Settlement Act 2010*’, and that ‘negotiations have since resumed’.¹⁶

FINDING 104: In 2023–24 the Department of Premier and Cabinet achieved 75% of its performance measures.

13.5 Key issue—Treaty negotiation database

DPC has a role in advancing Treaty between the State of Victoria and Traditional Owners and First Peoples in Victoria. In 2023–24 DPC continued preparing for formal Treaty negotiations, which included operationalising the whole-of-government model for negotiating and authorising Treaty.¹⁷

DPC advised that most of the preparatory steps for Treaty negotiations had already taken place.¹⁸ Formal negotiations began on 21 November 2024.¹⁹ Preparatory steps included:

- Treaty legislation—*Advancing the Treaty Process with Aboriginal Victorians Act 2018*
- election of the First People’s Assembly of Victoria, to represent First Peoples in the Treaty process
- establishment of the Yoorrook Justice Commission
- establishment of the Self-Determination Fund to achieve financial ‘equal standing’ during negotiations
- forming of an independent Treaty Authority as the umpire to oversee negotiations.²⁰

FINDING 105: Several steps have been taken to prepare for Treaty negotiations between the State of Victoria and Traditional Owners and First Peoples in Victoria. Negotiations began in November 2024.

¹⁶ Ibid.

¹⁷ Ibid., pp. 30–31; Mr Jeremi Moule, Secretary, Department of Premier and Cabinet, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 19 November 2024, *Transcript of evidence*, p. 2.

¹⁸ Mr Terry Garwood, Deputy Secretary, First Peoples—State Relations, Department of Premier and Cabinet, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 19 November 2024, *Transcript of evidence*, p. 38; Department of Premier and Cabinet, *Annual Report 2023–24*, p. 30.

¹⁹ First Peoples’ Assembly of Victoria, *Treaty negotiations begin in Victoria!*, 21 November 2024, <<https://www.firstpeoplesvic.org/news/treaty-negotiations-begin-in-victoria>> accessed 13 January 2025.

²⁰ Mr Terry Garwood, Deputy Secretary, First Peoples—State Relations, Department of Premier and Cabinet, *Transcript of evidence*, p. 38; Victorian Government, *Pathway to Treaty*, 13 December 2024, <<https://www.firstpeoplesrelations.vic.gov.au/treaty-process>> accessed 6 January 2025.

DPC advised that in December 2023 five inaugural members were appointed to the Treaty Authority. In early 2024, the Treaty Authority established the Negotiations Database.²¹ The database will list groups who are eligible to negotiate treaties, the Country negotiations cover and the status of negotiations.²² The Treaty Authority assesses groups for eligibility and groups can only begin negotiations after they are registered.²³

DPC advised that with the Treaty legislation allowing for treaties at the State and local levels, it was likely that local Traditional Owner groups and Traditional Owner corporations would register on the database. DPC added that the database is a key accountability mechanism for Treaty in Victoria, giving the Victorian community information about who can negotiate and providing confidence about groups who are standing to negotiate.²⁴

FINDING 106: In 2024, the Treaty Authority established the Negotiations Database, a key community accountability mechanism of Treaty negotiations.

13.6 Key issue—Housing Statement implementation

In its previous reports, the Committee discussed *Victoria's Housing Statement: The decade ahead 2024–34*.²⁵ In response to Victoria's housing crisis and the State's forecast population growth, the Government released the Housing Statement in September 2023. The Statement focuses on five key areas of reform to increase housing supply.²⁶ These areas include:

- reforming the State's planning system
- building more homes in key areas in the State and utilising unused land for housing developments
- changing rental laws and how rental disputes are resolved
- accelerating the rollout of social and affordable homes in the State
- delivering a long-term housing plan.²⁷

21 Department of Premier and Cabinet, *Annual Report 2023–24*, pp. 30–31.

22 Treaty Authority, *About the database*, 2024, <<https://database.treatyauthority.au/home#about>> accessed 6 January 2025.

23 Treaty Authority, *Traditional Owner Treaties*, 2024, <<https://database.treatyauthority.au/about-process>> accessed 6 January 2024; Mr Terry Garwood, Deputy Secretary, First Peoples—State Relations, Department of Premier and Cabinet, *Transcript of evidence*, p. 44.

24 Ibid.

25 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2024–25 Budget Estimates*, October 2024, pp. 23–27; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, pp. 131–132.

26 Hon Daniel Andrews MP, *Affordability partnership to build 800,000 Victorian homes*, media release, 20 September 2023.

27 Ibid.

In February 2024, DPC established a new function to coordinate the implementation of the Housing Strategy across seven departments and 10 agencies. DPC advised that through this role, it looks to identify and resolve cross-portfolio issues and opportunities, engage with industry on the Government's housing agenda and provide advice to Government on how to increase housing supply.²⁸

DPC advised of several of its achievements in 2023–24 relating to the Housing Statement. These included:

- initiating a 10-year plan for developing greenfields in Victoria, with the expectation that 180,000 new homes would be delivered in greenfield areas
- initial work in planning reforms, including identifying an initial 10 pilot activity centres, with a further 25 centres announced. Activity centres are areas where the Government plans to lift planning controls to simplify development and enable higher density residential building
- releasing vacant Government land including a substantial package in Arden
- fast tracking approvals for developers, including the approval of 19 projects over 12 months that will result in 5,000 new homes.²⁹

The Housing Statement outlines a target of building 800,000 new homes between 2024 and 2034.³⁰ DPC told the Committee that it estimates 70,707 new homes had been built across Victoria in the first 13 months since the Housing Statement was released.³¹

FINDING 107: The Department of Premier and Cabinet estimates that 70,707 new houses have been built since the release of the Housing Statement in September 2023.

DPC provided positive data on housing in Victoria, including Australian Bureau of Statistic's data showing that between November 2023 and 2024 the completion rates for houses increased by 8%, and that completion rates overall had exceeded 60,000 homes per year. According to DPC, this illustrated the housing reforms were beginning to take effect.³²

Due to limited reporting on the Housing Statement and associated targets, it is not readily evident what impact Government action on housing had in 2023–24. The Statement outlines Government reforms but does not explain how these actions will

²⁸ Mr Jeremi Moule, Secretary, Department of Premier and Cabinet, *Transcript of evidence*, p. 3.

²⁹ Department of Transport and Planning, *A 10-year plan for Melbourne's greenfields*, 12 November 2024, <<https://www.planning.vic.gov.au/guides-and-resources/strategies-and-initiatives/housing/a-10-year-plan-for-melbournes-greenfields>> accessed 6 January 2025; Mr Jeroen Weimar, Deputy Secretary, Housing Statement Implementation, Department of Premier and Cabinet, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 19 November 2024, *Transcript of evidence*, pp. 31–32.

³⁰ Victorian Government, *Victoria's Housing Statement—The decade ahead 2024–2034*, Melbourne, 2023, p. 3.

³¹ Mr Jeroen Weimar, Deputy Secretary, Housing Statement Implementation, Department of Premier and Cabinet, *Transcript of evidence*, p. 14.

³² *Ibid.*

be measured to demonstrate outcomes. In September 2024 the Government released a progress update to the Statement. This document included achievements such as ‘delivering 130 reforms to strengthen renter’s rights’ and easing ‘regulations to allow homeowners to build small second homes’.³³ While these activities likely contribute to the Government’s goal of increasing housing supply, many are output based and do not demonstrate to the impact on housing supply and affordability.

The Committee recommends DPC develop whole-of-government targets and a yearly report on the progress of the Housing Statement that demonstrates the outcomes of Government action. This will allow the Victorian public to better understand how the Government is addressing the housing crisis.

RECOMMENDATION 38: As the coordinating department, the Department of Premier and Cabinet develop targets to measure the outcomes of the five reform areas outlined in *Victoria’s Housing Statement* and report on progress toward these targets on a yearly basis.

Challenges to increasing housing supply

During the hearings the Committee and DPC discussed several challenges to increasing housing supply and to the Housing Statement.

A core piece of the *Victoria’s Housing Statement* is increasing the density of housing in several of Melbourne’s established suburbs, including building high-density apartments.³⁴ The Committee discussed this strategy with DPC, with reference to data that shows in 2023–2024 it was more expensive per square metre to build apartments than detached homes.³⁵ While the Government is implementing reforms to make development easier, the cost to developers of constructing apartments can make such projects less attractive.³⁶ As DTF noted in the 2024–25 Budget, it expected dwelling investment to decline in 2023–24, and labour shortages, high material costs and low consumer demand to continue to pose a challenge for residential construction growth in general.³⁷

In response, DPC advised that the Housing Statement focuses on all aspects of the housing market, including greenfield areas, where there were strong greenfield markets developing in Geelong and regional Victoria.³⁸ DPC added that while construction costs presented a challenge to the apartment market, recovery in the apartment market was

³³ Victorian Government, *Victoria’s Housing Statement: Progress Update*, Melbourne, September 2024, pp. 1, 2.

³⁴ Victorian Government, *Victoria’s Housing Statement—The decade ahead 2024–2034*, Melbourne, 2023, p. 11.

³⁵ Mr Jeroen Weimar, Deputy Secretary, Housing Statement Implementation, Department of Premier and Cabinet, *Transcript of evidence*, p. 15; Koste, *Construction cost table*, 2023, <<https://koste.com.au/construction-cost-table>> accessed 6 January 2025.

³⁶ Azura Financial, *Challenges for Apartment Developers in 2024*, 2 December 2024, <<https://azurafinancial.com.au/challenges-for-apartment-developers-in-2024>> accessed 29 January 2025.

³⁷ Department of Treasury and Finance, *Budget Paper No. 2: 2024–25 Strategy and Outlook*, Melbourne, 2024, p. 24.

³⁸ Mr Jeroen Weimar, Deputy Secretary, Housing Statement Implementation, Department of Premier and Cabinet, *Transcript of evidence*, p. 15.

beginning as of late 2024.³⁹ DPC also noted that there continued to be appetite from developers to build apartments under certain circumstances, such as building medium scale apartments in some areas of Melbourne and interest in developing the Arden area.⁴⁰

FINDING 108: In 2023–24 it was more expensive per square metre to build an apartment compared to a detached house in Victoria. This presented a challenge to the Housing Statement’s aim of encouraging greater housing density in Melbourne’s established suburbs.

The Housing Statement also aims to increase housing supply to make housing more affordable.⁴¹ However, high construction and square metre costs for higher density housing presented a challenge. DPC expects that as an outcome of reform around planning and land use, housing prices would begin to moderate.⁴² DPC did not provide information on when and by how much it expected prices to fall but advised DTF had modelled the economic impact of the Housing Statement when the policy was developed.⁴³

Releasing the economic modelling related to the Statement would increase public understanding of the expected impacts of this reform.

RECOMMENDATION 39: The Department of Treasury and Finance release its economic modelling in relation to the Housing Statement.

³⁹ Ibid., p. 25.

⁴⁰ Ibid.

⁴¹ Victorian Government, *Victoria’s Housing Statement—The decade ahead 2024–2034*, pp. 7, 15, 18, 22, 25.

⁴² Mr Jeroen Weimar, Deputy Secretary, Housing Statement Implementation, Department of Premier and Cabinet, *Transcript of evidence*, p. 24.

⁴³ Mr Jeremi Moule, Secretary, Department of Premier and Cabinet, *Transcript of evidence*, p. 24.

Chapter 14

Parliament

14.1 Overview

The Parliament of Victoria is an independent body that, through its elected representatives, is accountable to the Victorian community for the provision and conduct of representative government in the interests of Victorians.¹

The Parliament of Victoria's vision is to deliver apolitical, professional and innovative services which will support Victoria's elected representatives and the Parliament as an institution to ensure the proper, effective and independent functioning of the Parliament.²

The Parliament of Victoria is comprised of three departments: the Legislative Assembly, the Legislative Council and the Department of Parliamentary Services (DPS).

In 2023–24 the departments of the Parliament of Victoria aimed to:

- support Members to fulfil their roles
- protect the independence and integrity of Parliament
- inform and engage with the community
- engage with Victoria's First Peoples
- ensure the organisational resilience and efficiency of Parliament.³

14.2 Outcomes and challenges

In response to the Committee's questionnaire, the Parliamentary Departments identified key challenges they faced in 2023–24. Several challenges were the same as those identified in 2021–22 and 2022–23.⁴ These included:

- an increased cyber security threat and higher information and communication technology costs
- physical security at the Parliamentary precinct and electorate offices

1 Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, Melbourne, 2023, p. 350.

2 Ibid.

3 Ibid., p. 351.

4 Parliamentary Departments, *Response to the 2021–22 and 2022–2023 Financial and Performance Outcomes Questionnaire*, received 10 November 2023, pp. 58–60.

- ‘maintaining the people’s House for future generations’, relating to the refurbishment, heritage nature and past under-investment in Parliament House infrastructure
- implementation of the recommendations from the Operation Watts special report.⁵

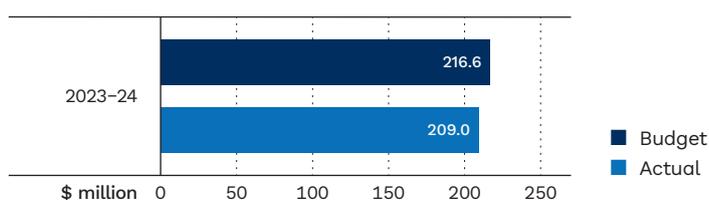
14.3 Financial analysis

14.3.1 Output expenditure

In 2023–24 the Parliamentary Departments’ original budget was \$216.6 million. Actual expenditure for the year was \$209 million, representing a variance of -3.5% (\$7.6 million).⁶

Figure 14.1 shows the Parliamentary Department’s budget and its actual expenditure for 2023–24.

Figure 14.1 In 2023–24 the Parliamentary Departments underspent their original budget by 3.5%



Source: Department of Parliamentary Services, *Annual Report 2023–2024*, Melbourne, 2024, pp. 31–34.

The Parliamentary Departments underspent on three of their four outputs in 2023–24. The Parliamentary Investigatory Committees output recorded an underspend of 18.6% (\$1.3 million) due to several factors including lower operating expenditure, funding transfers and lower than budgeted expenditure on performance audits of independent officers of Parliament.⁷ The Department of Parliamentary Services output also recorded an underspend of 4.2% (\$6.1 million).⁸

FINDING 109: The Parliamentary Departments underspent by 3.5% (\$7.6 million) in comparison to their original budget in 2023–24.

⁵ Ibid., pp. 44–45.

⁶ Department of Parliamentary Services, *Annual Report 2023–2024*, Melbourne, 2024, pp. 31–34.

⁷ Ibid., p. 34.

⁸ Ibid., p. 31.

14.3.2 Revenue and expenses

The Parliamentary Departments recorded minimal variances in their revenue and expenses both year on year and when comparing actual revenue and expenditure to originally budgeted amounts in 2023–24.⁹ In 2023–24 the Parliamentary Department's output appropriations increased by 2.0% to \$161.7 million.¹⁰

Overall financial performance

Table 14.1 summarises the Parliamentary Department's financial performance in 2023–24.

Table 14.1 In 2023–24 the Parliamentary Departments' actual income and expenses were \$210.5 million

Controlled items	Budget (\$million)	Actual (\$million)	Variance (%)
Income from transactions	216.6	210.5	3
Expenses from transactions	218.3	210.5	4
Net result	1.7	0.0	(101)

Source: Department of Parliamentary Services, *Annual Report 2023–2024*, Melbourne, 2024, p. 126.

14.4 Performance information

The Parliamentary Departments achieved or exceeded 97% of their 35 performance measures published in their 2023–24 Annual Reports. Only one measure was not achieved within a 5% variance—the total output cost for the Legislative Council output, which exceeded its original budget by \$100,000.¹¹ This was explained by an increase in special appropriations due to the 2023 Determination issued by the Victorian Independent Remuneration Tribunal.¹²

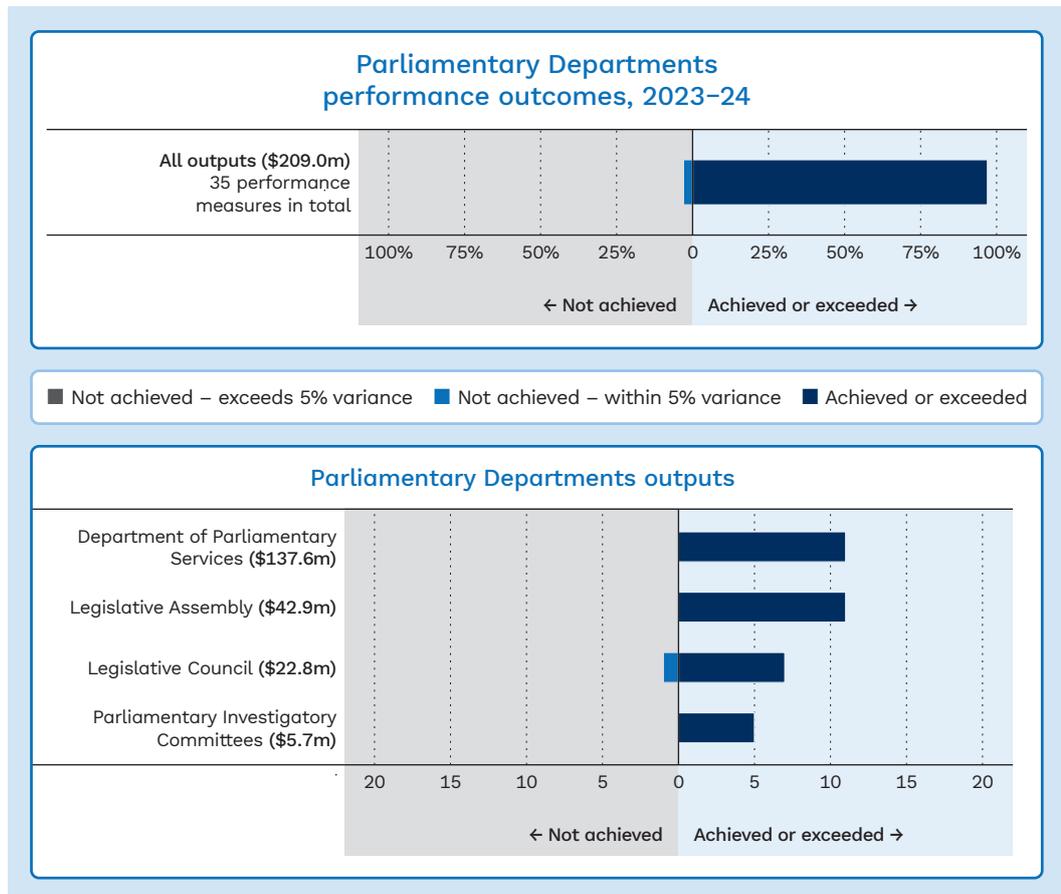
⁹ Parliamentary Departments, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, pp. 22–26.

¹⁰ *Ibid.*, p. 22.

¹¹ Department of Parliamentary Services, *Annual Report 2023–2024*, pp. 31–34.

¹² Legislative Council of Victoria, *Annual Report 2023–24*, Melbourne, 2024, p. 48.

Figure 14.2 In 2023–24 the Parliamentary Departments achieved 97% of their performance measures



Source: Department of Parliamentary Services, *Annual Report 2023–2024*, Melbourne, 2024, pp. 31–34.

14.5 Key issue—Continuous improvement of services to Members and electorate staff

Following a joint investigation by the Independent Broad-based Anti-corruption Commission (IBAC) and the Victorian Ombudsman (VO), the special report *Operation Watts: Investigation into allegations of misuse of electoral office and ministerial office staff and resources for branch stacking and other party related activities* was tabled to Parliament in 2022.¹³ The report made 21 recommendations to address ongoing corruption risks and promote a culture of integrity across the Victorian Government and the Parliament of Victoria.¹⁴

¹³ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes*, March 2024, p. 269.

¹⁴ Independent Broad-based Anti-corruption Commission (IBAC), *Recommendations: Operation Watts*, Melbourne, July 2022, <https://assets.ombudsman.vic.gov.au/assets/12038-IBAC_OperationWatts_Recommendations_v2.pdf> accessed 9 December 2024.

In 2022, the Government allocated \$8.52 million over four financial years to DPS to support the implementation of the report's recommendations.¹⁵ In 2022–23 and 2023–24, the departments spent \$2.3 million of this funding.¹⁶ DPS has provided two progress updates to IBAC and the VO on the implementation of Operation Watts recommendations in 2023, leaving no further progress reports outstanding.

The progress reports were tabled in Parliament by IBAC and the VO on 14 September 2023.¹⁷ Key findings include:

- The Victorian Government has accepted all recommendations. Integrity risks exposed by the initial report require timely implementation.
- The Government had not yet established timelines and detail for the implementation of a Parliamentary Ethics Committee and Parliamentary Integrity Commissioner.
- Amendment of Section 30 of the *Public Administration Act 2005* to expressly exclude party activities from the work of electorate officers had not been actioned. IBAC and the VO considered this a matter of urgency, with a delay in implementation potentially increasing the risk of misconduct. The Department of Premier and Cabinet advised it was giving consideration to the recommendation and amendment.
- IBAC and the VO had not seen progress by Government to prohibit Members of Parliament employing close family members, with instead a focus on 'raising awareness' of potential conflicts of interest. In response to this issue, the Presiding Officers stated: 'We consider that this is an appropriate measure and that for Parliament to adopt potentially discriminatory employment practices may require legislative intervention.'
- Additional funding had been allocated to DPS to continue implementing recommendations on recruiting and training electorate officers.¹⁸

In August 2024, Parliament passed the *Parliamentary Workplace Standards and Integrity Act 2024*, which establishes a Parliamentary Workplace Standards and Integrity Commission, a Parliamentary Integrity Adviser and a Parliamentary Ethics Committee.¹⁹

¹⁵ Victorian Ombudsman, *Operation Watts Progress Report*, 14 September 2023, <<https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/operation-watts-progress-report>> accessed 10 December 2024.

¹⁶ Ms Trish Burrows, Secretary, Department of Parliamentary Services, 2023–24 Financial and Performance Outcomes hearing, response to questions on notice, received 28 November 2024, p. 1.

¹⁷ Ibid.

¹⁸ IBAC and Victorian Ombudsman, *Operation Watts Progress report, September 2023*, Melbourne, 2023, pp. 6–9, 16.

¹⁹ *Parliamentary Workplace Standards and Integrity Act 2024* (Vic), sch 1.

In 2023–24, DPS cited ‘continuous improvement of services to Members’ as a key challenge.²⁰ The strategic priority of ‘Supporting Members’ was established in 2023. It covers service improvements for both Members of Parliament, as well as their electorate and ministerial office staff, where relevant.²¹

Across 2023–24, DPS implemented several initiatives to improve services to Members and staff, including:

- providing support to recruit and induct electorate officers
- regular visits to electorate offices
- establishing the Electorate Officer Conference to continue to grow capability amongst staff.²² See case study 14.1.

Outcomes of initiatives implemented by DPS in 2023–24 included:

- recruiting 261 electorate officers across 128 electorate offices²³
- providing end-to-end recruitment assistance in response to 41 requests
- facilitating 222 candidate competency, skills and in-tray assessments²⁴
- facilitating 790 pre-employment checks
- 885 total visits to electorate offices by Human Resources, Property Services, Security Services and Workplace Health and Safety.²⁵

²⁰ Parliamentary Departments, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 45.

²¹ *Ibid.*, p. 42; Department of Parliamentary Services, *Annual Report 2023–2024*, p. 6.

²² Parliamentary Departments, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 43.

²³ Parliament of Victoria, *Electorate Officers*, 2024, <<https://www.parliament.vic.gov.au/about/careers/electorate-officers>> accessed 22 January 2025.

²⁴ In-tray assessments are a tool used by employers to evaluate a candidate’s suitability for a particular job role by testing capacity to deal with real-world work scenarios, such as drafting a brief.

²⁵ Ms Trish Burrows, Secretary, Department of Parliamentary Services, *2024–25 Financial and Performance Outcomes hearing presentation: Parliamentary Departments*, received 18 November 2024, pp. 7, 9.

Case Study 14.1 Electorate Officer Conference 2023

Electorate officers (EOs) are the largest single cohort of parliamentary employees and have an important role within Victoria's parliamentary system. EOs work in the electorate offices of a Member of Parliament to support that Member in the proper performance of their duties, and to serve members of the public within the Member's constituency. EO responsibilities usually include stakeholder engagement, parliamentary duties and general administration. They are not permitted to perform any 'party-specific activities'.

Despite their collective size, EOs can be isolated from their colleagues, working in small teams and dispersed across the state, with few formal opportunities to gather as professional peers and share experiences.

In response to elements of Recommendation 13 in the Operation Watts report and recognising there was a need for tailored learning and development opportunities for electorate officers, DPS established a new annual conference with 122 EOs participating from across the state. These included 76 from metropolitan-based offices and 46 from regional Victoria.

Connected through the theme of 'recognising your role in supporting Parliament', the conference program included expert keynote speakers and skill-development sessions on:

- navigating digital spaces
- confidence and professionalism in challenging situations
- understanding Member's roles
- community engagement strategies and tools.

Post-conference feedback showed a marked improvement in self-reported confidence levels around the ability to represent and support constituents, address challenges within the electorate office and knowledge of parliamentary processes. Eighty-eight per cent of post-conference survey respondents further reported feeling connected or very connected to their fellow EOs.

Source: Ms Trish Burrows, Secretary, Department of Parliamentary Services, *2024-25 Financial and Performance Outcomes hearing presentation: Parliamentary Departments*, received 18 November 2024, p. 8; Department of Parliamentary Services, *Annual Report 2023-2024*, Melbourne, 2024, pp. 16-17; Parliament of Victoria, *Electorate Officers*, 2024, <<https://www.parliament.vic.gov.au/about/careers/electorate-officers>> accessed 22 January 2025.

FINDING 110: In 2023–24, the Parliamentary Departments continued to implement recommendations from the Operation Watts report. This included the successful delivery of the inaugural Electorate Officers Conference, supporting Members undertaking electorate officer recruitment and increased site visits to electorate offices by Parliamentary Services.

14.6 Key issue—Regional engagement

One of the primary aims of the Parliamentary departments is to ‘inform and engage with the community’ on the Parliamentary process through education programs, partnerships and community engagement events.²⁶ In 2023, the Legislative Council agreed to have a regional sitting at Echuca Library on 18 April 2024, in recognition of the importance of community outreach, as well as in response to the impact of severe flooding events across 2022.²⁷

Relocating Parliament to a regional venue presented a significant logistical challenge. The establishment of a formal ‘Parliamentary Precinct’ was required to maintain the integrity of the Parliament and to provide appropriate security measures.²⁸ This task was undertaken with extensive consultation with local police and the community.²⁹

The sitting prioritised engagement with the local community.³⁰ Students from the community were invited to speak to Members in the chamber, to share their experiences of growing up in the area and the challenges they face as young people from regional Victoria.³¹

The Committee asked about the cost of establishing the regional sitting. DPS advised that some costs were mitigated as the work fell under ordinary duties for most staff engaged with the project.³² In total, the regional sitting cost \$171,000.³³

Regional outreach was also a priority in 2023–24 for the Department of Legislative Assembly. The Clerk advised that its approach to support community engagement has been expanded to include visits to regional schools.³⁴ Previously, several schools would meet in a central regional location, where parliamentary staff ran their programs.

²⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2023–24 Service Delivery*, p. 351.

²⁷ Department of Parliamentary Services, *Annual Report 2023–2024*, p. 14.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ms Trish Burrows, Secretary, Department of Parliamentary Services, *2024–25 Financial and Performance Outcomes hearing presentation: Parliamentary Departments*, p. 3.

³¹ Ibid.

³² Mr Robert McDonald, Clerk, Legislative Council, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, p. 7.

³³ Ibid.

³⁴ Ms Bridget Noonan, Clerk, Legislative Assembly, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, p. 11.

However, in the last financial year, staff have presented programs in individual schools to increase engagement and accessibility for regional students, particularly from smaller, under-resourced schools.³⁵ This has been well received by participants.³⁶

Highlights from the regional sitting and engagement programs included:

- the participation of 95 young people and 11 Members in a youth forum leading up to the sitting, to develop a series of recommendations for Parliament covering education, mental health, housing and the environment³⁷
- six regional school hub visits involving 37 sessions, 20 schools and 938 students from Girgarre, Nathalia, Rochester, Echuca and the surrounding areas
- engagement with 57 students from six schools in programs run parallel to the regional sitting, with a focus on smaller schools
- video reels from the regional sitting attracted over 37,000 views on social media.³⁸

FINDING 111: On 18 April 2024, a regional sitting of the Legislative Council was held in Echuca Library at the cost of \$171,000. It provided the regional community, including young people, with direct access to Members to share their experiences and exchange ideas.

14.7 Key issue—Security at the Parliamentary precinct and electorate offices

In response to the questionnaire, the Parliamentary Departments stated that physical security at the Parliamentary Precinct and at electorate offices was one of their main challenges in 2023–24.³⁹ The Parliamentary Departments provided data on security incidents at electorate offices and protests held on the steps of the Parliament building since 2018–19.⁴⁰

³⁵ Ibid.

³⁶ Ibid.

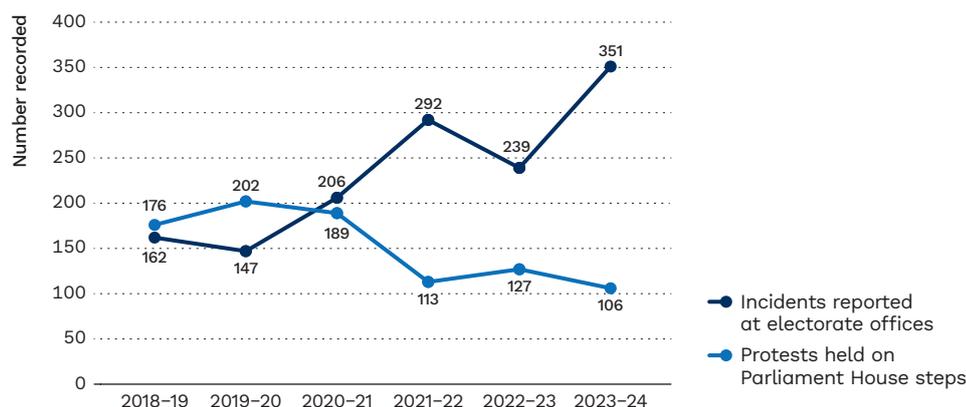
³⁷ Parliament of Victoria, *Key issues for regional youth discussed at forums*, updated 26 April 2024, <<https://www.parliament.vic.gov.au/news/general-news/youth-forums>> accessed 22 January 2025.

³⁸ Ms Trish Burrows, Secretary, Department of Parliamentary Services, *2024–25 Financial and Performance Outcomes hearing presentation: Parliamentary Departments*, pp. 5–6.

³⁹ Parliamentary Departments, *Response to the 2023–24 Financial and Performance Outcomes Questionnaire*, p. 44.

⁴⁰ Ms Trish Burrows, Secretary, Department of Parliamentary Services, *2024–25 Financial and Performance Outcomes hearing presentation: Parliamentary Departments*, p. 10.

Figure 14.3 Security incidents and protests since 2018–19



Source: Department of Parliamentary Services, 2024-25 Financial and Performance Outcomes hearing presentation: *Parliamentary Departments*, received 18 November 2024, p. 10.

Since 2018–19 security incidents reported at electorate offices have increased, with a large increase between 2022–23 and 2023–24. Protests at Parliament have decreased since 2020–21.⁴¹ The Secretary of DPS advised that the reporting of all incidents at electorate offices has been encouraged, which may explain the increase in recorded incidents.⁴²

The Secretary also advised that over the last five years, DPS undertook improvements to its precinct and electorate office security measures. The design of electorate offices has been updated with security in mind, with CCTV and physical barriers between the entryway and staff offices introduced.⁴³ DPS added that all permanent electorate offices have a security overlay that includes an office alarm system, electronic access control and CCTV, among other measures.⁴⁴

The Secretary told the Committee that EOs are often the staff members who are most impacted by security incidents. DPS protocols in this area have improved to include a focus on both rapid incident response and responding quickly to assist staff affected by incidents, through business areas such as HR and property services.⁴⁵

Adopted by the Public Accounts and Estimates Committee
55 St Andrews Place, East Melbourne
20 March 2025

⁴¹ Ibid.

⁴² Ms Trish Burrows, Secretary, Department of Parliamentary Services, 2023–24 Financial and Performance Outcomes hearing, Melbourne, 18 November 2024, *Transcript of evidence*, p. 2.

⁴³ Ibid., p. 8.

⁴⁴ Ms Trish Burrows, Secretary, Department of Parliamentary Services, response to questions on notice, p. 3.

⁴⁵ Ms Trish Burrows, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 8.