

PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



Inquiry into the 2017-18 and 2018-19 financial and performance outcomes

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Public Accounts and Estimates Committee

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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 ten members of Parliament 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 Parliamentary Budget Officer.

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This report is available on the Committee's website.

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Chair's foreword

Each year the Public Accounts and Estimates Committee scrutinises how the Victorian Government has spent its budget and the outcomes that have been achieved for the community. It is an important function of the Committee with spending of public funds totalling \$134 billion in 2017-18 and 2018-19. This year the Committee had to combine two financial years into the one report. The inquiry was further delayed by the State election and devastating bushfires in December 2019–January 2020.

The report contains 50 recommendations to government and 2 recommendations for the consideration of Court Services Victoria. Many of the Committee's recommendations identify opportunities for better performance information to be made available on areas of significant public expenditure. The recommendations also call for greater clarity regarding the impacts of public investment in a number of portfolios.

I would like to thank the Premier, Treasurer, Ministers and departmental officials for the valuable information they provided to the inquiry. I would also like to recognise the inquiry work undertaken by my colleagues on the Committee—Richard Riordan MP (Deputy Chair), Sam Hibbins MP, David Limbrick MLC, Gary Maas MP, Danny O'Brien MP, Pauline Richards MP, Tim Richardson MP, Ingrid Stitt MLC and Bridget Vallence MP.

Finally, I acknowledge the PAEC Secretariat, led by Caroline Williams, for its hard work on the report. I would also note Lead Analysts Jess Strout and Janithri Wickramaratne and consultant Steven Vlahos' sound advice and support throughout the inquiry.

I commend our report for your consideration.



Lizzie Blandthorn MP
Chair

Executive summary

Chapter 2: Whole of Government review

The Victorian Government reported a general government sector (GGS) operating surplus of \$2.3 billion in 2017-18 and \$1.4 billion for 2018-19. The reduced operating surplus in 2018-19 compared to 2017-18 was due to increased expenditure on service delivery and reduced land tax duty from the property market downturn.

The GGS revenue is largely comprised of grant revenue (48%) and taxation revenue (34%). Output expenditure relates to the delivery of services, such as education, health, transport, public order and safety. The Department of Health and Human Services reported the highest output expenditure—34% in 2018-19. Employee expenses—37% in 2018-19—was the largest component of GGS expenditure.

Net debt and the State's infrastructure spend has continued upwards with GGS net debt at \$22.4 billion at the end of the financial year in 2019, \$2.4 billion higher than in 2018. Major transport infrastructure projects included the Level Crossing Removal Project, Metro Tunnel Project, North East Link Project and the West Gate Tunnel project.

While the GGS reported a positive operating surplus, the State of Victoria which includes Public Non-Financial Corporations and Public Financial Corporations sectors reported a net deficit in both 2017-18 and 2018-19.

Victoria's economy performed well against forecast key economic indicators in 2017-18 and 2018-19. However the inflation rate and wage growth were lower than forecast reflecting spare capacity in the economy.

The Victorian Government introduced its Social Procurement Framework (SPF) in April 2018. Departments have taken different approaches to reporting the outcomes achieved under SPF in 2018-19 Annual Reports while some departments did not report on their framework.

The Committee requested information from departments about any reviews and studies undertaken in 2017-18 and 2018-19. The Committee notes that the total cost to the State to undertake 106 reviews/studies in 2017-18 was approximately \$24 million and to undertake 124 reviews/studies in 2018-19 was approximately \$29 million. Data from DHHS was not supplied.

Chapter 3: Department of Health and Human Services

In 2017-18 the Department of Health and Human Services (DHHS) had a budget of \$23.2 billion while the actual expenditure was \$23.3 billion, representing a 0.3% variance. In 2018-19 DHHS had a budget allocation of \$25 billion while the actual expenditure was \$24.6 billion representing a 1.5% variance.

There was a significant underspend across both 2017-18 and 2018-19 on Family Violence Service Delivery (underspend of \$99 million) and concessions to pensioners and beneficiaries (underspend of \$347 million). DHHS' employee expenses continued to increase in both years due to the higher level of activity in health services.

Overall DHHS achieved or exceeded more than 85% of the performance measures in 2017-18 and 2018-19. There were eight performance measures that were not met in 2017-18 and 2018-19. The Committee examined five of the eight areas more closely.

In 2018-19 DHHS reported that over 77,160 Victorians with a disability had transitioned to the NDIS. However across 2017-18 and 2018-19, the results of the NDIS participants initiative were below target—by 28.7% in 2017-18 and 32.2% in 2018-19. This delay led to Specialist Disability Accommodation being vacant for more than 60 days in both years and the development and review of client disability support plans was also impacted by the NDIS delay.

The total number of social housing dwellings in Victoria decreased by 1,187 from 2017-18 to 2018-19. DHHS acquired 884 social housing dwellings in 2017-18 which was 194 below the 1,078 target. The target for social housing dwellings acquired in 2018-18 was revised down to 870. The 2017-18 Budget established a \$1 billion Social Housing Growth Fund to deliver more social housing.

DHHS did not meet all of family violence service delivery performance measure targets in 2017-18. It only met half of these targets in 2018-19. In 2017-18 there were 5,790 frontline workers who did not receive training in Family Violence Risk Assessment. In both years DHHS was unsuccessful in establishing the targeted number of Support and Safety Hubs.

In relation to the demand for emergency services, there were several performance measures where DHHS performed below target. Emergency patients admitted to a mental health bed within eight hours performance was 28.1% below target in 2017-18 and 33.8% below target in 2018-19. In addition, emergency patients treated within the clinically recommended time was 9.3% below target in 2017-18 and 10.6% below target in 2018-19. The proportion of ambulance patient transfers within 40 minutes was below target in both years.

Under the Drug Services output (Drug Prevention and Control sub-output), the result for the number of phone contacts from family members seeking support was 25.9% below target in 2017-18 and 30% below target 2018-19. Furthermore under the Child Protection and Family Services output, the number of family services cases provided to Aboriginal families was 1% below target in 2017-18 and 17.5% below target in 2018-19.

Chapter 4: Department of Education and Training

In 2017-18 the Department of Education and Training (DET) had a budget allocation of \$14.0 billion while the actual expenditure was \$13.7 billion. In 2018-19 DET had a budget allocation of \$14.9 billion while the actual expenditure was \$14.5 billion.

In 2017-18 and 2018-19 the DET achieved or exceeded more than 70% of its performance measures.

DET's School Focussed Youth Service program provides support for vulnerable students at key transition points. There were 12,107 students in 2017-18 and 12,944 students in 2018-19 who benefited from this program. DET noted that the extent to which the program has met the needs of at risk young people in their communities is difficult to determine based on the limited outcomes data.

DET's Science Graduate Scholarships aims to increase the number of teachers trained in science, technology, engineering and mathematics (STEM) by providing an incentive for science graduates to undertake teaching qualification in STEM. Despite the incentives in place, DET's latest Teacher Supply and Demand Report 2017 indicated a low supply of STEM teachers.

The number of government subsidised course enrolments, number of government subsidised enrolments by students living in regional Victoria and number of students without Year 12, or Certificate II or above, enrolled in a government subsidised course at Certificate III or above were all below target for 2017-18 and 2018-19. These performance measures have subsequently been revised with lower targets in the 2019-20 Budget.

In 2017-18 and 2018-19 there were five school building projects where the total actual cost of school building projects was more than 10% higher than the Total Estimated Investment.

DET's Kindergarten Information Management system (KIM) is an online system for kindergarten funding applications, data collection and reporting. The project was listed under the High Value High Risk (HVHR) framework, meaning it would be subject to more rigorous scrutiny and approval processes. However DET stated that the KIM Reform Project was removed from the HVHR process and any future gateway reviews.

The percentage of government primary and secondary students receiving equity funding were below the targets for 2016-17, 2017-18 and 2018-19. The DET annual reports do not specify the equity funding allocated to individual schools. However the performance measures indicate that the total available funding to maximise the ability of schools to assist socially disadvantaged students has not been spent.

Chapter 5: Department of Transport

The Department of Transport replaced the former Department of Economic Development, Jobs, Transport and Resources (DEDJTR) following Machinery of Government changes on 1 January 2019. DoT supports the six ministerial portfolios Transport Infrastructure, Public Transport, Ports and Freight, Roads, Road Safety and the Transport Accident Commission (TAC) and Fishing and Boating.

DEDJTR's 2017-18 Budget for the outputs transferred to DoT in 2018-19 was \$7.4 billion. Actual expenditure for the 2017-18 financial year was \$7.7 billion representing a variance of 3.8%. In 2018-19 DoT had a budget allocation of \$8.4 billion while the actual expenditure was \$8.6 billion representing a 3.1% variance.

In 2017-18 DEDJTR achieved or exceeded more than 68% of its performance measures related to DoT outputs and in 2018-19 DoT achieved or exceeded 62% of the performance measures. There were eight performance measures that were not met both in 2017-18 and 2018-19.

The punctuality of regional train services remained below performance expectations across 2017-18 and 2018-19. The 2016-17 Budget allocated \$1.3 billion to improving regional rail services across Victoria and the 2017-18 Budget allocated an additional \$920 million to upgrade all regional passenger lines across Victoria.

Performance targets for the completion of major periodic maintenance works for tram services were not achieved in 2017-18 and 2018-19. Outcomes were substantially below the 100% target in both years with only 70% of planned periodic maintenance works completed.

Timeliness targets for the completion of the annual metropolitan road maintenance program were not met in 2017-18 and 2018-19. Performance against this measure declined across the period with the proportion of the annual maintenance program completed within agreed timeframes declining from 94% in 2017-18 to 80% in 2018-19.

Chapter 6: Department of Justice and Community Safety

Department of Justice and Community Safety (DJCS) replaced the former Department of Justice and Regulation (DJR) following Machinery of Government changes on 1 January 2019.

The 2017-18 budget for DJR was \$6.9 billion. Actual expenditure for the year was \$7.0 billion, representing a variance of 2.1%. In 2018-19 DJCS' budget was \$7.6 billion. Actual expenditure for the year was \$7.8 billion, representing a variance of 2.8%.

In both 2017-18 and 2018-19 DJCS achieved or exceeded 60% of the performance measures. There were about 10 performance measures that were not met in both 2017-18 and 2018-19.

The Access to Justice Review made 60 recommendations focused on providing better legal information, more flexible and integrated services, better use of technology, and stronger leadership, governance and linkages across the sector. In 2017-18 DJR reported it was leading a significant work program across government to implement the accepted review recommendations (57) in conjunction with departments, agencies, the courts, and the Victorian Civil and Administrative Tribunal (VCAT). In its 2018-19 Annual Report, DJCS advised that work on implementing the recommendations continued during 2018-19.

In 2017-18 the Department purchased a new IT solution known as the Victorian Infringement Enforcement and Warrants (VIEW) system to support the new legislative framework and Fines Victoria. However the Committee noted the system has since experienced substantial delays and implementation challenges which have adversely affected the processing of infringements, warrants and persons impacted by these issues.

In addition performance targets for the two measures—‘warrants actioned’ and ‘clearance of infringements within 180 days’—were not met due to the delayed delivery of functionality from the new IT system which was rolled out on 31 December 2017. DJCS noted this led to a reduction in enforcement activity and functionality for Sheriff’s Officers to action warrants.

DJCS implemented a new core business system for Births, Deaths and Marriages Victoria (BDM) in February 2019 known as Registry Information Online (RIO). In 2018-19 timeliness performance in processing completed applications for certificates declined from 100% in 2017-18 to 78.2%.

The State’s inaugural Community Safety Statement 2017 outlines a range of community safety outcomes the Government and Victoria Police seek to achieve. Of the 56 Community Safety Statement Initiatives and found 13 were completed, 33 were progressing, and 10 initiatives had transitioned to business as usual activities.

Chapter 7: Department of Environment, Land, Water and Planning

In 2017-18 the Department of Environment, Land, Water and Planning (DELWP) had a budget allocation of \$2.14 billion while actual expenditure was \$2.06 billion, representing a 3.5% variance. In 2018-19 DELWP had a budget allocation of \$2.38 billion while actual expenditure was \$2.67 billion representing a 12.1% variance.

In 2017-18 and 2018-19 the DELWP achieved or exceeded more than 80% of its performance measures.

A Treasurer’s Advance is one mechanism that exists for a department to request additional funding to meet any urgent or unforeseen claims. DELWP received funding through Treasurer’s Advances after the Budget for the fire suppression program, solar Homes Program and solar panels for renters and Land Use Victoria.

In both 2017-18 and 2018-19 'Reducing Bushfire Risk' was one of DELWP's programs that did not deliver its planned outcomes in the community. In both 2017-18 and 2018-19 DELWP did not meet the target for treating strategic fire access roads and fuel breaks to manage safety risks posed by dangerous trees. In 2018-19 the 'Powerline Replacement Fund' was also one of DELWP's underperforming programs that did not deliver the planned outcomes. The Powerline Replacement Fund replaces powerlines in the highest risk bushfire areas with insulated overhead, underground powerlines or new conductor technologies.

The Solar Homes program was launched after the 2018-19 Budget and the Government subsequently announced it would provide a further \$1.3 billion for the program over the next ten years.

DELWP did not meet its target for the number of days taken to assess a planning scheme amendment. The median number of days taken to assess a planning scheme amendment was 39 days in 2017-18, 14 days longer the target or a 56% variance, and 62 days in 2018-19, 37 days longer than the target or a 148% variance.

Chapter 8: Department of Jobs, Precincts and Regions

The Department of Jobs, Precincts and Regions (DJPR) was created on 1 January 2019 following Machinery of Government changes resulting in it being responsible for the non-transport portfolios formerly within the Department of Economic Development, Jobs, Transport and Resources (DEDJTR).

In 2017-18 DEDJTR had a budget allocation of \$2.125 billion for the outputs related to DJPR while the actual expenditure was \$2.13 billion, representing a variance of 0.2%. In 2018-19 DJPR had a budget allocation of \$2.5 billion while the actual expenditure was \$2.5 billion, representing a variance of 3.7%.

Underspends were evident in both years across several outputs with the largest variations related to the Resources, Regional Development, Industry and Enterprise Innovation, and Sport, Recreation and Racing outputs.

In 2017-18 and 2018-19 the DJPR achieved or exceeded more than 80% of its performance measures. Performance measures that were not met in both 2017-18 and 2018-19 included the Victorian Gas Program and resources projects.

Victoria remained Australia's largest state exporter of food and fibre products in both 2017-18 and 2018-19. In 2018-19 Victoria's food and fibre exports were valued at \$14.2 billion and the Government has a target to grow Victoria's food and fibre exports to \$20 billion by 2030. In 2018 the Government announced \$15 million to the *Taste Victoria* initiative to grow Victoria's food and fibre exports.

The targets for the delivery of key milestones for the Victorian Gas program and targets for the delivery of resources projects were not achieved in both 2017-18 and 2018-19.

The state's creative industries strategy *Creative State 2016-2020* initiatives supported the growth in attendance for Victoria's state owned arts and cultural institutions and consequently the employment in the creative industries. Under the *Creative Victoria Act 2017*, a new strategy must be developed every four years to guide the Government's investment and initiatives. Creative Victoria was developing the next strategy at the time of this review.

Chapter 9: Court Services Victoria

In 2017-18 Court Services Victoria (CSV) received a budget allocation of \$532.2 million while the actual expenditure was \$538 million, representing a 1.1% variance. In 2018-19 CSV had a budget allocation of \$615.8 million while the actual expenditure was \$608.8 million representing a 1.1% variance.

In 2017-18 CSV reported the Courts Council endorsed international 'excellence frameworks' as court, tribunal and judicial support management models to guide continuous development and improvement. The three excellence frameworks relevant to CSV are: the International Framework for Court Excellence (for courts); the International Framework for Judicial Support Excellence (for Jurisdiction Services and the College); and the Tribunal Excellence Framework (for VCAT). In 2018-19 CSV acknowledged its current suite of performance measures address four of the 11 Global Measures of Court Performance.

In August 2018, the Government announced an investment of \$12.3 million over four years in Victorian courts and tribunals towards the fourth phase of the Aboriginal Justice Agreement (AJA). In 2018-19 CSV reported locations for the Koori Court expansion were endorsed by the Aboriginal Justice Caucus in February 2019. The fourth phase of the Aboriginal Justice Agreement acknowledges that the over representation of Aboriginal people in the criminal justice system remains high, and the conditions that led to the signing of the first Agreement remain as valid today as they were in 2000. Although the numbers and rates of Aboriginal people involved in the Victorian criminal justice system are lower than most other Australian jurisdictions, they are high when compared to the non-Aboriginal population and are continuing to increase.

In response to the recommendations from the Royal Commission into Family Violence, CSV upgraded safety and security at 16 priority courts, implemented a new and expanded security contract to deploy Courts Security Officers at Victorian courts and tribunals and is in the implementation phase in rolling out a modern case management system for the Magistrates' Court and Children's Court.

Chapter 10: Department of Premier and Cabinet

In 2017-18 the Department of Premier and Cabinet (DPC) received a budget allocation of \$664 million while the actual expenditure was \$533 million, representing a 19.7% variance. In 2018-19 DPC had a budget allocation of \$749 million while the actual expenditure was \$717 million representing a 4.2% variance.

In 2017-18 and 2018-19 the DPC achieved or exceeded more than 80% of its performance measures.

In 2018-19 under the 'Aboriginal policy, strengthening Aboriginal cultural heritage and communities' output, the total output cost was \$10.1 million lower than the target.

DPC's Pick my Project funded local community projects. The Premier's Jobs and Investment Fund (PJIF) funded a range of projects which contributed to industry growth and job creation across emerging and high-growth industries in Victoria.

The 2018-19 Budget allocated \$500,000 for the development of a Women in Construction Strategy. While the strategy was published in October 2019 and will be implemented in 2019-20.

Under the public sector integrity output, the quantity performance measure—proportion of Independent Broad-based Anti-corruption Commission (IBAC) investigations into corrupt public sector conduct completed within 12 months—was 20% below target in 2017-18 and 44% below target in 2018-19. Under the same output, the timeliness performance measure - Timeline agreed by Freedom of Information (FOI) applicants for completion of reviews is met—was 30% below target in 2017-18 and 73% below target in 2018-19.

Chapter 11: Department of Treasury and Finance

In 2017-18 Budget allocated \$294.3 million while the actual expenditure for the year was \$303.7 million representing a 3.2% variance. In 2018-19 Budget allocated \$348.2 million while the actual expenditure for the year was \$403.8 million representing a 16.0% variance.

Revenue certification is the process by which a department submits an invoice to DTF to request the funding provided to deliver outputs and assets. Before each revenue certification, DTF assesses the actual departmental output performance against agreed performance measures. For two outputs, bus and train services and infringements and warrants, DTF fully certified the invoice albeit some performance measures not meeting the target performance measures. The Committee notes that the specific performance measures that DTF assessed as not being met at the time the associated invoice was fully certified are not publicly available.

Chapter 12: Parliament, the Victorian Auditor-General's Office and Parliamentary Budget Office

In 2017-18 \$175 million was allocated to the Victorian Parliament while the actual expenditure for the year was \$158 million representing a 9.7% variance. In 2018-19 \$183 million was allocated while the actual expenditure for the year was \$169 million representing an 8.3% variance. Completion of the new Parliament House annexe building works was one of the main challenges experienced by the Parliamentary departments over the 2017-18 and 2018-19 period.

In both 2017-18 and 2018-19 Budget allocated \$44 million to the Victoria Auditor-General's Office while the actual expenditure for the year was \$43 million representing a 2.2% variance.

In 2018-19 \$3.3 million was allocated to the Parliamentary Budget Office while actual expenditure for the year was \$4 million representing a 22.5% variance.

Recommendations

2 Whole of government review

RECOMMENDATION 1: The Department of Treasury and Finance (DTF) consider reporting on the actual revenue forgone and/or earned from individual revenue initiatives announced in State Budgets across the forward estimates. 18

RECOMMENDATION 2: All departments consider publishing their Social Procurement Strategies to enhance transparency and enable the evaluation of performance against strategic priorities. 20

RECOMMENDATION 3: The *2019-20 Model Report for the Victorian Government Departments* consider including guidance on the reporting of reviews and studies undertaken by departments, including guidance on the associated costs and the outcomes that are expected to be delivered. 23

RECOMMENDATION 4: The Government consider publishing the relevant annual report on total government advertising expenditure for that year in a timely manner. 24

3 Department of Health and Human Services

RECOMMENDATION 5: The Department of Health and Human Services consider making publicly available the performance and monitoring regime which tracks the quality of services provided through the National Disability Insurance Scheme to Victorians. 35

RECOMMENDATION 6: To enable a complete picture of the State's social housing stock, the Department of Health and Human Services consider publishing both acquisitions, sales and the closing balance of social housing dwellings in its annual report. 38

RECOMMENDATION 7: To enable evaluation of the effectiveness and efficiency of the Social Housing Growth Fund, the Department of Health and Human Services consider developing performance measures to assess the outcomes delivered by the fund; and include in its annual reports, information about the balance of the fund and what construction and rental support has been provided from the fund. 39

RECOMMENDATION 8: The Department of Health and Human Services consider developing performance measures to report on the annual number of women and children that are being hospitalised due to family and domestic violence and domestic homicide rate in Victoria. 42

RECOMMENDATION 9: The Department of Health and Human Services consider developing and publishing a performance measure to gauge the outcomes of the telephone helpline for men regarding family violence. 44

RECOMMENDATION 10: The Department of Health and Human Services develop performance measures to track the quality and the number of services provided under the *Voluntary Assisted Dying Act 2017* (Vic). 48

4 Department of Education and Training

RECOMMENDATION 11: The Department of Education and Training consider refining the data collected on future stages of the School Focused Youth Program to determine whether planned outcomes are achieved. 60

RECOMMENDATION 12: The Department of Education and Training consider developing performance measures under the Training, Higher Education and Workforce Development output to assess whether Victoria’s Vocational Education and Training system is meeting the needs of employers and industries. 65

RECOMMENDATION 13: Where a project is removed from the High Value High Risk process and any future gateway reviews, an explanation for the removal of the project consider being published in either the relevant department’s annual report or the subsequent year’s budget. 66

RECOMMENDATION 14: The Department of Education and Training consider developing a performance measure to report the budgeted equity funding allocated to schools and the actual funding spent. 68

RECOMMENDATION 15: The Department of Education and Training consider defining what constitutes the ‘highest levels of achievement’ for the purpose of the Education State target—Learning for life to enhance understanding of the impact of the initiative and its relationship with NAPLAN. 73

5 Department of Transport

RECOMMENDATION 16: The Department of Transport consider revising its performance measures for transport infrastructure to provide better insights into the status of all major projects overseen by the Major Transport Infrastructure Authority, including the impact of changes to initially approved budgets and timelines. **88**

RECOMMENDATION 17: The Department of Transport consider developing comprehensive performance measures covering the cost, quantity, quality, and timeliness of all major funded initiatives comprising the Regional Revival Plan and consider reporting publicly against these within the Budget papers and its annual report. **90**

RECOMMENDATION 18: The Department of Transport consider reviewing and revising current performance measures relating to the accessibility of public transport to ensure they provide sufficient insights into the compliance of all modes with the national Disability Standards for Accessible Public Transport. **94**

RECOMMENDATION 19: The Department of Transport and VicRoads consider reviewing and strengthening the utility of publicly reported performance information relating to the road pavement maintenance program. **95**

RECOMMENDATION 20: The Department of Transport consider reporting on actions taken to address issues impeding delivery of road and freight accessibility improvement projects and the impact of funded initiatives within future annual reports. **97**

6 Department of Justice and Community Safety

RECOMMENDATION 21: The Department of Justice and Community Safety consider developing comprehensive performance measures and indicators for evaluating the progress and impact of actions against the 57 recommendations of the Access to Justice Review supported by the Government. **109**

RECOMMENDATION 22: The Department of Justice and Community Safety consider reporting publicly on the outcomes of its reviews of the delivery issues associated with the Fines Victoria IT system, and on the progress and impact of actions being taken to address these issues. **112**

RECOMMENDATION 23: The Department of Justice and Community Safety consider evaluating the lessons from the challenges experienced with the rollout of IT solutions for Births, Deaths and Marriages Victoria and Fines Victoria and the actions taken to embed improvements. 114

RECOMMENDATION 24: The Department of Justice and Community Safety consider reviewing and, where possible, consider implementing the Community Safety Trustee's suggested improvements to the Community Safety Statement Outcomes Framework. 117

RECOMMENDATION 25: Consistent with the Community Safety Trustee's recommendation, the Department of Justice and Community Safety consider evaluating the impact of funded community safety initiatives and report publicly on the insights and actions arising in its *Annual Report 2019-20* and on its website. 117

RECOMMENDATION 26: The Department of Justice and Community Safety consider evaluating and reporting publicly on the outcomes achieved from the grants awarded through its Community Crime Prevention Program. 118

RECOMMENDATION 27: The Department of Justice and Community Safety consider reviewing and expanding the number of objective indicators for the correctional system to provide comprehensive insights into the causes and impacts of performance trends and issues. 119

RECOMMENDATION 28: The Department of Justice and Community Safety should consider reporting on its progress on improving the performance and transparency of Victoria's prison system, and impact of actions taken to date in its *Annual Report 2019-20*. 120

RECOMMENDATION 29: The Department of Justice and Community Safety consider evaluating and report publicly on the impact of the State's investments since 2015-16 to reform and strengthen Community Correctional Services, its supervision and management of offenders on community corrections orders and outcomes achieved. 122

7 Department of Environment, Land, Water and Planning

RECOMMENDATION 30: The Department of Environment, Land, Water and Planning consider developing performance measures that set targets and provide performance information on the income levels of the households receiving rebates under the Solar Homes program, the number of new jobs created and the contribution to renewable energy generation. **139**

RECOMMENDATION 31: The Department of Environment, Land, Water and Planning consider including in its annual reports details about the councils and projects that receive funding (including the amount allocated) under the Growing Suburbs Fund, to facilitate an assessment of the outcomes delivered to the community by the fund. **140**

RECOMMENDATION 32: The Minister for Planning consider reviewing Ministerial Direction 15—The Planning Scheme Amendment Process—made under the *Planning and Environment Act 1987 (Vic)* to consider whether the timelines set for assessing planning scheme amendments remain achievable. **141**

RECOMMENDATION 33: The Department of Environment, Land, Water and Planning consider ongoing reporting on performance measures that were not approved for discontinuation by the Committee, in line with the *2018-19 Model Report for Victorian Government Departments*. **142**

8 Department of Jobs, Precincts and Regions

RECOMMENDATION 34: The Department of Jobs, Precincts and Regions consider developing comprehensive performance indicators covering all major funded initiatives contributing to the Government's Food and Fibre Sector Strategy and related objective to increasing exports to \$20 billion by 2030. **163**

RECOMMENDATION 35: The Department of Jobs, Precincts and Regions consider evaluating and reporting on the outcomes of the CarbonNet project to date, and the State's future directions for achieving the program's initial Carbon Capture and Storage objectives. **168**

RECOMMENDATION 36: The Department of Jobs, Precincts and Regions consider updating its Budget Paper 3 performance measures to ensure they permit assessment of achievements against the Government's objectives and targets within the Mineral Resources Strategy 2018–2023. **169**

RECOMMENDATION 37: The Department of Jobs, Precincts and Regions and Creative Victoria consider evaluating and reporting publicly on the outcomes and effectiveness of the Creative State Strategy.

171

9 Court Services Victoria

RECOMMENDATION 38: Court Services Victoria consider taking steps to ensure future performance reporting against measures in the Budget Papers reliably reflect all changes in funding and associated performance assumptions arising after the State Budget is published.

179

RECOMMENDATION 39: Court Services Victoria consider expanding its budget paper objective indicators and performance measures by incorporating additional indicators from its excellence frameworks.

182

10 Department of Premier and Cabinet

RECOMMENDATION 40: In line with the 2017–18 and 2018–19 model reports, the Department of Premier and Cabinet consider disaggregating financial information by output not objective in future annual reports.

193

RECOMMENDATION 41: The Department of Treasury and Finance consider amending the Model Report to require departments to outline in their annual reports the underlying reasons for significant proportions of output funding not being spent in a year and carried forward, and the subsequent impact on the delivery of services and outcomes for that year.

197

RECOMMENDATION 42: For all future projects funded by grant initiatives and investment funds, the Department of Premier and Cabinet consider developing and publishing performance measures to evaluate the outcomes delivered to the community by the projects.

199

RECOMMENDATION 43: The Department of Premier and Cabinet consider publishing on its website details about the organisations and projects that received LGBTIQ grant program funding (including the amount allocated) in 2016–17 and 2017–18.

200

RECOMMENDATION 44: The Department of Premier and Cabinet consider developing performance measures to assess the outcomes of the Women in Construction Strategy in terms of the attraction, recruitment and retention of women within the construction industry. **201**

RECOMMENDATION 45: The Department of Premier and Cabinet consider developing targeted initiatives to assist regional and rural communities apply for multicultural grants. **202**

RECOMMENDATION 46: The Department of Premier and Cabinet consider establishing metrics for measuring progress or outcomes against the department's objective indicators and include this data in the Department's 2020–21 annual report. **206**

RECOMMENDATION 47: The 2019–20 Model Report for the Victorian Government Departments consider including guidance on the reporting of the benefits or outcomes of Machinery of Government changes. **208**

11 Department of Treasury and Finance

RECOMMENDATION 48: In line with the 2017–18 and 2018–19 Model Reports, the Department of Treasury and Finance consider disaggregating financial information by output not objective in future annual reports. **214**

RECOMMENDATION 49: Where the Department of Treasury and Finance (DTF) certifies the initial revenue invoice following an assessment that the relevant departmental outputs have not met performance measures, DTF consider publicly reporting:

- a. which performance measures were assessed as not being met by DTF at the time of revenue certification
- b. what, if any, 'alternative, suitable and appropriate information' was used as the basis for revenue certification. **219**

RECOMMENDATION 50: The Department of Treasury and Finance (DTF) consider defining what constitutes a sustainable level of net debt as a percentage of Gross State Product for the purposes of DTF's Objective 1, Objective Indicator 2. **219**

RECOMMENDATION 51: The Department of Treasury and Finance consider publishing guidance to explain the difference between the former economic funding ratio and the current insurance funding ratio to enable appropriate scrutiny of the financial sustainability of the Victorian Managed Insurance Authority and other relevant bodies.

221

RECOMMENDATION 52: The *2019–20 Model Report for Victorian Government Departments* require the publication of information about the reasons for deferring or calling dividends in annual reports to enhance transparency.

221

Acronyms

AIJF	Agricultural Infrastructure and Jobs Fund
AJA	Aboriginal Justice Agreement
BaRC	Bail and Remand Court
BDM	Births, Deaths and Marriages Victoria
CAC	Capital Asset Charge
CBD	Central Business District
CCO	Community Corrections Order
CCS	Carbon Capture and Storage
CIP	Central Information Point
CSO	Courts Security Officers
CSV	Court Services Victoria
DEDJTR	Department of Economic Development, Jobs, Transport and Resources
DELWP	Department of Environment, Land, Water and Planning
DET	Department of Education and Training
DHHS	Department of Health and Human Services
DJCS	Department of Justice and Community Safety
DJPR	Department of Jobs, Precincts and Regions
DJR	Department of Justice and Regulation
DoT	Department of Transport
DPC	Department of Premier and Cabinet
DPS	Department of Parliamentary Services
DTF	Department of Treasury and Finance
EBA	Enterprise Bargaining Agreement
EMR	Electronic Medical Record
EPA	Environmental Protection Authority
FOI	Freedom of Information
FSV	Family Safety Victoria
FTE	Full Time Equivalent
FVISS	Family Violence Information Sharing Scheme
GGs	General Government Sector
GSF	Growing Suburbs Fund
GSP	Gross State Product
GST	Goods and Services Tax
HVHR	High Value High Risk

Acronyms

IBAC	Independent Broad-based Anti-corruption Commission
ICSEA	Index of Community Socio-Educational Advantage
KIM	Kindergarten Information Management system
LGBTIQ	Lesbian, Gay, Bisexual, Transgender/transsexual, Intersex and Queer
MoG	Machinery of Government
NAPLAN	National Assessment Program – Literacy and Numeracy
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
NFPS	Non-Financial Public Sector
PBO	Parliamentary Budget Office
PFC	Public Financial Corporations
PJIF	Premier’s Jobs and Investment Fund
PNFC	Public Non-Financial Corporations
PPP	Public Private Partnership
PSA	Post Sentencing Authority
PSB	Power Savings Bonus
PSO	Protective Services Officer
PTV	Public Transport Victoria
RIO	Registry Information Online
RMF	Resource Management Framework
RTO	Registered Training Organisation
SDA	Specialist Disability Accommodation
SES	Socio-Economic Status
SFYS	School Focused Youth Service
SPF	Social Procurement Framework
SPS	Social Procurement Strategy
SRLA	Suburban Rail Loop Authority
SRO	State Revenue Office
TA	Treasurer’s Advance
TAC	Transport Accident Commission
TAFE	Technical and Further Education
TCV	Treasury Corporation of Victoria
TEI	Total Estimated Investment
VADRb	Voluntary Assisted Dying Review Board
VAGO	Victorian Auditor-General’s Office
VCAT	Victorian Civil and Administrative Tribunal
VCE	Victorian Certificate of Education

VFMC	Victorian Funds Management Corporation
VIEW	Victorian Infringement Enforcement and Warrants
VMIA	Victorian Managed Insurance Authority
VOCAT	Victims of Crime Assistance Tribunal
VPS	Victorian Public Sector

1.1 Terms of reference

The *Parliamentary Committees Act 2003* (Vic) enables the Public Accounts and Estimates Committee to assess how effectively and efficiently the public sector delivered the initiatives and assets outlined in the State Budget.¹ It complements the Committee's scrutiny of the budget estimates by assessing what the government achieved compared to what it planned to achieve.

This inquiry considers the Government revenue and expenditure and assesses the financial and performance measurement information in annual reports. The scrutiny of the outcomes of the 2017-18 State Budget was not conducted due to the proroguing of the Parliament and the election in 2018. This inquiry therefore considers the outcomes of the 2017-18 and 2018-19 State Budgets.

1.2 Objectives

The Committee's inquiry into the 2017-18 and 2018-19 Financial and Performance Outcomes examines:

- The outcomes delivered to the Victorian community
- The challenges and key issues managed by departments and agencies
- The Government's expenditure and revenue compared to the budgeted expenditure and revenue
- The outcomes achieved against the performance targets set at a departmental/agency level.

1.3 Process

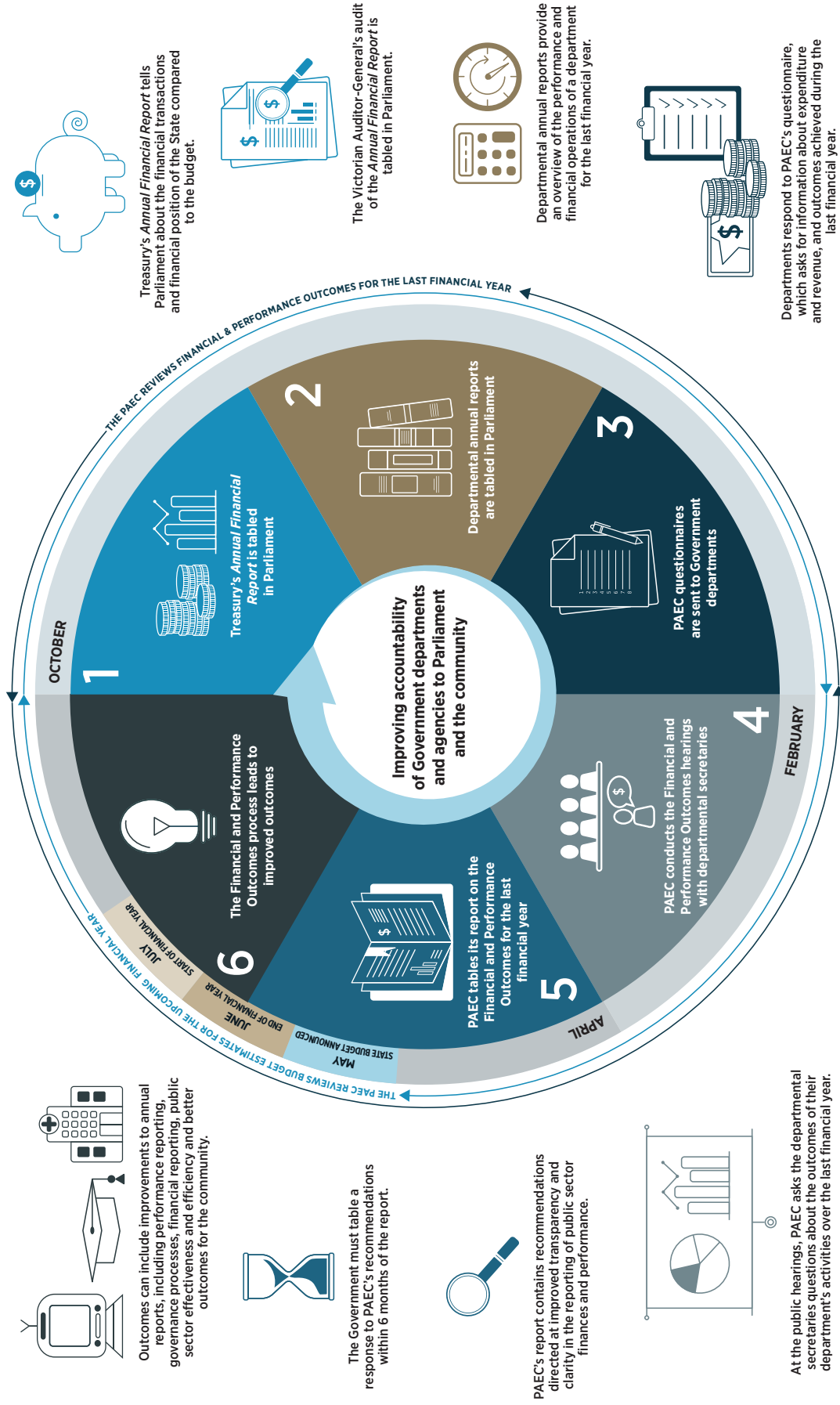
On 30 October 2019 the Committee sent a questionnaire to all departments.² It sought information about department's expenditure, revenue and the outcomes achieved. As a result of the State election, bushfires over the summer of 2020 followed by the global pandemic caused by the Coronavirus, the Committee did not hold public hearings for the inquiry into the 2017-18 and 2018-19 Financial Performance and Outcomes.

This inquiry is primarily based on an analysis of the 2017-18 and 2018-19 annual reports and responses to the Committee's questionnaire. The information gathered during the inquiry is published on the Committee's website.

¹ *Parliamentary Committees Act 2003* (Victoria).

² This includes Court Services Victoria.

Figure 1.1 An illustration of the process followed is set out below



The Committee wishes to acknowledge the significant time and effort allocated by departments and other entities across the public sector in preparing the responses to the questionnaires.

1.4 Report structure

This report has 12 chapters including this introductory chapter.

Chapter 2: Whole of government review examines the revenue, expenditure and asset investment of the Victorian Government in the 2017-18 and 2018-19 financial years along with an analysis of the Victorian economy's performance against forecasts. The chapter also examines the social procurement framework and the cost of reviews and studies undertaken by departments and Court Services Victoria.

Chapter 3 to 12 consider the expenditure, revenue and outcomes of departments and Court Services Victoria. These chapters include analysis of key issues identified during the Committee's inquiry:

Chapter 3: Department of Health and Human Services

Chapter 4: Department of Education and Training

Chapter 5: Department of Transport

Chapter 6: Department of Justice and Community Safety

Chapter 7: Department of Environment, Land, Water and Planning

Chapter 8: Department of Jobs, Precincts and Regions

Chapter 9: Court Services Victoria

Chapter 10: Department of Premier and Cabinet

Chapter 11: Department of Treasury and Finance

*Chapter 12: Parliament, the Victorian Auditor-General's Office and the Parliamentary Budget Office.*³

³ The Department of Parliamentary Services is responsible for the provision of infrastructure resources and support services to Members of Parliament and the Parliamentary departments of the Legislative Assembly and the Legislative Council. The Victorian Auditor-General's Office provides assurance to Parliament on the accountability and performance of the Victorian public sector. The Parliamentary Budget Office provides policy costing and advisory services to all members of Parliament.

1.5 Government response to the Committee's previous recommendations

The Committee's *Report on the 2016-17 Financial and Performance Outcomes* made 43 recommendations to government.⁴ In September 2018, the Government's response to these recommendations was tabled in the Parliament: 19 were supported, 19 were supported in principle and one was placed under review by the Government.

The Government did not accept four recommendations.

⁴ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into 2016-17 Financial and Performance Outcomes*, 20 September 2018.

Findings

1. The general government sector (GGS) revenue comprises largely of grant revenue and taxation revenue. In 2017-18 total GGS revenue from transactions was \$64.6 billion, \$3.7 billion higher than 2016-17. In 2018-19 total GGS revenue from transactions was \$69.6 billion, \$5.0 billion higher than 2017-18.
2. The main component of general government sector (GGS) output expenses is employee expenses—about 37%. In 2017-18 total GGS output expenses were \$62.3 billion, \$4.1 billion higher than in 2016-17. In 2018-19 total GGS output expenses were \$68.2 billion, \$5.9 billion higher than 2017-18.
3. The Victorian general government sector reported a net operating balance of \$2.3 billion in 2017-18 and \$1.8 billion in 2018-19. The reduced net operating balance in 2018-19 is due to increased service delivery in the public health sector, community safety and education, and a reduction in land transfer duty from the downturn in the property market.
4. Victoria's non-financial public sector level of net debt increased by \$2.8 billion from 2017-18 to 2018-19. This increase primarily reflects the additional borrowings required to finance the Government's infrastructure program.
5. In 2017-18 and 2018-19 the State of Victoria recorded a net deficit from transactions as a result of deficits within the public non-financial corporations and public financial corporations sectors.
6. In 2017-18 and 2018-19 Victoria's economy performed in line with forecasts for its key economic indicators. However the Consumer Price Index continued to moderate in 2018-19 and the Wage Price Index was also lower than forecast in 2018-19.
7. The actual revenue forgone and/or earned from revenue initiatives announced in the 2017-18 and 2018-19 Budgets is not measured and reported on by the Department of Treasury and Finance.
8. The ability to assess the outcomes achieved under the Social Procurement Framework is limited because the Social Procurement Strategies (SPS) for each department are not publicly available and information on the outcomes achieved against a department's SPS is not included in the department's annual report.

9. The following four departments did not report their overall social procurement activities, including the number of social benefit suppliers engaged and the corresponding expenditure, nor their performance against any social procurement metrics: Department of Education and Training; Department of Justice and Community Safety; Department of Jobs, Precincts and Regions; and Department of Environment, Land, Water and Planning.
10. Based on the information provided by departments (excluding the Department of Health and Human Services) and Court Services Victoria in their questionnaire responses, the State finalised 106 reviews/studies in 2017-18 costing \$24 million; and finalised 124 reviews/studies in 2018-19 costing \$29 million.
11. The total number of reviews and studies undertaken by departments was 117 in 2017-18 and 141 in 2018-19.
12. The *2018-19 Model Report for the Victorian Government Departments* does not provide guidance on reporting the costs associated with reviews and studies undertaken by departments, nor the outcomes that are expected to arise from the reviews and studies.
13. The Victorian Government Advertising Report for 2017-18 is publicly available. For 2018-19, only the Victorian Government Advertising Plan 2018-19 is available.

2.1 Introduction

This chapter examines the whole of government financial results and the broader economic performance of Victoria across 2017-18 and 2018-19.⁵ It also discusses the following whole of government issues that are of significant public interest:

- Internal and external reviews and studies undertaken by government departments
- The Government's Social Procurement Framework (SPF).

2.2 Financial analysis

The Victorian public sector comprises of three distinct sectors:

- The general government sector (GGS), which consists of government departments, the Parliament, and government agencies which do not charge for the services they provide (or charge significantly less than their costs, such as the Department of Health and Human Services)

⁵ Chapters 3 to 12 of this report include department specific financial and performance analysis across 2017-18 and 2018-19. The department specific chapters also review the performance of public non-financial corporations (PNFCs) such as water corporations and the Treasury Corporation of Victoria.

- The public non-financial corporations (PNFC) sector, which is made up of government owned agencies that charge for the services they provide to cover most of their costs (such as water corporations)
- The public financial corporations (PFC) sector, which provides financial services, including loans and insurance (such as the Treasury Corporation of Victoria and the Transport Accident Commission).

The GGS is the largest sector, accounting for the majority of the public sector's revenue and expenditure. This section of the chapter focuses on the financial performance of the GGS.

2.2.1 Revenue

The Victorian GGS revenue from transactions is comprised of the following sources:

- Grant revenue is mainly comprised of contributions from the Commonwealth to assist the State in meeting its general or specific service delivery obligations. Grants also include grants from other jurisdictions⁶
- Taxation revenue is revenue earned from the State's taxpayers⁷
- Sales of goods and services is the revenue from the provision of services and sale of goods⁸
- Dividends and income tax equivalent revenue are mainly from the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors. These revenues are based on the established dividend policy and the profitability of the PNFCs and PFCs⁹
- Interest revenue includes interest earned on bank term deposits and other investments and the unwinding over time of the discount on financial assets.¹⁰

Figure 2.1 illustrates the revenue composition of the Victorian GGS for 2018-19.

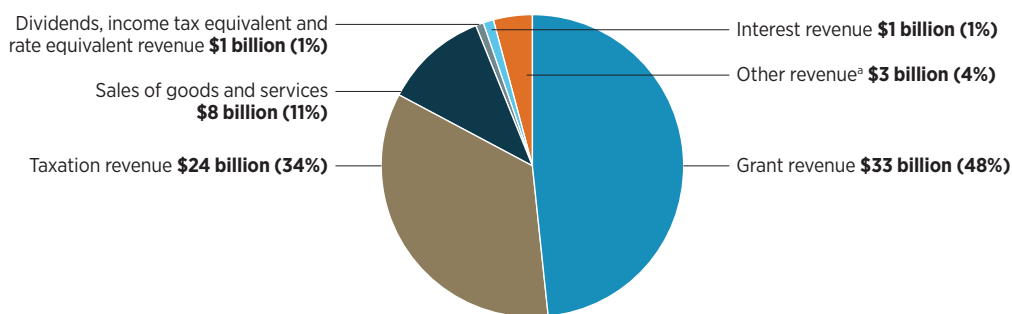
6 Department of Treasury and Finance, *2018-19 Financial Report: Incorporating Quarterly Financial Report No. 4*, Melbourne, 2019, p. 38.

7 Ibid., p. 36.

8 Ibid., p. 37.

9 Ibid., p. 36.

10 Ibid.

Figure 2.1 Victorian general government sector—revenue composition for 2018-19

a. Other revenue include resources received free of charge or for nominal consideration, royalties, fines, and other miscellaneous revenue. A breakdown and description for other revenue is provided in the *2018-19 State Financial Report*, p. 39.

Note: Percentages do not add to 100% due to rounding.

Source: Department of Treasury and Finance, *2018-19 Financial Report*, p. 6.

Revenue composition for the GGS in 2017-18 was similar to 2018-19, apart from the differences in grant revenue which accounted for 46% and taxation revenue which accounted for 35% of all revenue, compared to 48% and 34% respectively.¹¹

In 2017-18 total GGS revenue from transactions was \$64.6 billion, \$3.7 billion or 6.0%¹² higher than 2016-17. This increase was mainly driven by higher Goods and Services Tax (GST) grants from the Commonwealth and higher land transfer duty resulting from increased activity in the commercial property sector;¹³ moderated by a \$783 million prepayment that was recognised in 2016-17 from Port of Melbourne licence fees.¹⁴

In 2018-19 total GGS revenue from transactions was \$69.6 billion, \$5.0 billion or 7.8%¹⁵ higher than 2017-18. This increase is mainly attributable to higher land tax revenue as a result of a higher property revaluations in 2018 and higher payroll tax reflecting the strong labour market, which was partially offset by lower land transfer duty revenue due to weakened property prices and lower transaction volumes.¹⁶

FINDING 1: The general government sector (GGS) revenue comprises largely of grant revenue and taxation revenue. In 2017-18 total GGS revenue from transactions was \$64.6 billion, \$3.7 billion higher than 2016-17. In 2018-19 total GGS revenue from transactions was \$69.6 billion, \$5.0 billion higher than 2017-18.

11 Ibid., p. 6.

12 Department of Treasury and Finance, *2017-18 Financial Report: Incorporating Quarterly Financial Report No. 4*, Melbourne, 2018, p. 6 (Committee calculation).

13 Ibid., pp. 6-7 (Committee calculation). Grant revenue was \$2.4 billion or 8.7% higher than in 2016-17, primarily due to higher GST grants from the Commonwealth resulting from population growth in Victoria. State taxation revenue was \$657 million or 2.9% higher than in 2016-17, primarily due to higher land transfer duty resulting from increased activity in the commercial property sector.

14 Department of Treasury and Finance, *2016-17 Financial Report: Incorporating Quarterly Financial Report No. 4*, Melbourne, 2017, p. 6.; Department of Treasury and Finance, *2017-18 Financial Report*, p. 2.

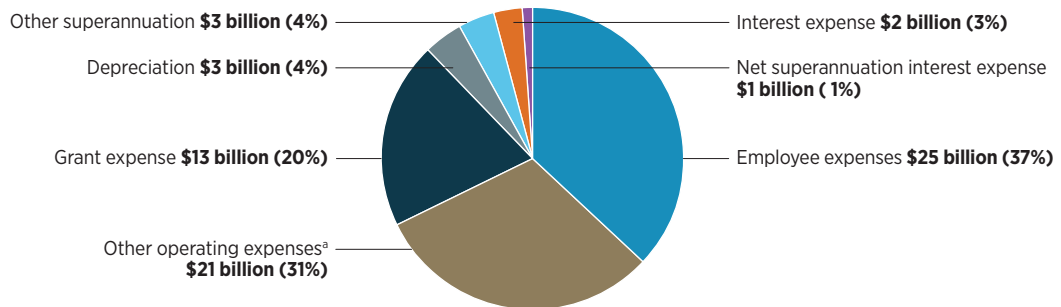
15 Department of Treasury and Finance, *2018-19 Financial Report*, p. 6 (Committee calculation).

16 Ibid., pp. 2,6-7 (Committee calculation). Grant revenue was \$3.4 billion or 11.3% higher than in 2017-18, primarily due to higher GST grants from the Commonwealth, an increase in Victoria's GST relativity, and higher grants from the Commonwealth for the Disability Care Australia Fund. In 2018-19, state taxation revenue was \$724 million or 3.2% higher than in 2017-18, primarily due to higher land tax as a result of a higher property revaluation in 2018 and higher payroll tax reflecting the strong labour market.

2.2.2 Expenses

Figure 2.2 below illustrates the composition of expenses for the Victorian GGS for 2018-19.

Figure 2.2 Victorian general government sector—expenses composition for 2018-19



- a. Other operating expenses generally represent the day-to-day running costs incurred in normal operations and includes supplies and services costs, which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed. A breakdown and description for other expenses is provided in the *2018-19 State Financial Report*, pp. 43-44.

Source: Department of Treasury and Finance, *2018-19 Financial Report*, p. 6.

Composition of expenses for the GGS in 2017-18 was similar to 2018-19, with the only difference being that operating expenses represented 32% and grant expenses represented 18% of all expenses, compared to 31% and 20% respectively.¹⁷

The main component of GGS output expenses is employee expenses—about 37%.¹⁸

In 2017-18 total GGS output expenses were \$62.3 billion, \$4.1 billion or 7.0%¹⁹ higher than in 2016-17, of which employee expenses were \$23.3 billion, \$1.8 billion or 8.3%²⁰ higher than in 2016-17.

In 2018-19 total GGS output expenses were \$68.2 billion, \$5.9 billion or 9.5%²¹ higher than 2017-18; of which employee expenses were \$25.4 billion, \$2.1 billion or 9.2%²² higher than in 2017-18.

According to the State Financial Reports, the growth in employee expenses across 2017-18 and 2018-19 was mainly attributable to increased service delivery in the public health sector, community safety and education. The increase also reflects increases in average remuneration levels consistent with enterprise bargaining agreements, including agreements with government schools, police and the public health sector.²³

¹⁷ Ibid., p. 6.

¹⁸ Ibid., p. 6 (Committee calculation). In both 2017-18 and 2018-19 employee expenses made up 37% of GGS output expenses.

¹⁹ Department of Treasury and Finance, *2017-18 Financial Report*, p. 6 (Committee calculation).

²⁰ Ibid., p. 6.

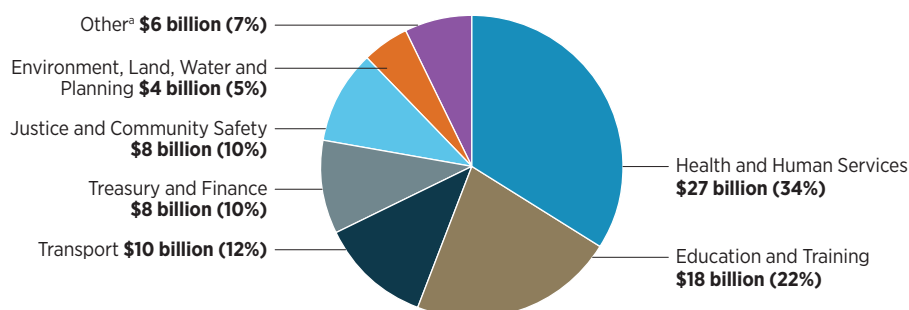
²¹ Department of Treasury and Finance, *2018-19 Financial Report*, p. 6 (Committee calculation).

²² Ibid., p. 6 (Committee calculation).

²³ Department of Treasury and Finance, *2017-18 Financial Report*, p. 8.; Department of Treasury and Finance, *2018-19 Financial Report*, p. 8.

The figure below provides a breakdown of the total operating expenses by department in 2018-19.

Figure 2.3 Victorian general government sector total operating expenses by department, 2018-19



a. Other included: Regulatory bodies and other part budget funded agencies (3%), Jobs and Precincts (2%), Premier and Cabinet (1%), Courts (1%).

Source: Department of Treasury and Finance, *2018-19 Financial Report*, p. 45.

Composition of the total operating expenses by department in 2017-18 was similar to 2018-19, with the only difference being that Education and Training accounted for 23%, Transport 13%, and Environment, Land, Water and Planning 4% compared to 22%, 12%, and 5% respectively.

Table 2.1 below presents a condensed version of the operating statement for the GGS in 2017-18 and 2018-19.

Table 2.1 Victorian general government sector—Summary of the Operating Statement in 2017-18 and 2018-19

	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Total revenue from transactions	63,405	64,589	2	69,487	69,595	0
Total expenses from transactions	62,252	62,276	0	68,108	68,220	0
Net result from transactions— net operating balance	1,153	2,313	-	1,379	1,375	-
Total other economic flows included in the net result ^a	(266)	(827)	-	(242)	(993)	-
Net result	887	1,486		1,137	382	

a. Other economic flows included in the net result^a are changes in the volume or value of an asset or liability that do not result from transactions. They include gains and losses from disposal or derecognition or reclassification, revaluation and impairment of non-financial physical and intangible assets, and fair value changes of financial instruments. It also includes revaluation of the present value of leave liabilities due to changes in bond interest rates and from revaluation of restoration costs provisions. Department of Treasury and Finance, *Annual Report 2016-17*, p. 97.

Source: Department of Treasury and Finance, *2018-19 Financial Report*, p. 6; Department of Treasury and Finance, *Budget Paper No.5 Statement of Finances: 2017-18*, p. 7; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances: 2018-19*, p. 7.

FINDING 2: The main component of general government sector (GGS) output expenses is employee expenses—about 37%. In 2017-18 total GGS output expenses were \$62.3 billion, \$4.1 billion higher than in 2016-17. In 2018-19 total GGS output expenses were \$68.2 billion, \$5.9 billion higher than 2017-18.

For the purposes of the Government’s fiscal strategy, the ‘Net result from transactions—net operating balance’ is the Government’s net surplus measure. A positive result for this line item indicates that the Government’s total revenue exceeds expenses.²⁴

In both years, the Victorian Government’s net results from transactions were positive, with an operating surplus of \$2.3 billion in 2017-18 and \$1.4 billion in 2018-19.²⁵ The reduced operating surplus in 2018-19 compared to 2017-18 according to the State Financial Report, is due to:

... increased service delivery in the health, education, community safety, family violence and transport sectors and the reduction in land transfer duty from the current downturn in the property market. This was partially offset by additional GST grants from the Commonwealth resulting from growth in household consumption and an increase in Victoria’s GST relativity.²⁶

Other economic flows included in the net result included: a loss of \$827 million in 2017-18 primarily reflecting the de-recognition of tax assets relating to the sale of the State’s share in Snowy Hydro Limited;²⁷ and a loss of \$993 million reflecting an increase in the provision for doubtful debts associated with road safety fines,²⁸ and the revaluation of long service leave reflecting bond rate movements used in the valuation process in 2018-19.²⁹

FINDING 3: The Victorian general government sector reported a net operating balance of \$2.3 billion in 2017-18 and \$1.8 billion in 2018-19. The reduced net operating balance in 2018-19 is due to increased service delivery in the public health sector, community safety and education, and a reduction in land transfer duty from the downturn in the property market.

2.2.3 Cash flow from investments

There were material variances between the estimated and actual GGS net cash flow from investments in financial assets for policy purposes and purchases of non-financial assets in 2017-18.

²⁴ Department of Treasury and Finance, *2018-19 Financial Report*, p. 8.

²⁵ Department of Treasury and Finance, *2017-18 Financial Report*, p. 6.; Department of Treasury and Finance, *2018-19 Financial Report*, p. 6.

²⁶ Department of Treasury and Finance, *2018-19 Financial Report*, p. 4.

²⁷ Department of Treasury and Finance, *2017-18 Financial Report*, p. 8.

²⁸ Department of Treasury and Finance, *2018-19 Financial Report*, p. 107.

²⁹ *Ibid.*, p. 8.

GGs net cash flow from investments in financial assets for policy purposes in 2017-18 was \$2.2 billion or 94.2% higher than estimated.³⁰ DTF explained to the Committee that this was mainly driven by:

... the receipt of the proceeds from the divestment of the State's share in the Snowy Hydro Limited to the Commonwealth which were not expected at the time of [the] Budget.³¹

GGs purchases of non-financial assets in 2017-18 was \$1 billion or 11.6% higher than estimated.³² DTF explained that this was mainly driven by:

... the build of Service Victoria's Customer website [by the Department of Premier and Cabinet] ... and ... the rephase of expenditure for Remediation of the Office Accommodation [at Parliament House by the Department of Parliamentary Services].³³

2.2.4 Net debt and infrastructure spend

A state's credit rating is impacted by the levels of net debt and the net financial liabilities in the non-financial public sector (NFPS).³⁴ The Victorian Government maintained triple-A ratings across 2017-18 and 2018-19 notwithstanding the growth in net debt over both years.³⁵

Net debt for the GGS was \$20 billion as at 30 June 2018 representing an increase of \$4.2 billion or 26.9%³⁶ compared to the previous year. This increase primarily reflects the additional borrowings required to finance the Government's infrastructure program.³⁷ Net debt for the NFPS was \$34.2 billion as at 30 June 2018, a \$4.4 billion or 14.5% increase compared to previous year.³⁸

Net debt for the GGS was \$22.4 billion as at 30 June 2019 an increase of \$2.4 billion or 12%³⁹ compared to 2017-18. This increase primarily reflects the additional borrowings required to finance the Government's infrastructure program.⁴⁰ Net debt for the NFPS was \$37.0 billion as at 30 June 2019, \$2.8 billion or 8.1% increase compared to 2017-18.⁴¹

Figure 2.3 below demonstrates the level of debt over the last five years and the gradual increase in infrastructure expenditure along with the rising levels of debt.

30 Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 13 December 2019, pp. 88-9 (Committee calculation).

31 *Ibid.*, pp. 88-9.

32 Department of Treasury and Finance, *2017-18 Financial Report*, p. 112 (Committee calculation).

33 Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 92-3.

34 Department of Treasury and Finance, *2017-18 Financial Report*, p. 18. NFPS comprises the general government sector and the public non-financial (PNFC) sector.

35 *Ibid.*, p. 2.; Department of Treasury and Finance, *2018-19 Financial Report*, p. 2.

36 Department of Treasury and Finance, *2017-18 Financial Report*, p. 4 (Committee calculation).

37 *Ibid.*, p. 2.

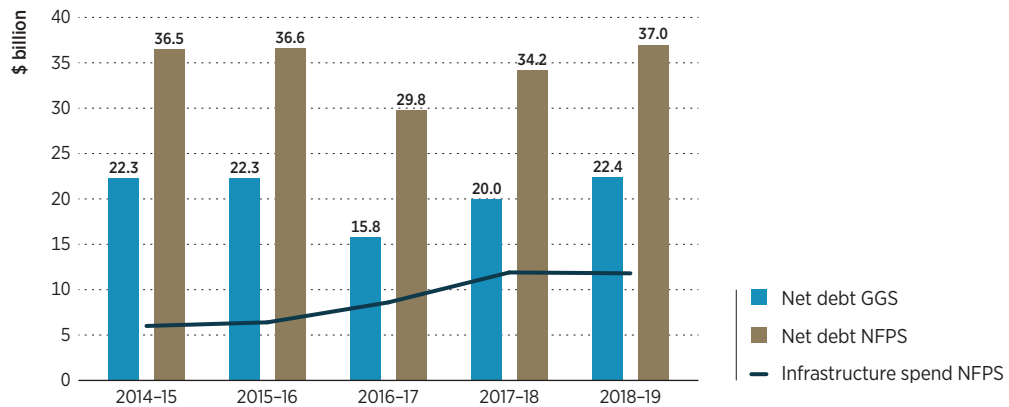
38 *Ibid.*, p. 18 (Committee calculation).

39 Department of Treasury and Finance, *2018-19 Financial Report*, p. 4 (Committee calculation).

40 *Ibid.*, p. 2.

41 *Ibid.*, p. 18 (Committee calculation).

Figure 2.4 Net debt (general government sector and non-financial public sector) and infrastructure spend, 2014-15 to 2018-19



Source: Department of Treasury and Finance, *2014-15 Financial Report*, pp. 3,19,28; Department of Treasury and Finance, *2015-16 Financial Report*, pp. 4,19,32; Department of Treasury and Finance, *2016-17 Financial Report*, pp. 4,19,31; Department of Treasury and Finance, *2017-18 Financial Report*, pp. 4,18,31; Department of Treasury and Finance, *2018-19 Financial Report*, pp. 4,18,31.

FINDING 4: Victoria's non-financial public sector level of net debt increased by \$2.8 billion from 2017-18 to 2018-19. This increase primarily reflects the additional borrowings required to finance the Government's infrastructure program.

2.2.5 State of Victoria

The State of Victoria recorded a net deficit from transactions of \$10 million⁴² in 2017-18 and \$1.4 billion in 2018-19.⁴³

Table 2.2 State of Victoria—net deficit from transactions 2017-18 and 2018-19

	2017-18		2018-19	
	Surplus/Deficit	(\$ million)	Surplus/Deficit	(\$ million)
General government sector	Surplus	2,313	Surplus	1,375
Public non-financial corporations sector	Deficit	(46)	Deficit	(329)
Public financial corporations sector	Deficit	(2,042)	Deficit	(1,777)
<i>Less: Inter-sector eliminations</i>		(234)		(648)
Net deficit from transactions^a		(10)		(1,378)

a. Figures may not add due to rounding.

Source: Department of Treasury and Finance, *2018-19 Financial Report*, pp. 130-131.

⁴² Department of Treasury and Finance, *2017-18 Financial Report*, p. 13.

⁴³ Department of Treasury and Finance, *2018-19 Financial Report*, p. 13.

The 2017-18 State Financial Report explained:

... the PNFC sector recorded a \$46 million net deficit from transactions in 2017-18 compared to a deficit of \$436 million in 2016-17. This improvement was mainly driven by a decreased deficit by the Director of Housing due to a lower number of dwellings transferred to Aboriginal Housing Victoria free of charge in 2017-18 compared to 2016-17, and an increase in the profitability of metropolitan water entities due to an increase in water consumption and stronger developer activity during the year.⁴⁴

The 2018-19 State Financial Report explained:

... the PNFC sector recorded a \$329 million net deficit from transactions in 2018-19 compared with a deficit of \$46 million in 2017-18. The decrease in the net deficit from transactions was mainly due to an increase in depreciation, employee and other operating expenses. The PFC sector recorded a net deficit from transactions of \$1.8 billion in 2018-19 compared with a \$2.0 billion deficit in 2017-18. The decrease in the deficit was mainly driven by increased dividends revenue partially offset by an increase in claims expenses of the insurers.⁴⁵

FINDING 5: In 2017-18 and 2018-19 the State of Victoria recorded a net deficit from transactions as a result of deficits within the public non-financial corporations and public financial corporations sectors.

2.3 Economic performance

Overall Victoria's economy performed well against forecasts for its key economic indicators in 2017-18 and 2018-19. For example:

- Real gross state product growth was 3.0% in 2018-19 in line with the DTF forecast⁴⁶
- Employment grew by 3.4% in 2018-19 which resulted in an unemployment rate of 4.6%, an 11-year low for Victoria.⁴⁷ This unemployment rate is below the national unemployment rate of 5.4% recorded as at June 2018.⁴⁸

Population growth in Victoria supported increased economic activity in the State during 2018-19. Victoria's population grew by 2.2% in 2018-19. This rate of growth is higher than the national rate of growth of 1.6%.⁴⁹

⁴⁴ Department of Treasury and Finance, *2017-18 Financial Report*, p. 15.

⁴⁵ Department of Treasury and Finance, *2018-19 Financial Report*, p. 15.

⁴⁶ *Ibid.*, p. 1.

⁴⁷ *Ibid.*

⁴⁸ Australian Bureau of Statistics, *Labour Force, Australia, Jun 2018*, August 2018, <<https://www.abs.gov.au/AUSSTATS/abs@nsf/allprimarymainfeatures/6702A5A1B3A3D19BCA2582EA00190FD7>> accessed 03 May 2020. (Committee calculation)

⁴⁹ Australian Bureau of Statistics, *Australian Demographic Statistics, Jun 2018*, March 2019, <<https://www.abs.gov.au/AUSSTATS/abs@nsf/allprimarymainfeatures/E18EA7BE5701F459CA2583C3000C53C8>> accessed 03 May 2020.

In contrast, Consumer Price Index (or inflation) continued to slow across both years. The lower than forecast inflation reflected the easing of housing related price growth as a result of the housing downturn.⁵⁰ The Wage Price Index (or wage growth) was also lower than forecast in 2018-19 and remained subdued which in part, reflects the strong growth in labour supply in Victoria.⁵¹

In June 2018 the inflation rate for Australia was 2.1% over the year. According to the Reserve Bank Australia:

... the recent period of low and stable inflation primarily reflects spare capacity in the economy and the associated low wages growth. Ongoing competition in the retail sector has also continued to put downward pressure on inflation.⁵²

A summary of Victoria's performance against forecasts for key economic indicators is shown in Table 2.3.

Table 2.3 Victorian economic forecasts and outcomes, 2017-18 and 2018-19

	2017-18		2018-19	
	Forecast	Actual	Forecast	Actual
Real gross state product	3.00	3.50	3.00	3.00
Employment	2.75	2.80	3.25	3.40
Unemployment rate	5.75	5.60	4.50	4.60
Consumer price index	2.00	2.30	1.75	1.70
Wage price index	2.25	2.30	2.75	2.70
Population	2.30	2.20	2.10	2.20

Source: Department of Treasury and Finance, *Budget Paper No. 2 Strategy and Outlook: 2018-19*, p. 17; Department of Treasury and Finance, *Budget Paper No. 2 Strategy and Outlook: 2019-20*, pp. 9, 21; Australian Bureau of Statistics, *Australian Demographic Statistics, Jun 2018*, March 2019, <<https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/E18EA7BE5701F459CA2583C3000C53C8>> accessed 03 May 2020.

FINDING 6: In 2017-18 and 2018-19 Victoria's economy performed in line with forecasts for its key economic indicators. However the Consumer Price Index continued to moderate in 2018-19 and the Wage Price Index was also lower than forecast in 2018-19.

⁵⁰ Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 108.

⁵¹ Department of Treasury and Finance, *Budget Paper No. Budget Update: 2018-19*, Melbourne, 2018, p. 10.

⁵² Reserve Bank of Australia, *Statement on Monetary Policy – August 2018: Inflation*, August 2018, <<https://www.rba.gov.au/publications/smp/2018/aug/inflation.html>> accessed 03 May 2020.

2.4 Revenue initiatives

The Committee requested information on the progress of the revenue initiatives announced in the 2017-18 and 2018-19 Budgets. In the 2017-18 Budget, there were 10 revenue initiatives announced, including:

- Aligning motor vehicle duty rates with the rate for used car purchases—forecast to provide \$93.8 million in government revenue in 2017-18
- Abolishing stamp duty for first home purchases valued up to \$600,000, with a concession applying to purchases valued between \$600,000 and \$750 000—expected to forego \$150.9 million in government revenue in 2017-18.⁵³

In the 2018-19 Budget, three new revenue initiatives were announced, including reducing payroll tax rate from 3.65% to 2.425% for regional businesses. The reduced tax rate aimed to assist 4,000 regional employers to grow their businesses and create jobs. This initiative was estimated to forego \$39 million in government revenue in 2018-19.⁵⁴

The Committee's questionnaire sought information from the Department of Treasury and Finance (DTF) about the past performance of these revenue initiatives to monitor and evaluate the revenue results. DTF's response to the questionnaire stated that the majority of revenue initiatives were either not itemised or the actual data was not available. Table 2.4 below summarises the data provided in the questionnaire responses.

⁵³ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2017-18* Melbourne, 2018, p. 111.

⁵⁴ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, Melbourne, 2019, p. 114.

Table 2.4 Summary of the Department of Treasury and Finance's response to the Committee's request for information regarding revenue initiatives

Initiative	Budget estimate (\$ million)	Actual (\$ million)
2017-18		
Abolish insurance duty on agricultural products	(4.0)	No revision
Aligning motor vehicle duty rates	93.8	58.8
Billboard advertising revenue along freeway corridors	2.0	2.2
Bring forward increases in the payroll tax-free threshold	(24.0)	No revision
Payroll tax – increase the threshold for annual payments	0.0	No revision
Reduce the payroll tax rate applicable to regional businesses	(41.0)	(71.5)
Removing the exemption for certain transfers of property between spouses	20.0	No actual
Abolish stamp duty for first home purchases valued up to \$600 000, with a concession applying for purchases valued between \$600 000 and \$750 000	(150.9)	Not itemised
Introduce a Vacant Residential Land Tax	10.0	Not itemised
Retarget the off-the-plan stamp duty concession	51.0	No actual
2017-18		
Exempt Australian Defence Force personnel from the first home buyer stamp duty exemption/concession residence requirement	(1.3)	No actual
Expand the young farmer land transfer duty exemption/concession threshold	(0.5)	Not itemised
Reduce payroll tax rate to 2.425 per cent for regional businesses	(39.0)	(92.0)

Source: Department of Treasury and Finance, *Revised response to Question 30, 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 1.

DTF explained to the Committee that the reason revenue initiatives were 'not itemised' was because:

Once the initiative has been introduced, any revenue collected/foregone forms part of the general tax base/concession/exemption.⁵⁵

DTF also advised that the Committee that the reason 'no actual' available for revenue initiatives was because:

Data is not available to measure transactions or activities that no longer qualify for a tax exemption or are no longer in the tax base (for example, once the exemption for transfers between spouses was abolished, such transfers are dutiable transactions. The transferor and transferee will not disclose whether or not they are spouses as the information is no longer relevant for tax purposes).⁵⁶

The Committee has concluded that the impact of each revenue initiative announced in the 2017-18 and 2018-19 Budgets are not measured and reported on by DTF.

⁵⁵ Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 97-8.

⁵⁶ Ibid.

FINDING 7: The actual revenue forgone and/or earned from revenue initiatives announced in the 2017-18 and 2018-19 Budgets is not measured and reported on by the Department of Treasury and Finance.

RECOMMENDATION 1: The Department of Treasury and Finance (DTF) consider reporting on the actual revenue forgone and/or earned from individual revenue initiatives announced in State Budgets across the forward estimates.

2.5 Social procurement

Victoria's Social Procurement Framework (SPF) provides a pathway for the Government to leverage its purchasing power to generate social and environmental impact through its procuring practices.⁵⁷ The SPF applies to the procurement of all goods, services and construction undertaken by, or on behalf of, any government department or agency.⁵⁸

The SPF requires each department and agency to prepare a Social Procurement Strategy (SPS) and 'all departments were expected to submit a draft strategy to the Department of Treasury and Finance by 1 September 2019'.⁵⁹

The Committee notes that the SPS's for each department and agency are not publicly available. However the Committee understands that each SPS should include consideration of the development of a reporting and management framework that comprises:

- A data collection model to track outcomes against government requirements and the targets and measures outlined in the SPS
- Tools and methods for data collection and analysis
- Reporting on achievements against the SPS and organisational targets.⁶⁰

2.5.1 Reporting on the outcomes achieved under the Social Procurement Framework

The Government's implementation timetable for the SPF states that departments and agencies must submit their first annual report against the framework by July 2019⁶¹ — meaning 2018-19 annual reports should report against the SPF. However the Committee notes:

- The *2018-19 Model Report for Victorian Government Departments* does not provide guidance on reporting the outcomes achieved under the SPF,⁶² and
- The departments have taken different approaches to reporting the outcomes achieved under the SPF in 2018-19 annual reports.

61 Buying for Victoria, *Implementing and reporting social procurement 2019*, <<https://www.buyingfor.vic.gov.au/implementing-and-reporting-social-procurement>> accessed 01 April 2020.

Table 2.5 summarises the SPF objectives prioritised by departments in 2018-19.

Table 2.5 Summary of SPF objectives prioritised by departments, 2018-19

SPF Objective	Treasury and Finance	Health and Human Services	Transport	Premier and Cabinet	Education and Training	Justice and Community Safety
Opportunities for Victorian Aboriginal people	✓	✓	✓	✓	✓	✓
Opportunities for Victorians with disability	✓	✓	✓	✓	-	✓
Opportunities for disadvantaged Victorians	✓	✓	✓	✓	✓	✓
Sustainable Victorian social enterprises and Aboriginal business sectors	✓	✓	✓	✓	-	-
Environmentally sustainable outputs	-	-	✓	-	✓	✓
Sustainable Victorian regions	-	-	-	-	-	-
Implementation of the Climate Change Policy objectives	-	-	-	-	-	✓
Women's equality and safety	✓	-	✓	-	✓	-
Supporting safe and fair workplaces	✓	-	-	-	✓	-

Source: Department of Treasury and Finance, *Annual Report 2018-19*, pp. 135-6; Department of Health and Human Services, *Annual Report 2018-19*, pp. 166-7; Department of Transport, *Annual Report 2018-19*, pp. 218-9; Department of Premier and Cabinet, *Annual Report 2018-19*, pp. 159-160; Department of Education and Training, *Annual Report 2018-19*, p. 96; Department of Justice and Community Safety, *Annual Report 2018-19*, p. 185.

FINDING 8: The ability to assess the outcomes achieved under the Social Procurement Framework is limited because the Social Procurement Strategies (SPS) for each department are not publicly available and information on the outcomes achieved against a department's SPS is not included in the department's annual report.

FINDING 9: The following four departments did not report their overall social procurement activities, including the number of social benefit suppliers engaged and the corresponding expenditure, nor their performance against any social procurement metrics: Department of Education and Training; Department of Justice and Community Safety; Department of Jobs, Precincts and Regions; and Department of Environment, Land, Water and Planning.

RECOMMENDATION 2: All departments consider publishing their Social Procurement Strategies to enhance transparency and enable the evaluation of performance against strategic priorities.

2.6 Reviews and studies undertaken by departments

In the interests of promoting transparency and integrity in the use of public funds, the Committee requested information from departments about any reviews and studies undertaken in 2017-18 and 2018-19. Specifically, the questionnaire sought information about the reasons for, the outcomes of, the cost and public availability, of all reviews and studies undertaken by each department.⁶³

2.6.1 Nature of the reviews and studies

Eight of the nine departments and Court Services Victoria (CSV) provided valuable information on the reviews and studies that had commenced or were completed in 2017-18 and 2018-19. The Committee noted that reviews and studies were unique to each department and the CSV as it focused on its department specific service delivery model.

The table below provides the names of the two largest reviews and studies⁶⁴ commenced or complete by departments and CSV in 2018-19. DHHS did not provide the requested information.

⁶³ Public Accounts and Estimates Committee Parliament of Victoria, *Inquiry into the 2017-18 and 2018-19 Financial and Performance Outcomes: Questionnaire Responses*, March 2020, <<https://www.parliament.vic.gov.au/paec/article/4371>> accessed 01 April 2020.

⁶⁴ More information on the reviews and studies undertaken by departments and Court Services Victoria is available on the Public Accounts and Estimates Committee's website under Questionnaire responses for the Inquiry Into the 2017-18 and 2018-19 Financial And Performance Outcomes. Ibid.

Table 2.6 Examples of reviews and studies—currently underway or complete in 2018-19

Department	Review name	Estimated cost (\$)
Education and Training	Developmental and impact evaluation of the Professional Learning Communities (PLC) initiative (2016–2021)	2,000,000
	Evaluation of the professional practice elements in the Victorian Government Schools Agreement 2017	713,546
Justice and Community Safety	Youth Justice Strategic Learning and Development Project	454,075
	Evaluation of programs for serious violent offenders	267,437
Environment, Land, Water and Planning	Review of the Local Government Rating System	600,000
	4WD Market research	123,000
Jobs, Precincts, and Resources	Victorian Gas Program	11,046,005
	Implementation Review	278,378
Court Services Victoria	Architecture Review - VCAT Online Dispute Resolution (ODR)	226,510
	Counselling Order Program Model and Guidelines	137,641
Premier and Cabinet	Inquiry into the Victorian On-Demand Workforce	1,000,000
	Child Employment Research	254,800
Treasury and Finance	KPMG review of DTF Central Banking Model	365,279
Transport	Victorian Freight Plan – Delivering the Goods	NA
	Movement and Place in Victoria	NA
Health and Human Services ^a	NA	NA
Parliamentary departments	No reviews or studies undertaken	NA

a. DHHS' response to the Committee's questionnaire did not reflect reviews and studies commenced or completed by or on behalf of the Department as requested.

Source: All departments and Court Services Victoria, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, question 22.

2.6.2 Number of reviews and studies and the associated costs

Table 2.7 provides a summary of the information provided by departments about the total number of reviews and studies undertaken in 2017-18 and 2018-19 for which the associated costs were disclosed. Information relevant to the Department of Health and Human Services (DHHS) is not included in Table 2.7 as DHHS' questionnaire response did not contain the information requested.

Table 2.7 Number of reviews and studies undertaken by departments for which costs were disclosed, 2017-18 and 2018-19

Department	Number of reviews	2017-18		Number of reviews	2018-19	
		Costs disclosed (\$ million)			Costs disclosed (\$ million)	
Education and Training	36	35	9.5	46	44	8.8
Justice and Community Safety	51	43	4.8	51	46	4.2
Environment, Land, Water and Planning	8	8	5.6	6	6	1.0
Economic Development, Jobs, Transport and Resources	12	10	3.3	-	-	-
Jobs, Precincts, and Resources	NA	NA	NA	25	21	13.3
Court Services Victoria	8	8	0.9	3	3	0.5
Premier and Cabinet	2	2	0.1	5	3	1.3
Treasury and Finance	-	-	0.0	1	1	0.4
Transport	NA	NA	NA	4	-	0.0
Health and Human Services ^a	-	-	-	-	-	-
Parliamentary departments	NA	NA	NA	NA	NA	NA
Total	117	106	24.3	141	124	29.4

a. The total number of reviews and studies undertaken by DHHS in 2017-18 and 2018-19 and the costs associated is not included in the table as the information provided by DHHS in response to the Committee's questionnaire did not reflect reviews and studies commenced or completed by or on behalf of the Department as requested.

Source: All departments and Court Services Victoria, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, question 22.

The Committee notes that in addition to the 106 reviews and studies in 2017-18 and 124 in 2018-19 where the costs were disclosed, there were 11 reviews and studies in 2017-18 and 17 reviews and studies in 2018-19 that had commenced and were underway of which costs were not disclosed. This brings to a total number of studies and reviews undertaken in 2017-18 to 117 and in 2018-19 to 141.

Based on the information provided by departments⁶⁵ and Court Services Victoria in their questionnaire responses, the total cost to the State of finalised reviews and studies in 2017-18 was approximately \$24 million; and in 2018-19 was approximately \$29 million.

FINDING 10: Based on the information provided by departments (excluding the Department of Health and Human Services) and Court Services Victoria in their questionnaire responses, the State finalised 106 reviews/studies in 2017-18 costing \$24 million; and finalised 124 reviews/studies in 2018-19 costing \$29 million.

FINDING 11: The total number of reviews and studies undertaken by departments was 117 in 2017-18 and 141 in 2018-19.

⁶⁵ excluding Department of Health and Human Services.

2.6.3 Evaluating the impact of reviews and studies

The majority of reviews and studies undertaken by departments are not publicly available. This limits the ability to:

- Conduct cost-benefit analysis of the reviews and studies undertaken by the Government
- Monitor and evaluate the outcomes achieved by the reviews and studies undertaken by the Government
- Assess the benefit to the Victorian community of the reviews and studies undertaken by the Government.

The Committee acknowledges that there may be circumstances in which a departmental review or study should not be made publicly available. However to promote transparency and accountability the Committee considers it is important that where possible information about reviews/studies undertaken by departments should be made publicly available.

The *2018-19 Model Report for Victorian Government Departments* does not provide guidance on reporting on reviews, their associated costs and the expected outcomes⁶⁶—nor do department's 2017-18 and 2018-19 annual reports disclose this information. However in this context, the Committee notes that the *2018-19 Model Report* does provide guidance regarding the reporting of:

- Advertising expenditure in excess of \$100,000 including a summary of the associated campaign(s)⁶⁷
- Consultancy expenditure in excess of \$10,000 including a description of the purpose of the consultancy.⁶⁸

FINDING 12: The *2018-19 Model Report for the Victorian Government Departments* does not provide guidance on reporting the costs associated with reviews and studies undertaken by departments, nor the outcomes that are expected to arise from the reviews and studies.

RECOMMENDATION 3: The *2019-20 Model Report for the Victorian Government Departments* consider including guidance on the reporting of reviews and studies undertaken by departments, including guidance on the associated costs and the outcomes that are expected to be delivered.

⁶⁶ Department of Treasury and Finance, *2018-19 Model Report for Victorian Government Departments*.

⁶⁷ *Ibid.*, p. 48.

⁶⁸ Department of Treasury and Finance, *2017-18 Model Report for Victorian Government Departments*, Melbourne, 2018, p. 49.

2.7 Advertising expenditure

The expenditure of government funds on public sector advertising is of significant public interest and was discussed extensively in the *Report on the 2019-20 Budget Estimates*. In responding to the Committee's 2019-20 Budget Estimates questionnaire, the departments stated that the Government will publish an annual report on total government advertising expenditure for that year.⁶⁹

The Committee notes that the Victorian Government Advertising Report for 2017-18 is publicly available;⁷⁰ however for 2018-19 only the Victorian Government Advertising Plan 2018-19 is available.⁷¹

FINDING 13: The Victorian Government Advertising Report for 2017-18 is publicly available. For 2018-19 only the Victorian Government Advertising Plan 2018-19 is available.

RECOMMENDATION 4: The Government consider publishing the relevant annual report on total government advertising expenditure for that year in a timely manner.

⁶⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019-20 Budget Estimates*.

⁷⁰ Department of Premier and Cabinet, *Victorian Government Advertising Report 2017-18*, Melbourne, 2019.

⁷¹ Department of Premier and Cabinet, *Victorian Government Advertising Plan 2018-19*, May 2019, <<https://www.vic.gov.au/victorian-government-advertising-plan-2018-19>> accessed 16 June 2020.

Findings

14. The Department of Health and Human Services identified the following program highlights—the opening of the first of the Orange Door support and safety hubs, completion of the redeveloped Orygen building in Parkville and commencement of Victoria’s voluntary assisted dying laws.
15. In 2017-18 and 2018-19 the Department of Health and Human Services underspent in the Family Violence Service Delivery output (totalling \$99 million) and the Concessions to Pensioners and Beneficiaries output (totalling \$347 million).
16. The Department of Health and Human Services (DHHS) Comprehensive Operating Statement in 2017-18 and 2018-19 reflects a stable position as DHHS’ overall income exceeds expenses.
17. In both 2017-18 and 2018-19 the Department of Health and Human Services achieved or exceeded more than 80% of its performance measures.
18. The total number of social housing dwellings in Victoria decreased by 1,187 from 2017-18 to 2018-19. Between 2014-15 and 2018-19 the total number of social housing dwellings increased by 240.
19. The Department of Health and Human Services’ 2017 Report: *Victoria’s social housing supply requirements to 2036* states that an additional 1,600 social housing dwellings are required each year for two decades to meet the current demand. The number of new social housing dwellings required to meet this demand was not met in 2017-18 and 2018-19.
20. In 2018-19 the Department of Health and Human Services revised the target of the performance measure ‘number of total social housing dwellings acquired during the year’ down from 1,078 in 2017-18 to 870 in 2018-19.
21. Publicly available data related to social housing does not enable the net contribution made to the total number of social housing dwellings as a result of acquisitions each financial year to be determined. This is because the data relating to the sale of social existing social housing dwellings each financial year is not available.
22. The Social Housing Growth Fund, established in 2017-18, aims to support around 2,200 households. The Department of Health and Human Services’ 2017-18 and 2018-19 annual reports do not contain information about the balance of the Fund or the outcomes it has achieved.

23. Notwithstanding the engagement of additional contractors, the results across 2017-18 and 2018-19 were lower than the targets for the 'Social housing tenants satisfied with completed non-urgent maintenance works' performance measure due to the increased volume of requests for gas heater maintenance.
24. The Department of Health and Human Services (DHHS) did not meet its family violence service delivery performance measure targets in 2017-18 and met half of these targets in 2018-19. In both years DHHS did not deliver the targeted number of Support and Safety Hubs. In 2017-18 there were 5,790 frontline workers who did not receive Family Violence Risk Assessment training and there was a delay in establishing an agreed timeframe for Family Violence Risk Assessments.
25. There are opportunities to strengthen performance information on family, domestic and sexual violence to gauge the effectiveness of the Government's commitments on preventing family violence.
26. Across 2017-18 and 2018-19 family violence reform initiatives have been funded through a combination of budget allocations, the reprioritisation of funding and Treasurer's Advances.
27. The Committee notes that there was a significant underspend across both 2017-18 and 2018-19 for the Family Violence Service Delivery output totalling \$99 million.
28. In 2017-18 and 2018-19 the results for the following Department of Health and Human Services performance measures were below target primarily as a result of the increased demand for emergency department services:
 - emergency patients admitted to a mental health bed within eight hours
 - emergency patients treated within clinically recommended time to treatment
 - emergency patients with a length of stay of less than four hours
 - proportion of ambulance patient transfers within 40 minutes.
29. In 2017-18 the Department of Health and Human Services identified the need to engage with providers that deliver phone services for drug users' families to ensure their services are promoted appropriately. However in 2018-19 there was a further decline in the number of contacts from family members to these services.
30. Alfred Health's comprehensive operating statement in 2017-18 and 2018-19 reported a negative net result where total expenses exceeded its total income.
31. The Alfred and Sandringham Hospital had an additional 4,464 emergency presentations in 2018-19 compared to 2017-18; and an additional 2,092 ambulance presentations in 2018-19 compared to 2017-18.
32. Monash Health's comprehensive operating statement in 2017-18 and 2018-19 reflects a stable position as Monash Health's overall income exceeds expenses.

3.1 Overview

The Department of Health and Human Services (DHHS) develops and delivers policies, programs and services to support and enhance the health and wellbeing of Victorians. DHHS currently supports the ministerial portfolios of Ambulance Services, Child Protection, Disability, Ageing and Carers, Health, Housing, Mental Health and Prevention of Family Violence.⁷² Before 1 January 2019 the Families and Children, Sport, Women and Youth portfolios were also the responsibility of DHHS.⁷³ DHHS' objectives are:

- Victorians are healthy and well
- Victorians are safe and secure
- Victorians have the capabilities to participate
- Victorians are connected to culture and community.⁷⁴

3.2 Outcomes in the community across 2017-18 and 2018-19

In the interests of encouraging the effective and efficient delivery of public services to deliver positive outcomes for Victorians, the Committee asked departments to outline the five programs that delivered the most important outcomes in the community. The programs identified by DHHS included:

- Establishing Family Safety Victoria (FSV) in 2017—a family violence coordination agency that led the development and administration of five support and safety hubs for people experiencing family violence in 2018-19; known as The Orange Door⁷⁵
- Implementing a new model of kinship care in 2017-18 that resulted in kinship teams being located in each of DHHS' 17 service areas,⁷⁶ and the number of children in kinship care placements managed by community service organisations at 1,155; against a target of 838 children for 2017-18⁷⁷
- Redevelopment of the Orygen Youth Mental Health building in Parkville in 2018-19 which provides support for 5,000 vulnerable young Victorians annually, with a focus on prevention and early intervention⁷⁸

⁷² Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, Melbourne, 2019, p. 225.

⁷³ Ibid.; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2019-20* Melbourne, 2019, p. 229.; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019-20 Budget Estimates*, October 2019, p. 170.

⁷⁴ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, pp. 225-6.

⁷⁵ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 06 February 2020, pp. 30-4.; Department of Health and Human Services, *Annual Report 2017-18*, Melbourne, 2018, p. 46.

⁷⁶ DHHS' service areas are groupings of Victorian Local Government Areas.

⁷⁷ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 22.

⁷⁸ Ibid., p. 26.

- Supporting the disability sector to transition to the National Disability Insurance Scheme (NDIS) in 2018-19⁷⁹
- Responding to end of life care choices by implementing the *Voluntary Assisted Dying Act 2017* (Vic) in 2018-19 which allows 'eligible patients to choose the manner and timing of their death.'⁸⁰

FINDING 14: The Department of Health and Human Services identified the following program highlights—the opening of the first of the Orange Door support and safety hubs, completion of the redeveloped Orygen building in Parkville and commencement of Victoria's voluntary assisted dying laws.

The Committee's questionnaire also asked departments to identify programs that did not deliver their planned outcomes in 2017-18 and 2018-19. Several of the initiatives identified by DHHS related to delays in the implementation of the NDIS, including the transition of clients to the NDIS, filling Specialist Disability Accommodation (SDA) and timely review of disability support plans.⁸¹

Other DHHS initiatives that did not deliver their planned outcomes across 2017-18 and 2018-19 related to the acquirement of social housing dwellings and completion of non-urgent maintenance works, as well as the number of workers trained in family violence risk assessment. These programs and the delayed implementation of the NDIS are examined in further detail below.

3.3 Challenges

DHHS reported the same main challenges across 2017-18 and 2018-19, including the growing demand for services, the capacity of the DHHS workforce, and access to primary and acute care particularly in rural areas.⁸² Some of the causes of these challenges outlined by DHHS included:

- Population growth and demographic changes within Victoria
- Increased awareness of family violence on children leading to increased reports to child protection services
- Workforce recruitment and retention
- Supply constraints in many professions particularly in regional areas
- Reforms across health and human services requiring significant changes to workforce roles and practices, regulation, credentialing and training

⁷⁹ Ibid., p. 28. The National Disability Insurance Scheme (NDIS) is a scheme of the Australian Government that funds costs associated with disability. It is administered by the National Disability Insurance Agency (NDIA).

⁸⁰ Ibid., pp. 29-30.

⁸¹ Ibid., p. 33.

⁸² Ibid., p. 152.

- Closure of general practice clinics in small regional towns
- An ageing workforce
- Limitations of federal funding model in general practice [regarding access to primary and acute care].⁸³

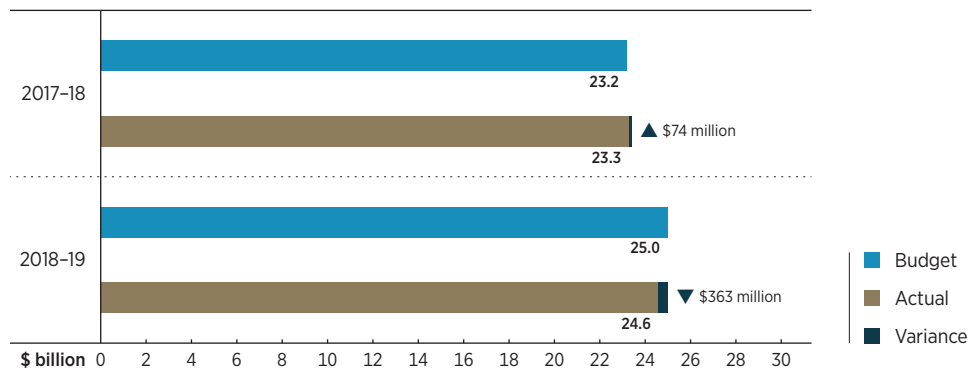
3.4 Financial analysis

3.4.1 Expenditure

The 2017-18 Budget for DHHS was \$23.2 billion.⁸⁴ Actual expenditure for the year was \$23.3 billion, representing a 0.3% variance.⁸⁵

The 2018-19 Budget for DHHS was \$25.0 billion.⁸⁶ Actual expenditure for the year was \$24.6 billion, representing a 1.5% variance.⁸⁷

Figure 3.1 Department of Health and Human Services variances in output expenditure, 2017-18 and 2018-19



Source: Department of Health and Human Services, *Annual Report 2017-18*, pp. 77-102; Department of Health and Human Services, *Annual Report 2018-19*, pp. 71-100; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 226.

Table 3.1 shows DHHS’ expenditure by output in 2017-18 and 2018-19 and relevant variances between the Budget and actual expenditure.

⁸³ Ibid.

⁸⁴ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 226.

⁸⁵ Department of Health and Human Services, *Annual Report 2018-19*, Melbourne, 2019, pp. 212-4 (Committee calculation).

⁸⁶ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 226.

⁸⁷ Department of Health and Human Services, *Annual Report 2018-19*, pp. 212-4 (Committee calculation).

Table 3.1 Department of Health and Human Services expenditure by output in 2017-18 and 2018-19

	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Acute Health Services	13,128.2	13,335.10	1.6	14,106.7	14,001.9	-0.7
Ageing, Aged and Home Care	789.2	772.3	-2.2	804.8	813.4	1.1
Ambulance Services	1,028.7	1,031.0	0.2	1,084.3	1,086.4	0.2
Drug Services	220.1	232.7	5.7	259.9	267.8	3.0
Mental Health	1,498.9	1,492.7	-0.4	1,605.7	1,660.6	3.4
Primary, Community and Dental Health	500.1	507.4	1.5	559.6	606.2	8.3
Public Health	399.1	379.8	-4.8	369.1	381.1	3.3
Small Rural Services	558.8	563.9	0.9	592.0	590.5	-0.3
Child Protection and Family Services	1,364.2	1,397.3	2.4	1,473.5	1,627.7	10.5
Housing Assistance	583.0	580.5	-0.4	574.8	618.8	7.7
Family Violence Service Delivery	107.5	77.5	-27.9	192.2	123.2	-35.9
Concessions to Pensioners and Beneficiaries	729.5	556.5	-23.7	742.4	568.4	-23.4
Disability Services	2,093.5	2,132.8	1.9	2,228.4	2,240.3	0.5
Empowering Individuals and Communities	184.4	206.2	11.8	389.0	62.0	-84.1
Gender equality and the prevention of family violence policy and programs	32.2	26.5	-17.7	29.1	NA ^a	NA
Total	23,217.4	23,292.20	0.3	25,011.5	24,648	-1.5

a. DHHS did not report the output cost against the Gender equality and the prevention of family violence policy and programs in its 2018-19 Annual Report.

Source: Department of Health and Human Services, *Annual Report 2017-18*, pp. 77-102; Department of Health and Human Services, *Annual Report 2018-19*, pp. 71-100; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 226.

The Committee notes that there was a significant underspend across both 2017-18 and 2018-19 for the following outputs:

- Family Violence Service Delivery, with a total underspend of \$99 million⁸⁸
- Concessions to Pensioners and Beneficiaries, with a total underspend of \$347 million.⁸⁹

⁸⁸ Department of Health and Human Services, *Annual Report 2017-18*, p. 96.; Department of Health and Human Services, *Annual Report 2018-19*, p. 96 (Committee calculation).

⁸⁹ Department of Health and Human Services, *Annual Report 2017-18*, p. 97.; Department of Health and Human Services, *Annual Report 2018-19*, p. 97 (Committee calculation).

The Committee also notes that DHHS did not report the 2018-19 cost of the Gender equality and the prevention of family violence policy and programs output in the DHHS *Annual Report 2018-19*. In 2017-18 there was an underspend of \$5.7 million or 17.7% for this output.

FINDING 15: In 2017-18 and 2018-19 the Department of Health and Human Services underspent in the Family Violence Service Delivery output (totalling \$99 million) and the Concessions to Pensioners and Beneficiaries output (totalling \$347 million).

3.4.2 Revenue and expenses

DHHS' output appropriations increased in 2017-18 by \$1.3 billion or 9.1% from 2016-17 and in 2018-19 by \$1.2 billion or 7.8% from 2017-18.⁹⁰ DHHS explained that this year on year increase is 'due primarily to new policy initiatives approved by government and funding indexation'.⁹¹

DHHS' employee benefits increased by \$0.8 billion or 7.8% in 2017-18 from 2016-17 and by \$1.1 billion or 9.4% in 2018-19 from 2017-18.⁹² DHHS stated in the questionnaire response that:

... the increase is driven primarily by greater activity in health services requiring additional staff and annual cost increases.⁹³

3.4.3 Overall financial performance

Table 3.2 below summarises DHHS' financial performance in 2017-18 and 2018-19.

Table 3.2 Department of Health and Human Services—Summary of Comprehensive Operating Statement in 2017-18 and 2018-19

Controlled items	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	24,817	25,314	2.00	26,683	27,106	1.59
Expenses from transactions	24,643	25,016	1.51	26,464	26,916	1.71
Net result	174	298		219	190	

Source: Department of Health and Human Services, *Annual Report 2017-18*, p. 258; Department of Health and Human Services, *Annual Report 2018-19*, p. 268; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances 2018-19*, p. 100.

⁹⁰ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 71,3.

⁹¹ *Ibid.*, p. 73.

⁹² *Ibid.*, p. 75.

⁹³ *Ibid.*, p. 77.

FINDING 16: The Department of Health and Human Services (DHHS) Comprehensive Operating Statement in 2017-18 and 2018-19 reflects a stable position as DHHS' overall income exceeds expenses.

3.4.4 Newly created bodies

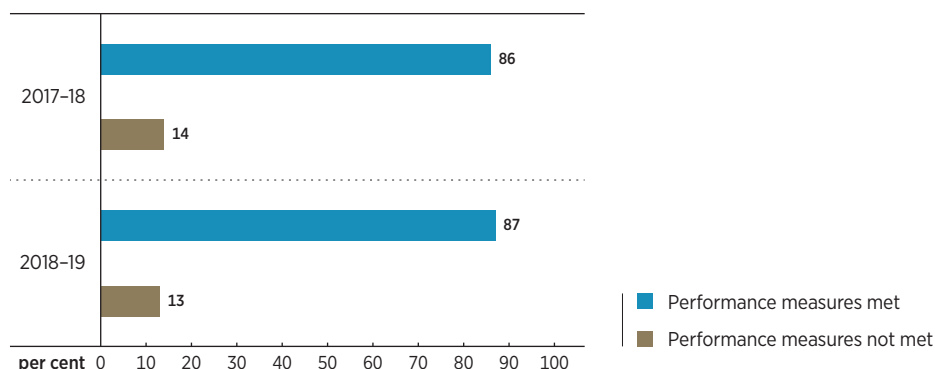
In 2017-18 the following bodies were created within DHHS resulting in expenditure of \$124 million⁹⁴ in 2017-18:

- Family Safe Victoria—created to deliver family violence reform and drive action to end family violence and implement key recommendations from the Royal Commission into family violence
- Safer Care Victoria—created to improve the quality of and safety in Victorian healthcare
- Victorian Agency for Health Information—created to analyse and share information across the Victorian health system to ensure services have an accurate picture of their quality and safety.⁹⁵

3.5 Performance information

DHHS achieved or exceeded 86% of the performance measures published in the *Annual Report 2017-18*⁹⁶ and 87% of the performance measures published in the *Annual Report 2018-19*.⁹⁷

Figure 3.2 Department of Health and Human Services performance measurement results in 2017-18 and 2018-19



Source: Department of Health and Human Services, *Annual Report 2017-18*, pp. 77-102; Department of Health and Human Services, *Annual Report 2018-19*, pp. 75-100.

⁹⁴ Ibid., p. 154 (Committee calculation).

⁹⁵ Ibid., pp. 153-4.

⁹⁶ Department of Health and Human Services, *Annual Report 2017-18*, pp. 77-102 (Committee calculation).

⁹⁷ Department of Health and Human Services, *Annual Report 2018-19*, pp. 75-100 (Committee calculation).

Performance measures that were not met in both 2017-18 and 2018-19 include:

- Emergency patients treated within clinically recommended ‘time to treatment’
- Home and Community Care for Younger People—hours of service delivery
- Drug Prevention and Control—Number of phone contacts from family members seeking support
- Emergency patients admitted to a mental health bed within eight hours
- Number of calls made to the statewide telephone help line for men regarding family violence
- Social housing tenants satisfied with completed non-urgent maintenance works
- National Disability Insurance Scheme participants.⁹⁸

Some of these performance measures are discussed in further detail below.

FINDING 17: In both 2017-18 and 2018-19 the Department of Health and Human Services achieved or exceeded more than 80% of its performance measures.

3.6 Key issues

The Committee identified the following key issues from its review of DHHS’ 2017-18 and 2018-19 annual reports and DHHS’ response to the Committee’s 2017-18 and 2018-19 financial and performance outcomes questionnaire.

3.6.1 Disability services—managing the implementation of the NDIS

One of DHHS’ key priorities across 2017-18 and 2018-19 was managing the implementation of the NDIS and its interface with the State’s health services system, child protection and housing services.⁹⁹ A highlight for the department during this period was the signing of the ‘NDIS full scheme agreement between the Commonwealth and Victoria’ (taking effect on 1 July 2019) and the passage of the *Disability (NDIS Transition) Act 2019* (Vic) supporting Victoria’s transition to the NDIS.¹⁰⁰

Delay in the transition to the NDIS

The 2017-18 Budget allocated \$20.9 million to ‘supporting the transition to the NDIS’.¹⁰¹ A \$68.8 million Treasurer’s Advance was provided to fund ‘the implementation of transfer readiness projects and transition costs associate[ed] with the ... [NDIS]’,

⁹⁸ Department of Health and Human Services, *Annual Report 2017-18*; Department of Health and Human Services, *Annual Report 2018-19*.

⁹⁹ Department of Health and Human Services, *Annual Report 2018-19*, p. 14.

¹⁰⁰ *Ibid.*, p. 26.

¹⁰¹ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2017-18* Melbourne, 2018, p. 78.

through the NDIS transfer of services for state-wide preparation and a transformation program.¹⁰² Despite this additional funding in 2017-18 DHHS recognised that while 'more than 42,204 Victorians across the state are now supported through the NDIS, there were still too many people with a disability who were not yet effectively utilising services.'¹⁰³

In 2018-19 DHHS provided a further \$1.8 million in funding to facilitate the implementation of the NDIS and to support the disability sector to prepare for the transition to the Scheme.¹⁰⁴ This funding aimed to 'ready participants, service providers, staff and systems.'¹⁰⁵ Among its achievements in 2018-19 DHHS noted that over 77,160 Victorians with a disability had transitioned to the NDIS¹⁰⁶ and that DHHS had:

... connected with more than 40,000 state clients whom the National Disability Insurance Agency (NDIA) had been unable to contact [and] 14,000 people with disability [were supported] to navigate the system' to reach disability workforce and service providers.¹⁰⁷

Notwithstanding these successes, DHHS also recognised that the delay in the transition to the NDIS had several negative flow-on effects¹⁰⁸ including:

- Across 2017-18 and 2018-19 the result of the NDIS participants initiative was lower than the target due to the 'slower than forecast transition of clients by NDIA'.¹⁰⁹ In 2017-18 it was 28.7% below target, and in 2018-19 it was 32.2% below target. These results meant that 14,550 clients in 2017-18 and 33,866 clients in 2018-19 were not transitioned over to the NDIS as intended.¹¹⁰ DHHS stated:

Given the NDIA delays, the department has implemented strategies to expedite client transition by increasing the volume of follow-up actions and prioritising clients with complex needs.¹¹¹

- The Specialist Disability Accommodation (SDA) initiative, which aimed to fill service vacancies within 60 days, was 68.8% below target in 2017-18. DHHS again attributed the result to 'the delays in NDIA approving client SDA eligibility'.¹¹² Although the

¹⁰² Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 49.

¹⁰³ Department of Health and Human Services, *Annual Report 2017-18*, p. 6.

¹⁰⁴ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 72.; Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 28.

¹⁰⁵ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 28.

¹⁰⁶ Ibid.

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

¹⁰⁹ Department of Health and Human Services, *Annual Report 2017-18*, p. 99.; Department of Health and Human Services, *Annual Report 2018-19*, p. 100.

¹¹⁰ Ibid.

¹¹¹ Department of Health and Human Services, *Annual Report 2018-19*, p. 100.

¹¹² Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 33.

target was not met in 2018-19, there was a vast improvement in performance with the result being 7.7% below target.¹¹³

- The development and review of client disability support plans was also impacted by the NDIS delay. Aiming to review support plans ‘at least once during each period of three years commencing from when the support plans were first prepared (individual supports)’, 76.7% of clients received this service in 2018-19, a reduction from the 2017-18 result, which saw 96.5% of clients receive the service.¹¹⁴ DHHS stated that those clients which were ‘earmarked for transition to NDIS did not receive timely reviews of their support plans by the NDIA.’¹¹⁵

The data collection for a number of performance measures outlined in DHHS’ *Annual Report 2018-19* have been discontinued due to the transition to NDIS.¹¹⁶ Although the NDIS is a Commonwealth initiative, the Committee considers it important for the outcomes of the scheme to be tracked to enable assessment of the services it provides to clients. DHHS’ *Annual Report 2018-19* notes:

A new performance and monitoring regime has been established until 2025 to ensure the new providers comply with rigorous obligations relating to safety, service quality and fair workforce conditions.¹¹⁷

Further details of the regime were not provided, including whether the results will be made publicly available.

RECOMMENDATION 5: The Department of Health and Human Services consider making publicly available the performance and monitoring regime which tracks the quality of services provided through the National Disability Insurance Scheme to Victorians.

3.6.2 Social Housing

Social housing is owned and run by the government, housing agencies or not-for-profit organisations. It is made up of public housing and community housing. Social housing is for people who are on low incomes and are most in need.¹¹⁸

Supply and demand

Figure 3.3 below shows the total number of social housing dwellings in Victoria from 2014-15 to 2018-19. In 2017-18 the total number of social housing dwellings in Victoria

¹¹³ Department of Health and Human Services, *Annual Report 2018-19*, p. 95.

¹¹⁴ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 33.

¹¹⁵ Ibid.

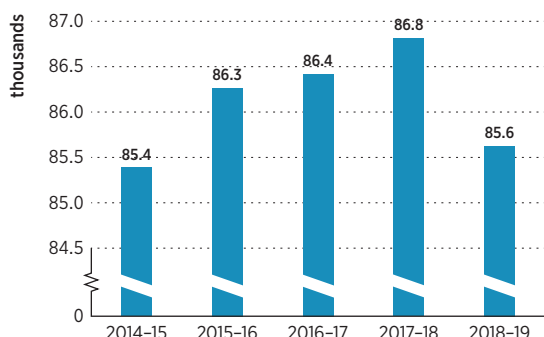
¹¹⁶ Department of Health and Human Services, *Annual Report 2018-19*, p. 99.

¹¹⁷ Ibid., p. 65.

¹¹⁸ Department of Health and Human Services, *Social housing*, 03 November 2017, <<https://providers.dhhs.vic.gov.au/social-housing>> accessed 19 May 2020.

increased by 395¹¹⁹ on the previous year. However in 2018-19, the total number of social housing dwellings decreased by 1,187¹²⁰ compared to 2017-18.

Figure 3.3 Total number of social housing dwellings from 2014-15 to 2018-19



Sources: Department of Health and Human Services, *Annual Report 2014-15*, p. 54; Department of Health and Human Services, *Annual Report 2015-16*, p. 55; Department of Health and Human Services, *Annual Report 2016-17*, p. 58; Department of Health and Human Services, *Annual Report 2017-18*, p. 94; Department of Health and Human Services, *Annual Report 2018-19*, p. 95.

FINDING 18: The total number of social housing dwellings in Victoria decreased by 1,187 from 2017-18 to 2018-19. Between 2014-15 and 2018-19 the total number of social housing dwellings increased by 240.

While the number of social housing dwellings in Victoria has increased since 2014-15,¹²¹ the increase does not meet the demand as identified by DHHS in its 2017 Report: *Victoria's social housing supply requirements to 2036: Quantifying the scale of demand for social housing*. This report stated that based on growth rates:

... over 30,000 additional dwellings need to be added in the next 20 years if Victoria is to maintain long-term social housing at the current rate of 3.5 per cent. This translates to an increase of around 1,600 to 1,700 dwellings each year to 2036, with approximately a further 100 extra homes added to the short- to medium-term rental stock to maintain the current level of social housing.¹²²

Notwithstanding that 'this would be a considerable increase to the long-term rental stock compared to what has previously occurred', the report stated:

This figure would maintain social housing stock at current levels, in relation to total occupied housing stock in Victoria, when taking into account predicted population growth.¹²³

¹¹⁹ Department of Health and Human Services, *Annual Report 2017-18*, p. 94 (Committee calculation).

¹²⁰ Department of Health and Human Services, *Annual Report 2018-19*, p. 95 (Committee calculation).

¹²¹ The total number of social housing dwellings in Victoria in 2018-19 increased by 240 dwellings (or 0.3%) from 2014-15. Department of Health and Human Services, *Annual Report 2014-15*, Melbourne, 2015, p. 54.

¹²² Council to Homeless Persons, *Victoria's Social Housing Supply Requirements to 2036*, Department of Health and Human Services, 2017, p. 4. Department of Health and Human Services, 2017, p. 4.

¹²³ Parliament of Victoria, *Victoria's social housing supply requirements to 2036*, March 2017, <https://www.parliament.vic.gov.au/images/stories/committees/SCLSI/Public_Housing_Renewal_Program/QON/VPTA-QON-Victorias_social_housing_supply_reqs_to_2036.pdf> accessed 19 May 2020.

FINDING 19: The Department of Health and Human Services' 2017 Report: *Victoria's social housing supply requirements to 2036* states that an additional 1,600 social housing dwellings are required each year for two decades to meet the current demand. The number of new social housing dwellings required to meet this demand was not met in 2017-18 and 2018-19.

Target acquisitions

DHHS reports on the number of social housing dwellings acquired each financial year. DHHS acquired 884 social housing dwellings in 2017-18 which was 194 below the 1,078 target.¹²⁴ DHHS' response to the Committee's questionnaire stated:

... affordability and availability of private rental leases has been challenging due to a lack of supply' making it difficult to meet the target.¹²⁵

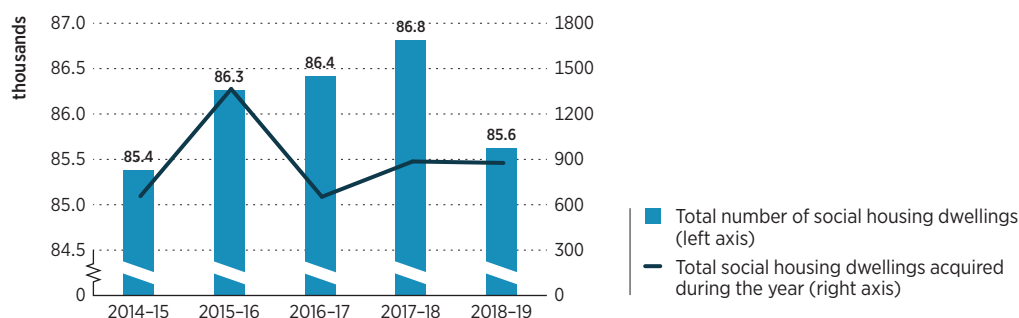
In 2018-19 the target for social housing dwellings acquired during the year was revised down to 870 from the 2017-18 target of 1,078. This target was met with DHHS acquiring 874 social housing dwellings during 2018-19.¹²⁶

FINDING 20: In 2018-19 the Department of Health and Human Services revised the target of the performance measure 'number of total social housing dwellings acquired during the year' down from 1,078 in 2017-18 to 870 in 2018-19.

Stock levels

DHHS publishes data in its annual reports on the State's total number of social housing dwellings and the number of social housing dwellings acquired for the year. Information about the disposal of social housing dwellings is not published.

Figure 3.4 below shows the total number of social housing dwellings and the total number of social housing dwellings acquired each year from 2014-15 to 2018-19 as provided in DHHS' annual reports.

Figure 3.4 Total number of social housing dwellings and acquisitions (2014-15 to 2018-19)

Sources: Department of Health and Human Services, *Annual Report 2014-15*, p. 54; Department of Health and Human Services, *Annual Report 2015-16*, p. 55; Department of Health and Human Services, *Annual Report 2016-17*, p. 58; Department of Health and Human Services, *Annual Report 2017-18*, p. 94; Department of Health and Human Services, *Annual Report 2018-19*, p. 95.

As demonstrated by Figure 3.4 the total number of social housing dwellings acquired each financial year does not necessarily equate to the overall increase in the number of social housing dwellings year on year. For example, total number of social housing dwellings acquired in 2017-18 were 884 but the total number of social houses at the end of 2017-18 was 86,813 (an increase of only 394 from 2016-17). Total number of social housing dwellings acquired in 2018-19 were 874 but the total number of social houses at the end of 2018-19 was 85,626 (a year on year decrease of 1,187 from 2017-18).

FINDING 21: Publicly available data related to social housing does not enable the net contribution made to the total number of social housing dwellings as a result of acquisitions each financial year to be determined. This is because the data relating to the sale of social existing social housing dwellings each financial year is not available.

RECOMMENDATION 6: To enable a complete picture of the State's social housing stock, the Department of Health and Human Services consider publishing both acquisitions, sales and the closing balance of social housing dwellings in its annual report.

Social Housing Growth Fund

The 2017-18 Budget established a \$1 billion Social Housing Growth Fund to deliver more social housing.¹²⁷ The indicative modelling suggests that over the next five years the fund could support around 2,200 households.¹²⁸ However according to the Social Housing Growth Fund website, the final level of new social housing and the mix between new construction and rental support through the fund is yet to be determined.¹²⁹

¹²⁷ Department of Health and Human Services, *Annual Report 2017-18*, p. 20.

¹²⁸ Department of Health and Human Services, *Victorian Social Housing Growth Fund*, 13 May 2020, <<https://www.dhhs.vic.gov.au/victorian-social-housing-growth-fund>> accessed 19 May 2020.

¹²⁹ Ibid.

The Committee notes that there are no performance measures to assess the number of households that will be supported through the Social Housing Growth Fund and DHHS' *2017-18 and 2018-19 Annual Reports* do not provide information about the balance of the Fund or what construction and rental support has been provided from the Fund.

FINDING 22: The Social Housing Growth Fund, established in 2017-18, aims to support around 2,200 households. The Department of Health and Human Services' 2017-18 and 2018-19 annual reports do not contain information about the balance of the Fund or the outcomes it has achieved.

RECOMMENDATION 7: To enable evaluation of the effectiveness and efficiency of the Social Housing Growth Fund, the Department of Health and Human Services consider developing performance measures to assess the outcomes delivered by the fund; and include in its annual reports, information about the balance of the fund and what construction and rental support has been provided from the fund.

Maintenance

Under the Housing Assistance output, in 2017-18 and 2018-19 there was a -10.5% and -11.5% variance between the target and actual figures for the 'Social housing tenants satisfied with completed non-urgent maintenance works' performance measure.¹³⁰

With regard to the 2017-18 result, the DHHS *Annual Report 2017-18* stated:

The result is lower than the target due to the increased volume of calls requesting gas heater maintenance due to the department raising tenant awareness of the harmful effects of carbon dioxide emissions from open flued gas heaters. Additional contractors have been engaged and are working at full capacity to meet the increased demand.¹³¹

With regard to the 2018-19 result, DHHS' *Annual Report 2018-19* stated:

This result is lower than the target due to the increased volume of calls requesting gas heater maintenance due to Energy Safety Victoria's public safety campaign aimed at raising the awareness of the harmful effects of carbon dioxide emissions from open flued gas heaters.

In 2018-19 DHHS recorded an overspend of \$44 million or 7.7% in the Housing Assistance output due to:

... additional funding for the gas heater replacement program, and increased Commonwealth funding under the National Housing and Homelessness Agreement subsequent to the published budget.¹³²

¹³⁰ Department of Health and Human Services, *Annual Report 2017-18*, p. 95.; Department of Health and Human Services, *Annual Report 2018-19*, p. 95.

¹³¹ Department of Health and Human Services, *Annual Report 2017-18*, p. 95.

¹³² Department of Health and Human Services, *Annual Report 2018-19*, p. 95.

The Committee notes that the 2019-20 target for this performance measure remains the same as in 2017-18 and 2018-19;¹³³ and that the 2019-20 Budget allocated \$30.8 million for gas heater replacement in public housing.¹³⁴

FINDING 23: Notwithstanding the engagement of additional contractors, the results across 2017-18 and 2018-19 were lower than the targets for the 'Social housing tenants satisfied with completed non-urgent maintenance works' performance measure due to the increased volume of requests for gas heater maintenance.

3.6.3 Prevention of family violence

Service delivery performance measures

Among its achievements across 2017-18 and 2018-19, DHHS noted:

- Referral of 50,000 people to The Orange Door for support since commencement, including 20,000 children and 3,500 people who identified as Aboriginal or Torres Strait Islander¹³⁵
- Training of 10,000 support providers in Multi-Agency Risk Assessment and Management (MARAM)¹³⁶
- Training of 1,400 practitioners and managers in the use of Family Violence Information Sharing Scheme (FVISS).¹³⁷

However DHHS did not meet its family violence service delivery performance measure targets in 2017-18 and only met half of these targets in 2018-19.¹³⁸ Performance in regard to training and conducting Family Violence Risk Assessments is discussed in more detail below.

In 2017-18 the Workers trained in Family Violence Risk Assessment initiative was 57.9% below target. This resulted in 5,790 frontline workers not receiving training. This was due to the rephrasing of the training programs to align with the roll out of the Child Information Sharing Scheme.¹³⁹ In 2018-19 DHHS exceeded the defined target by 17.7%, providing training to an extra 1,767 workers.¹⁴⁰

In 2017-18 DHHS aimed to establish five Support and Safety Hubs. Only three were developed due to 'infrastructure complexities in North East Melbourne and planning

¹³³ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2019-20* p. 220.

¹³⁴ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019-20 Budget Estimates*, p. 82.

¹³⁵ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 27.

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ Ibid., p. 95.; Department of Health and Human Services, *Annual Report 2018-19*, p. 96 (Committee calculation).

¹³⁹ Department of Health and Human Services, *Annual Report 2017-18*, p. 95.

¹⁴⁰ Department of Health and Human Services, *Annual Report 2018-19*, p. 95.

issues in Inner Gippsland'.¹⁴¹ In 2018-19 the target was to establish eight Hubs. However only five were finalised in this period in light of 'the decision to sequence implementation of the next three ... Hubs from early 2019-20'.¹⁴² This delay resulted in 472 assessments being completed at the Hubs in 2017-18, 81.1% per cent below the 2,500 target.¹⁴³ Conversely, this target was exceeded in 2018-19 by 23.5%.¹⁴⁴

With regard to the timeliness of risk assessments, a target of 80% of assessments to be completed within agreed timeframes was set in 2017-18 and 2018-19. However this was 100% under target in 2017-18 due to the length of time taken to 'establish an agreed timeframe for the completion of assessments within an integrated service delivery context'.¹⁴⁵ DHHS noted that FSV was:

... working with funded agencies to establish the timeframes for assessments to be completed that are applicable for family violence, perpetrator risk and child wellbeing assessments conducted by the integrated specialist teams within The Orange Door.¹⁴⁶

Although the timeliness target was not met in 2018-19, there was a vast improvement in performance with the result being less than 1% below target.¹⁴⁷

FINDING 24: The Department of Health and Human Services (DHHS) did not meet its family violence service delivery performance measure targets in 2017-18 and met half of these targets in 2018-19. In both years DHHS did not deliver the targeted number of Support and Safety Hubs. In 2017-18 there were 5,790 frontline workers who did not receive Family Violence Risk Assessment training and there was a delay in establishing an agreed timeframe for Family Violence Risk Assessments.

Need for more sophisticated performance measures

According to *Family, domestic and sexual violence in Australia: continuing the national story 2019: in brief* published by the Australian Institute of Health and Welfare, the number of people accessing services due to family, domestic and sexual violence continues to rise: such as police, hospital, child protection and homeless services.

In the 2017-18 Budget, DHHS introduced a new performance measure—the number of clients assisted to address and prevent homelessness due to family violence. While the Committee commends DHHS for establishing this important new performance measure, there are notable performance information gaps on various aspects of family, domestic and sexual violence.

¹⁴¹ Department of Health and Human Services, *Annual Report 2017-18*, p. 96.

¹⁴² Department of Health and Human Services, *Annual Report 2018-19*, p. 96.

¹⁴³ Department of Health and Human Services, *Annual Report 2017-18*, p. 96.

¹⁴⁴ Department of Health and Human Services, *Annual Report 2018-19*, p. 96.

¹⁴⁵ Department of Health and Human Services, *Annual Report 2017-18*, p. 96.

¹⁴⁶ Ibid.

¹⁴⁷ Ibid., p. 95.

To monitor the effectiveness of the government's commitments on preventing family violence, it is important that DHHS further develops measures to report on:

- the number of people that are being hospitalised due to family and domestic violence
- the domestic homicide rate in Victoria.

FINDING 25: There are opportunities to strengthen performance information on family, domestic and sexual violence to gauge the effectiveness of the Government's commitments on preventing family violence.

RECOMMENDATION 8: The Department of Health and Human Services consider developing performance measures to report on the annual number of women and children that are being hospitalised due to family and domestic violence and domestic homicide rate in Victoria.

Funding allocation and security

Several Orange Door functions relate to 'supporting the integration of services' and facilitating their workforce to 'navigate the broader service system to effectively meet the needs of clients'.¹⁴⁸ In 2017-18 and 2018-19 the 'service navigation budget for specialist family violence navigators was re-prioritised' to the first five Orange Door areas: Barwon, Bayside Peninsula, Inner Gippsland, Mallee and North East Melbourne.¹⁴⁹ DHHS advised:

The funding was provided to key roles to support integrated practice and service navigation functions being delivered including Integrated Practice Leaders, Advanced Family Violence Practitioners, Community Based Child Protection Team Leaders, Aboriginal Practice Leaders, and Service System Navigators across the launch areas.¹⁵⁰

In 2017-18 and 2018-19 Treasurer's Advances were provided to fund services related to the roll out of the state-wide CIP (Central Information Point).¹⁵¹ In 2017-18 \$5.5 million in additional funding was provided to 'establish a central information point as part of the family violence information sharing system reform'.¹⁵² This initiative aimed to 'provide Support and Safety Hubs and critical family violence organisations with access

¹⁴⁸ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 12-3.

¹⁴⁹ Ibid.

¹⁵⁰ Ibid.

¹⁵¹ Ibid., pp. 47,50.

¹⁵² Ibid., p. 37.

to relevant and up-to-date information on perpetrators of family violence'.¹⁵³ In 2018-19 \$9.8 million in additional funding was provided for Stage 2 of the program.¹⁵⁴ However there was no funding allocated in the 2017-18 or 2018-19 Budget for this program.¹⁵⁵

FINDING 26: Across 2017-18 and 2018-19 family violence reform initiatives have been funded through a combination of budget allocations, the reprioritisation of funding and Treasurer's Advances.

In both 2017-18 and 2018-19 there was an underspend for the Family Violence Service Delivery output, totalling \$99 million. In 2017-18 the \$30 million underspend in the output was:

... funding requested to be carried over into 2018-19 for a number of key initiatives to implement the recommendations of the Royal Commission into Family Violence, including the 10-year industry plan, Support and Safety Hubs, and initiatives to address Aboriginal family violence.¹⁵⁶

In 2018-19 the underspend for the Family Violence Service Delivery output was \$69 million as a result of:

... the adoption of a revised schedule of sequencing for the Orange Door site roll out; rephasing of initiatives and carryover of funding into 2019-20.¹⁵⁷

FINDING 27: The Committee notes that there was a significant underspend across both 2017-18 and 2018-19 for the Family Violence Service Delivery output totalling \$99 million.

Helpline for men regarding family violence

Under the Child Protection and Family Services output, the performance measure 'Number of calls made to the statewide telephone helpline for men regarding family violence' was 8.7% below target in 2017-18. DHHS' *Annual Report 2017-18* stated:

The lower result to target reflects Men Referral Service's (MRS) increased capacity to respond to more calls in a timely manner. By answering a greater number of calls, MRS has reduced its call abandonment rate, resulting in fewer people making multiple return calls to MRS.¹⁵⁸

¹⁵³ Ibid.7

¹⁵⁴ Ibid., p. 50.

¹⁵⁵ Ibid., pp. 37,50.

¹⁵⁶ Department of Health and Human Services, *Annual Report 2017-18*, p. 96.

¹⁵⁷ Department of Health and Human Services, *Annual Report 2018-19*, p. 96.

¹⁵⁸ Department of Health and Human Services, *Annual Report 2017-18*, p. 92.

In 2018-19 the result for this performance measure was 19% below target. DHHS' *2018-19 Annual Report* stated:

This result is lower than the target and reflects increased efficiencies in service delivery. This is a positive result.¹⁵⁹

The Committee acknowledges that these below target results for this quantity performance measure in 2017-18 and 2018-19 is a positive result. However it notes that there is not a performance measure to evaluate the outcomes achieved by the telephone helpline for men regarding family violence.

RECOMMENDATION 9: The Department of Health and Human Services consider developing and publishing a performance measure to gauge the outcomes of the telephone helpline for men regarding family violence.

3.6.4 Demand for emergency department services

Timely and appropriate emergency department treatment is an important service provided by DHHS. The department states that:

Patient demand for ED [emergency department] care is increasing, and improving ED services, facilities and waiting times is a priority for the Victorian Government.¹⁶⁰

In this context, the Committee notes that the following performance measures were below target in 2017-18 and 2018-19, primarily as a result of increased demand for emergency department services.

Emergency patients admitted to a mental health bed

Under the Mental Health output (Clinical Care sub-output) the result for the 'Emergency patients admitted to a mental health bed within eight hours' performance measure was 28.1% below target in 2017-18¹⁶¹ and 33.8% below target in 2018-19.¹⁶²

With regard to the 2017-18 result, DHHS' response to the Committee's questionnaire stated that the result is lower than the target:

... due to high level of demand as people are presenting directly to emergency departments needing an acute inpatient admission.¹⁶³

¹⁵⁹ Department of Health and Human Services, *Annual Report 2018-19*, p. 93.

¹⁶⁰ Department of Health and Human Services, *Emergency care*, 2020, <<https://www2.health.vic.gov.au/hospitals-and-health-services/patient-care/acute-care/emergency-care>> accessed 06 July 2020.

¹⁶¹ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 123.

¹⁶² *Ibid.*, p. 135.

¹⁶³ *Ibid.*, p. 123.

With regard to the 2018-19 result, DHHS' response to the Committee's questionnaire stated that the result is lower than the target:

... due to the increasing trend in the number of people presenting directly to emergency departments. The majority of rural services meet the 80 per cent of emergency patients admitted to a mental health bed within eight hours target, yet results for metropolitan services impact negatively on the statewide results. The department is addressing demand via the development of Mental Health and Alcohol and Other Drug Emergency Department hubs, clinical uplift of Prevention and Recovery Care Units and Intensive Community Mental Health Packages.¹⁶⁴

Emergency services

Under the Acute Health output (Emergency Services sub-output) the results for the following performance measures were below target in both 2017-18 and 2018-19:

- 'Emergency patients treated within clinically recommended time to treatment' was 9.3% below target in 2017-18¹⁶⁵ and 10.6% below target in 2018-19.¹⁶⁶

With regard to the 2017-18 result, DHHS' response to the Committee's questionnaire stated that the result is lower than target:

... due to increasing demand for emergency department services across the Victorian hospital system. Additional funding was provided during Q3 and Q4 to assist in meeting this increased demand ... Safer Care Victoria is working with [health services/the hospital system] ... to implement strategies to ... improve performance.¹⁶⁷

With regard to the 2018-19 result, DHHS' response to the Committee's questionnaire stated:

The result is lower than the target due to increasing demand for emergency department services across the Victorian hospital system. The Timely Care Partnership has been initiated by Safer Care Victoria to improve sector performance.¹⁶⁸

- The result for the performance measure 'Emergency patients with a length of stay of less than four hours' was 7.7% below target in 2017-18¹⁶⁹ and 10% below target in 2018-19.¹⁷⁰

With regard to both the 2017-18 and 2018-19 results, DHHS' explained that the results were lower than the target ' ... due to higher number of emergency presentations and stable number of patients presenting for less urgent conditions ...' ¹⁷¹

¹⁶⁴ Ibid., p. 135.

¹⁶⁵ Ibid., p. 120.

¹⁶⁶ Ibid., p. 130.

¹⁶⁷ Ibid., p. 120.

¹⁶⁸ Ibid., p. 130.

¹⁶⁹ Ibid., p. 120.

¹⁷⁰ Ibid., p. 131.

¹⁷¹ Ibid., pp. 120,31.

- ‘Proportion of ambulance patient transfers within 40 minutes’ was 7.4% below target in 2017-18¹⁷² and 9.3% below target in 2018-19.¹⁷³

With regard to the 2017-18 result, DHHS provided the same response as for the ‘Emergency patients treated’ measure discussed above.¹⁷⁴

With regard to the 2018-19 result, DHHS’ response to the Committee’s questionnaire stated:

The result is lower than the target due to increasing demand for emergency department services across the Victorian hospital system which impacts on performance. The department has established the Ambulance Taskforce with key stakeholders across the sector to identify and improve performance.¹⁷⁵

FINDING 28: In 2017-18 and 2018-19 the results for the following Department of Health and Human Services performance measures were below target primarily as a result of the increased demand for emergency department services:

- Emergency patients admitted to a mental health bed within eight hours
- Emergency patients treated within clinically recommended time to treatment
- Emergency patients with a length of stay of less than four hours
- Proportion of ambulance patient transfers within 40 minutes.

3.6.5 Voluntary assisted dying

The 2018-19 Budget allocated \$2.4 million to the People’s End of Life Care Choices initiative, and a further \$4.1 million across the forward estimates for the enactment of the *Voluntary Assisted Dying Act 2017* (Vic) (the Act).¹⁷⁶ Implementation of voluntary assisted dying in Victoria included establishing an Implementation Taskforce and Secretariat to coordinate, oversee and facilitate this program.¹⁷⁷ In 2018-19 the Voluntary Assisted Dying Review Board (VADRB) was established to report to Parliament annually on the operation of the Act, provide data on persons accessing the voluntary assisted dying service and make recommendations ‘on any systemic voluntary assisted dying matter identified by the board during the reporting period’.¹⁷⁸

¹⁷² Ibid., p. 120.

¹⁷³ Ibid., p. 131.

¹⁷⁴ Ibid., p. 120.

¹⁷⁵ Ibid., p. 131.

¹⁷⁶ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 72.

¹⁷⁷ Department of Health and Human Services, *Annual Report 2017-18*, p. 68.; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 75.

¹⁷⁸ Department of Health and Human Services, *Annual Report 2017-18*, p. 68.; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 7.; Better Safer Care, *Voluntary Assisted Dying Review Board: Terms of Reference*, 2019, p. 5.

The table below¹⁷⁹ sets out the data that was recorded by the VADRB in their *Report of Operations* for June to December 2019.

Table 3.3 Voluntary Assisted Dying Review Board data—requests received from 19 June to 31 December 2019

Stage	Status	Number	Total
Eligibility			
First assessment	Eligible	135	136
	Ineligible	1	
Consulting assessment	Eligible	100	102
	Ineligible	2	
Permit applications			
Self-administration permit	Approved	70	70
	Not approved	0	
Practitioner administration permit	Approved	11	11
	Not approved	0	
Withdrawn	NA	19	19
(Reasons for withdrawal may include administrative error or confirmation of death by means other than voluntary assisted dying)			
Medications dispensed			
For self-administration	NA	57	66
For administration by a practitioner	NA	9	
Confirmed deaths (as notified by Births, Deaths and Marriages)			
Medication was self-administered	NA	43	52
Medication was administered by a practitioner	NA	9	

Source: Voluntary Assisted Dying Review Board, *Report of operations: June to December 2019*, 2020, p. 3.

In 2018-19 DHHS also implemented two support services as part of the Acute Training and Development and Non-Admitted Services output—the Statewide Pharmacy Service and the Care Navigator Service. These Services aim to:

... assist individuals, carers, families and medical treating teams by providing information about or access to voluntary assisted dying.¹⁸⁰

The 2018-19 Budget papers do not set any performance measures for the implementation of the Voluntary Assisted Dying Act and associated services. Although the VADRB tracks data related to the numbers of clients accessing the service, the

¹⁷⁹ Voluntary Assisted Dying Review Board, *Report of operations: June to December 2019*, 2020, p. 3.

¹⁸⁰ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 30.

Committee considers it important that DHHS also measure the quality of the voluntary assisted dying services it provides.

RECOMMENDATION 10: The Department of Health and Human Services develop performance measures to track the quality and the number of services provided under the *Voluntary Assisted Dying Act 2017* (Vic).

3.6.6 Drug Prevention and Control—phone service to support family members

Phone services in the drug treatment system are often the first point of contact for drug users' families.¹⁸¹ The services provide:

... confidential counselling and assistance, information and education, self-assessment tools, contacts for self-help groups and referral for treatment.¹⁸²

DHHS 2017-18 Annual report stated that:

Stage 3 of the Ice Action Plan provided \$6 million to enhance and expand phone and web-based alcohol and other drug (AOD) support services. This funding was put towards existing helpline services to provide information, support and referral for people using alcohol and other drugs, as well as their families. Funded services included DirectLine, the Youth Drug and Alcohol Advice Services (YoDAA) and Family Drug Help.¹⁸³

Under the Drug Services output (Drug Prevention and Control sub-output), the result for the 'Number of phone contacts from family members seeking support' was 25.9% below the target in 2017-18¹⁸⁴ and 30% below the target 2018-19.¹⁸⁵

With regard to the 2017-18 result, DHHS' response to the Committee's questionnaire stated that the lower than target outcome was:

... primarily due to a decline in contacts from family members across all services in 2017-18. In response, the department is continuing to engage with the service provider that delivers these services to ensure that they are appropriately promoted.¹⁸⁶

With regard to the 2018-19 result, the same response was provided.¹⁸⁷

¹⁸¹ Department of Health and Human Services, *Telephone and online services*, 2020, <<https://www2.health.vic.gov.au/alcohol-and-drugs/aod-treatment-services/pathways-into-aod-treatment/aod-telephone-online-services>> accessed 26 May 2020.

¹⁸² Ibid.

¹⁸³ Department of Health and Human Services, *Annual Report 2017-18*, p. 27.

¹⁸⁴ Department of Health and Human Services, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 122.

¹⁸⁵ Ibid., p. 132.

¹⁸⁶ Ibid., p. 122.

¹⁸⁷ Ibid., p. 132.

FINDING 29: In 2017-18 the Department of Health and Human Services identified the need to engage with providers that deliver phone services for drug users' families to ensure their services are promoted appropriately. However in 2018-19 there was a further decline in the number of contacts from family members to these services.

3.6.7 Aboriginal Child Specialist Advice and Support Services

With regard to providing additional cultural support to Aboriginal children in the out of home care and child protection systems, DHHS explained that in 2017-18:

A full program evaluation of both the [Aboriginal Child Specialist and Support Services] ACSASS and [Child Protection Systems] CSP was undertaken. The ACSASS program guidelines were reviewed and the program providers expanded to include Njernda and BDAC [Bendigo and District Aboriginal Co-operative] to deliver ACSASS. The CSP program guidelines were reviewed and a project plan developed to implement the evaluation findings.¹⁸⁸

3.6.8 Aboriginal community controlled organisations data systems and reporting

Under the Child Protection and Family Services output, the performance measure 'Number of family services cases provided to Aboriginal families' was 1% below target in 2017-18¹⁸⁹ and 17.5% below target in 2018-19.¹⁹⁰ DHHS' *2018-19 Annual Report* stated:

The result is lower than the target due to gaps in available data. The department is working with Aboriginal community controlled organisations on options to improve data systems and reporting.¹⁹¹

3.7 Alfred Health

Alfred Health provides healthcare services at:

- three hospitals (The Alfred, Caulfield Hospital and Sandringham Hospital) and
- community clinics that provide services including, specialist care and rehabilitation services.¹⁹²

In 2018-19 Alfred Health implemented the integrated electronic medical record (EMR) across its three hospitals over five weeks. Alfred Health identified several benefits of the new system:

... particularly in terms of managing medications which are now prescribed, administered and documented in the EMR. This brings greater transparency and reduces medication safety risk, with dosage and allergy alerts Alfred Health's EMR implementation was recognised at the Australian Healthcare Week Awards, where we

were awarded the Digital Transformation Award. In 2019–20, we will further streamline the EMR, introducing new functionality including a patient portal that gives patients access to their own records.¹⁹³

In 2018-19 Alfred Health also ‘experienced some infrastructure challenges and completed essential repair works at The Alfred’.¹⁹⁴ The *2018-19 Annual Report* explained that:

- faulty cold water pipes continuously affected daily operations but were successfully replaced
- extreme wet weather challenged the now completed roof and sewerage replacement program, with water leakage from storms in late 2018 resulting in the closure of an operating theatre as well as two wards.¹⁹⁵

3.7.1 Financial analysis

In both 2017-18 and 2018-19 Alfred Health incurred greater expenses than income, resulting in a negative net result.

Table 3.4 Alfred Health—Summary of Comprehensive Operating Statement in 2017-18 and 2018-19

Controlled items	2017-18 Actual (\$ million)	2018-19 Actual (\$ million)
Income from transactions	1,229.4	1,315.0
Expenses from transactions	1,265.4	1,353.7
Net results	(36.0)	(38.7)

Source: Alfred Health, *Annual Report 2018-19*, p. 74

Alfred Health’s comprehensive operating statement in 2017-18 and 2018-19 reflects an unstable financial position as Alfred Health’s total expenses exceed its total income.

¹⁹³ Ibid., pp. 30-1.

¹⁹⁴ Ibid., p. 9.

¹⁹⁵ Ibid.

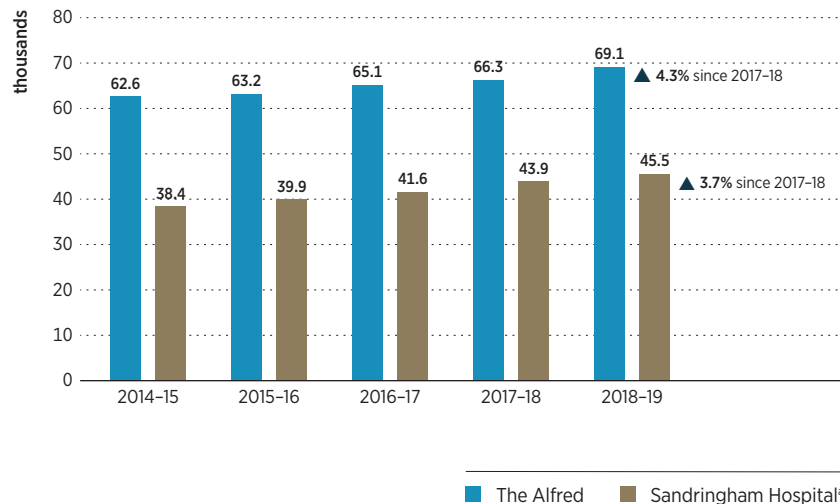
FINDING 30: Alfred Health’s comprehensive operating statement in 2017-18 and 2018-19 reported a negative net result where total expenses exceeded its total income.

3.7.2 Emergency presentations and ambulance arrivals

There has been an increase in emergency presentations at The Alfred and Sandringham Hospital with 69,147 in 2018-19 compared to 66,295 in 2017-18 at the Alfred; and 45,505 in 2018-19 compared to 43,893 in 2017-18 at Sandringham Hospital.¹⁹⁶ This totals an increase of 4,464 emergency presentations in 2018-19 compared to 2017-18.

Figure 3.5 below demonstrates the increase in emergency presentations from 2014-15 to 2018-19.

Figure 3.5 Emergency presentations at The Alfred and Sandringham Hospitals, 2014-15 to 2018-19



a. Includes Sandringham Ambulatory Care Centre.

Source: Alfred Health, *Annual Report 2018-19*, p. 10.

Alfred Health’s *2018-19 Annual Report* also provides information on the increase in ambulance arrivals at the Alfred and Sandringham Hospitals with 23,375 in 2018-19 compared to 21,545 in 2017-18 at the Alfred; and 4,334 in 2018-19 compared to 4,072 in 2017-18 at Sandringham Hospital.¹⁹⁷ This totals an increase in ambulance arrivals of 2,092 in 2018-19 compared to 2017-18.

FINDING 31: The Alfred and Sandringham Hospital had an additional 4,464 emergency presentations in 2018-19 compared to 2017-18; and an additional 2,092 ambulance presentations in 2018-19 compared to 2017-18.

¹⁹⁷ Ibid.

3.8 Monash Health

Monash Health is Victoria's largest public health service.¹⁹⁸ It provides health care services at 10 hospitals (including the Monash Medical Centre, Casey Hospital, Dandenong Hospital, Monash Children's Hospital and Moorabbin Hospital), and other community, mental health and aged care services.¹⁹⁹

3.8.1 Financial analysis

In both 2017-18 Monash Health's income exceeded expenses, resulting in a positive net result.

Table 3.5 Monash Health—Summary of Comprehensive Operating Statement in 2017-18 and 2018-19

Controlled items	2017-18 Actual (\$ million)	2018-19 Actual (\$ million)
Income from transactions	1,882.1	2,066.3
Expenses from transactions	-1,877.4	-2,046.5
Net results	4.7	19.7

Source: Monash Health, *Annual Report 2018-19*, p. 52.

FINDING 32: Monash Health's comprehensive operating statement in 2017-18 and 2018-19 reflects a stable position as Monash Health's overall income exceeded expenses.

¹⁹⁸ Monash Health, *About Monash Health*, <<https://monashhealth.org/about>> accessed 26 May 2020.

¹⁹⁹ Monash Health, *Contact Monash Health*, <<https://monashhealth.org/contact>> accessed 26 May 2020.

4 Department of Education and Training

Findings

33. The Department of Education and Training reported several program highlights—more than the targeted number of children with a disability or development delay received Early Childhood Intervention Services support, an increased number of Aboriginal children and at-risk children participated in kindergarten services and increased number of secondary students attending school activities.
34. The Department of Education and Training's (DET) comprehensive operating statement in 2017–18 and 2018–19 reflects a stable position as DET's overall income exceeds expenses.
35. In both 2017–18 and 2018–19 the Department of Education and Training achieved or exceeded more than 70% of its performance measures.
36. The targets for the following three performance measures under the Department of Education and Training's Training, Higher Education and Workforce Development output have been reduced following two successive years of underperformance:
 - number of government subsidised course enrolments
 - number of government subsidised enrolments by students living in regional Victoria
 - number of students without Year 12, or Certificate II or above, enrolled in a government subsidised course at Certificate III or above.
37. Five performance measures under the Department of Education and Training's Training, Higher Education and Workforce Development output were proposed to be discontinued in the 2019–20 Budget following two successive years of underperformance.
38. The Department of Education and Training annual reports do not specify the equity funding allocated to schools. The performance measures indicate that all available funding to maximise the ability of schools to assist socially disadvantaged students has not been used.
39. The Department of Education and Training has updated its School Attendance Guidelines and provided increased trend and comparative information regarding student absenteeism.

4.1 Overview

The Department of Education and Training (DET) is responsible for delivering and regulating statewide learning and development services across the early childhood, school education, and training and skills sectors. DET currently supports the ministerial portfolios of Education, Higher Education and Training and Skills. Before 1 January 2019 DET was also responsible for the Early Childhood Education portfolio.²⁰⁰

DET's objectives are to:

- Raise standards of learning and development achieved by Victorians using education, training, development and child health services
- Increase the number of Victorians actively participating in education, training and development
- Increase the contribution education, training, development and child health services make to good health and quality of life for all Victorians, particularly children and young people
- Increase the productivity of DET services.²⁰¹

4.2 Outcomes in the community across 2017–18 and 2018–19

In the interest of encouraging the effective and efficient provision of public services to deliver positive outcomes for the Victorian community, the Committee's questionnaire asked departments to outline the five programs that provided the most important outcomes in the community. The programs identified by DET were:

- 8,590 young children with a disability or development delay received Early Childhood Intervention Services support while they were waiting to access the National Disability Insurance Scheme (NDIS) in 2017–18. In the same year DET also funded 78,970 children to participate in kindergarten 'to improve lifelong cognitive, social and emotional outcomes'²⁰²
- In 2018–19 1,499 Aboriginal children were funded to participate in kindergarten in the year before school²⁰³ while 1,922 at-risk children participated in a kindergarten service in the two years before school²⁰⁴

²⁰⁰ Machinery of government changes effective on 1 January 2019 transferred maternal child health and early parenting to the Health portfolio from the former Early Childhood Education portfolio within DET.

²⁰¹ Department of Education and Training, *Annual Report 2018-19*, Melbourne, 2019, p. 17.

²⁰² Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 15 December 2019, p. 8.

²⁰³ Aboriginal children funded to participate in kindergarten in the year before school is a new performance measure introduced in the 2018-19 Budget. Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, Melbourne, 2019, p. 173.

²⁰⁴ Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 9.

- the Camps, Sports and Excursions Fund program funded 173,736 secondary students to attend activities including school camps or trips, swimming and sport programs, and educational excursions across 2017–18 and 2018–19.²⁰⁵

FINDING 33: The Department of Education and Training reported several program highlights —more than the targeted number of children with a disability or development delay received Early Childhood Intervention Services support, an increased number of Aboriginal children and at-risk children participated in kindergarten services and increased number of secondary students attending school activities.

4.3 Challenges

DET's main challenge across 2017–18 and 2018–19 was population growth. DET stated that:

Victoria is growing faster than any other state or territory in Australia. Melbourne's population alone is projected to increase from 5 million in 2018 to 9.3 million in 2056. Over the next four years, the total number of enrolled students is expected to increase from over 971,000 to more than 1 million in the Victorian school system. Two thirds of these are anticipated to attend a government school.²⁰⁶

This significant population growth has increased demand for early childhood education which also posed challenges for DET in 2017–18 and 2018–19. To help address increasing demand, as part of the 2019–20 Budget the Government committed to providing universal access to three-year-old kindergarten of at least five hours per week by 2022.²⁰⁷ DET stated that:

This involves building and expanding almost 1,000 new and existing early childhood facilities over 10 years to ensure Victorian children can access two years of play-based early learning before school.²⁰⁸

DET also advised the Committee that Victoria's significant population growth:

... is placing additional demands on our services and workforce, with planning and support required for staff across early childhood, schools and higher education, particularly considering the shift from regional and rural Victoria to metropolitan areas.²⁰⁹

²⁰⁵ Ibid., pp. 8–10 (Committee calculation).

²⁰⁶ Ibid., p. 155.

²⁰⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019-20 Budget Estimates*, October 2019, p. 101.

²⁰⁸ Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 155.

²⁰⁹ Ibid.

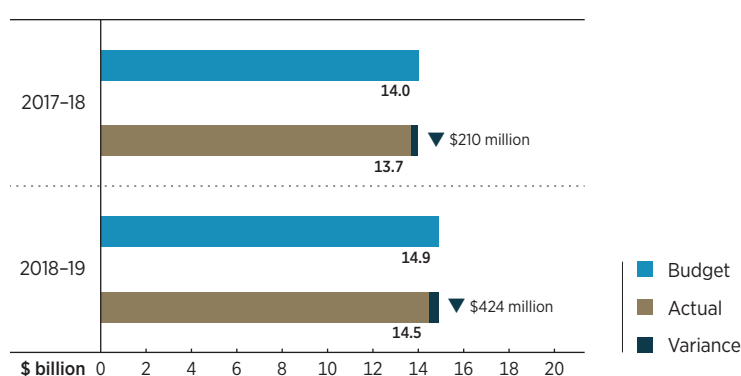
4.4 Financial analysis

4.4.1 Expenditure

In 2017–18 DET’s budget was \$14.0 billion.²¹⁰ Actual expenditure for the year was \$13.7 billion, representing a 1.5% or a \$210 million variance.²¹¹

In 2018–19 DET’s budget was \$14.9 billion.²¹² Actual expenditure for the year was \$14.5 billion, representing a 2.8% or a \$424 million variance.²¹³

Figure 4.1 Department of Education and Training variances in output expenditure, 2017–18 and 2018–19



Source: Department of Education and Training, *Annual Report 2017-18*, pp. 28–41; Department of Education and Training, *Annual Report 2018-19*, pp. 32–52; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 168.

The variances in both years were mainly attributable to an underspend in the Training, Higher Education and Workforce Development output.²¹⁴ DET came in under budget for this output by 10.1% or \$245 million in 2017–18 and by 10.3% or \$252.4 million in 2018–19.²¹⁵ The output supports Victorians to gain the skills and capabilities essential for success in employment and further training or study.²¹⁶ Performance under this output is discussed in further detail below.

Table 4.1 shows DET’s expenditure by output in 2017–18 and 2018–19 and relevant variances between the Budget and actual expenditure.

²¹⁰ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 168.

²¹¹ Department of Education and Training, *Annual Report 2017-18*, Melbourne, 2018, p. 150 (Committee calculation).

²¹² Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 168.

²¹³ Department of Education and Training, *Annual Report 2018-19*, pp. 149–50 (Committee calculation).

²¹⁴ *Ibid.*, pp. 149–50; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 168 (Committee calculation).

²¹⁵ Department of Education and Training, *Annual Report 2018-19*, pp. 149–50; Department of Education and Training, *Annual Report 2017-18*, p. 122 (Committee calculation).

²¹⁶ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 188.

Table 4.1 Department of Education and Training expenditure by output in 2017–18 and 2018–19

Output	2017–18			2018–19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Strategy, Review and Regulation	106	113	6.5	117	123	5.5
Early Childhood Development	606	631	4.1	656	650	-0.9
School Education—Primary	5,220	5,261	0.8	5,697	5,614	-1.5
School Education—Secondary	4,271	4,200	-1.7	4,547	4,453	-2.1
Training, Higher Education and Workforce Development	2,432	2,187	-10.1	2,448	2,196	-10.3
Support Services Delivery	343	348	1.7	369	388	5.1
Support for Students with Disabilities	975	1,002	2.8	1,107	1,093	-1.3
Total	13,952	13,742	-1.5	14,941	14,517	-2.8

Source: Department of Education and Training, *Annual Report 2017–18*, pp. 28–41; Department of Education and Training, *Annual Report 2018–19*, pp. 32–52; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018–19*, p. 168.

4.4.2 Revenue and expenses

DET's output appropriations increased in 2017–18 by \$631.7 million or 5.2% from 2016–17 and in 2018–19 by \$999.7 million or 7.8% from 2017–18.²¹⁷ DET explained that this year on year increase primarily reflects:

... general inflation related indexation, EBA [Enterprise Bargaining Agreement] increases, new initiatives (including Education State, Responding to Victorian job growth with more training, Digital Education, additional enrolment-based funding) and the Program for Students with Disabilities demand funding.²¹⁸

DET's employee expenses also increased in 2017–18 by \$475.8 million or 7.0% from 2016–17 and in 2018–19 by \$476.5 million or 6.6% compared to 2017–18. DET outlined that the increase is:

... mainly due to indexation, salary progression payments, salaries for additional teachers to support enrolment growth and new initiatives approved in state budgets, including Responding to Victorian Job Growth with more training and Improving Science, Technology, Engineering and Mathematics (STEM).²¹⁹

²¹⁷ Department of Education and Training, *Annual Report 2017–18*, p. 100, Department of Education and Training, *Annual Report 2018–19*, p. 125.

²¹⁸ Department of Education and Training, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, p. 64.

²¹⁹ *Ibid.*, p. 71.

4.4.3 Overall financial performance

Table 4.2 below summarises DET’s financial performance in 2017–18 and 2018–19.

Table 4.2 Department of Education and Training—Summary of Comprehensive Operating Statement in 2017–18 and 2018–19

Controlled Items	2017–18			2018–19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	14,122	14,144	0.2	15,312	15,269	-0.3
Expenses from transactions	13,952	13,742	-1.5	14,941	14,517	-2.8
Net result	170	402		372	753	

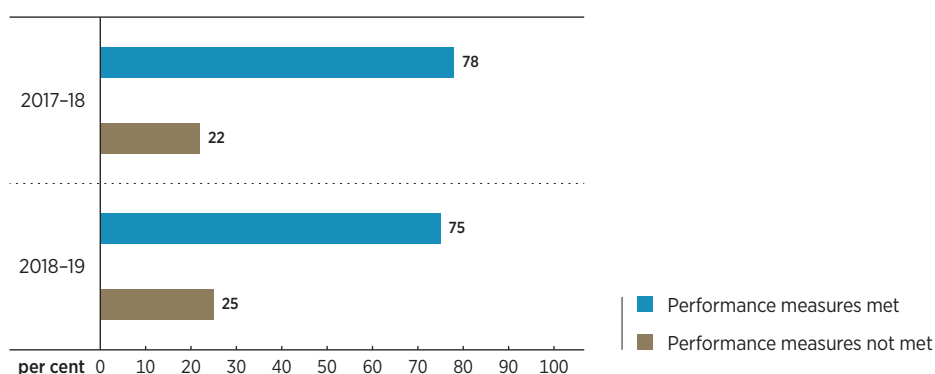
Source: Department of Education and Training, *Annual Report 2017–18*, p. 176; Department of Education and Training, *Annual Report 2018–19*, p.212; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances*, Melbourne, 2018, p. 85.

FINDING 34: The Department of Education and Training’s (DET) comprehensive operating statement in 2017–18 and 2018–19 reflects a stable position as DET’s overall income exceeds expenses.

4.5 Performance information

DET achieved or exceeded 78% of the 112 performance measures published in its *Annual report 2017-18*²²⁰ and 75% of the 115 performance measures published in its *Annual Report 2018-19*.²²¹

Figure 4.2 Department of Education and Training performance measurement results in 2017–18 and 2018–19



Source: Department of Education and Training, *Annual Report 2017-18*, pp. 28–42 (Committee calculation); Department of Education and Training, *Annual Report 2018-19*, pp. 31–52 (Committee calculation).

220 Department of Education and Training, *Annual Report 2017-18*, pp. 28–41 (Committee calculation).

221 Department of Education and Training, *Annual Report 2018-19*, pp. 31–51 (Committee calculation).

FINDING 35: In both 2017–18 and 2018–19 the Department of Education and Training achieved or exceeded more than 70% of its performance measures.

4.6 Key issues

The Committee identified the following key issues from its review of DET’s 2017–18 and 2018–19 annual reports and DET’s responses to the Committee’s 2017–18 and 2018–19 financial and performance outcomes questionnaire.

4.6.1 Applying learnings from outcomes data to future program design

DET’s response to the questionnaire highlighted instances where:

- DET’s limited outcomes data hindered the ability to determine the impacts of a particular program
- a program was not sufficiently targeted to meet its identified needs.

School Focused Youth Service program

The School Focused Youth Service (SFYS) program:

... delivers short term programs of under 1 hour per week for a school term. Programs focus on providing support for vulnerable students at key transition points mentoring programs; and programs to support specific vulnerable cohorts including indigenous students; newly arrived migrants/refugees; and students on the autism spectrum.²²²

In measuring the actual outcomes achieved by SFYS, DET advised that in 2017–18 an estimated 12,107 students in Years 9 to 11 who left government schools subsequently enrolled in other government schools, non-government schools, Technical and Further Education (TAFE) or Registered Training Organisation (RTO) programs. In 2018–19, the figure increased to 12,944 students.²²³ However DET explained that:

While there is anecdotal evidence to suggest that the program has achieved positive outcomes, the extent to which the program has met the needs of at risk young people in their communities is difficult to determine based on the limited outcomes data.²²⁴

²²² Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*.

²²³ Ibid.

²²⁴ Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*.

DET's response to the questionnaire specifies that SFYS has been extended until December 2020. The Committee notes that DET is continuing 'to work with providers to identify ways to pursue greater improvement in program design and outcomes'.²²⁵

RECOMMENDATION 11: The Department of Education and Training consider refining the data collected on future stages of the School Focused Youth Program to determine whether planned outcomes are achieved.

Science Graduate Scholarships

The Science Graduate Scholarships program provides:

Scholarships for Science Graduates to undertake a teaching degree - to increase the number of science qualified teachers. The scholarship provides incentives for science graduates to undertake a teaching qualification to increase the number of science-trained STEM [Science, Technology, Engineering and Mathematics] teachers.²²⁶

DET advised that 408 recipients received funding under the program over a five-year period (2015 to 2020) and that at least 74% of recipients completed the course by 2017-18.²²⁷ However DET's response to the questionnaire states:

The program was not sufficiently targeted to meet the identified supply needs in the hard sciences (physics and chemistry) but rather attracted teachers with a broad range of science degrees and industry experiences.²²⁸

The Committee also notes that DET's latest *Teacher Supply and Demand Report 2017*²²⁹ showed that the proportion of final year STEM secondary school teacher enrolments by subject was 4% for physics and 9% for chemistry.²³⁰

²²⁵ Ibid.

²²⁶ Ibid., p. 11.

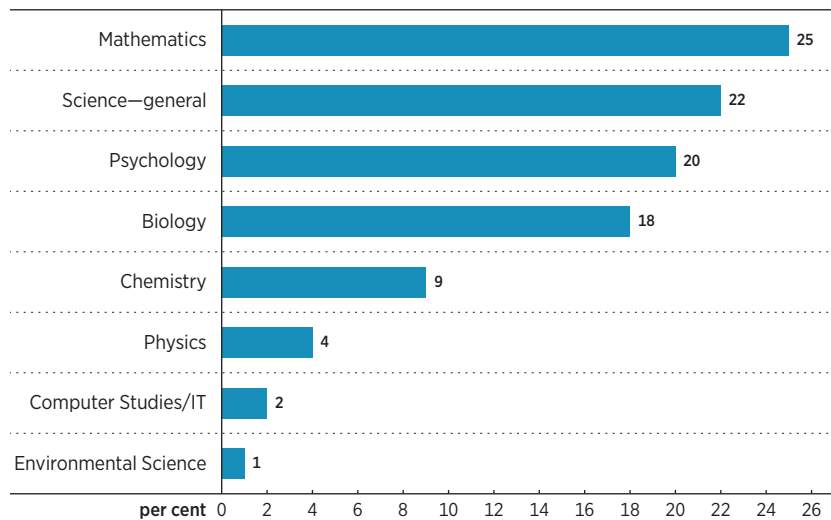
²²⁷ Ibid.

²²⁸ Ibid., p. 11 (Committee calculation).

²²⁹ The *Teacher Supply and Demand Report* provides information about the state of supply and demand in the Victorian education system.

²³⁰ Department of Education and Training, *Victorian Teacher Supply and Demand Report 2017*, Melbourne, 2019, p. 23.

Figure 4.3 Proportion of final year Science, Technology, Engineering and Mathematics secondary school teacher enrolments by subject in 2017



Source: Department of Education and Training, *Victorian Teacher Supply and Demand Report 2017*, p. 23.

While the last cohort of graduates undertaking a teaching degree under the Science Graduate Scholarships program commenced in 2015, with payments committed until 2020, the Committee considers it important that future DET initiatives be informed by the outcomes of this initiative and the *Teacher Supply and Demand Report*.

4.6.2 Reducing targets and discontinuing measures

The Committee notes two successive years of underperformance against some measures under the Training, Higher Education and Workforce Development output. In this context, the Committee also notes the underspend for this output of \$245 million (or 10.1%) in 2017–18 and \$252.4 million (or 10.3%) in 2018–19.²³¹

Table 4.3 shows the variances between the targets and the actuals for selected performance measures under the Training, Higher Education and Workforce Development output where the targets were reduced in the 2019–20 Budget.

²³¹ Department of Education and Training, *Annual Report 2018-19*, p. 49. Department of Education and Training, *Annual Report 2017-18*, p. 39 (Committee calculation).

Table 4.3 Training, higher education and workforce development selected performance measures for which targets were reduced in the 2019–20 Budget, variance between targets and actuals in 2017–18 to 2018–19

Performance measures	Variance between target and actual	
	2017–18 (%)	2018–19 (%)
Number of government subsidised course enrolments	-9.3	-18.8
Number of government subsidised enrolments by students living in regional Victoria	-9.7	-22
Number of students without Year 12, or Certificate II or above, enrolled in a government subsidised course at Certificate III or above ^a	-14.5	-27.5

a. This performance measures was named 'Number of students with low prior education in government-subsidised training at Certificate III or above' in 2017–18. Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018–19*, p. 191.

Source: Department of Education and Training, *Annual Report 2017–18*, pp. 38–9; Department of Education and Training, *Annual Report 2018–19*, pp. 47–9.

DET states that the 2017–18 and 2018–19 actuals were below the targets for these performance measures due to:

- A deliberate shift from high-volume to high-quality training
- Stronger targeting of funding to courses linked to Government priorities
- Substitution to University education by students
- Fewer enrolments continuing from previous years—reflecting historic declines in activity associated with previous policy settings such as reducing the subsidies of courses with high growth to contain expenditure.²³²

DET's 2017–18 and 2018–19 annual reports attributes the lower actuals for the same reasons:

... lower enrolments resulting from more rigorous contract allocation, targeting of training to Government priorities and substitution to university education.²³³

The Committee notes that the targets for these performance measures have been reduced in 2019–20:

- from 390,000 to 317,500 for the 'Number of government subsidised course enrolments'
- from 104,000 to 81,300 for the 'Number of government subsidised enrolments by students living in regional Victoria'
- from 80,000 to 58,000 for the 'Number of students without Year 12, or Certificate II or above, enrolled in a government subsidised course at Certificate III or above'.²³⁴

²³² Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 126–8 and 42–4.

²³³ Department of Education and Training, *Annual Report 2018-19*, pp. 47–8. Department of Education and Training, *Annual Report 2017-18*, pp. 38–9.

²³⁴ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2019-20*, Melbourne, 2019, pp. 154–5.

With reference to these targets, the 2019–20 Budget states that:

The lower 2019–20 target reflects the expected impact of greater targeting of high-quality training and residual effects of lower training activity in previous years.²³⁵

FINDING 36: The targets for the following three performance measures under the Department of Education and Training’s Training, Higher Education and Workforce Development output have been reduced following two successive years of underperformance:

- Number of government subsidised course enrolments
- Number of government subsidised enrolments by students living in regional Victoria
- Number of students without Year 12, or Certificate II or above, enrolled in a government subsidised course at Certificate III or above.

Table 4.4 below shows the variances between the targets and the actuals for selected performance measures under the Training, Higher Education and Workforce Development output that were to be discontinued in the 2019–20 Budget.

Table 4.4 Training, higher education and workforce development selected performance measures that were proposed to be discontinued in the 2019–20 Budget, variance between targets and actuals in 2017–18 to 2018–19

Performance measures	Variance between target and actual	
	2017–18 (%)	2018–19 (%)
Number of students enrolled in government subsidised courses	-9.2	-17.4
Number of students without Year 12, Certificate II or above enrolled in foundation courses	-7.1	-21.6
Participation rate of 15–24-year-olds in government subsidised training and further education in Victoria	-12.6	-20.1
Participation rate of 25–64-year-olds in government subsidised training and further education in Victoria	-12.5	-23.2
Number of government subsidised course completions	-12.6	-16.4

Source: Department of Education and Training, *Annual Report 2017–18*, pp. 38–9; Department of Education and Training, *Annual Report 2018–19*, pp. 47–9.

The Committee notes that these performance measures were proposed to be discontinued in the 2019–20 Budget²³⁶ and were considered by the Committee in its *Report on the 2019–20 Budget Estimates*.²³⁷ In its report the Committee recommended

²³⁵ Ibid.

²³⁶ Ibid., pp. 385–6.

²³⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Budget Estimates*, pp. 113–14.

that the Assistant Treasurer, in conjunction with DET, review the proposed discontinuation of these performance measures.²³⁸ The Government's response to this report has not been tabled.

FINDING 37: Five performance measures under the Department of Education and Training's Training, Higher Education and Workforce Development output were proposed to be discontinued in the 2019–20 Budget following two successive years of underperformance.

4.6.3 TAFE sustainability

TAFE sustainability was one of DET's main challenges in 2018–19. DET explained that:

The long-term economic trend towards a more complex, competitive and highly skilled job market means Victoria's Vocational Education and Training (VET) system will need to adapt to meet the needs of students, employers and industries. To achieve this, the VET system must ensure it is of high quality, efficiently and equitably delivered and is accessible to all working age Victorians.²³⁹

One of the objective indicators for DET's engagement objective is measuring the 'Proportion of VET students satisfied with the teaching in their course'. Results against this indicator show that the proportion of VET students satisfied with the teaching in their course has remained relatively stable from 88.4% in 2013 to 85.6% in 2017.²⁴⁰

The Committee notes that the results for the performance measures relevant to the VET system under the 'Training, higher education and workforce development' output were largely met in 2018–19 as demonstrated in Table 4.5 below.

Table 4.5 Training, higher education and workforce development selected 2018–19 VET performance measures, target and actuals

Performance measures	2018–19 Target (%)	2018–19 Actual (%)
Proportion of VET completers who are satisfied with their training	83.7	84.6
Proportion of VET completers with an improved employment status after training	51.8	51.4
Proportion of VET completers who achieved their main reason for training	78.7	83.4

Source: Department of Education and Training, *Annual Report 2018–19*, p. 49.

²³⁸ Ibid., p. 115, Recommendation 20.

²³⁹ Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 155.

²⁴⁰ Department of Education and Training, *Annual Report 2017-18*, p. 23. Department of Education and Training, *Annual Report 2018-19*, p. 26.

Notwithstanding the above, the Committee notes that no performance measures have been set to assess whether the VET system is meeting the needs of employers and industries, when this has been identified as a key challenge for DET.

RECOMMENDATION 12: The Department of Education and Training consider developing performance measures under the Training, Higher Education and Workforce Development output to assess whether Victoria's Vocational Education and Training system is meeting the needs of employers and industries.

4.6.4 Investment in school buildings—expenditure and timelines

In 2017–18 and 2018–19 the total actual cost for the following completed school building projects was more than 10% higher than the Total Estimated Investment (TEI) at announcement:

- Beaumaris High School (171% higher than TEI at announcement) as a result of further works²⁴¹
- Brandon Park Primary School (30% higher than TEI at announcement) as the project received co-contribution from the school²⁴²
- Wodonga West Primary School (16% higher than TEI at announcement) as the project received co-contribution from the school²⁴³
- Montmorency Secondary College (14.6% higher than TEI at announcement) as a result of longer than anticipated construction due to timing issues with staged delivery²⁴⁴
- Montpellier Primary School (11% higher than TEI at announcement) as the project received co-contribution from the school.²⁴⁵

While a number of school building projects were completed in 2017–18 and 2018–19 ahead of their original anticipated completion date, a number were or are delayed, in some cases by over two years.²⁴⁶ DET's response to the questionnaire provided a number of reasons for the delays - delays in construction due to planning issues, latent site conditions and timing issues with staged delivery and delays in planning and documentation due to difficulties in finalising scope with the school community.²⁴⁷

²⁴¹ Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 45 (Committee calculation).

²⁴² Ibid., p. 39 (Committee calculation).

²⁴³ Ibid., p. 44 (Committee calculation).

²⁴⁴ Ibid., p. 52 (Committee calculation).

²⁴⁵ Ibid., p. 37 (Committee calculation).

²⁴⁶ Ibid., pp. 38–57.

²⁴⁷ Ibid.

4.6.5 Kindergarten Information Management system

The Kindergarten Information Management system (KIM) is an online system for kindergarten funding applications, data collection, and reporting.²⁴⁸

The 2018–19 Budget listed KIM as a project being monitored under the High Value High Risk (HVHR) framework, meaning it would be subject to more rigorous scrutiny and approval processes.²⁴⁹ However DET’s response to the questionnaire states that while KIM ‘Combined Gate 1 and Gate 2 (business case) review’ of the HVHR process, the KIM ‘Reform Project was [subsequently] removed from the HVHR process and any future gateway reviews’.²⁵⁰

The Committee notes that DET’s response to the questionnaire explains that between October 2017 and January 2018, \$244,417 was spent to investigate options for the future of KIM. This included completing ‘a feasibility assessment and Solution Options Analysis Report’ which resulted in:

A draft business case and recommendation for the replacement of the KIM system (required to support the implementation of key reforms in the *Education State Early Childhood Reform plan*).²⁵¹

Notwithstanding the above, information about, and an explanation for, the removal of the KIM project from the HVHR process and future gateway reviews is not set out in DET’s *Annual Report 2018–19* nor in the 2019–20 Budget papers.

RECOMMENDATION 13: Where a project is removed from the High Value High Risk process and any future gateway reviews, an explanation for the removal of the project consider being published in either the relevant department’s annual report or the subsequent year’s budget.

4.6.6 Equity (Social Disadvantage) funding for primary and secondary students

The results for the percentage of government primary and secondary students receiving equity funding are below the targets for 2016–17, 2017–18, and 2018–19. While the targets have remained consistent across the years, the variance between the targets and the actuals has increased over the years as demonstrated in Table 4.6.²⁵²

²⁴⁸ Department of Education and Training, *Kindergarten Information Management System (KIM)*, 21 January 2020, <<https://www.education.vic.gov.au/childhood/providers/funding/Pages/kinderim.aspx>> accessed 21 January 2020.

²⁴⁹ Department of Treasury and Finance, *Budget Paper No. 4 2018-19 State Capital Program*, Melbourne, 2018, pp. 20–1.

²⁵⁰ Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 58.

²⁵¹ *Ibid.*, pp. 101–2.

²⁵² Department of Education and Training, *Annual Report 2016-2017*, Melbourne, 2017, pp. 28, 31. Department of Education and Training, *Annual Report 2017-18*, pp. 31, 35. Department of Education and Training, *Annual Report 2018-19*, pp. 36, 42.

Table 4.6 Equity funding performance measures—variance between targets and actuals from 2016–17 to 2018–19

Performance measures	2016–17			2017–18			2018–19		
	Target (%)	Actual (%)	Variance (%)	Target (%)	Actual (%)	Variance (%)	Target (%)	Actual (%)	Variance (%)
Percentage of government primary school students receiving equity funding	28	28	0	28	27	-3.6	28	26	-7.1
Percentage of government secondary school students receiving equity funding	35	34	-2.9	35	33	-5.7	35	32	-8.6

Source: Department of Education and Training, *Annual Report 2016–17*, pp. 28, 31; Department of Education and Training, *Annual Report 2017–18*, pp. 31, 35; Department of Education and Training, *Annual Report 2018–19*, pp. 36, 42.

Equity funding ‘provides an individual loading for students from disadvantaged backgrounds that ... increase with the density of disadvantage at the school.’²⁵³ Schools can use this funding to ‘deliver tailored educational programs that meet the needs of this cohort of students.’²⁵⁴ DET outlined that:

The Equity (Social Disadvantage) loading allocates funding based on parental occupation, parental education and the level of concentration of disadvantage in a school. Students with the highest level of need will be targeted with the most funding to ensure schools have the resources to support them. The loading is need-based.²⁵⁵

There are two levels of social disadvantage loadings which are determined based on a student’s level of need:

- Level 1: For students with parents who are unemployed with below diploma level education or have lower skilled jobs with very low or low education
- Level 2: For students with parents who have various combinations of medium and low skilled jobs and education levels, or are unemployed with a diploma level education.²⁵⁶

Weightings for specific occupation category groupings are also used by DET to measure the level of social disadvantage. For example, ‘senior management in large business organisation, government administration and defence, and qualified professionals’ are weighted at ‘0.00’; and ‘machine operators, hospitality staff, assistants, labourers and related workers’ are weighted at ‘0.75.’²⁵⁷

²⁵³ Department of Education and Training, *Equity (Social Disadvantage): (Reference 11)*, 18 September 2019, <<https://www.education.vic.gov.au/school/teachers/management/finance/Pages/srpref011.aspx>> accessed 27 February 2020.

²⁵⁴ Ibid.

²⁵⁵ Ibid.

²⁵⁶ Ibid.

²⁵⁷ Ibid.

Since 2016–17 DET's annual reports note that the actuals are lower than the targets as a result of fewer students meeting eligibility requirements, 'as more parents reported in enrolment data as having a bachelor degree or higher degree than in previous data.'²⁵⁸

DET's response to the questionnaire states that in both 2017–18 and 2018–19 'the level of student need decreased', meaning that:

... more parents reported as having a bachelor degree or a senior management position, which then reduces the number of students eligible for [equity] funding.²⁵⁹

DET's annual reports explain that equity funding reforms were implemented:

... to provide targeted funding support for students in greatest need, including through the use of the...Student Family Occupation and Education Index (SFOE) to determine the amount of equity funding schools will receive.²⁶⁰

FINDING 38: The Department of Education and Training annual reports do not specify the equity funding allocated to schools. The performance measures indicate that all available funding to maximise the ability of schools to assist socially disadvantaged students has not been used.

RECOMMENDATION 14: The Department of Education and Training consider developing a performance measure to report the budgeted equity funding allocated to schools and the actual funding spent.

4.6.7 Primary and secondary school—recorded absences

Across 2017–18 and 2018–19 the 'Average days lost due to absence' for primary and secondary students remained consistently over target:

- For Year 5 around 15 days (around one day over target)
- For Year 6 around 16 days (around two days over target)
- For Aboriginal students in prep to Year 6 around 24 days (close to the target)
- For Years 7 to 10 around 20 days (around one day over target)
- For Years 11 and 12 around 16 days (close to the target)
- For Aboriginal students in Years 7 to 12 around 36 days (around one day over target).²⁶¹

²⁵⁸ Department of Education and Training, *Annual Report 2016-2017*, pp. 28, 31. Department of Education and Training, *Annual Report 2017-18*, pp. 31, 35. Department of Education and Training, *Annual Report 2018-19*, pp. 33, 42.

²⁵⁹ Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 121–2, 133.

²⁶⁰ Department of Education and Training, *Annual Report 2016-2017*, p. 8.

²⁶¹ Department of Education and Training, *Annual Report 2017-18*, pp. 31, 35; Department of Education and Training, *Annual Report 2018-19*, pp. 35–6, 42.

DET explained that ‘Average days lost due to absence’ takes account of all types of student absences:

... including those due to due to illness, family holidays and unapproved absences. Student and family circumstances can also influence student absence rates for a range of reasons, including overseas travel to country of origin, impact of family and carer responsibilities and the influence of mental and other health issues on students and households. Low incomes, long term and intergenerational unemployment and poverty place stresses on families that may result in a range of circumstances that affect attendance at school.²⁶²

While DET’s annual reports stated that ‘a lower figure is more desirable, as it indicates that students are having fewer days away from school,’²⁶³ the reports also suggest that the increase in student absences across most year levels was in part due to a continuing emphasis on reporting to identify student absences.²⁶⁴ School Attendance Guidelines were updated and published by DET in January 2018²⁶⁵ and require:

- All schools to report the annual rates of student attendance for the year to the school community at least once a year and to ‘report information about student enrolment and attendance for funding requirements’²⁶⁶
- For all absences where the principal has determined that a parent has not provided a reasonable excuse, the school must notify the parent in writing that ‘the absences have been recorded as such’.²⁶⁷

In its *Report on the 2016–17 Financial and Performance Outcomes*, the Committee suggested that the results of the ‘average days lost due to absence’ performance measures be compared against the actual results of other jurisdictions.²⁶⁸ In this context, the Committee notes that under DET’s Objective 2 Engagement—Increase the number of Victorians actively participating in education, development and child health services—DET’s 2018–19 annual report states:

Nationally, Victoria is the only jurisdiction where average government school attendance across Years 1 to 10 remains above 90 per cent, at 92.2 per cent. Between 2017 and 2018, the average days absent per full time equivalent student in government schools remained stable. Importantly, unapproved absences for Years 7 to 12 students have decreased since 2014 ...²⁶⁹

²⁶² Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 126–37.

²⁶³ Department of Education and Training, *Annual Report 2017-18*, pp. 31, 35.

²⁶⁴ With regard to Year 5 students only, in 2018-19 DET identified ‘parent choice’ as being one of the reasons for absenteeism. Department of Education and Training, *Annual Report 2017-18*, pp. 31, 35; Department of Education and Training, *Annual Report 2018-19*, pp. 35, 42.

²⁶⁵ Department of Education and Training, *School Attendance*, 2018, <<https://www.education.vic.gov.au/school/teachers/studentmanagement/attendance/Pages/default.aspx>> accessed 14 February 2020.

²⁶⁶ Ibid.

²⁶⁷ Ibid.

²⁶⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2016-17 Financial and Performance Outcomes*, May 2018, pp. 122–3.

²⁶⁹ Department of Education and Training, *Annual Report 2018-19*, p. 23.

In addition, under Objective Indicator 4—Mean number of unapproved student absence days per FTE per year in secondary schools—DET’s 2018–19 annual report demonstrates that unapproved absences for Years 7 to 12 has decreased from 7.7 days in 2014 to 6.6 days in 2018.²⁷⁰

FINDING 39: The Department of Education and Training has updated its School Attendance Guidelines and provided increased trend and comparative information regarding student absenteeism.

4.6.8 Education State targets and NAPLAN testing performance measures

The 2015–16 Budget announced \$1.4 billion for the Education State initiative.²⁷¹ The initiative aims:

... to improve outcomes for all students, regardless of their start in life, promoting foundational learning domains such as reading, mathematics and science, alongside other important areas, such as critical thinking, the arts, physical education and resilience.²⁷²

The Education State initiative introduced targets to track the progress of government and non-government school students. The targets include ‘Learning for life—more students achieving excellence in reading, maths, science, critical and creative thinking and the arts’.²⁷³ Under this target, reading and maths performance is measured as follows:

- Reading—By 2020 for Year 5 and 2025 for Year 9, 25% more students will be reaching the highest levels of achievement in reading
- Maths—By 2020 for Year 5 and 2025 for Year 9, 25% more students will be achieving the highest level in maths²⁷⁴

The Committee notes that fact sheets showing how Victoria has performed against these ‘Learning for Life’ targets are available on DET’s website for 2016, 2017 and 2018.²⁷⁵

²⁷⁰ Ibid., p. 25.

²⁷¹ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2016-17*, 2016, p. 64.

²⁷² Department of Education and Training, *About the Education State*, 6 April 2019, <<https://www.education.vic.gov.au/about/educationstate/Pages/vision.aspx>> accessed 27 February 2020.

²⁷³ Department of Education and Training, *Target: Learning for Life*, 20 September 2019, <<https://www.education.vic.gov.au/about/educationstate/Pages/targetlearningforlife.aspx>> accessed 27 February 2020. Department of Education and Training, *Education State Targets*, 25 November 2018, <<https://www.education.vic.gov.au/about/educationstate/Pages/targets.aspx>> accessed 27 February 2020.

²⁷⁴ Department of Education and Training, ‘Education State Ambition’, *Learning for life*, <<https://www.education.vic.gov.au/Documents/about/educationstate/EducationState-LearningForLife-2018.pdf>> accessed 27 February 2020.

²⁷⁵ Department of Education and Training, *Target: Learning for Life*.

In response to the Committee’s questionnaire DET states that the targets set for NAPLAN²⁷⁶ testing performance measures ‘are linked to the ambitious Education State targets for achieving excellence in Reading and Numeracy’.²⁷⁷

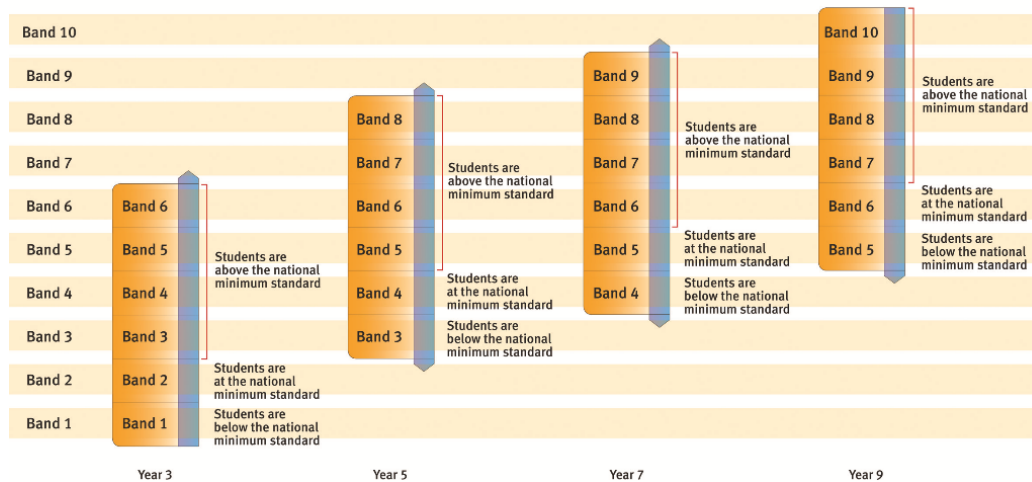
DET’s annual reports explain that the National Assessment Program—Literacy and Numeracy (NAPLAN) testing performance measures introduced in 2015, shift the focus from NAPLAN’s national minimum standards to a higher standard of increasing the percentage of students in the top two or three bands of the NAPLAN assessment scale.²⁷⁸

The NAPLAN assessment scale is:

... divided into ten bands to record student results in the tests. Band 1 is the lowest band and band 10 is the highest band. The national minimum standards encompass one band at each year level and therefore represent a wide range of the typical skills demonstrated by students at this level.

The minimum standards and common scales for NAPLAN results across Years 3 to 9 are demonstrated in Figure 4.3 below.

Figure 4.4 Nation Assessment Program—Literacy and Numeracy (NAPLAN) National Assessment Scale



Source: Australian Curriculum, Assessment and Reporting Authority, *How to Interpret*, 2016, <<https://www.nap.edu.au/results-and-reports/how-to-interpret>> accessed 28 May 2020.

With regard to the NAPLAN testing performance measures, Table 4.7 below outlines the percentage variance between the targets and the actuals for these performance measures from 2015–16 to 2018–19.

²⁷⁶ NAPLAN is an annual assessment for students in Years 3, 5, 7 and 9 covering skills in reading, writing, spelling, grammar and punctuation, and numeracy.

²⁷⁷ Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 123–47.

²⁷⁸ Department of Education and Training, *Annual Report 2018-19*, p. 30. Department of Education and Training, *Annual Report 2017-18*, p. 30.

Table 4.7 National Assessment Program—Literacy and Numeracy (NAPLAN) testing performance measures, variances between targets and actuals, 2015–16 to 2018–19

Performance measures	Variance between target and actual			
	2015–16 (%)	2016–17 (%)	2017–18 (%)	2018–19 (%)
Percentage of students in the top two bands for numeracy in Year 3 (NAPLAN testing)	-7.5	-1.9	+5.7	-4.2
Percentage of students in the top two bands for numeracy in Year 5 (NAPLAN testing)	+11.9	-3.6	-7.0	-5.5
Percentage of Aboriginal students above the bottom three bands for numeracy in Year 7 (NAPLAN testing)	-7.6	+10.2	-0.3	-14.1
Percentage of students above the bottom three bands for numeracy in Year 7 (NAPLAN testing)	2.4	+10.1	+3.0	-5.4
Percentage of students in the top two bands for numeracy in Year 7 (NAPLAN testing)	-0.7	+15.7	+7.7	-12.1
Percentage of students in the top two bands for reading in Year 7 (NAPLAN testing)	+3.8	-10.7	+0.7	-8.7
Percentage of students in the top two bands for numeracy in Year 9 (NAPLAN testing)	+4.4	-11.7	-9.8	3.0
Percentage of students in the top two bands for reading in Year 9 (NAPLAN testing)	+8.6	-10.0	-10.9	-5.7

Source: Department of Education and Training, *Annual Report 2018–19*, pp. 42–5; Department of Treasury and Finance, *Departmental Financial Statements: Department of Education and Training Output Performance Measures 2019–20, 2018*, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departamental-statements>> accessed 28 May 2020.

The Committee notes the unfavourable variances for the Years 5 and 9 NAPLAN testing performance measures, but acknowledges that the measures are linked to the ambitious Education State targets that seek to drive performance above the national minimum standard.²⁷⁹ The Committee has therefore focussed its attention on how the NAPLAN performance measures can be understood in the context of the State's Education targets, as opposed to the results themselves.

The State Education targets relate to Years 5 and 9 and seek to achieve the highest levels of achievement in reading and maths. However what constitutes the highest levels of achievement is not defined.

²⁷⁹ Department of Education and Training, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 123–47.

In contrast, the NAPLAN performance measures relating to Years 3, 5, 7 and 9 and seek to have students in the top two bands for numeracy and reading. However it is unclear how the Education State targets can be interpreted in relation to the NAPLAN testing performance measures.

RECOMMENDATION 15: The Department of Education and Training consider defining what constitutes the ‘highest levels of achievement’ for the purpose of the Education State target—Learning for life to enhance understanding of the impact of the initiative and its relationship with NAPLAN.

Findings

40. The Department of Transport identified the following program highlights—road treatment, Better Fishing Facilities grants program, Safer Country Crossings Program and School Area Safety Program.
41. Transport related output expenditure exceeded budget in both years mainly due to a change in the accounting treatment for transport infrastructure expenditure, increased funding for initiatives and expenditures associated with the new franchise agreement for trams.
42. The financial and non-financial impact of cost increases and delivery challenges on major transport infrastructure projects are not clear in the results reported by the Department of Transport in its annual report and performance measures.
43. The Department of Transport revised the Metro Tunnel's Total Estimated Investment (TEI) by \$92.5 million in 2018–19. The TEI was revised again in the 2019–20 Budget to around \$10.9 billion.
44. The State's investment in regional rail has increased substantially since 2016–17 but the Budget papers lack performance information for most of these initiatives.
45. Performance targets for the completion of major tram maintenance works were not achieved in both 2017–18 and 2018–19.
46. Victoria has made slow progress to date towards meeting national Disability Standards for Accessible Public Transport. Current performance levels for both tram vehicles and level access tram stops are well below prescribed benchmarks.
47. Performance measures in the Budget papers do not provide sufficient insights into the accessibility of the transport system, and the State's progress towards achieving compliance with the national Disability Standards for Accessible Public Transport.
48. Timeliness targets for the annual metropolitan road maintenance program were not met in both 2017–18 and 2018–19.
49. The planned number of congestion, cycling and 'other' road improvement projects in metropolitan and regional areas were not achieved across 2017–18 and 2018–19.
50. The Budget papers and Department of Transport's annual reports do not provide sufficient insights on the performance and impact of funded congestion and other road improvement projects.

5.1 Overview

The Department of Transport (DoT) is responsible for providing an integrated and sustainable transport system and for supporting the development of a sustainable fisheries resource sector for Victoria.²⁸⁰ It replaced the former Department of Economic Development, Jobs, Transport and Resources (DEDJTR) following Machinery of Government changes on 1 January 2019. DoT supports the six ministerial portfolios Transport Infrastructure, Public Transport, Ports and Freight, Roads, Road Safety and the Transport Accident Commission (TAC), and Fishing and Boating.²⁸¹

Additional changes effective from 1 July 2019 resulted in Public Transport Victoria (PTV) and VicRoads also being operationally integrated with the new department.²⁸²

DoT's objectives for the six month period 1 January 2019 to 30 June 2019 reflected the following related objectives and outputs transferred from the former DEDJTR:

- More productive and liveable places, towns and cities through integrated user-focused transport services and better infrastructure
- Sustainably managed fish resources.²⁸³

This section covers the outcomes reported by DoT against the above objectives relevant to the 2017–18 and 2018–19 financial years.

5.2 Outcomes in the community across 2017–18 and 2018–19

In the interests of encouraging the effective and efficient delivery of public services to deliver positive outcomes for Victorians, the Committee's questionnaire asked departments to outline the five programs that delivered the most important outcomes in the community. The programs identified by DoT included:²⁸⁴

- Road treatments including pavement resurfacing and rehabilitation. In 2017–18 DoT reported a significant increase in treatments to address safety concerns on roads with low skid resistance. A total of 608,000 square metres were treated against a target of 11,000 square metres. The additional works were enabled by increased capacity and favourable weather conditions.
- Across 2017–18 and 2018–19 the Better Fishing Facilities grants program attracted positive interest from delivery partners resulting in a much higher number of grants

²⁸⁰ Department of Transport, *Annual Report 2018-19* Melbourne, 2019, p. 155.

²⁸¹ *Ibid.*, p. 9.

²⁸² *Ibid.*, p. 11.

²⁸³ DoT replaced the 2018-19 DEDJTR objective 'More productive, competitive, sustainable and jobs-rich food, fibre and resources industries' with the new objective 'Sustainably managed fish resources' to reflect Machinery of Government changes from 1 January 2019.

²⁸⁴ Department of Transport, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 20 January 2020, pp. 21–3.

and the completion of 28 projects in 2017–18 (18 more projects than planned) and 52 projects in 2018–19 (22 more than planned).

- Accelerated delivery of the Safer Country Crossings Program in 2017–18 resulted in 69 crossings being upgraded. This was more than twice the target number of 32 crossings.
- In 2018–19 the School Area Safety Program completed 43 pedestrian projects, 23 more than planned due to new projects being added to the program.
- Around 17% of the road network was available for use by high productivity freight vehicles exceeding the target of 10% due to more of the network being opened up for high productivity freight use.

FINDING 40: The Department of Transport identified the following program highlights—road treatment, Better Fishing Facilities grants program, Safer Country Crossings Program and School Area Safety Program.

5

The Committee’s questionnaire also asked departments to identify programs that did not deliver their planned outcomes in 2017–18 and 2018–19. Several of the initiatives identified by DoT related to delays in delivering road improvement projects, cycling projects, planned tram stop upgrades, tram network maintenance works, and freight accessibility projects.²⁸⁵ These issues are examined further below.

5.3 Challenges

DoT identified meeting the demands of Victoria’s rapid population growth as a key challenge influencing its focus across related areas. Specifically it noted population growth is stretching Victoria’s transport and infrastructure network driving demand and powering the economy. Understanding changing patterns of movement—where and how people and goods want to go—is critical to meeting future transport demand and sustaining Victoria’s economic success.²⁸⁶

It advised the formation of DoT combines the expertise of the former DEDJTR, VicRoads and PTV to provide one coordinated team for planning, delivering and operating the transport system.²⁸⁷ DoT views this coordinated approach as critical to:

- Effectively managing the disruption from the State’s significant investment in new transport infrastructure to expand and modernise the network
- Keeping people moving through the next decade of major construction

²⁸⁵ Ibid., pp. 25–7.

²⁸⁶ Ibid., pp. 145–6.

²⁸⁷ Ibid.

- Choosing the right investments to unlock more benefits, for more people by making the best use of existing resources and establishing a blueprint of future opportunities
- Embracing technology for a smarter future.²⁸⁸

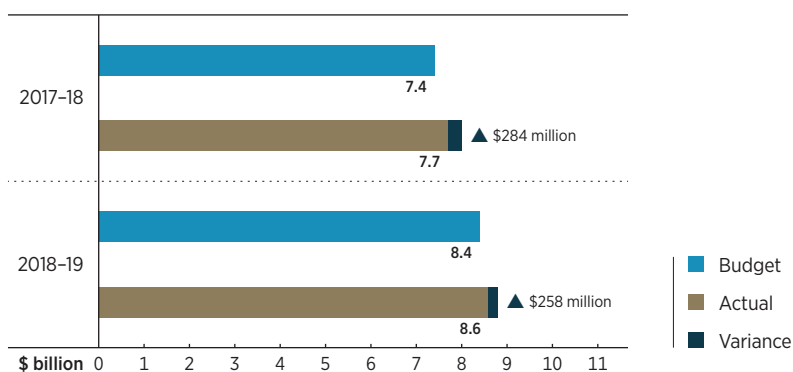
5.4 Financial analysis

5.4.1 Expenditure

DEDJTR’s 2017–18 Budget for the outputs transferred to DoT in 2018–19 was \$7.4 billion.²⁸⁹ Actual expenditure for the 2017–18 financial year was \$7.7 billion representing a variance of 3.8%.²⁹⁰

The 2018–19 Budget for DoT was \$8.4 billion.²⁹¹ Actual expenditure for the year was \$8.6 billion, representing a 3.1% variance.

Figure 5.1 Department of Transport variances in output expenditure, 2017–18 and 2018–19



Source: Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, Melbourne, 2018, pp. 195–247; Department of Transport, *Annual Report 2018-19*, pp. 166–182.

Table 5.1 shows output expenditure was higher than budget in 2017–18 and 2018–19, with the variances in both years mainly due to expenditure in the ‘Integrated Transport’ and ‘Port and Freight Network Access’ outputs. In 2017–18 the variance was also influenced by higher than planned expenditure for the ‘Tram Services’ output.

²⁸⁸ Ibid.

²⁸⁹ This excludes the budget figure for the 2018–19 output ‘Sustainably Manage Fish Resources’ as it was not reported separately in 2017–18. DEDJTR’s 2017–18 related output ‘Sustainably Manage Fish, Game and Forest Resources’ was split in 2018–19 between DoT and DJPR, with the latter department assuming responsibility for Game and Forest Resource activities.

²⁹⁰ Department of Transport, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 145–6.

²⁹¹ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, Melbourne, 2019, p. 121 (for all transport-related outputs). The equivalent budget figure for the output ‘Sustainably Manage Fish Resources’ was not disaggregated in the 2018–19 Budget Papers but reported by DoT in Department of Transport, *Annual Report 2018-19*, p. 168.

Table 5.1 Department of Economic Development, Jobs, Transport and Resources and Department of Transport expenditure by output in 2017–18 and 2018–19

Outputs	2017–18			2018–19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Sustainably Manage Fish Resources ^a	NA	NA	NA	34	42.9	26.2
Bus services	1,169.2	1,135	-2.9	1,200.7	1,181.2	-1.6
Integrated transport	64.4	170.9	165.4	95.9	154.5	61.1
Port and Freight Network Access	104	115	10.6	108.8	121	11.2
Taxi and Hire Vehicle Services ^b	269.4	162.9	-39.5	NA	NA	NA
Regulation of Commercial Passenger Vehicle Services ^b	NA	NA	NA	116.7	127.8	9.5
Road Asset Management	604.3	634	4.9	622.5	657.3	5.6
Road Operations and Network Improvements	1,037.6	1,035.4	-0.2	1,052.6	1,103.9	4.9
Train Services	3,143.9	3,349.7	6.5	3,817.5	3,975.9	4.1
Tram Services	685.9	799.1	16.5	938.2	901	-4.0
Transport Safety, Security and Emergency Management ^b	363.9	324.1	-10.9	374.3	353.6	-5.5
Total	7,442.6	7,726.1	3.8	8,361.2	8,619.1	3.1

a. This output was created in 2018–19 by renaming the 2017–18 output 'Sustainably Manage Fish, Game and Forest Resources' to reflect the transfer of the Game and Forest Resources functions to the Department of Jobs, Precincts and Regions.

b. The Taxi and Hire Vehicle Services output was discontinued and renamed to 'Regulation of Commercial Passenger Vehicle Services' in 2018–19. It consolidates activity under the 2017–18 output and Commercial Passenger Vehicle regulatory activity previously classified under the 'Transport Safety, Security and Emergency Management' output.

Source: Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017–18*, pp. 195–247; Department of Transport, *Annual Report 2018–19*, pp. 166–182.

DoT reported the combined \$165.1 million higher than budgeted spend across 2017–18 and 2018–19 in the Integrated Transport output was mainly due to a change in the accounting treatment for major transport infrastructure expenditure, with some costs reclassified as operating costs in line with accounting standards.²⁹²

²⁹² Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017–18*, Melbourne, 2018, p. 237; Department of Transport, *Annual Report 2018–19* p. 170.

The \$23.2 million higher than planned expenditure in the Port and Freight Network Access output across both years was mainly due to increased funding for initiatives including the National Heavy Vehicle Regulator, Echuca Moama Bridge and Boat and Safety Funding Program.²⁹³

In 2017–18 DEDJTR reported the \$113.2 million overspend in the Tram Services output was higher than budget due to increased expenditures associated with the new franchise agreement for metropolitan trams and maintenance and renewal works.

FINDING 41: Transport related output expenditure exceeded budget in both years mainly due to a change in the accounting treatment for transport infrastructure expenditure, increased funding for initiatives and expenditures associated with the new franchise agreement for trams.

5.4.2 Revenue and expenses

DoT advised output appropriations increased in 2017–18 by \$894 million or 12.4% from 2016–17 due to additional funding for new projects.²⁹⁴ It also reported a significant increase in special appropriations during this period, up from \$7 million in 2016–17 to \$256 million. DoT attributed this increase to funding received for projects including the Murray Basin Rail Project.

In 2018–19 DoT reported a \$562 million or a 7% decline in appropriations since 2017–18.²⁹⁵ DEDJTR's employee expenses in 2017–18 increased by \$108 million or 13% from 2016–17. DoT advised this was due to a change in accounting treatment for major transport infrastructure projects.²⁹⁶ In 2018–19 DoT reported a \$158 million or 16.3% decline in employee expenses that it attributed to Machinery of Government changes.²⁹⁷

5.4.3 Overall financial performance

Table 5.2 summarises DEDJTR's and DoT's financial performance in 2017–18 and 2018–19 respectively.

²⁹³ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, p. 238; Department of Transport, *Annual Report 2018-19*, p. 171.

²⁹⁴ Department of Transport, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 84–5.

²⁹⁵ *Ibid.*, pp. 84–5 (Committee calculation).

²⁹⁶ *Ibid.*, p. 89.

²⁹⁷ *Ibid.*, p. 90.

Table 5.2 Department of Economic Development, Jobs, Transport and Resources and Department of Transport—Summary of Comprehensive Operating Statement in 2017–18 and 2018–19

Controlled items	2017–18			2018–19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Revised Budget ^a (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	9,484	10,014	5.6	9,337	9,485	1.6
Expenses from transactions	9,457	9,728	2.9	9,550	9,646	1.0
Net results	27	286	>100	(212)	(160)	24.5

a. The 2018–19 Revised Budget and actual figures reflect the impact of Machinery of Government changes effective on 1 January 2019 and are drawn from DoT's *Annual Report 2018–19*, p. 205 and from BP5 2019–20, p.132.

Source: Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017–18*, p. 251; Department of Transport, *Annual Report 2018–19*, p. 206; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances*, Melbourne, 2019, p. 132.

5.4.4 Newly created bodies

In 2017–18 the following two new bodies were created within DoT resulting in combined expenditure of approximately \$2.0 billion:

- Victorian Fisheries Authority—created to support recreational and commercial fishing and aquaculture, regulate fisheries and advise government on fisheries management opportunities (\$37.7 million)
- Rail Projects Victoria—created from renaming the Melbourne Metro Rail Authority in recognition of its broadening scope of projects including Metro Tunnel Project, Regional Rail Revival Program, Airport Rail Link, and high speed rail link between Melbourne and Geelong (\$1.96 billion).²⁹⁸

In 2018–19 two additional new bodies were created with combined expenditure of approximately \$7.14 billion:

- Major Transport Infrastructure Authority—established to oversee major transport projects in planning and construction including the Level Crossing Removal Project, Major Road Projects Victoria, North East Link Project, Rail Projects Victoria, and West Gate Tunnel Project.
- Major Road Projects Victoria—initially established as an administrative office on 1 July 2018 to plan and deliver major road projects, and from 1 January 2019 as a project office under Major Transport Infrastructure Authority.²⁹⁹

The Suburban Rail Loop Authority (SRLA) was also created as an Administrative Office on 3 September 2019 to coordinate and plan the delivery of the Suburban Rail Loop project and to ensure it supports transport priorities for the state.³⁰⁰

²⁹⁸ Ibid., p. 148 (Committee calculation).

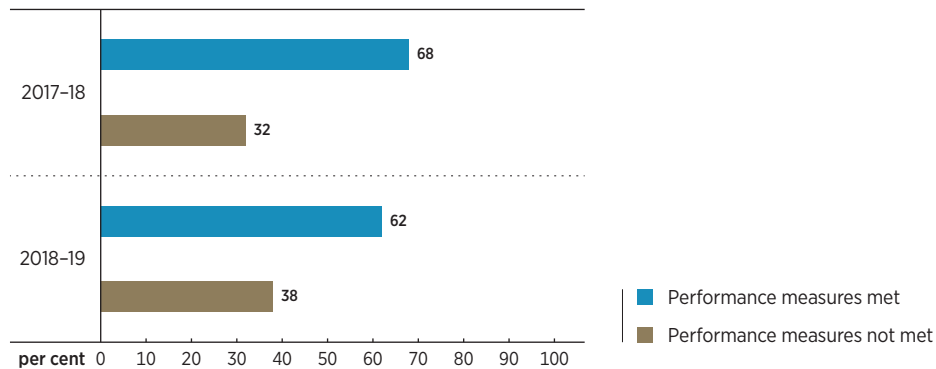
²⁹⁹ Ibid., p. 149 (Committee calculation).

³⁰⁰ Department of Transport, *Annual Report 2018–19*, p. 11.

5.5 Performance information

In 2017-18 DEDJTR achieved or exceeded 68% of the performance measures published in its *Annual Report 2017-18*³⁰¹ transferred to DoT in 2018-19. DoT achieved or exceeded 62% of the performance measures published in its *Annual Report 2018-19*.

Figure 5.2 Department of Economic Development, Jobs, Transport and Resources and Department of Transport performance measurement results in 2017-18 and 2018-19



Source: Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, pp. 195-247; Department of Transport, *Annual Report 2018-19*, pp. 154-182.

Performance measures that were not met in both 2017-18 and 2018-19 include:

- Road-based freight accessibility and reliability improvement projects completed
- Road area treated: high strategic priority roads
- Annual road maintenance program completed within agreed timeframes: metropolitan
- Congestion and cycling projects completed
- Other road improvement projects completed: metropolitan and regional
- Service punctuality for regional train services
- Level access tram stop upgraded
- Major periodic maintenance works completed against plan: tram network.³⁰²

Issues relevant to these performance measures are discussed below.

³⁰¹ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, pp. 195-247 (Committee calculation).

³⁰² Ibid., pp. 195-247; Department of Transport, *Annual Report 2018-19* pp. 154-82.

5.6 Key issues

The Committee identified the following key issues from its review of DEDJTR's *Annual Report 2017-18*, DoT's *Annual Report 2018-19*, and DoT's responses to the Committee's 2017-18 and 2018-19 financial and performance outcomes questionnaire.

5.6.1 Transport Infrastructure—key achievements

DoT highlighted the Major Transport Infrastructure Authority's progress in delivering Victoria's major transport infrastructure initiatives during 2017-18 and 2018-19. Some of the key achievements noted in DoT's response to the Committee's questionnaire, and in annual reports covering the period included:

- Removal of 29 level crossings (now 35)³⁰³ exceeding the halfway mark of the program incorporating new and upgraded railway stations³⁰⁴
- Completion of the CityLink Tulla widening project³⁰⁵ and Monash Freeway Upgrade Stage 1³⁰⁶
- Opening of Victoria's first continuous flow intersection at Punt Road and Swan street³⁰⁷
- Completion of the 8 kilometre Mernda Rail Extension including three new stations³⁰⁸
- Commencement of the Melbourne Airport Rail project,³⁰⁹ and the Suburban Rail Loop project to connect Melbourne's major railway lines and priority growth precincts³¹⁰
- Release of the Western Rail Plan to support delivery of a fast, high-capacity rail service to Ballarat and Geelong and related growth suburbs³¹¹
- Awarding the contract for the final major package of works for the Metro Tunnel Project in September 2018.³¹²

³⁰³ Major Transport Infrastructure Authority, *Level Crossing Removal Project: Removing 75 level crossings across metropolitan Melbourne*, 14 April 2020, <<https://bigbuild.vic.gov.au/projects/level-crossing-removal-project>> accessed 3 June 2020.

³⁰⁴ Department of Transport, *Annual Report 2018-19*, p. 15.

³⁰⁵ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, p. 20.

³⁰⁶ Department of Transport, *Annual Report 2018-19*, p. 14.

³⁰⁷ *Ibid.*, p. 15.

³⁰⁸ *Ibid.*, p. 13.

³⁰⁹ Department of Economic Development, Jobs, Transport and Resources, Department of Economic Development, *Annual Report 2017-18*, p. 20.

³¹⁰ Department of Transport, *Annual Report 2018-19*, p. 13.

³¹¹ *Ibid.*, p. 14.

³¹² *Ibid.*, p. 13.

5.6.2 Department of Transport's performance measures for progression of major infrastructure projects

The Committee has previously highlighted the limitations of performance measures relating to the delivery of transport infrastructure projects.

In its *Report on the 2019–20 Budget Estimates* the Committee noted the five quality metrics assessing delivery against 'agreed budgets and timelines' for the Ballarat Line Upgrade, Level Crossing Removal Project, Metro Tunnel Project, North East Link Project and the West Gate Tunnel project, do not shed light on the extent to which reported results reflect original or revised milestones for each project.³¹³

Results reported against these measures by DEDJTR in 2017–18,³¹⁴ and by DoT in 2018–19,³¹⁵ consistently show 100% of all milestones associated with 'agreed budgets and timelines' for these projects were delivered.

However the Committee observed these measures do not provide insights into the performance and status of the full range of transport infrastructure projects currently overseen by the Major Transport Infrastructure Authority. It found cost increases were evident for several transport infrastructure projects while others, including the West Gate Tunnel Project, had experienced delivery challenges resulting in delays that are not reflected in the results reported by DoT.

West Gate Tunnel Project

The discovery of contaminated soil during excavation works on the West Gate Tunnel project, and ensuing disputes between Transurban and the contracted builders relating to the cost and impact of remediation, have resulted in substantial delays to tunnelling works and deferral of the project's completion date from 2022 to 2023.³¹⁶

DoT's response to the Committee's questionnaire shows the estimated cost of the project has increased by approximately \$1.2 billion.³¹⁷ In December 2017 the Government announced the project will now cost \$6.7 billion due to its decision to extend the length of the tunnels beyond that envisaged in the original business case to improve traffic flow and other outcomes.³¹⁸

³¹³ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Budget Estimates*, October 2019, p. 140.

³¹⁴ Department of Economic Development, *Annual Report 2017–18*, p. 237.

³¹⁵ Department of Transport, *Annual Report 2018–19*, p. 176.

³¹⁶ Major Transport Infrastructure Authority, *West Gate Tunnel: A vital alternative to the West Gate Bridge to free up traffic and remove thousands of trucks from residential streets in Melbourne's west*, 4 May 2020, <<https://bigbuild.vic.gov.au/projects/west-gate-tunnel>> accessed 3 June 2020.

³¹⁷ Department of Transport, *Corrected Response to Question 4 of the 2017–18 and 2018–19 Financial and Performance Outcomes Questionnaire*, received 24 January 2020, p. 18 (Committee calculation).

³¹⁸ Premier of Victoria, *West Gate Tunnel Contracts Signed, Construction Starts In Weeks*, media release, 12 December 2017.

DOT's *Annual Report 2018-19* and response to the Committee's questionnaire do not clarify the actions the Major Transport Infrastructure Authority and Department are taking to mitigate these risks in conjunction with the project participants.

Cost increases

DoT identified several other major transport infrastructure projects where the initially announced estimated cost, scope or completion date had materially changed.³¹⁹ The causes and impacts of these issues on the achievement of intended outcomes are not clear in the results reported by DoT in its annual reports, and against existing performance measures.

Specifically DoT identified 38 projects in 2018–19 with a revised TEI that varied by at least 5% or \$50 million from the TEI originally announced.³²⁰ Most of these projects (i.e. 32 in total) had a revised TEI that was higher than initially announced. The combined value of the increase across these projects equated to around \$4.9 billion.³²¹

The remaining six projects had a combined revised TEI approximately \$58 million lower than initially announced mainly due to project savings.³²²

DoT attributed the increase in TEI in most instances (62%) to either the receipt of additional funding from the Commonwealth and/or State Government, changes to internal project reporting, or because of the transfer of activities from other projects.³²³ It was not possible to discern from the information available to what extent the additional costs for these projects were also influenced by other factors such as emerging risks, delays or budget overruns.

Around 24% of the reasons supplied by DoT for other projects highlighted 'additional scope' as the main cause of the increase in TEI. The Ballarat Line Upgrade Stage 1 project was among this group which DoT's *Annual Report 2018-19* states delivered 100% of milestones in accordance with the 'agreed budget'.³²⁴ DoT's response to the Committee's questionnaire however shows the project's budget increased by approximately \$33 million in 2018–19 reflecting the receipt of additional funding to build a new train station at Toolern.

Other projects identified by DoT with a higher TEI in 2018–19 due to scope changes are set out in Table 5.3.

³¹⁹ Department of Transport, *Corrected Response to Question 4 of the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 24 January 2020, pp. 1–26.

³²⁰ Ibid. The 'Rail crossing upgrades' project was excluded from this analysis as DoT did not clearly report the change in TEI.

³²¹ Department of Transport, *Corrected Response to Question 4 of the 2017-18 and 2018-19 Financial and Performance Outcomes Questionnaire*, pp. 12–19 (Committee calculation).

³²² Department of Transport, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 12–19.

³²³ Ibid., pp. 12–19 (Committee calculation).

³²⁴ Department of Transport, *Annual Report 2018-19* p. 170.

Table 5.3 Projects with scope changes in 2018–19

Project name	Reason for variance	Variance (\$ million)
City Loop fire and safety upgrade (stage 2) and intruder alarm	Additional scope and design requirements	+ 18.9
Frankston Station Precinct Development	Additional works and track, signalling and amenity upgrades	+ 11.8
High Capacity Metro Trains	28 additional trains	+ 875.0
Metro Tunnel	Due to 'a change in scope' with funds reallocated from the High Capacity Signalling Trial funded in the 2015–16 State Budget	+ 92.5
Mordialloc Freeway	Additional scope approved in the 2018–19 State Budget	+ 75.0
West Gate Tunnel Project	Reflecting the extra cost of proceeding with longer than originally planned tunnels	+ 1,188.6
Western Highway duplication	To also duplicate the section between Buangor and Ararat	+ 252.4

Source: Department of Transport, *Corrected Response to Question 4 of the 2017–18 and 2018–19 Financial and Performance Outcomes Questionnaire*, pp. 12–19 (Committee calculation).

DoT's response to the Committee's questionnaire indicates cost pressures and emerging risks influenced 2018–19 increases in TEI for three projects as set out in Table 5.4.

Table 5.4 Projects with revised Total Estimated Investment, revised in 2018–19

Project name	Reason for variance	Variance (\$ million)
Frankston Line stabling	Additional funding to address site contamination and risk provisions.	+ 49.3
Plenty Road upgrade—Stage 1	Funded from reallocating Stage 2 savings	+ 11.0
Streamlining Hoddle Street	Due to cost pressures funded by savings on other projects.	+ 52.3

Source: Department of Transport, *Corrected Response to Question 4 of the 2017–18 and 2018–19 Financial and Performance Outcomes Questionnaire*, pp. 12–19 (Committee calculation).

Project delays

DoT identified 31 projects with a revised completion date in 2018–19 different to that estimated at announcement. Nine of these projects were ahead of schedule mostly due to the early completion or acceleration of works.³²⁵

³²⁵ Ibid.

However 15 projects (around 48%) had forecast completion dates in 2018–19 that were later than originally planned. Five of these projects (33%) were expected to be up to 6 months late,³²⁶ and just over one-quarter (27%) were tracking around 12 months behind the original schedule.³²⁷ The remaining projects around 40%, were expected to be completed more than 12 months later than originally planned and mainly related to projects in the public transport portfolio.

Table 5.5 Projects with timeline changes in 2018–19

Project name	Reason for variance	Delay (months)
Bayside rail improvements (metropolitan various)	Additional scope at the Newport Maintenance Facility	+ 30
More E-Class trams and infrastructure (metropolitan various)	Due to the revised schedule for delivery of the power supply	+ 27
More regional trains—New VLocity Trains (regional various)	Due to an additional order of 27 carriages	+ 27
New VLocity Carriages for the regional network (regional various)	Due to delays in obtaining planning and environmental permits and stakeholder engagement issues	+ 21
Co-investment for upgrades to State owned rail sidings (regional various)	Due to delays in funding agreement sign off, planning approval and land acquisition.	+ 18

Source: Department of Transport, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, pp. 40–65.

Scope changes

DoT similarly identified seven projects in 2018–19 whose scope had changed from that at announcement. It noted the change resulted in an increase in scope for the following three projects:

- Bayside rail improvements (metropolitan various)—the X'Trapolis Train Maintenance Facility at Newport was added to the scope during 2016–17
- City Loop fire and safety upgrade (Stage 2) and intruder alarm—the 2018–19 Budget provided additional funding to meet further detailed scope and design requirements
- Mordialloc Freeway (Braeside)—the 2018–19 Budget provided additional funding to upgrade the proposed bypass from an arterial road to a freeway connection.

The Committee noted the impact of identified changes for affected projects could not be evaluated based on the information contained within DoT's *Annual Report 2018–19* and response to the Committee's questionnaire.

³²⁶ This includes one project where DoT was still assessing the impact to cost and schedule (City Loop fire and safety upgrade (stage 2) and intruder alarm) at the time it responded to the Committee's questionnaire.

³²⁷ Department of Transport, *Annual Report 2018–19*, p. 170.

FINDING 42: The financial and non-financial impact of cost increases and delivery challenges on major transport infrastructure projects are not clear in the results reported by the Department of Transport in its annual report and performance measures.

RECOMMENDATION 16: The Department of Transport consider revising its performance measures for transport infrastructure to provide better insights into the status of all major projects overseen by the Major Transport Infrastructure Authority, including the impact of changes to initially approved budgets and timelines.

5.6.3 Planning and delivery issues on major transport infrastructure projects

Recent reports by the Auditor-General have highlighted consistent issues with the assessment of options, costs, and economic benefits of major transport infrastructure projects particularly in circumstances where changes impacting initial assumptions have occurred during the project's development and delivery.

Metro Tunnel

The \$11 billion Metro Tunnel project will construct twin nine kilometre rail tunnels under the central business district (CBD) to free up space in the City Loop to run more trains, more often on rail lines across Victoria.³²⁸

In December 2017, the Government entered into a 25 year Public Private Partnership (PPP) contract with a consortium to design, construct, finance and maintain the tunnels, five underground stations and commercial opportunities at the new stations. Two further contracts were awarded in 2017 and 2018 to connect the Metro Tunnel to the existing rail network. In responding to the Committee's questionnaire, DoT stated that the total estimated PPP investment value for Metro Tunnel was \$6 billion of which \$105.5 million was the actual expenditure as at 30 June 2019.³²⁹

DoT's response to the Committee's questionnaire shows the project had a revised TEI in 2018-19 approximately \$93 million higher than originally announced, which it attributed to an increase in project scope. This estimate was revised again in the 2019-20 Budget to around \$10.9 billion by reclassifying around \$109.4 million in expenditures from capital to operating.³³⁰

³²⁸ Department of Treasury and Finance, *Budget Paper No. 4 2019-20 State Capital Program*, Melbourne, 2019, p. 17.

³²⁹ Department of Transport, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 80.

³³⁰ Department of Treasury and Finance, *Budget Paper No. 4 2019-20 State Capital Program*, p. 159.

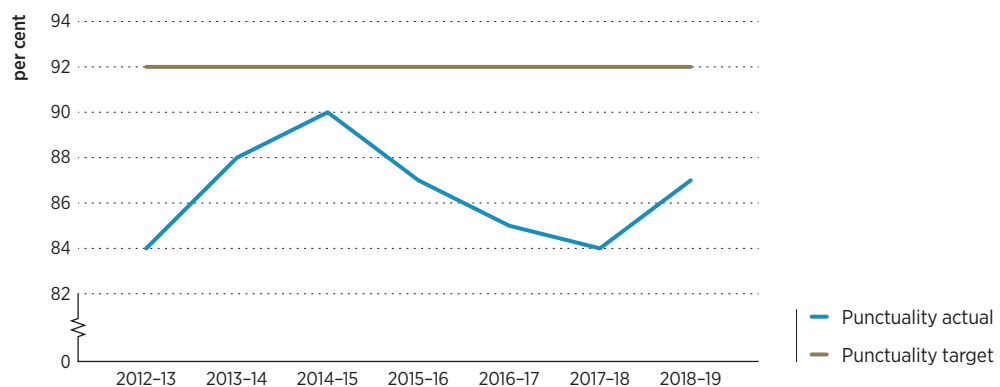
FINDING 43: The Department of Transport revised the Metro Tunnel's Total Estimated Investment (TEI) by \$92.5 million in 2018–19. The TEI was revised again in the 2019–20 Budget to around \$10.9 billion.

5.6.4 Issues impacting the delivery of public transport services

Punctuality of regional train services

The punctuality of regional train services remained below performance expectations across 2017–18 and 2018–19.³³¹ DoT reported this was due to a range of factors including heat-related speed restrictions impacted by infrastructure and train faults.³³² Figure 5.3 below shows this is a longstanding issue. Notwithstanding, a performance improvement was evident since the previous year in 2018–19.

Figure 5.3 Annual punctuality results for regional train services from 2012–13 to 2018–19



Source: Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2013–14*, Melbourne, 2013, p. 255; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2014–15*, Melbourne, 2014, p. 249; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2015–16*, Melbourne, 2015, p. 161; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2016–17*, Melbourne, 2016, p. 157; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2017–18*, Melbourne, 2017, p. 160; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018–19*, p. 161.

Results from 2017–18 and 2018–19 is from Department of Transport, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, pp. 137, 140.

In its *Annual Report 2018–19*, V/Line noted punctuality performance has historically declined during the summer months due to the impact of extreme heat on the regional train fleet and tracks. It also noted the improvement in 2018–19 was due to new planning and resilience initiatives implemented for the 2018–2019 summer that improved punctuality despite significantly more extreme heat days than the previous summer period.³³³

³³¹ Department of Transport, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, pp. 137, 140.

³³² Ibid.

³³³ V/Line Corporation, *Annual Report 2018–19*, Melbourne, 2019, p. 16.

The 2016–17 State Budget committed \$1.3 billion to improving regional rail services across Victoria. This included \$518 million for the Ballarat line upgrade, \$141 million for better rail maintenance, \$186 million for extra services and infrastructure upgrades, and \$280 million for 27 new VLocity carriages.³³⁴

The 2017–18 Budget committed an additional \$920 million to projects forming part of the government's Regional Revival Plan focused on upgrading all regional passenger lines across Victoria. The new funding was contingent on the receipt of proceeds from the Commonwealth Government for asset recycling initiatives and covers major upgrades to the Gippsland line (\$435 million), Warrnambool line (\$100 million), Surf Coast Rail (\$110 million), Bendigo/Echuca line (\$91 million), North East line (\$40 million), and upgrades to related stations.³³⁵

While the Government's investment in regional rail has increased substantially since 2016–17, the Committee observed the Budget papers do not contain performance information relating to most of these initiatives. The Budget papers to date only include performance measures relating to the Ballarat Line upgrade project. Consequently, the Committee was unable to assess the performance and progress of the full range of funded initiatives comprising the Regional Revival Plan.

As noted earlier, DoT's response to the Committee's questionnaire shows it has experienced substantial delays in the delivery of some new VLocity trains.

FINDING 44: The State's investment in regional rail has increased substantially since 2016–17 but the Budget papers lack performance information for most of these initiatives.

RECOMMENDATION 17: The Department of Transport consider developing comprehensive performance measures covering the cost, quantity, quality, and timeliness of all major funded initiatives comprising the Regional Revival Plan and consider reporting publicly against these within the Budget papers and its annual report.

Tram maintenance works

Performance targets for the completion of major periodic maintenance works for tram services were not achieved in both 2017–18 and 2018–19. Outcomes were substantially below the 100% target in both years with only 70% of planned periodic maintenance works completed. Annual reports for both years indicate the reasons for underperformance was due to the rescheduling or deferral of works to later years.³³⁶

³³⁴ Department of Treasury and Finance, *Getting It Done Victorian Budget 2016-17: Overview*, Melbourne, 2016, pp. 16–17.

³³⁵ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2017-18*, Melbourne, 2018, p. 51.

³³⁶ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, p. 244; Department of Transport, *Annual Report 2018-19*, p. 179.

The Committee observed these explanations do not provide sufficient context to understand the risk these circumstances pose to the delivery of tram services and how well it is being mitigated by PTV and the franchisee.

In 2016 the Auditor-General reported significant weaknesses in how PTV oversees the maintenance and renewal of assets leased to franchisees.³³⁷ Specifically the Auditor-General found PTV did not have adequate asset strategies and did not know enough about the condition of rail assets which reduced its capacity to appropriately plan, budget and prioritise maintenance and renewal work.³³⁸

The Auditor-General also found maintenance and renewal issues were not effectively managed during the term of the previous franchise agreement and the limited information available indicated the condition of assets had deteriorated.³³⁹

The Auditor-General highlighted action was needed to address this growing challenge:

PTV collects information twice a year on the condition of the tram network by running specially equipped test trams across the network, which collect data on track condition as they go. Although this information is limited, it shows that the condition of Melbourne's tram network deteriorated between 2012 and 2016.

PTV has attributed the degradation in the condition of tram tracks to a range of factors, primarily the recent increase in the use of heavier trams with lower floors. As the use of this type of tram is likely to increase in the future, PTV will need to address this challenge when managing tram network assets.³⁴⁰

PTV negotiated new agreements with rail franchisees which commenced on 30 November 2017. Its *Annual Report 2017-18* indicates the new contracts increased the standards for maintenance and renewal activity to reduce faults in the system.

However the Committee noted the consistent underperformance against targets for tram maintenance works across 2017-18 and 2018-19 indicates a risk the condition of the tram network is continuing to deteriorate and the new arrangements have not resulted in improved outcomes. It also indicates a growing backlog of required major maintenance works.

FINDING 45: Performance targets for the completion of major tram maintenance works were not achieved in both 2017-18 and 2018-19.

³³⁷ Victorian Auditor-General's Office, *Managing the Performance of Rail Franchisees*, Melbourne, 2016, p. ix.

³³⁸ Ibid.

³³⁹ Ibid., p. 27.

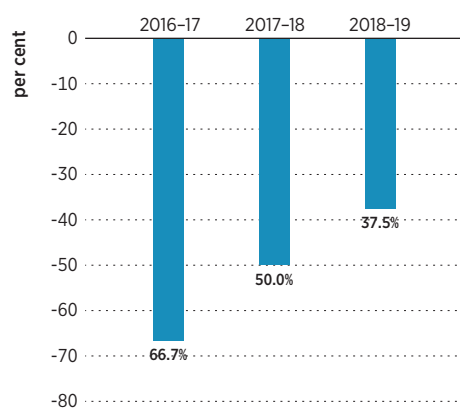
³⁴⁰ Ibid., p. 25.

Delivery of level access tram stop upgrades

The Commonwealth's Disability Standards for Accessible Public Transport (the Transport Standards) set minimum design requirements for public transport vehicles, infrastructure and customer information aimed at removing discrimination from public transport. The Transport Standards require states and territories to progressively upgrade public transport to achieve full compliance by 2032.³⁴¹

The Committee noted DoT's and the former DEDJTR's recent annual reports show the Government's targets for level access tram stop upgrades are not being achieved. Figure 5.4 below shows substantial variances between target and actual tram stop upgrades between 2016-17 and 2018-19.

Figure 5.4 Level access tram stop upgrades—variance between target and actual, 2016-17 to 2018-19



Source: Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2016-17*, Melbourne, 2017, p. 228; Department of Economic Development, *Annual Report 2017-18*, p.244; Department of Transport, *Annual Report 2018-19*, p. 179.

Reasons for underperformance provided by DoT in its response to the Committee's questionnaire cite delays in obtaining planning approvals from local councils, the need for additional site works and consultation, and the challenge of scheduling works within a network wide infrastructure program.³⁴²

The Transport Standards set out compliance requirements for train, tram and bus vehicles and their supporting infrastructure. They cover 30 areas including access paths, boarding, signs, symbols, lifts, booking services and audible announcements.³⁴³ The vehicles and infrastructure for each public transport mode must be upgraded to the required standard to achieve full compliance.

³⁴¹ Department of Infrastructure, Regional Development and Cities, *The Third Review of the Disability Standards for Accessible Public Transport 2002 (Transport Standards)*, Canberra, 2018, p. 14.

³⁴² Department of Transport, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 137, 140.

³⁴³ *Disability Standards for Accessible Public Transport 2002* (Australia).

The Transport Standards prescribe the following timetable for achieving full compliance by 2032:

- by 31 December 2007—25% compliance
- by 31 December 2012—55% compliance
- by 31 December 2017—80% or 90% compliance (varies by requirement)
- by 31 December 2022—100% (except for trains and trams)
- by 31 December 2032—100% (trains and trams).³⁴⁴

In July 2015 the Commonwealth Department of Infrastructure and Regional Development reported on its third five yearly review of the Transport Standards and compliance by state and territory governments with the requirements against the above timetable.

A subsequent 2017 submission from the Victorian Government to the Department of Infrastructure and Regional Development's third five yearly review highlighted the following challenges:

- booming Victorian population and increased demand for transport projects
- state's approach accessibility upgrades considered potential disruption to public transport services and the impact on users, including people with a disability
- the variation between different vehicle and fleet types meant a tailored accessibility solution is required.³⁴⁵

The review stated that these factors add complexity, time and cost to achieving increased accessibility through upgrades.³⁴⁶ The review confirmed Victoria's performance was well below the 90% target for 2017.³⁴⁷

According to Public Transport Victoria, there are more than 130 low floor trams on Melbourne's tram network,³⁴⁸ which the Committee estimated was equivalent to around 27% of the tram fleet.³⁴⁹ In the *Report on the 2019-20 Budget Estimates*, the Committee noted that approximately 27% of tram stops are level access stops.³⁵⁰

³⁴⁴ Ibid.

³⁴⁵ Victorian Government, *Response to the Commonwealth Government Issues Paper* submission to Department of Infrastructure, Transport, Regional Development and Communications, *The Third Review of the Disability Standards for Accessible Public Transport 2002* (Transport Standards), 2017, p. 6.

³⁴⁶ Ibid.

³⁴⁷ Ibid., pp. 6-7.

³⁴⁸ Public Transport Victoria, *Accessibility*, <<https://www.ptv.vic.gov.au/more/travelling-on-the-network/accessibility>> accessed 5 June 2020.

³⁴⁹ Yarra Trams, *Melbourne's Tram Fleet*, June 2018, <<https://yarratrams.com.au/our-fleet-today>> accessed 4 June 2020.

³⁵⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019-20 Budget Estimates*, p. 127.

Although the Transport Standards apply to all modes of public transport, the Committee noted current performance measures in the Budget Papers are limited and focused on tram services. Consequently, they do not provide insights into the accessibility of the wider transport system, and the State's progress towards achieving compliance with all aspects of the Transport Standards.

FINDING 46: Victoria has made slow progress to date towards meeting national Disability Standards for Accessible Public Transport. Current performance levels for both tram vehicles and level access tram stops are well below prescribed benchmarks.

FINDING 47: Performance measures in the Budget Papers do not provide sufficient insights into the accessibility of the transport system, and the State's progress towards achieving compliance with the national Disability Standards for Accessible Public Transport.

RECOMMENDATION 18: The Department of Transport consider reviewing and revising current performance measures relating to the accessibility of public transport to ensure they provide sufficient insights into the compliance of all modes with the national Disability Standards for Accessible Public Transport.

5.6.5 Issues impacting the performance of the road network

Maintenance and condition standards for metropolitan roads

Timeliness targets for the completion of the annual metropolitan road maintenance program were not met in both 2017–18 and 2018–19. Performance against this measure declined across the period with the proportion of the annual maintenance program completed within agreed timeframes declining from 94% in 2017–18 to 80% in 2018–19.³⁵¹ DoT advised this was due to the deferral of works and changes to the maintenance program to minimise the impact on other major road initiatives.³⁵²

Similarly condition standards for metropolitan roads were not achieved in 2017–18. The proportion of road length in metropolitan areas meeting cracking³⁵³ and roughness³⁵⁴ standards was below target. DEDJTR reported variances of -20% and -5% respectively, noting the result reflected new measures adopted in 2017–18.³⁵⁵

³⁵¹ Department of Economic Development, *Annual Report 2017-18*, p. 239; Department of Transport, *Annual Report 2018-19*, p. 175.

³⁵² Department of Transport, *Annual Report 2018-19*, p. 175.

³⁵³ Cracking is a road defect usually identified by one or more visible breaks in the surface, typically a narrow opening or partial fracture.

³⁵⁴ Roughness is a measure of pavement condition which can impact road users by reducing vehicle speeds, increasing travel time and increasing fuel consumption.

³⁵⁵ Department of Economic Development, *Annual Report 2017-18*, p. 239.

However in its response to the Committee's questionnaire DoT advised underperformance against 2017-18 road condition targets reflect an error when setting the target which was based on state-wide pavement condition data instead of using metropolitan condition data. Because of this DoT reduced the targets in 2018-19.

Specifically it is unclear on what basis DoT expects it will still achieve a higher state-wide road condition target by lowering the standard across Melbourne's busiest roads.

FINDING 48: Timeliness targets for the annual metropolitan road maintenance program were not met in both 2017-18 and 2018-19.

RECOMMENDATION 19: The Department of Transport and VicRoads consider reviewing and strengthening the utility of publicly reported performance information relating to the road pavement maintenance program.

Planned improvement projects

The planned number of congestion, cycling and 'other' road improvement projects in metropolitan and regional areas were not achieved across 2017-18 and 2018-19. Table 5.6 below shows the variance in performance for each of these categories of projects.

Table 5.6 Completion of planned projects, variance between targets and actuals in 2017-18 and 2018-19

Performance measures	Variance between target and actual	
	2017-18 (%)	2018-19 (%)
Congestion projects completed	-11.1	-30.8
Cycling projects completed	-50.0	-81.8
Other road improvement projects completed: metropolitan	-80.0	-33.3
Other road improvement projects completed: regional	-12.5	-16.7

Source: Department of Economic Development, *Annual Report 2017-18*, p. 240; Department of Transport, *Annual Report 2018-19*, p. 24; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances*, p. 176.

The reasons provided by DoT in its response to the Committee's questionnaire briefly refer to the need to 'reschedule projects', 'changes' for some projects, or 'delays' as a result of 'further work requirements'.

The Committee observed these explanations and the Budget Papers do not provide sufficient context to understand the reasons for the underperformance and impact of delays in completing projects evident across 2017-18 and 2018-19.

The 2015–16 Budget announced \$79.8 million for a package of infrastructure and Intelligent Transport System projects in metropolitan and regional areas to optimise transport network efficiency and productivity. The package had a revised TEI of \$82.5 million in the 2018–19 Budget.³⁵⁶

The initiative included:

- Technology for smarter journeys—pilot and implementation of traffic management, network monitoring and information dispersal devices in various metropolitan areas
- Outer suburban congestion relief—intersection improvements and upgrades in the outer metropolitan area
- Rural road upgrades—intersection improvements in rural areas
- Swan Street bridge—addition of traffic lanes and construction of a new pedestrian bridge.³⁵⁷

DEDJTR's 2017–18 annual report highlights a new lane was opened on the Swan Street Bridge during the reporting period to reduce journeys between City Road and Hoddle Street by five minutes and notes the initiative also widened the footpath for pedestrians and cyclists to improve safety.³⁵⁸

However the Committee observed the Budget papers and DoT's annual reports do not provide sufficient insights on the performance and impact of funded congestion and other road improvement projects.

FINDING 49: The planned number of congestion, cycling and 'other' road improvement projects in metropolitan and regional areas were not achieved across 2017–18 and 2018–19.

FINDING 50: The Budget papers and Department of Transport's annual reports do not provide sufficient insights on the performance and impact of funded congestion and other road improvement projects.

5.6.6 Issues impacting the performance of the freight network

Targets for road-based freight improvement projects

Targets for the completion of planned 'road-based freight accessibility and reliability improvement projects' were similarly not achieved in 2017–18 and 2018–19.

³⁵⁶ Department of Treasury and Finance, *Budget Paper No. 4 2018-19 State Capital Program*, Melbourne, 2018, p. 28.

³⁵⁷ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2015-16*, Melbourne, 2015, p. 44.

³⁵⁸ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, p. 21.

Specifically in 2017–18 DEDJTR reported it delivered five fewer projects than planned.³⁵⁹ The 2018–19 variance in performance was substantially higher (i.e. eight fewer projects) with only 38% delivered within agreed timeframes³⁶⁰ indicating a growing impact from delivery challenges and risk to the achievement of outcomes.

DoT advised the issues were due to revised scope, delays with subcontractors or because of changes in the methodology for calculating timeliness.

The Committee noted the specific projects affected including impact of delivery issues on the achievement of objectives and intended outcomes were not identifiable within DoT's annual report.

RECOMMENDATION 20: The Department of Transport consider reporting on actions taken to address issues impeding delivery of road and freight accessibility improvement projects and the impact of funded initiatives within future annual reports.

Delivery of the Metropolitan Intermodal System

The 2014–15 Budget committed \$58 million for targeted infrastructure to support development of a Metropolitan Intermodal System, known as the Port-Rail Shuttle project. The 2014–15 Budget Papers show the announced initiative aimed to achieve more efficient freight movements across the city by better linking privately owned intermodal terminals in strategic locations across Melbourne by rail to the Port of Melbourne.³⁶¹

DoT's response to the Committee's questionnaire, and its predecessor's annual reports since 2014–15, show the project has made slow progress to date.

Project development work increased in March 2015 pending the government's review of the approach to market.³⁶² DEDJTR's 2015–16 and 2016–17 annual reports indicate work on the project remained largely suspended pending resolution of the Port of Melbourne lease³⁶³ and agreement with the Commonwealth Government.³⁶⁴

Work on the initiative progressed during 2017–18 with DEDJTR reporting it had shortlisted EOI respondents for the \$58 million initiative,³⁶⁵ supported by a \$38 million contribution from the Commonwealth,³⁶⁶ to move more freight by rail and reduce road congestion.

³⁵⁹ Ibid., pp. 21, 28.

³⁶⁰ Department of Transport, *Annual Report 2018-19*, p. 171.

³⁶¹ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2014-15*, Melbourne, 2014, p. 69.

³⁶² Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2014-15: Volume 2*, Melbourne, 2015, p. 42.

³⁶³ Department of Economic Development, Jobs, Transport, and Resources, *Annual Report 2015-16*, Melbourne, 2016, p. 235.

³⁶⁴ Department of Economic Development, Jobs, Transport, and Resources, *Annual Report 2016-17*, Melbourne, 2017, p. 221.

³⁶⁵ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, p. 20.

³⁶⁶ Department of Treasury and Finance, *Budget Paper No. 4 2019-20 State Capital Program*, p. 79.

In 2018–19 DoT identified the proponents for the first two grants, almost five years since the initiative was first announced in the 2014–15 Budget.³⁶⁷ The grants include an investment of \$16.2 million at Austrak in Somerton and \$9.5 million at SCT Logistics in Altona to connect these major freight hubs to the Port of Melbourne by rail.³⁶⁸

Results reported in 2018–19 by DoT against the associated performance measure for the project indicates it was behind schedule due to delays in executing project agreements with the approved funding recipients. Around 8% of project funding had been expended against the target of 20%.³⁶⁹

³⁶⁷ Department of Transport, *Annual Report 2018-19*, pp. 12, 16.

³⁶⁸ Department of Transport, *Port Rail Shuttle*, <<https://transport.vic.gov.au/our-transport-future/our-projects/port-rail-shuttle>> accessed 4 June 2020.

³⁶⁹ Department of Transport, *Annual Report 2018-19*, p. 171.

6 Department of Justice and Community Safety

Findings

51. The Department of Justice and Community Safety identified the following program highlights—delivery of community safety initiatives, the Supporting Community Legal Centres initiative, Community Crime Prevention Program and Emergency Volunteer Grants Program.
52. There is currently no comprehensive, consolidated public reporting on the status, progress and impact of actions in response to the 57 recommendations of the Access to Justice Review supported by the Government.
53. The current lack of public performance data relating to progress of actions from the Access to Justice review means Parliament and the public cannot assess its impact to date on improving outcomes for Victorians with legal problems, and for vulnerable and disadvantaged persons interacting with the justice system.
54. The objectives and intended outcomes of the Fines Reform Act 2014 are yet to be realised. There have been substantial delays in the delivery of the new IT system supporting the reforms. Lengthy implementation challenges to date have adversely affected the processing of infringements and warrants, and people impacted by these issues.
55. Births, Deaths and Marriages Victoria did not achieve its 2018-19 timeliness performance target for processing certificate applications because of challenges affecting the rollout of its new IT system. Department of Justice and Community Safety reported the actions it initiated during 2018-19 have largely restored performance to expected levels.
56. The Department of Justice and Community Safety and Victoria Police have devoted significant effort over the least three years to delivering the Government's community safety priorities.
57. Trend data for the State's correctional system shows little change in performance for most objective indicators over the last three years, and a steady decline in the proportion of community corrections orders successfully completed.
58. Performance targets for the achievement of benchmark measures in prison services agreements were not met in both 2017-18 and 2018-19, with a higher level of underperformance evident during the 2018-19 period.

59. The longstanding downward trend in the successful completion rate of community corrections orders highlights a need for greater transparency and publicly available information on the progress and impact of reform initiatives.
In 2017-18 and 2018-19 the Department of Justice and Community Safety did not achieve its target to complete an assessment and plan for young people on supervised orders within six months of commencing the order.
60. In 2017-18 and 2018-19 the Department of Justice and Community Safety did not achieve its target to complete an assessment and plan for young people on supervised orders within six months of commencing the order.

6.1 Overview

The Department of Justice and Community Safety (DJCS) leads the development and implementation of laws, regulations, and policy across the justice and community safety system, and is responsible for ensuring all elements of the system are working efficiently and effectively.³⁷⁰

DJCS replaced the former Department of Justice and Regulation (DJR) following Machinery of Government changes on 1 January 2019³⁷¹ resulting in the transfer of the Racing portfolio to the Department of Jobs, Precincts and Regions.³⁷² The Department supports the eight ministerial portfolios: Attorney-General; Corrections; Youth Justice; Victim Support; Workplace Safety; Crime Prevention; Police and Emergency Services; and Consumer Affairs, Gaming and Liquor Regulation.³⁷³ DJCS works with more than 60 statutory entities and relies on more than 100,000 volunteers.³⁷⁴

DJCS's objectives are:

- Ensuring community safety through policing, law enforcement and prevention activities
- Effective management of prisoners and offenders and provision of opportunities for rehabilitation and reparation
- Effective supervision of young offenders through the provision of youth justice services promoting rehabilitation
- A fair and accessible criminal justice system that supports a just society based on the rule of law

³⁷⁰ Department of Justice and Community Safety, *Annual Report 2018-19*, Melbourne, 2019, p. 4.

³⁷¹ Ibid.

³⁷² Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2019-20*, Melbourne, 2019, p. 262.

³⁷³ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 2.

³⁷⁴ Ibid., p. 4.

- A fair and accessible civil justice system that supports a just society with increased confidence and equality in the Victorian community
- Reduce the impact of, and consequences from, natural disasters and other emergencies on people, infrastructure, the economy, and the environment
- A fair marketplace for Victorian consumers and businesses with responsible and sustainable liquor and gambling sectors.³⁷⁵

This chapter covers key outcomes reported by DJR and DJCS in the 2017-18 and 2018-19 financial years.

6.2 Outcomes in the community across 2017-18 and 2018-19

In the interests of encouraging the effective and efficient delivery of public services to deliver positive outcomes for Victorians, the Committee's questionnaire asked departments to outline the five programs that delivered the most important outcomes in the community. The programs identified by DJCS include:

- Delivery of community safety initiatives in 2017-18 including a \$2 billion investment to strengthen the detection of crime and apprehension of offenders, changes to various legislation focused on deploying mobile Protective Service Officers on public transport, strengthening sentencing, penalties for driving offences, and laws relating to drug trafficking resulting in improved perceptions of community safety and a reduction in some reported offences
- In 2017-18 the Supporting Community Legal Centres initiative established funding grants over two years. This enabled 18 integrated services to be maintained and expanded, and with 35 community legal centres to deliver a mix of legal services and assistance with a focus on family violence, child protection, managing debt and tenancy/housing issues and the needs of people facing homelessness
- In 2018-19 the Community Crime Prevention Program supported 142 initiatives with over \$4.5 million in grants from the Public Safety Infrastructure Fund, Community Safety Fund and Graffiti Prevention Grants. The projects improved school engagement for at-risk youths, relationships within family units, employment opportunities and the take-up of training opportunities for project participants
- Security measures implemented around Melbourne's central business district (CBD) in 2018-19 were focused on increasing physical safety and reducing the cost and fear associated with terrorism and extreme violence. Key initiatives included installation of a public address system at major CBD locations, expansion of Melbourne's CCTV network and progressive replacement of temporary barriers with longer-term security measures

³⁷⁵ Ibid., p. 14.

- In 2018-19 the Emergency Service Volunteer Grants Program provided \$9.7 million in grants to emergency service organisations across Victoria to support training and skill development programs, the delivery of facility upgrades, purchase of equipment and the running of community engagement and education programs.³⁷⁶

FINDING 51: The Department of Justice and Community Safety identified the following program highlights—delivery of community safety initiatives, the Supporting Community Legal Centres initiative, Community Crime Prevention Program and Emergency Volunteer Grants Program.

The Committee's questionnaire also asked departments to identify programs that did not deliver their planned outcomes in 2017-18 and 2018-19. DJCS identified lower than expected outcomes from its Fines and Enforcement Project across both 2017-18 and 2018-19. This was due to delays in the delivery of a new IT system to support the transition to a new legislative enforcement scheme by December 2017. This resulted in reduced enforcement activity and functionality for Sheriff's Officers to action warrants.³⁷⁷

6.3 Challenges

Key challenges identified by DJCS and Victoria Police across 2017-18 and 2018-19 included:

- Managing demand for increasing services—DJCS highlighted the need for adequate infrastructure and resources for responding to the growing demand for services including dispute resolution, legal assistance, victims support, and the growing populations in both community and custodial facilities
- Improving health, safety and wellbeing—the complexity of the Department's operating environment, coupled with increased service demand, is impacting staff health requiring more efficient and effective ways of working
- Delivering integrated online services and secure ICT systems—leveraging opportunities from centralised online services requires effective inter-agency coordination and access to adequate online skills. Outdated IT systems and reliance on third party vendors increase the risk of disruption and limit the Department's capacity to innovate
- Repeat offences driven by social and public health issues—traditional policing cannot solve repeat victimisation and offending from drug and alcohol abuse, mental health issues, family violence and issues affecting the safety and security of young people in out-of-home care and youth justice facilities.

³⁷⁶ Department of Justice and Community Safety, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 6 February 2020, pp. 20-28.

³⁷⁷ *Ibid.*, pp. 28-29.

DJCS also indicated these challenges are influenced by the Department’s significant reform agenda across the criminal justice system and by the need to respond to other drivers, such as Royal Commissions.³⁷⁸

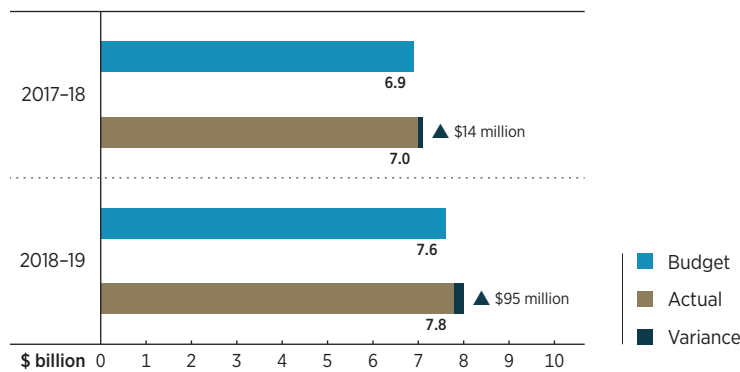
6.4 Financial analysis

6.4.1 Expenditure

The 2017-18 budget for DJR was \$6.9 billion.³⁷⁹ Actual expenditure for the year was \$7.0 billion, representing a variance of 2.1%.

In 2018-19 DJCS’ budget was \$7.6 billion.³⁸⁰ Actual expenditure for the year was \$7.8 billion, representing a variance of 2.8%.

Figure 6.1 Department of Justice and Regulation and Department of Justice and Community Safety variances in output expenditure, 2017-18 and 2018-19



Source: Department of Justice and Regulation, *Annual Report 2017-18*, pp.26-89; Department of Justice and Community Safety, *Annual Report 2018-19*, pp. 111-145.

Table 6.1 shows output expenditure was higher than the budget in 2017-18 and 2018-19, with the variances in both years mainly due to overspends in the Criminal law support and reform, Victims and community support services, and Protection of personal identity and individual/community rights outputs. This was partially offset by a lower than budgeted spend in the Community based offender supervision and Youth justice custodial services outputs across both years.

In 2018-19 the net overall increase in spend was further mitigated by lower than budgeted expenditure in the gambling and liquor regulation output.

³⁷⁸ Ibid., pp. 254-258.

³⁷⁹ Department of Justice and Regulation, *Annual Report 2017-18*, Melbourne, 2018, pp. 26-89.

³⁸⁰ Department of Justice and Community Safety, *Annual Report 2018-19*, pp. 111-145.

Table 6.1 Department of Justice and Regulation and Department of Justice and Community Safety expenditure by output 2017-18 and 2018-19

Outputs	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Policing and crime prevention	3,037.0	3,092.0	1.8	3,345.3	3,435.6	2.7
Prisoner supervision and support	1,302.7	1,319.0	1.3	1,508.5	1,535.0	1.8
Community based offender supervision	262.2	229.2	-12.6	279.8	259.1	-7.4
Youth justice community based services	61.9	55.7	-10.0	71.1	63.8	-10.3
Youth justice custodial services	103.4	100.7	-2.6	136.6	160.8	17.7
Public prosecutions and legal assistance	249.9	251.8	0.8	270.3	277.7	2.7
Infringements and warrants	217.6	223.2	2.6	211.1	221.1	4.7
Criminal law support and reform	66.2	82.8	25.1	76.7	90.6	18.2
Victims and community support services	55.1	74.6	35.4	61.0	83.8	37.4
Protection of personal identity and individual /community rights	48.4	58.7	21.3	48.7	69.3	42.2
Dispute resolution and civil justice support services	48.9	48.0	-1.8	49.2	53.8	9.4
Emergency management capability	1,138.7	1,207.7	6.1	1,252.6	1,302.1	4.0
Gambling and liquor regulation ^a	NA	NA	NA	136.4	110.5	-19.0
Gambling, Liquor and Racing ^a	128.8	120.7	-6.3	NA	NA	NA
Regulation of the Victorian consumer marketplace	139.7	140.6	0.6	149.8	146.9	-1.9
Total	6,860.5	7,004.7	2.1	7,597.1	7,810.1	2.8

a. Renamed in 2018-19 to reflect the transfer of the Racing portfolio to the Department of Jobs, Precincts and Regions.

Source: Department of Justice and Regulation, *Annual Report 2017-18*, pp.26-89; Department of Justice and Community Safety, *Annual Report 2018-19*, pp. 111-145, Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 268.

6.4.2 Revenue and expenses

DJCS' output appropriations increased in 2017-18 by \$783.4 million or 12.9% since 2016-17, and in 2018-19 by \$733.3 million or 10.7% from 2017-18.³⁸¹

DJCS explained that this year-on-year increase was mainly due to new output initiative funding announced in the State Budget for both years, incremental funding for initiatives announced in previous budgets, the full year appropriations impact of

³⁸¹ Department of Justice and Community Safety, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 93-100.

Machinery of Government changes in 2017-18 and for the Ravenhall Corrections Centre in 2018-19, and incremental indexation on frontline services.³⁸²

DJR's employee expenses in 2017-18 increased by approximately \$350 million or 11.5% from 2016-17. DJCS advised this was due to the full-year impact of the transfer of Youth Justice from the Department of Health and Human Services, additional employees recruited to implement new and existing initiatives, additional front-line police and police custody officers.

In 2018-19 DJCS reported a further \$320 million or 9.4% increase in employee expenses which it attributed mainly to additional staff for strengthening the youth justice system and corrections system capacity, additional police, Protective Service Officers, and staff recruited for previously announced initiatives relating to community safety and the management of serious offenders.

6.4.3 Overall financial performance

Table 6.2 summarises DJR's and DJCS's financial performance in 2017-18 and 2018-19.

Table 6.2 Department of Justice and Regulation and Department of Justice and Community Safety—Summary of Comprehensive Operating Statement in 2017-18 and 2018-19

Controlled items	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget ^a (\$ million)	Actual ^a (\$ million)	Variance (%)
Income from transactions	6,854	7,044	2.8	7,724	7,814	1.2
Expenses from transactions	6,861	7,011	2.2	7,767	7,746	0.3
Net result	7	33		43	66	

a. The 2018-19 Revised Budget and actual figures reflect the impact of Machinery-of-Government changes effective on 1 January 2019.

Source: Department of Justice and Regulation, *Annual Report 2017-18*, pp.158-159; Department of Justice and Community Safety, *Annual Report 2018-19*, p. 103; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances 2019-20*, Melbourne, 2019, p. 118.

6.4.4 Newly created bodies

One new body was created in 2017-18 - the Post Sentencing Authority (PSA). Its role is to monitor Victoria's serious offenders and the post sentence scheme resulting in expenditure of around \$1.4 million.³⁸³

³⁸² Ibid.

³⁸³ Ibid., p. 259.

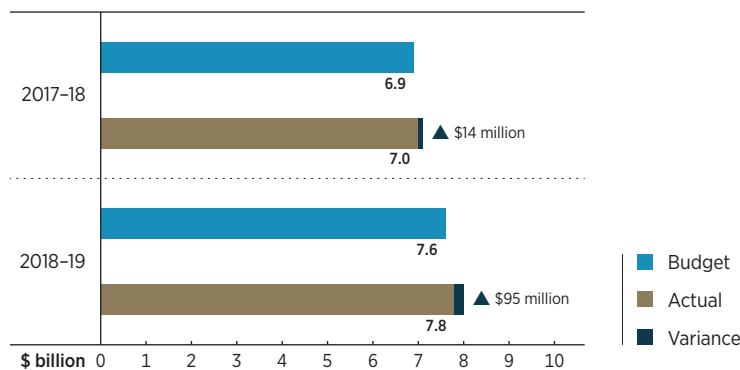
In 2018-19 the following two additional new bodies were created with combined expenditure of approximately \$8.9 million:

- The Royal Commission into Police Informants—established to independently inquire into Victoria Police’s recruitment and management of human sources who are, or have been, subject to legal obligations of confidentiality or privilege (\$8.5 million)
- The Commissioner for Residential Tenancies—created to provide independent advice to the Victorian Government to recommend changes to renting laws, programs and services with an aim to improve the renting rights, practices and tenant experiences across Victoria (\$388,708).³⁸⁴

6.5 Performance information

In 2017-18 DJR achieved or exceeded 62% of the performance measures published in its *Annual Report 2017-18*.³⁸⁵ DJCS achieved or exceeded 60% of the performance measures published in its *Annual Report 2018-19*.³⁸⁶

Figure 6.2 Department of Justice and Regulation and Department of Justice and Community Safety performance measurement results in 2017-18 and 2018-19



Source: Department of Justice and Regulation, *Annual Report 2017-18*, pp. 26-89; Department of Justice and Community Safety, *Annual Report 2018-19*, pp. 111-145.

Performance measures not met in both 2017-18 and 2018-19 include:

- Proportion of benchmark measures in prison services agreement achieved
- Rate of return to prison within two years
- Community-work hours performed
- Successful completion of reparation orders
- Successful completion of supervised court orders
- Average daily number of young people under community-based supervision

³⁸⁴ Ibid.

³⁸⁵ Department of Justice and Regulation, *Annual Report 2017-18*, pp. 26-89.

³⁸⁶ Department of Justice and Community Safety, *Annual Report 2018-19*, pp. 111-145.

- Infringement notices processed
- Warrants actioned
- Total reported road fatalities in vehicle collisions
- Community education and consultation sessions conducted by Victorian Law Reform Commission.

Issues relevant to some of these performance measures are discussed in further detail below.

6.6 Key issues

6.6.1 Implementing Access to Justice Review recommendations

Overview

The 2016 Access to Justice Review was commissioned by the Attorney-General in October 2015 and completed by DJR in August 2016.³⁸⁷ The Review sought to identify ways to improve access to justice for Victorians with everyday legal problems and ensure disadvantaged and vulnerable people receive the support they need when engaging with the law and the justice system.³⁸⁸ It was informed by the Productivity Commission's 2014 Inquiry Report on *Access to Justice Arrangements*³⁸⁹ and Victoria's Royal Commission into Family Violence.

The review made 60 recommendations focused on providing better legal information, more flexible and integrated services, better use of technology, stronger leadership, governance, and linkages across the sector. The Government accepted 57 recommendations in full or in part and in May 2017 committed \$34.7 million in funding for initiatives to improve access to justice through more legal assistance, improved dispute resolution options, and greater help for common legal problems.³⁹⁰

The review found existing institutions and service providers were committed to meeting the growing needs of the community but key enablers including data, technology and resourcing of legal assistance services were weak.

In 2017-18 DJR reported it was leading a significant work program across government to implement the review recommendations in conjunction with departments, agencies, the courts, and the Victorian Civil and Administrative Tribunal (VCAT). It stated significant progress had been made with most recommendations either underway, or fully or partially implemented.³⁹¹

³⁸⁷ Department of Justice and Regulation, *Access To Justice Review: Overview*, Melbourne, August 2016, p. 1.

³⁸⁸ Ibid.

³⁸⁹ Australian Government Productivity Commission, *Access to Justice Arrangements*, <<https://www.pc.gov.au/inquiries/completed/access-justice/report>> accessed 29 June 2020.

³⁹⁰ Department of Justice and Regulation, *Annual Report 2017-18*, p. 70.

³⁹¹ Department of Justice and Regulation, *Annual Report 2017-18*, p. 70.

DJR also highlighted implementation of the *Justice Legislation Amendment (Access to Justice) Act 2018* in May 2018, which gave effect to 16 out of the 60 review recommendations requiring legislative amendment. It noted this resulted in key amendments to:

- The *Victoria Law Foundation Act 2009* to refocus the Victoria Law Foundation (VLF) to become Victoria's centre for excellence for data analysis, research and evaluation on access to justice, legal assistance and civil justice issues.
- The *Legal Aid Act 1978* to strengthen VLF's role in coordinating legal assistance services and legal information, the skills base of the VLF Board, and increase transparency and accountability through improved planning and reporting.³⁹²

Performance information on the progress and impact of actions

In its *Annual Report 2018-19* DJCS advised that work on implementing the recommendations continued during 2018-19. However it did not detail the Department's progress against all of the recommendations. Instead, it again referred to the amendments introduced the previous year by the *Justice Legislation Amendment (Access to Justice) Act 2018*.³⁹³

The Committee observed there is no consolidated, comprehensive public reporting on the status, progress and impact of actions in response to the 57 recommendations supported by the Government. Neither DJCS's annual report nor the Budget papers contain performance information enabling Parliament and the public to evaluate the adequacy of progress to date.

The Committee also noted many of the 57 recommendations supported by the Government encouraged agencies to 'consider' implementing suggested actions or relied on the take-up and implementation of relevant actions by the courts and VCAT. The Review's findings regarding the need for better performance data, coordination between agencies, and a stronger culture of continuous improvement throughout the sector highlight the need for better public reporting on the outcomes of actions taken in response to this review.

FINDING 52: There is currently no comprehensive, consolidated public reporting on the status, progress and impact of actions in response to the 57 recommendations of the Access to Justice Review supported by the Government.

FINDING 53: The current lack of public performance data relating to progress of actions from the Access to Justice review means Parliament and the public cannot assess its impact to date on improving outcomes for Victorians with legal problems, and for vulnerable and disadvantaged persons interacting with the justice system.

³⁹² Ibid., pp. 70-71.

³⁹³ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 137.

RECOMMENDATION 21: The Department of Justice and Community Safety consider developing comprehensive performance measures and indicators for evaluating the progress and impact of actions against the 57 recommendations of the Access to Justice Review supported by the Government.

6.6.2 Infringements and Fines Victoria

Impact of reforms to Victoria's system for collecting and enforcing legal debt

On 31 December 2017 the *Fines Reform Act 2014* came into force, establishing a new fines recovery model in Victoria and a new administrative body, Fines Victoria. Fines Victoria acts on behalf of the Government and is a single, centralised point of contact for the public to pay or deal with their unpaid fines.³⁹⁴

The reforms sought to enable several improvements and efficiencies including:

- To make Victoria's fines system fairer and more equitable for vulnerable and disadvantaged members of the community
- Recovery of both infringement and court fines within a single agency
- The ability for Fines Victoria to administer and consolidate infringements from multiple agencies issued to individuals
- To streamline and improve the process of making payments and dealing with fines.³⁹⁵

In 2017-18 the department reported it had purchased a new IT solution known as the Victorian Infringement Enforcement and Warrants (VIEW) system to support the new legislative framework and Fines Victoria.

However the Committee noted the system has since experienced substantial delays and implementation challenges which have adversely affected the processing of infringements, warrants and persons impacted by these issues.

DJCS's response to the Committee's questionnaire singled out implementation of the *Fines Reform Act 2014* as the Department's least performing program across both 2017-18 and 2018-19.³⁹⁶ It reported actual outcomes in 2018-19 for several key related performance measures were lower than the targets established. Specifically the number of:

- Warrants actioned was 91.8% lower than expected

³⁹⁴ Department of Justice and Regulation, *Annual Report 2017-18*, p. 49.

³⁹⁵ Victorian Ombudsman, *Fines Victoria complaints*, Melbourne, April 2019, p. 7.

³⁹⁶ Department of Justice and Community Safety, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 28-29.

- Clearances of infringements within 180 days was 9.2% lower than expected
- Infringement notices processed was 11.1% lower than the target.³⁹⁷

Table 6.3 below shows the 2018-19 results reflect a larger performance gap compared to the underperformance levels also evident in the prior 2017-18 financial year for the management of infringements and warrants.

Table 6.3 Infringements and warrants—variance between targets and actuals from 2017-18 to 2018-19

Performance measures	Variance between target and actual	
	2017-18 (%)	2018-19 (%)
Infringement notices processed	-6.9	-11.1
Warrants actioned	-64.9	-91.8
Clearance of infringements within 180 days	-8.0	-9.2

Source: Department of Justice and Regulation, *Annual Report 2017-18*, pp. 50-51; Department of Justice and Community Safety, *Annual Report 2018-19*, p. 126.

DJCS attributed the lower number of infringement notices processed in both 2017-18 and 2018-19 to increased roadworks in fixed camera locations, the impact of deactivating road safety cameras following the WannaCry virus and Transurban forwarding significantly fewer toll infringements to the State for processing as a result of its new debt collection policy.³⁹⁸

DJCS’s response to the Committee’s questionnaire shows the planned outcome for the remaining two measures—‘warrants actioned’ and ‘clearance of infringements within 180 days’—was not met due to the delayed delivery of functionality from the new IT system which was rolled out on 31 December 2017. DJCS noted this led to a reduction in enforcement activity and functionality for Sheriff’s Officers to action warrants.³⁹⁹

The Department’s *Annual Report 2017-18* confirms Sheriff Officers performed limited enforcement of warrants in the period immediately following the introduction of the new IT system due to the system’s functionality constraints.⁴⁰⁰ The deterioration in performance reported by DJCS the following year for the same measure shows the continuing and growing impact of the system’s functionality issues during this period.⁴⁰¹ DJCS similarly noted in 2018-19 the result was below target due to the ongoing delay in delivery of necessary IT system functionality for Sheriff’s Officers.⁴⁰²

³⁹⁷ Ibid.

³⁹⁸ Department of Justice and Regulation, *Annual Report 2017-18*, p. 50.; Department of Justice and Community Safety, *Annual Report 2018-19*, p. 126.

³⁹⁹ Department of Justice and Community Safety, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 28-29.

⁴⁰⁰ Department of Justice and Regulation, *Annual Report 2017-18*, p. 50.

⁴⁰¹ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 126.

⁴⁰² Ibid.

The impact of implementation challenges on system users and outcomes

The Victorian Ombudsman's April 2019 report *Fines Victoria Complaints* highlighted the impacts on people from Fine Victoria's delays in administering matters relating to infringements, and from weaknesses in its communication with people directly affected by these issues. The Ombudsman found these issues mainly stemmed from significant IT challenges relating to implementation of the VIEW system affecting Fine Victoria's operations from the time it commenced.⁴⁰³

During the Budget Estimates hearings in June 2019, the Attorney-General acknowledged the lack of functionality of the ICT system was unacceptable and indicated the State was actively working with the supplier to address the issue.⁴⁰⁴ The Committee was also made aware the department had initiated a review of the IT system to inform the way forward.⁴⁰⁵

A DJCS official also outlined the total cost of the VIEW system incurred by the State at that time, which was \$63.3 million and confirmed this represented an approximately \$20 million or 47% increase from the original procurement amount of \$43 million. Most of the additional cost at that time was for additional IT capital expenses and to process backlogs and respond to calls from Victorians.⁴⁰⁶

The Ombudsman noted Fines Victoria had recognised its performance was less than satisfactory and had invested significant resources to work on eliminating backlogs and address the IT challenges. She also noted her office continued to receive complaints about Fines Victoria and would maintain a watching brief as it was too early to tell whether any improvements have had effect.

The Committee observed that DJCS's annual report does not detail the nature and impact of actions taken by the department to date to address the above issues. Consequently, it offers little context and assurance these longstanding challenges are being effectively and efficiently resolved.

FINDING 54: The objectives and intended outcomes of the Fines Reform Act 2014 are yet to be realised. There have been substantial delays in the delivery of the new IT system supporting the reforms. Lengthy implementation challenges to date have adversely affected the processing of infringements and warrants, and people impacted by these issues.

⁴⁰³ Victorian Ombudsman, *Fines Victoria complaints*, p. 8.

⁴⁰⁴ Hon. Jill Hennessy MP, Attorney-General, Department of Justice and Community Safety, 2019-20 Budget Estimates hearing hearing, Melbourne, 14 June 2019, *Transcript of evidence*, p. 6.

⁴⁰⁵ Ibid.

⁴⁰⁶ Ms Corri McKenzie, Deputy Secretary, Police, Fines and Crime Prevention, Department of Justice and Community Safety, 2019-20 Budget Estimates hearing hearing, Melbourne, 14 June 2019, *Transcript of evidence*, p. 7.

RECOMMENDATION 22: The Department of Justice and Community Safety consider reporting publicly on the outcomes of its reviews of the delivery issues associated with the Fines Victoria IT system, and on the progress and impact of actions being taken to address these issues.

6.6.3 Births, Deaths and Marriages Victoria

Transition to a new online system

DJCS reported it implemented a new core business system for Births, Deaths and Marriages Victoria (BDM) in February 2019 known as Registry Information Online (RIO). It advised the new system provides a full range of online services allowing customers and service partners to apply for birth, death, marriage, change of name and relationship registrations online. DJCS stated the system enhanced data validations supporting the accuracy of information provided by customers and stakeholders.⁴⁰⁷

It also reported a significant uptake of online services since RIO was implemented, particularly birth certificates, with over 30,000 new births registered since February 2019. DJCS noted the transition to the new system had a minor impact on BDM's accuracy level with the 2018-19 result of 98.6% marginally lower than the trend for the previous three years which has consistently been above 99%.⁴⁰⁸ Targets for the timely processing of certificates were not achieved in 2018-19.

DJCS's *Annual Report 2018-19* shows BDM's timeliness performance in processing completed applications for certificates declined from 100% in 2017-18 to 78.2% representing underperformance of -17.7% against the associated 2018-19 target.⁴⁰⁹

DJCS acknowledged the 2018-19 result reflected the impact of BDM's transition to the RIO system which resulted in an increase in turnaround times, a higher volume of calls, visits, and complaints to BDM.

In February 2019 the Victorian Ombudsman similarly noticed many complaints about BDM mostly about delays and dissatisfaction with communications from BDM with many people unable to get through to the call centre.⁴¹⁰

In its *Annual Report 2018-19*, DJCS reported that BDM had since focused efforts on improving turnaround and call centre response times by recruiting additional staff, providing them with further training, and by making improvements to the system based on feedback it had received.⁴¹¹

⁴⁰⁷ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 32.

⁴⁰⁸ Ibid.

⁴⁰⁹ Ibid., p. 135.

⁴¹⁰ Victorian Ombudsman, *Long delay in receiving Birth Certificate, 2020*, <<https://www.ombudsman.vic.gov.au/our-impact/case-examples/delay-in-getting-birth-certificate>> accessed 29 June 2020.

⁴¹¹ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 135.

DJCS indicated most registration and certificate processing turnaround times were back to or below standard levels by the time it produced its *Annual Report 2018-19*. It also stated call centre wait times had since decreased and most system issues were now resolved.⁴¹²

During the 2019-20 Budget Estimates hearings, the Attorney-General acknowledged BDM had experienced challenges from the introduction of the new RIO system. The Attorney-General explained there were no fundamental technical issues with the system and the challenges mainly related to the arrangements supporting the rollout of the new system and some users' ability to directly enter information. The Attorney-General stated:

I absolutely concede that births, deaths and marriages have had some challenges—are largely resolved, but if I can explain, the challenges that births, deaths and marriages had came from the introduction of the ICT project but were not because of it. There was no fundamental issue with the ICT. What occurred essentially was a new system was introduced. The ability of staff and important stakeholders—for example, funeral directors, marriage celebrants—those that are now in the position to be able to enter directly information, that contributed to some delays and some challenges...but the issues...have largely now been resolved.⁴¹³

The Secretary, DJCS similarly acknowledged the challenges and further outlined to the Committee the nature and impact of remedial actions taken by the department:

If I was going to go to what one of the lessons should be for the public service in relation to transition to new IT systems, it is the support we provide to the users and the training we provide to the users of a new IT system.⁴¹⁴

The Committee noted the Attorney-General's remarks, and was encouraged by the actions reported by DJCS and BDM to address the implementation challenges evident following the rollout of the new system.

The Committee observed the different IT issues experienced by BDM and Fines Victoria reinforced the need for DJCS to rigorously evaluate and leverage the lessons to avoid a recurrence of the challenges experienced by users of both systems in future projects involving the delivery of IT systems.

FINDING 55: Births, Deaths and Marriages Victoria did not achieve its 2018-19 timeliness performance target for processing certificate applications because of challenges affecting the rollout of its new IT system. Department of Justice and Community Safety reported the actions it initiated during 2018-19 have largely restored performance to expected levels.

⁴¹² Ibid.

⁴¹³ Hon. Jill Hennessy MP, Attorney-General, 2019-20 Budget estimates (Attorney-General) hearing, Melbourne, 14 June 2019, *Transcript of evidence*, p. 13.

⁴¹⁴ Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, 2019-20 Budget estimates (Attorney-General) hearing, Melbourne, 14 June 2019, *Transcript of evidence*, p. 15.

RECOMMENDATION 23: The Department of Justice and Community Safety consider evaluating the lessons from the challenges experienced with the rollout of IT solutions for Births, Deaths and Marriages Victoria and Fines Victoria and the actions taken to embed improvements.

6.6.4 Impact of community safety initiatives

Community safety priorities and intended outcomes

The State's inaugural Community Safety Statement 2017 outlines a range of community safety outcomes the Government and Victoria Police seek to achieve.⁴¹⁵ It also identifies five priority areas for Victoria Police: reducing harm; increasing connection to the community; putting victims first; holding offenders to account; improving Victoria Police capability, culture and technology, and a \$2 billion investment to deliver on them.⁴¹⁶ The 2017-18 Budget shows this investment package included funding for:

- 2,729 new sworn police officers, including 415 specialist family violence officers to transform the way Victoria Police responds to family violence
- 100 new Protective Services Officers (PSOs) to boost mobile patrols and improve safety at train stations and transport hubs
- A new 24-hour Police Assistance Line and an online reporting portal to ensure Victorians can access Victoria Police when and how they need to
- Four new Aboriginal Community Liaison Officers to expand positive engagement with Aboriginal Victorians
- Replacement of 10 police stations across the State
- 42 new youth specialist officers to support a renewed youth engagement framework
- 12 community safety networks to engage actively with the police to create safer, stronger communities
- New powers and laws to target recidivist offenders and those crimes that do the most harm
- Roll-out of Automatic Number Plate Recognition technology across the highway patrol fleet
- Streamlined DNA testing by Victoria Police, with new powers and additional resources
- A ban on cash for scrap metal to end the trade in stolen cars

⁴¹⁵ Victorian Government, *Community Safety Statement*, Melbourne, 2017, pp. 2-3, 6, 9.

⁴¹⁶ *Ibid.*, p. 10.

- Improved mental health literacy within Victoria Police
- A new dedicated training facility for specialist and critical incident police
- A new Air Wing, including three new helicopters and a fixed wing plane.⁴¹⁷

The Government released two further Community Safety Statements in both 2018-19 and 2019-20. The second statement in 2018-19 confirmed the Government's and Victoria Police's ongoing commitment to the five key priority areas, and included a commitment to release a new statement each year and to take the politics out of policing by relying on Victoria Police to make evidence based resource allocation decisions.⁴¹⁸ It also highlighted new initiatives including more PSOs across the public transport network, new police powers to respond to terrorist incidents, improving the treatment of victims, and more prevention measures.⁴¹⁹

The 2019-20 statement highlights the progress and continuation of initiatives focused on reducing offending, the introduction of new police powers, and new equipment and infrastructure to support the capability of police.⁴²⁰

Overview of key achievements

The Committee noted the 2018-19 and 2019-20 Community Safety Statements show the department and Victoria Police have devoted significant effort to delivering the Government's key priorities.

DJR's and DJCS's annual reports highlight several achievements across both 2017-18 and 2018-19. These include:

- New firearms laws introducing a firearm prohibition regime, new offences to deal drive-by shootings and illegal firearm manufacturing⁴²¹
- New legislation expanding the places where transit PSOs can operate to include 'in the vicinity' of their designated place, enabling flexible and mobile patrols⁴²²
- 25 additional PSOs were deployed by June 2019, with 50 more planned for deployment by June 2021.⁴²³

In April 2017 the Government appointed an independent Community Safety Trustee to monitor and publicly report on the implementation of Community Safety Statement initiatives. At the time of writing, the Trustee had produced five assurance reports, one for every six-month period from June 2017 to June 2019.⁴²⁴

⁴¹⁷ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2017-18* Melbourne, 2018, p. 98.

⁴¹⁸ Victorian Government, *Community Safety Statement 2018/19*, Melbourne, April 2018, p. 6.

⁴¹⁹ *Ibid.*, p. 14.

⁴²⁰ Victorian Government, *Community Safety Statement 2019-20*, Melbourne, June 2019, p. 5.

⁴²¹ Department of Justice and Regulation, *Annual Report 2017-18*, p. 17.

⁴²² *Ibid.*

⁴²³ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 109.

⁴²⁴ Department of Justice and Community Safety, *Community Safety Assurance Reports*, 24 June 2020, <<https://www.justice.vic.gov.au/contact-us/community-safety-assurance-reports>> accessed 29 June 2020.

The Trustee's latest June 2019 assurance report examined progress against 56 Community Safety Statement Initiatives and found 13 were completed, 33 were progressing and 10 initiatives had transitioned to business as usual activities.⁴²⁵

The Trustee acknowledged the complexities of delivering the Government's \$2 billion investment and noted funded initiatives were generally within budget.⁴²⁶ However he also noted various initiatives had either underspends or overspends mainly due to project delays⁴²⁷ or advanced progress.

The Trustee reported difficulty ascertaining whether Victoria Police projects had received government approved cashflows that translated into updated project baselines, budgets and milestones and indicated Victoria Police could improve its issues management and documentation of budget variances.⁴²⁸

The Trustee also noted more than three years had passed since the initial Community Safety Statement was released and it was now timely for the Government to consider evaluating the impact of related initiatives to ensure the community safety agenda is appropriate, effective and efficient.⁴²⁹

Community Safety Statement Outcomes Framework

In 2018-19 DJCS reported it had developed an outcomes framework to assess the impact of Community Safety Statement initiatives.⁴³⁰ The 2019-20 Community Safety Statement published baseline and first year results for included measures.

The Committee notes that most reported results exhibit annual changes indicative of an improvement compared to the 2016-17 baseline year.⁴³¹

However it also noted the numerical results were reported without interpretive analysis, or reference to trend data and targets reflecting the short, medium and long-term outcomes sought by the Government from the investments.

Consequently it was not possible for the Committee to reliably interpret this information and understand to what extent it reflected the impact of the investments in community safety initiatives.

In December 2018 the Trustee reviewed the Department's progress in implementing the outcomes framework.⁴³²

⁴²⁵ Community Safety Trustee, *Community Safety Statement Assurance Report June 2019*, Melbourne, June 2019, p. 21.

⁴²⁶ *Ibid.*, p. 22.

⁴²⁷ Budget variances due to delays were noted for projects relating to the Air Wing fleet, and Police station redevelopments at South Melbourne and Wyndham.

⁴²⁸ Community Safety Trustee, *Community Safety Statement Assurance Report June 2019*, p. 27.

⁴²⁹ *Ibid.*, p. 3.

⁴³⁰ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 20.

⁴³¹ Victorian Government, *Community Safety Statement 2019-20*, pp. 40-46.

⁴³² Community Safety Trustee, *Community Safety Statement Assurance Report December 2018*, Melbourne, December 2018, pp. 21-32.

The Trustee identified limitations in the existing framework and made several suggestions for strengthening it including:

- Greater alignment between outcomes, indicators and measures
- More meaningful indicators
- A greater breakdown of measures (i.e. more disaggregated measures)
- More nuanced baselines to mitigate the limitations of using 2016-17 data as the baseline for all measures (e.g. using trend data instead of data for a single year).

The Trustee similarly highlighted the importance of supplementing baseline data with targets to enable meaningful assessment of the impact of initiatives to date. Specifically the Trustee stated:

... the government should develop targets to provide transparency and accountability for its activities and spending under the Statement initiatives. Cementing the expectation that government will achieve a specific change in a specific time is not unreasonable given that more than \$2 billion of community money has been invested to deliver Statement initiatives. The community deserves to know what they will get for this and by when. Fostering the right culture and the right messaging to community and government staff about the (potentially ambitious) targets will be crucial in making sure the data is an accurate reflection on what is happening in reality.⁴³³

The Committee noted the Trustee's suggested improvements were both reasonable and appropriate, but not implemented in the 2019-20 Community Safety Statement and have yet to be reflected in the outcomes framework published by the department on its website.⁴³⁴

FINDING 56: The Department of Justice and Community Safety and Victoria Police have devoted significant effort over the least three years to delivering the Government's community safety priorities.

RECOMMENDATION 24: The Department of Justice and Community Safety consider reviewing and, where possible, consider implementing the Community Safety Trustee's suggested improvements to the Community Safety Statement Outcomes Framework.

RECOMMENDATION 25: Consistent with the Community Safety Trustee's recommendation, the Department of Justice and Community Safety consider evaluating the impact of funded community safety initiatives and report publicly on the insights and actions arising in its *Annual Report 2019-20* and on its website.

⁴³³ Ibid., p. 30.

⁴³⁴ Victorian Government, *Community Safety Statement Outcomes Framework 2019-20*, Melbourne, 2019.

6.6.5 Impact of the Community Crime Prevention Program

The department's Community Crime Prevention Program aims to empower communities to address the causes of crime while also building the evidence base of what works to prevent crime.⁴³⁵

The program seeks to achieve this by supporting community organisations and councils with grant funding and by working in partnership with key safety organisations, such as Neighbourhood Watch and Crime Stoppers, to deliver prevention responses to local crime issues.⁴³⁶

Key initiatives supported by the department include graffiti removal, improving public safety and reducing violence against women and children. The department's Regional Crime Prevention Reference Groups work with the community to achieve efficient and effective implementation of these initiatives.⁴³⁷

The Committee notes there is currently little publicly available information on the impact of the Community Crime Prevention Program and of funded initiatives.

The department's annual reports consistently highlight the quantum of grant funding allocated each year to community groups, councils and related projects, but offer little insight into the impact of these initiatives and how they have contributed over time to the evidence base of what works to prevent crime.

Consequently the Committee was unable to determine how the department assured the grants it awarded through its Community Crime Prevention Programs during 2017-18 and 2018-19 were optimally focused on those initiatives proven to prevent crime.

RECOMMENDATION 26: The Department of Justice and Community Safety consider evaluating and reporting publicly on the outcomes achieved from the grants awarded through its Community Crime Prevention Program.

6.6.6 Impact of the correctional system

Overview of the system's performance

The purpose of the correctional system is to promote community safety. The correctional system seeks to achieve this through the effective management and provision of rehabilitation and reparation opportunities to prisoners and offenders under custodial and community-based supervision.⁴³⁸

⁴³⁵ Department of Justice and Regulation, *Annual Report 2017-18*, p. 20.

⁴³⁶ Ibid.

⁴³⁷ Department of Justice and Community Safety, *Crime Prevention*, 20 April 2020, <<https://www.justice.vic.gov.au/safer-communities/crime-prevention>> accessed 29 June 2020.

⁴³⁸ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 21.

The department's *Annual Report 2018-19* outlines the system's progress toward achieving this objective. It presents the results of the department's key objective indicators that include:

- Rate of prisoners return to prison within two years
- Rate of offender return to corrective services within two years
- Percentage of community corrections orders completed.⁴³⁹

The Committee noted the trend data presented by the department for its key objective indicators generally shows little change in performance over the last three years, and in some cases deteriorating performance.⁴⁴⁰

Specifically the rate of prisoner return to prison within two years remained relatively stable during the three year period 2016-17 to 2018-19 at just over 43%, which materially exceeds the state's target of 41%. It also shows no material improvement during this period.⁴⁴¹

Similarly the rate of offender return to corrective services within two years consistently remained close to the state's current target of 16% during the same three-year period with no significant or sustained improvement evident.⁴⁴²

Particularly noteworthy, however is the steady decline in the proportion of community corrections orders successfully completed, which decreased from 66.5% in 2014-15 to 56.4% in 2018-19 demonstrating fewer offenders are now satisfactorily completing their correction orders. In 2018-19 the department acknowledged this decline in performance and that it reflected a combination of factors including a more complex cohort of offenders on court orders following the abolition of suspended sentences, and the transition to a new fines system.⁴⁴³

FINDING 57: Trend data for the State's correctional system shows little change in performance for most objective indicators over the last three years, and a steady decline in the proportion of community corrections orders successfully completed.

RECOMMENDATION 27: The Department of Justice and Community Safety consider reviewing and expanding the number of objective indicators for the correctional system to provide comprehensive insights into the causes and impacts of performance trends and issues.

⁴³⁹ Ibid., p. 14.

⁴⁴⁰ Ibid., pp. 21-22.

⁴⁴¹ Ibid., p. 22.

⁴⁴² Ibid.

⁴⁴³ Ibid., p. 21.

Benchmark measures in prison service agreements

The Committee observed performance targets for the achievement of benchmark measures in prison services agreements were not met in both 2017-18 and 2018-19, with a higher level of underperformance evident during the 2018-19 period.⁴⁴⁴

Table 6.4 Prison service agreement benchmarks—variance between targets and actuals 2017-18 to 2018-19

Performance measures	Variance between target and actual	
	2017-18 (%)	2018-19 (%)
Proportion of benchmark measures in prison services agreement achieved	-13.4	-15.4

Source: Department of Justice and Regulation, *Annual Report 2017-18*, p. 35; Department of Justice and Community Safety, *Annual Report 2018-19*, p. 116.

The department identified pressures on the prison system from an increasing remand population and significant prisoner turnover and movement, as the main reasons for underperformance in both years.⁴⁴⁵

The Committee observed these explanations do not provide sufficient context to understand the operational drivers of underperformance, the risks these circumstances pose to the achievement of outcomes, and how well they are being mitigated by DJCS and prison operators.

FINDING 58: Performance targets for the achievement of benchmark measures in prison services agreements were not met in both 2017-18 and 2018-19, with a higher level of underperformance evident during the 2018-19 period.

RECOMMENDATION 28: The Department of Justice and Community Safety should consider reporting on its progress on improving the performance and transparency of Victoria’s prison system, and impact of actions taken to date in its *Annual Report 2019-20*.

Community based offender supervision

Community Correctional Services manages and supervises offenders on court orders, serious sex offenders and serious violent offenders on post sentence supervision and prisoners on parole. It focuses on offender rehabilitation by providing opportunities to tackle the drivers of offending behaviour.⁴⁴⁶

⁴⁴⁴ Department of Justice and Regulation, *Annual Report 2017-18*, p. 35.; Department of Justice and Community Safety, *Annual Report 2018-19*, p. 116.

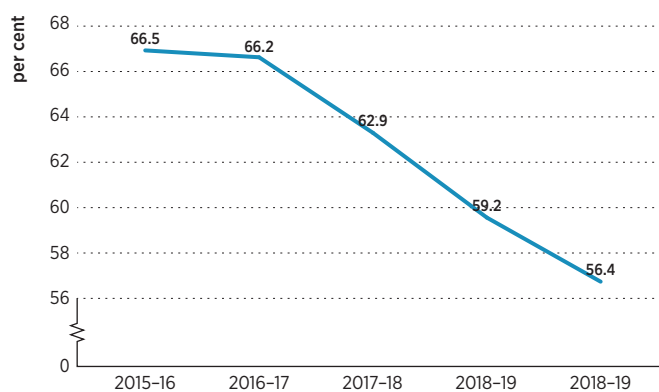
⁴⁴⁵ Department of Justice and Regulation, *Annual Report 2017-18*, p. 35.; Department of Justice and Community Safety, *Annual Report 2018-19*, p. 116.

⁴⁴⁶ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 117.

In 2017-18 DJR stated it expected the successful completion rate for community corrections orders (CCOs) to improve in future years following the additional investment of \$332.3 million provided in the 2015-16 and 2016-17 State Budgets to strengthen Community Correctional Services and improve the supervision of offenders.⁴⁴⁷

However as shown in Figure 6.3, the successful completion rate continued to deteriorate in 2018-19 indicating little impact to date from the State's significant investments. Notwithstanding the department reiterated its expectation in its *Annual Report 2018-19* for performance to improve in future years as it consolidated the reforms and expansion of Community Correction Services initiated in 2015-16.⁴⁴⁸

Figure 6.3 Percentage of Community Corrections Orders completed from 2015-16 to 2018-19



Source: Department of Justice and Community Safety, *Annual Report 2018-19*, p. 21

The 2015-16 State Budget provided \$63 million over four years to increase the number of Community Corrections Officers, rehabilitation and reparation programs, and to establish nine new offices and refurbish 25 existing offices across the state.⁴⁴⁹ The 2016-17 Budget provided a further \$233 million to improve supervision of offenders and service delivery.⁴⁵⁰

The Auditor-General's February 2017 report, *Managing Community Correction Orders*, noted Corrections Victoria's reform program was comprehensive and, if implemented effectively, should reduce high caseloads and improve overall management of offenders.⁴⁵¹ However it also concluded existing practices for managing offenders on Community Correction Orders (CCOs) were not effective, and much of the effort to implement reforms lied ahead.⁴⁵²

⁴⁴⁷ Department of Justice and Regulation, *Annual Report 2017-18*, p. 35.

⁴⁴⁸ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 117.

⁴⁴⁹ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2015-16*, Melbourne, 2015, p. 84.

⁴⁵⁰ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2016-17*, Melbourne, 2016, pp. 4, 99.

⁴⁵¹ Victorian Auditor-General, *Managing Community Correction Orders*, 2017, p. viii.

⁴⁵² Ibid.

The Committee noted the department's annual reports do not provide an insight into the status and impact of major reform initiatives to date. The evident longstanding downward trend in the successful completion rate of CCOs highlights a need for greater transparency and publicly available information on the progress and impact of major reform initiatives.

FINDING 59: The longstanding downward trend in the successful completion rate of community corrections orders highlights a need for greater transparency and publicly available information on the progress and impact of reform initiatives.

RECOMMENDATION 29: The Department of Justice and Community Safety consider evaluating and report publicly on the impact of the State's investments since 2015-16 to reform and strengthen Community Correctional Services, its supervision and management of offenders on community corrections orders and outcomes achieved.

6.6.7 Youth Justice

In August 2017 the Government released the *Youth Justice Review and Strategy: Meeting needs and reducing offending*. The Review delivered recommendations to create a more contemporary and evidence-based youth justice system.

The Government accepted all of the recommendations from the review, either in full or in principle, and the 2017-18 Budget Update provided an initial investment of \$50 million to implement the review's priority recommendations.⁴⁵³ Key initiatives included a new custodial operating model, better staff training, a targeted recruitment campaign, additional Safety and Emergency Response Team staff, an Aboriginal Liaison Officer and improved risk and needs assessment.⁴⁵⁴

The Government provided a further \$145 million in the 2018-19 State Budget to strengthen youth justice, support rehabilitation through youth diversion programs, and increase security to ensure the safety of staff, young people and the community.⁴⁵⁵

The Committee noted the department's performance against the Budget papers timeliness target to complete an assessment and plan for young people on supervised orders within six months of commencing the order, were not achieved in both 2017-18 and 2018-19 with a significant decline in performance evident in the 2018-19 year.⁴⁵⁶ The Auditor-General's August 2018 report *Managing Rehabilitation Services in Youth Detention* highlighted this was an important measure for the department given the deficiencies in case planning identified by the audit.

⁴⁵³ Department of Justice and Regulation, *Annual Report 2017-18*, p. 39.

⁴⁵⁴ Department of Treasury and Finance, *Budget Update: 2017-18*, Melbourne, 2017, p. 123.

⁴⁵⁵ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, Melbourne, 2019, pp. 93, 98.

⁴⁵⁶ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 122.; Department of Justice and Regulation, *Annual Report 2017-18*, p. 43.

The department attributed the 2018-19 result to the transition to the new case management framework in February 2019 that requires a greater series of tasks to be performed prior to completing case plans.⁴⁵⁷

FINDING 60: In 2017-18 and 2018-19 the Department of Justice and Community Safety did not achieve its target to complete an assessment and plan for young people on supervised orders within six months of commencing the order.

⁴⁵⁷ Department of Justice and Community Safety, *Annual Report 2018-19*, p. 122.

7

Department of Environment, Land, Water and Planning

Findings

61. Some of the outcomes the Department of Environment, Land, Water and Planning identified as highlights in 2017-18 and 2018-19 are the commencement of construction of several green energy projects and publication of the first Victorian Greenhouse Gas Emissions Report that identifies the sources and trends of the state's emissions.
62. The overall variance between budgeted and actual expenditure for the Department of Environment, Land, Water and Planning was 3.5% lower in 2017-18 and 12.1% higher in 2018-19.
63. The Department of Environment, Land, Water and Planning's (DELWP) Comprehensive Operating Statement in 2017-18 and 2018-19 reflects a stable position as DELWP's overall income exceeds expenses.
64. In both 2017-18 and 2018-19 the Fire suppression, Solar Homes and Land Use Victoria commercialisation programs received funding through Treasurer's Advances.
65. The Committee notes that currently there are no performance measures under the Climate Change output that assess Victoria's progress toward reducing greenhouse gas emissions and meeting interim and long term targets.
66. The Department of Environment, Land, Water and Planning (DELWP) did not meet its set targets for the performance measure to treat strategic fire access roads and fuel breaks to manage safety risks posed by dangerous trees in both 2017-18 and 2018-19. In 2018-19 DELWP reported that it did not meet its performance measures relating to reduction in powerline related bushfire risk.
67. Information about the councils and projects that received funding under the Growing Suburbs Fund (GSF) is publicly available for the 2019-20 funding round. The same information is not available for the councils and projects that received funding under the GSF in the 2017-18 and 2018-19 funding rounds.
68. The Department of Environment, Land Water and Planning did not meet the target of 25 days for the performance measure 'Median number of days taken by the department to assess a planning scheme amendment (days)' by 14 days in 2017-18 and 37 days in 2018-19, notwithstanding the implementation of new structures, processes and systems designed to address delays.

69. The Committee did not approve the discontinuation of three performance measures that the Department of Environment, Land, Water and Planning proposed for discontinuation in its *Annual Report 2018-19*. The department has not published the result for the 2017-18 'Area of revegetation protected or enhanced through departmental supported Landcare activities' performance measure.
70. Water corporations in the metropolitan cohort reported positive net results, where revenue exceeds expenses, in both 2017-18 and 2018-19.
71. Of the water corporations the Committee examined, Melbourne Water recycled the most water by volume (47-48 billion litres per annum) and Lower Murray Urban and Rural Water Corporation recycled the most by percentage (63-68%).
72. Water corporations in the rural cohort reported negative net results, where expenses were greater than the revenue, in both 2017-18 and 2018-19.

7.1 Overview

The Department of Environment, Land, Water and Planning (DELWP) is responsible for the State's energy supply and its natural and built environments.⁴⁵⁸ DELWP supports the ministerial portfolios of Energy, Environment and Climate Change, Local Government, Planning, Solar Homes and Water.⁴⁵⁹ Before 1 January 2019 DELWP was also responsible for the Suburban Development portfolio.⁴⁶⁰

DELWP's objectives and outputs are set out in Table 7.1.

⁴⁵⁸ Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, Melbourne, 2019, p. 11.

⁴⁵⁹ The solar homes portfolio was created after the 2018 election. Premier of Victoria, *A Strong Team To Keep Delivering For All Victorians*, media release, Melbourne, 29 November 2018.

⁴⁶⁰ Machinery of government changes effective on 1 January 2019 transferred the Suburban Development objective and associated outputs to the Department of Jobs, Precincts and Regions.

Table 7.1 Department of Environment, Land, Water and Planning's objectives and outputs

Departmental objectives	Outputs
Zero emission, climate-ready economy and community	Climate change
Healthy, resilient and biodiversity environment	Environment and biodiversity
	Statutory activities and environment protection
Reliable, efficient, accessible, safe and sustainable energy services	Energy
Productive and effective land management	Land use Victoria
	Management of public land and forests
	Parks Victoria
Safe and sustainable water resources	Effective water management and supply
A quality built environment	Planning, building and heritage
Sustainable and effective local governments	Local government
Reduced impact of major bushfires and other emergencies on people, property and the environment.	Fire and emergency management

Source: Department of Environment, Land, Water and Planning, *Annual Report 2017-18*, p. 6; Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, p. 6. In 2017-18 DELWP also reported against the objective 'Affordable and reliable access to jobs, services and infrastructure in Melbourne's suburbs'.

7.2 Outcomes in the community across 2017-18 and 2018-19

The Committee asked departments to outline the programs that delivered the most important outcomes in the community across 2017-18 and 2018-19. The programs identified by DELWP included:

- The commencement of construction on the Bulgana Green Power Hub wind farm and battery
- The launch of the Power Savings Bonus (PSB) program that increased awareness of the Government energy price comparison website, Victorian Energy Compare⁴⁶¹
- The establishment of the Victorian Cladding Taskforce to investigate and address non-compliant cladding on Victorian buildings and the delivery of an interim report identifying the extent of combustible cladding on buildings. The report contained recommendations to 'ensure Victorians are safe in their homes, their property is protected and buildings comply with the law'⁴⁶²

⁴⁶¹ 1.2 million website users in the first 12 months of the PSB compared to 600,000 in the previous 12 months. Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 12 December 2019, p. 20.

⁴⁶² The Victorian Cladding Taskforce, *Victorian Cladding Taskforce: Interim report*, Melbourne, 2017, p. 3.

- The publication of the first Victorian Greenhouse Gas Emissions Report in 2018 that identifies the sources and trends of Victoria’s greenhouse gas emissions
- The actions taken to stabilise the recycling sector including, increasing the quality of recycled materials and improving the productivity of the recycling sector under the Recycling Industry Strategic Plan
- The commencement of construction of three wind farms and three solar farms as a result of the Victorian Renewable Energy Auction Scheme⁴⁶³
- The commercialisation of part of the land titles and registry functions of Land Use Victoria.⁴⁶⁴

FINDING 61: Some of the outcomes the Department of Environment, Land, Water and Planning identified as highlights in 2017-18 and 2018-19 are the commencement of construction of several green energy projects and publication of the first Victorian Greenhouse Gas Emissions Report that identifies the sources and trends of the state’s emissions.

The Committee’s questionnaire also asked departments to identify programs that did not deliver their planned outcomes in 2017-18 and 2018-19. One of the programs identified by DELWP was the Coastal Assets Protection Program. Funding was provided to replace and upgrade critical coastal protection infrastructure such as sea and retaining walls. In 2017-18 third party negotiations took longer than expected and lengthy preparation of complex project tender documentation caused delays in the delivery of projects under the program.⁴⁶⁵ The Coastal Assets Protection Program’s delivery delays in 2018-19 were caused by complex technical designs and stakeholder engagement.⁴⁶⁶

Other DELWP programs that did not deliver their planned outcomes across 2017-18 and 2018-19 were Reducing Bushfire Risk and the Powerline Bushfire Safety Program—Powerline Replacement Fund and the Smart Planning program.⁴⁶⁷ These programs are examined in further detail below.

⁴⁶³ Project locations for Solar farms include Carwarp, Cahuna and Winton. Project locations for wind farms include Martlake South, Dundonnell and Berrybank. Department of Environment, Land, Water and Planning, *VRET auction benefits*, <https://www.energy.vic.gov.au/_data/assets/pdf_file/0028/391159/VRET-Auction-fact-sheet.pdf> accessed 01 May 2020.

⁴⁶⁴ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 20-6.

⁴⁶⁵ *Ibid.*, p. 27.

⁴⁶⁶ *Ibid.*, p. 29.

⁴⁶⁷ *Ibid.*, pp. 27-30.

7.3 Challenges

In both 2017-18 and 2018-19 DELWP’s main challenges included:

- Climate change including higher than average temperatures, lower than average rainfall, more frequent and intense heat waves, extreme fire conditions, storm surges and coastal erosion
- Change in the energy sector toward new technologies
- Managing public land effectively given climate change and population pressures
- Growing bushfire risk.⁴⁶⁸

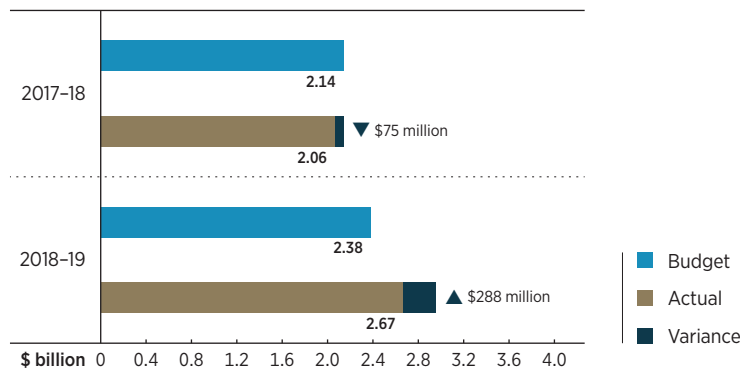
In 2017-18 DELWP also noted the ‘increasing demand for affordable housing; additional infrastructure to match new housing choices in the right locations; and an increased demand to facilitate land availability’ as key challenges.⁴⁶⁹

7.4 Financial analysis

7.4.1 Expenditure

The variance between the budgeted and actual figures for DELWP’s output expenditure in 2017-18 and 2018-19 is depicted in Figure 7.1 below.

Figure 7.1 Department of Environment, Land, Water and Planning variances in output expenditure, 2017-18 and 2018-19



Source: Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, pp. 25-72; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 199.

The variance of \$75.4 million or 3.5% in 2017-18 was caused by an underspend on the Environment and Biodiversity, Energy and Effective Water Management and Supply outputs which was offset by an overspend on the Suburban Development and Land Use Victoria outputs.

⁴⁶⁸ Ibid., pp. 95-6.

⁴⁶⁹ Ibid.

The variance of \$288 million or 12.1% in 2018-19 was largely driven by an overspend in the Energy and Fire Management Services outputs which was partially offset by an underspend on the Climate Change, Effective Water Management and Supply and Local Governments outputs.

Table 7.1 shows DELWP's expenditure by output in 2017-18 and 2018-19 and relevant variances between the Budget and actual expenditure.

Table 7.2 Department of Environment, Land, Water and Planning expenditure by output in 2017-18 and 2018-19

Output costs	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Climate Change	36.1	38.5	6.6	42.7	42.2	-1.2
Environment and Biodiversity	130.6	126.3	-3.3	127.3	139	9.2
Statutory Activities and Environment Protection	122.6	140.4	14.5	203.6	206.2	1.3
Energy	180.5	109.1	-39.6	119.9	216.2	80.3
Land Use Victoria	80.4	116.9	45.4	171.6	203.2	18.4
Management of Public Land and Forests	187.1	201.2	7.5	198.3	212.5	7.2
Parks Victoria	176.7	178.7	1.1	188.7	189.1	0.2
Effective Water Management and Supply	521.5	385.4	-26.1	416.2	375.3	-9.8
Planning, Building and Heritage	194.6	207.2	6.5	340.3	358.6	5.4
Suburban Development ^a	2.5	8.2	228.0	8	-	-
Local Government	92.1	98.8	7.3	163.8	159	-2.9
Fire and Emergency Management	414.9	453.5	9.3	400.9	568.4	41.8
Total	2,139.6	2,064.2	-3.5	2,381.3	2,669.7	12.1

a. From 1 January 2019, the Suburban Development output was the responsibility of DJPR.

Source: Department of Environment, Land, Water and Planning, *Annual Report 2017-18*, pp. 26-71; Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, pp. 25-72; Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 199.

The Committee notes the overspends in 2018-19 under the Fire and Emergency Management output of \$167.5 million and the Energy output of \$96.3 million.⁴⁷⁰

FINDING 62: The overall variance between budgeted and actual expenditure for the Department of Environment, Land, Water and Planning was 3.5% lower in 2017-18 and 12.1% higher in 2018-19.

⁴⁷⁰ Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, pp. 36,64 (Committee calculation); Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, Melbourne, 2019, p. 199.

7.4.2 Revenue and expenses

DELWP's output appropriations increased by \$116 million or 8.4% in 2017-18 from 2016-17 and by \$345 million or 23.1% in 2018-19 from 2017-18.⁴⁷¹ DELWP explains that this year on year increase is primarily due to:

... increased funding received for fire emergency response activities during the fire season, Goulburn-Murray Water Connections and on-farm projects, Land Use Victoria, Solar Homes program, the Power Savings Bonus initiative and payments to Local Government.⁴⁷²

DELWP's employee expenses also increased in 2017-18 by \$48 million (or 12.1%) from 2016-17 and in 2018-19 by \$74 million (16.6%) compared to 2017-18. DELWP states that contributing factors to this increase included:

- An increased number of the paid Full Time Equivalent (FTE) staff
- An increase in bushfire activities
- A 3% salary increase from 1 July 2018 to 30 June 2019 for Victorian Public Service staff.⁴⁷³

7.4.3 Overall financial performance

Table 7.3 below summarises DELWP's financial performance in 2017-18 and 2018-19.

Table 7.3 Department of Environment, Land, Water and Planning—Summary of Comprehensive Operating Statement in 2017-18 and 2018-19

Controlled items	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	2,077	2,216	6.7	2,128	2,854	34.1
Expenses from transactions	2,139	2,064	-3.5	2,381	2,677	12.4
Net results	-62	152		-253	177	

Source: Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, p. 252; Department of Environment, Land, Water and Planning, *Annual Report 2017-18*, p. 259; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances 2018-19*, p. 92.

FINDING 63: The Department of Environment, Land, Water and Planning's (DELWP) Comprehensive Operating Statement in 2017-18 and 2018-19 reflects a stable position as DELWP's overall income exceeds expenses.

⁴⁷¹ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 51-2.

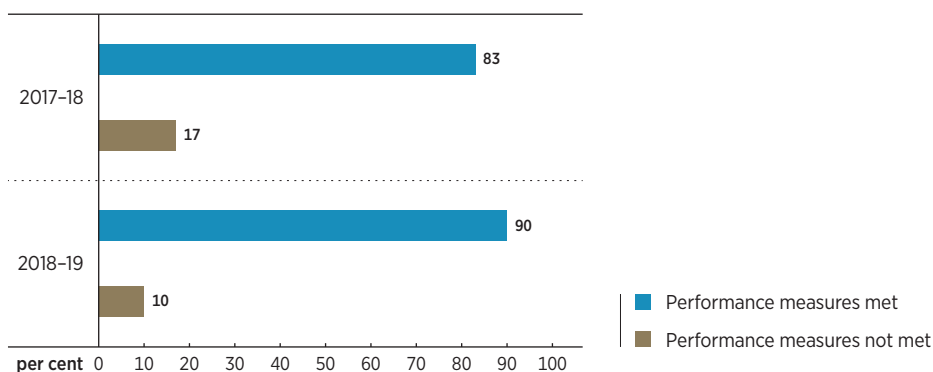
⁴⁷² Ibid.

⁴⁷³ Ibid., pp. 51-6.

7.5 Performance information

DELWP achieved or exceeded 83% of the 140 performance measures published in the *2017-18 Annual Report*,⁴⁷⁴ and 75% of the 115 performance measures published in the *2018-19 Annual Report*.⁴⁷⁵

Figure 7.2 Department of Environment, Land, Water and Planning performance measurement results in 2017-18 and 2018-19



Source: Department of Environment, Land, Water and Planning, *Annual Report 2017-18*, pp. 30-70; Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, pp. 22-64.

Performance measures that were not met in both 2017-18 and 2018-19 include:

- Planning referrals relating to native vegetation processed within statutory timeframes
- Coastal protection infrastructure projects delivered
- Significant built bay assets managed by Parks Victoria⁴⁷⁶ rated in average to excellent condition
- Median number of days taken by the department to assess a planning scheme amendment
- Length of strategic fire access roads and fuel breaks treated to manage safety risks posed by dangerous trees.⁴⁷⁷

Some of these performance measures are discussed in further detail below.

⁴⁷⁴ Department of Environment, Land, Water and Planning, *Annual Report 2017-18* Melbourne, 2018, pp. 30-70.

⁴⁷⁵ Department of Environment, Land, Water and Planning, Department of Environment, *Annual Report 2018-19*, pp. 22-64.

⁴⁷⁶ Number of government departments and agencies share responsibility for bays, rivers and ports. Parks Victoria is the local manager of Port Phillip, Western Port and Port Campbell. (source: Parks Victoria, *Water Management*, <<https://www.parks.vic.gov.au/water-management>> accessed 06 May 2020.

⁴⁷⁷ Department of Environment, Land, Water and Planning, *Annual Report 2017-18* pp. 30-71.; Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, pp. 22-64.

7.6 Key issues

7.6.1 Treasurer's Advances—funding for programs after the Budget

A variety of legal mechanisms exist for departments to request funding to support programs after the Budget has been finalised. The Resource Management Framework (RMF) explains:

The source of the additional funding, if approved, will be determined by the Treasurer taking into account the requirement to manage the overall parliamentary appropriation authority available to the Government, and within the parameters of the DFM [Departmental Funding Model] ...

Each of these mechanisms requires the approval of the Treasurer or relevant Cabinet committee. Departments should not assume an application to access one of these funding sources will guarantee receipt of that source of funding.⁴⁷⁸

A Treasurer's Advance is one mechanism that exists for a department to request additional funding. The RMF states that a 'Treasurer's Advance (TA) is appropriated to be applied at the Treasurer's discretion to meet any urgent or unforeseen claims'.⁴⁷⁹

Responding to the Committee's questionnaire, DELWP outlined the programs that received funding through Treasurer's Advances after the Budget, including the following:

- Fire suppression—The 2017-18 and 2018-19 Budgets did not allocate funding to this program. Nevertheless funding through a Treasurer's Advance for fire suppression was provided in 2017-18 for \$42 million and in 2018-19 for \$150.6 million⁴⁸⁰
- Solar Homes Program and solar panels for renters—The 2018-19 Budget did not allocate funding to this program. However funding through a Treasurer's Advance for 'a capped number of rebates to eligible households who install solar hot water systems and solar panels on their homes' was provided in 2018-19 for \$84.9 million⁴⁸¹
- Land Use Victoria commercialisation—The 2018-19 Budget did not allocate funding to this program. Yet funding through a Treasurer's Advance 'to support the delivery of land administration functions following the commercialisation of Land Use Victoria in October 2018' was provided in 2018-19 for \$48 million.⁴⁸²

⁴⁷⁸ Department of Treasury and Finance, *The Resource Management Framework: for Victorian Government Departments*, Melbourne 2019, p. 55.

⁴⁷⁹ *Ibid.*, p. 19.

⁴⁸⁰ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 31,6.

⁴⁸¹ *Ibid.*, p. 37.

⁴⁸² *Ibid.*

DELWP's *2018-19 Annual Report* discloses:

- The total amount of advances from the Treasurer received by the Department across a financial year as part of the 'Summary of compliance with annual parliamentary appropriations' disclosures⁴⁸³
- Where advances approved by the Treasurer for particular programs have resulted in higher than budgeted output costs under the relevant output performance measures.⁴⁸⁴

However the annual reports do not provide a breakdown of the amounts allocated to programs through advances approved by the Treasurer or the basis for the additional funding, i.e. whether the claims were deemed 'urgent' and/or 'unforeseen'. The Committee notes that the *2018-19 Model Report for Victorian Government Departments* does not require such disclosures.

FINDING 64: In both 2017-18 and 2018-19, the Fire suppression, Solar Homes and Land Use Victoria commercialisation programs received funding through Treasurer's Advances.

7.6.2 Reprioritisation of funding

The 2017-18 and 2018-19 Budgets included targets for 'funding from reprioritisation of existing resources' to fund new initiatives.⁴⁸⁵ These targets are in addition to any savings and efficiencies resulting from expenditure reduction measures.

In 2018-19 DELWP reprioritised \$1.3 million over four years from Forest, Fire and Regions to 'Walking together—A partnership to improve community connection and access to Country', and a further \$200,000 from Forest Fire and Regions to 'Jobs for Aboriginal people in natural resource management'.⁴⁸⁶ In response to the Committee's question about the impact of the reprioritisation of this funding, DELWP explained that it 'scaled back investment in [Forest, Fire and Regions] projects that had no direct impact on frontline delivery'.⁴⁸⁷

DELWP's *2018-19 Annual Report* describes the functions and services of the Forest, Fire and Regions business group as follows:

- Manages state forests, coasts and other public land
- Provides high quality advice to Government on forest, fire and emergency management

⁴⁸³ Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, p. 138.

⁴⁸⁴ Ibid., p. 36.

⁴⁸⁵ Department of Treasury and Finance, *Budget Paper No. 2 Strategy and Outlook: 2017-18*, Melbourne, 2017, p. 55.; Department of Treasury and Finance, *Budget Paper No. 2 Strategy and Outlook: 2018-19*, Melbourne, 2018, p. 54.

⁴⁸⁶ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 60.

⁴⁸⁷ Ibid.

- Has a lead role in preparing for, responding to, and recovering from fire and other emergencies, to reduce impacts on people, property and the environment
- DELWP's main connection to local communities and environments across the State, the group provides valuable intelligence on how policy and programs can be designed and delivered to better meet the needs of Victorians.⁴⁸⁸

7.6.3 Climate change—emissions reduction targets

DELWP's objective 1: zero emission, climate-ready economy and community is supported by three objective indicators, including objective indicator 2: percentage reduction in Victoria's greenhouse gas emissions relative to 2005.⁴⁸⁹

With reference to this objective indicator, DELWP's *2018-19 Annual Report* states:

The Victorian Government has committed to reducing the state's greenhouse gas emissions by 15-20 per cent below 2005 levels by 2020, setting Victoria on the path to net-zero emissions by 2050.⁴⁹⁰

In this context DELWP's *2018-19 Annual Report* drew attention to the first *Victorian Greenhouse Gas Emissions Report 2018* which showed:

... the state's total greenhouse gas emissions were 110 megatonnes of carbon dioxide equivalent in 2017, or 10.3 per cent below 2005 levels [and also included] a projection of emissions to 2020, which indicates that in 2020 the state's emissions are projected to be 18.2 per cent below 2005 levels, well on track to the 2020 target.⁴⁹¹

Under the *Climate Change Act 2017* (Vic) the Minister for Energy, Environment and Climate change must set interim economy-wide emissions reduction targets for 2021-25 and 2026-30 by 31 March 2020.⁴⁹² Advice to the Government from an independent expert panel has recommended the Government develop interim targets of:

- 32-39% below 2005 levels in 2025
- 45-60% below 2005 levels in 2030.⁴⁹³

FINDING 65: The Committee notes that currently there are no performance measures under the Climate Change output that assess Victoria's progress toward reducing greenhouse gas emissions and meeting interim and long term targets.

⁴⁸⁸ Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, p. 18.

⁴⁸⁹ *Ibid.*, pp. 22-5.

⁴⁹⁰ *Ibid.*, p. 25.

⁴⁹¹ *Ibid.*

⁴⁹² *Ibid.*

⁴⁹³ Independent Expert Panel on Interim Emissions Reduction Targets for Victoria, *Interim Emissions Reduction Targets for Victoria (2021-2030)*, 2019, p. 7.

7.6.4 Bushfire risk

As stated above, in both 2017-18 and 2018-19 Reducing Bushfire Risk was one of DELWP's programs that did not deliver its planned outcomes in the community.⁴⁹⁴

In 2017-18 DELWP did not meet the target for the performance measure to treat 1,200 kilometres (km) of strategic fire access roads and fuel breaks to manage safety risks posed by dangerous trees. Only 709 km was treated in 2017-18 (41% below target). DELWP stated:

The 2017-18 actual outcome of 709 km treated was 41 per cent below the target of 1,200 km. This result was below target due to wet weather hampering the ability of works to be undertaken. While the target for dangerous tree works was not met, significantly longer distances of vegetation management and road maintenance and improvement were undertaken through a bundled works contract approach. This involved a single contract being tendered for dangerous trees, vegetation management and road works, rather than three separate contracts. These efficiencies provided a better value for money outcome for the department as a public road manager.⁴⁹⁵

In 2018-19 DELWP did not meet the performance measure to treat 1,500 km of strategic fire access roads and fuel breaks to manage safety risks posed by dangerous trees. Only 1,000 km was treated in 2018-19 (33% below target). DELWP stated:

This target was not met as a new delivery model for the Reducing Bushfire Risk program was implemented, which integrated dangerous tree removal, vegetation management and road maintenance. This measure has been replaced in 2019-20 by a new measure providing a more complete view of the program (specifically forest access and egress) rather than focusing on one area of performance (dangerous trees).⁴⁹⁶

In 2018-19 the 'Powerline Bushfire Safety Program—Powerline Replacement Fund' was also one of DELWP's underperforming programs that did not deliver planned outcomes in the community.⁴⁹⁷ The Powerline Replacement Fund aims to replace powerlines in the highest risk bushfire areas with insulated overhead, underground powerlines or new conductor technologies.

In 2018-19 DELWP did not meet the performance measures to retire 770 km of powerlines in high bushfire risk areas to reduce the risk of bushfires from electrical assets, with 693 km of powerlines retired and bare wire, overhead powerlines replaced (10% below target). DELWP stated:

⁴⁹⁴ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 27-30.

⁴⁹⁵ *Ibid.*, p. 28.

⁴⁹⁶ *Ibid.*, p. 29.

⁴⁹⁷ *Ibid.*, p. 30.

The annual target of 770 km was not achieved due to implementation issues such as encountering hard rock and landowner easement issues, which impacted the ability to retire the planned length of powerlines in high bushfire risk areas. The 2019–20 target is expected to be achieved.⁴⁹⁸

Notwithstanding this result, DELWP's *2018-19 Annual Report* emphasised that through the Powerline Bushfire Safety Program:

Two out of five programs were completed ahead of schedule, to achieve a 31.7 per cent cumulative reduction in bushfire risk and enhance community safety across regional and rural Victoria.⁴⁹⁹

The Committee also notes that performance for the 'Relative reduction in state-wide powerline related bushfire risk' measure was 10% below target in 2018-19.⁵⁰⁰ DELWP explained that this was:

... due to changes in the work programs of electricity distribution companies in rolling out safety infrastructure upgrades at electrical substations.⁵⁰¹

FINDING 66: The Department of Environment, Land, Water and Planning (DELWP) did not meet its set targets for the performance measure to treat strategic fire access roads and fuel breaks to manage safety risks posed by dangerous trees in both 2017-18 and 2018-19. In 2018-19 DELWP reported that it did not meet its performance measures relating to reduction in powerline related bushfire risk.

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7.6.5 Solar Homes program

The Solar Homes program was launched in August 2018 as a one year program.⁵⁰² It was initially funded through a Treasurer's Advance of \$84.9 million in 2018-19:

... to provide a capped number of rebates to eligible households who install solar hot water systems and solar panels on their homes.⁵⁰³

In response to the Committee's questionnaire DELWP provided the following information about the numbers of rebates paid to eligible Victorian home owners under the program as at 30 June 2019.

⁴⁹⁸ Ibid.

⁴⁹⁹ Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, p. 7.

⁵⁰⁰ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 90.

⁵⁰¹ Ibid.

⁵⁰² Department of Environment, Land, Water and Planning, *Annual Report 2018-19*; *ibid.*, p. 75.

⁵⁰³ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 37.

Table 7.4 Solar Homes program rebates 2018-19—variance between targets and actuals

Rebate	Applications approved	2018-19 Target	2018-19 Actual	Variance (%)
Solar photovoltaic (PV) [Solar panel]	33,101	24,000	25,543	6
Solar hot water	286	6,000	163	-97

Source: Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 12 December 2019, p. 19.

These results indicate an excess demand for the solar panel rebates and minimal demand for the solar hot water rebates provided under the Solar Homes program. In this context, the Committee notes that as the Solar Homes program was announced after the 2018-19 Budget, no performance measures were developed to assess the financial and performance outcomes of the program in 2018-19. However the Government subsequently announced it would provide a further \$1.3 billion for the program over the next ten years.⁵⁰⁴ DELWP's *Annual Report 2018-19* states that this funding:

... will assist Victorians by installing solar panels, batteries or hot water systems on 770,000 houses across the state. As part of the Solar Homes program a loan scheme will commence in July 2019. This will allow Victorians to access the benefits of renewable energy at no up-front cost.⁵⁰⁵

In October 2019 the Minister for Solar Homes stated that:

- 46,000 solar installations had been completed since the program's launch, with 69% of solar rebates going to households with incomes of less than \$105,000 and at least 10% to those earning less than \$16,000 a year
- The program is estimated to create 5,500 new jobs in the industry.⁵⁰⁶

Noting the significant \$1.3 billion investment in the Solar Homes Program 'as part of a major push for Victoria to reach its target of 50% of its energy to be provided by renewables by 2030,'⁵⁰⁷ the Committee considers it important that DELWP monitor and report on the program's financial and performance outcomes.

The Committee notes the new performance measures included in the 2019-20 Budget to assess the quantity of applications approved, the quality of the rebated installations and the timeliness of completing applications under the program.⁵⁰⁸ However it is also

⁵⁰⁴ Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, p. 4.

⁵⁰⁵ *Ibid.*, p. 75.

⁵⁰⁶ Minister for Solar Homes, *Solar Homes Delivers Boom In New Clean Energy*, media release, Melbourne, 24 October 2019.

⁵⁰⁷ Solar Victoria, *Solar Homes Program expands to meet community demand and boost energy supply* 29 August 2019, <<https://www.solar.vic.gov.au/solar-homes-program-expands-meet-community-demand-and-boost-energy-supply>> accessed 18 May 2020.

⁵⁰⁸ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2019-20* Melbourne, 2019, p. 175.

important that DELWP monitor and report on the income levels of households receiving rebates under the Solar Homes program, the number of new jobs created in the industry as a result of the program and the contribution the program is making to renewable energy generation.

RECOMMENDATION 30: The Department of Environment, Land, Water and Planning consider developing performance measures that set targets and provide performance information on the income levels of the households receiving rebates under the Solar Homes program, the number of new jobs created and the contribution to renewable energy generation.

7.6.6 Growing Suburbs Fund (GSF)

The Growing Suburbs Fund (GSF) was introduced in 2015 and makes a \$250 million investment over five years to support councils and communities in outer suburban areas to improve local facilities such as parks, community centres and swimming pools.⁵⁰⁹ The 2017-18 Budget allocated \$50 million across 2017-18 and 2018-19 to the GSF,⁵¹⁰ and in 2018-19 DELWP received an additional \$3 million through a Treasurer's Advance 'to boost the number of community infrastructure projects delivered through the GSF'.⁵¹¹

Forty applications for community projects in 2017-18 and 45 in 2018-19 were approved.⁵¹² However the councils that received grant funding and the projects delivered through the GSF in the 2017-18 and 2018-19 funding rounds are not published on DELWP's GSF website or in DELWP's annual reports. The Committee notes however that the GSF website lists the councils and names of projects that received grant funding totalling \$49.3 million in the 2019-20 funding rounds.⁵¹³

DELWP reported against performance measures relating to submissions received under the GSF meeting objectives and the number of projects completed in accordance with the GSF guidelines in 2017-18 and 2018-19.⁵¹⁴ Information about which councils and projects received funding in these rounds would enhance the transparency of the GSF and allow an assessment of the outcomes delivered to the community by the fund.

⁵⁰⁹ Growing Suburbs Fund, *Growing Suburbs Fund*, <<https://www.localgovernment.vic.gov.au/grants/growing-suburbs-fund>> accessed 18 May 2020.

⁵¹⁰ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2017-18* Melbourne, 2018, p. 65.

⁵¹¹ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 37.

⁵¹² *Ibid.*, p. 11.

⁵¹³ Growing Suburbs Fund, *Growing Suburbs Fund*.

⁵¹⁴ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2017-18* p. 223.

FINDING 67: Information about the councils and projects that received funding under the Growing Suburbs Fund (GSF) is publicly available for the 2019-20 funding round. The same information is not available for the councils and projects that received funding under the GSF in the 2017-18 and 2018-19 funding rounds.

RECOMMENDATION 31: The Department of Environment, Land, Water and Planning consider including in its annual reports details about the councils and projects that receive funding (including the amount allocated) under the Growing Suburbs Fund, to facilitate an assessment of the outcomes delivered to the community by the fund.

7.6.7 Planning scheme amendments—assessment times

Amendments to planning schemes must be authorised by the Minister for Planning, involve consultation, usually public exhibition, and where necessary the appointment of an independent panel to consider submissions and provide a report.⁵¹⁵

The target of 25 days for the performance measure ‘Median number of days taken by the department to assess a planning scheme amendment (days)’ is calculated using the days set in Ministerial Direction 15—The Planning Scheme Amendment Process—made under the *Planning and Environment Act 1987 (Vic)*.⁵¹⁶

DELWP did not meet the target for this performance measure in both 2017-18 and 2018-19. The median number of days taken to assess a planning scheme amendment was 39 days in 2017-18, 14 days longer the target (or a 56% variance), and 62 days in 2018-19, 37 days longer than the target (or a 148% variance).⁵¹⁷

DELWP stated that it did not meet the target in 2017-18 due to:

... the large volume and complexity of planning scheme amendments being assessed by the department. The increase is due to a number of state critical infrastructure and renewable energy projects, plus a number of local council amendments for processing.⁵¹⁸

However DELWP informed the Committee that:

New workload structures, management processes and systems are being implemented to address this, however the effects of this may not be evident in the median number count until the end of the financial year.⁵¹⁹

⁵¹⁵ Department of Environment, Land, Water and Planning, *Amending a planning scheme*, 30 March 2020 <<https://www.planning.vic.gov.au/schemes-and-amendments/amending-a-planning-scheme>> accessed 18 May 2020.

⁵¹⁶ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 86,92.; *Planning and Environment Act 1987 s. 12(2)(a)*. (Vic.); *Planning and Environment Act 1987 (Vic)*, s. 12(2)(a).

⁵¹⁷ Department of Environment, Land, Water and Planning, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 86, 92 (Committee calculation)..

⁵¹⁸ *Ibid.*, p. 86.

⁵¹⁹ *Ibid.*

Notwithstanding these new structures, processes and systems the Committee notes that the result in 2018-19 further deteriorated from 2017-18. DELWP stated that the 2018-19 target was not achieved due to:

- The increased number of planning scheme amendments being assessed by the department
- The median number of days is taking longer as the volume of state critical infrastructure and renewable energy projects has added to the number of local council amendments for processing.⁵²⁰

In addition, DELWP indicates that in 2018-19 it focussed on strategic assessment of authorisation requests to ensure only compliant amendments are exhibited and that:

This early assessment has required the prioritisation of some resources by the department, which has affected the timeliness of final assessments. This prioritisation has, however, had the benefit of avoiding or reducing the timelines for panel hearings.⁵²¹

Similar to the reasons provided regarding the 2017-18 result, DELWP again advised the Committee that following the 2018-19 result, 'New workload structures, management processes and systems are being implemented to address this'.⁵²²

FINDING 68: The Department of Environment, Land Water and Planning did not meet the target of 25 days for the performance measure 'Median number of days taken by the department to assess a planning scheme amendment (days)' by 14 days in 2017-18 and 37 days in 2018-19, notwithstanding the implementation of new structures, processes and systems designed to address delays.

RECOMMENDATION 32: The Minister for Planning consider reviewing Ministerial Direction 15—The Planning Scheme Amendment Process—made under the *Planning and Environment Act 1987* (Vic) to consider whether the timelines set for assessing planning scheme amendments remain achievable.

7.6.8 Reporting on discontinued performance measures

The *2018-19 Model Report for Victorian Government Departments* explains that any performance measures that were proposed for discontinuation but were not approved by the Committee must continue to be reported in the relevant department's annual report.⁵²³

⁵²⁰ Ibid., p. 92.

⁵²¹ Ibid.

⁵²² Ibid.

⁵²³ Department of Treasury and Finance, *2018-19 Model Report for Victorian Government Departments*, Melbourne, 2019, p. 24.

In its *Report on the 2018-19 Budget Estimates* the Committee recommended that DELWP retain the following three performance measures under the Environment and Biodiversity output that were proposed to be discontinued and replaced with the single measure—‘area treated for biodiversity conservation in priority locations’:

- Area of revegetation protected or enhanced through departmental supported Landcare activities
- Habitat managed for biodiversity in Victoria
- Area protected from pest predators, weeds and herbivores.⁵²⁴

While the Committee notes that the 2019-20 Budget subsequently replaced the single performance measure—‘area treated for biodiversity conservation in priority locations’—with four new measures,⁵²⁵ DELWP did not report against above proposed discontinued measures in its *Annual Report 2018-19*, as required by the model report.⁵²⁶

In addition, with reference to the result against the 2017-18 performance measure ‘Area of revegetation protected or enhanced through departmental supported Landcare activities’, DELWP’s *Annual Report 2017-18* stated: ‘Current estimates indicate performance for this measure is on track. The 2017-18 actual will be available in February 2019’. However as this proposed to be discontinued performance measure was not reported on in the *Annual Report 2018-19*, the result remains unknown.⁵²⁷

FINDING 69: The Committee did not approve the discontinuation of three performance measures that the Department of Environment, Land, Water and Planning proposed for discontinuation in the *Annual Report 2018-19*. The department has not published the result for the 2017-18 ‘Area of revegetation protected or enhanced through departmental supported Landcare activities’ performance measure.

RECOMMENDATION 33: The Department of Environment, Land, Water and Planning consider ongoing reporting on performance measures that were not approved for discontinuation by the Committee, in line with the *2018-19 Model Report for Victorian Government Departments*.

⁵²⁴ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2018-19 Budget Estimates*, 18 September 2018, p. 143.

⁵²⁵ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2019-20* p. 168.

⁵²⁶ Department of Environment, Land, Water and Planning, *Annual Report 2018-19*, p. 31.

⁵²⁷ *Ibid.*, p. 34.

7.7 Water corporations

Water corporations are accountable to the Minister for Water for the functions they perform on behalf of the Victorian Government in managing, regulating, consulting and/or advising in relation to public land, water, energy and environmental resources and planning and local infrastructure.⁵²⁸

Under DELWP's water portfolio, there are 19 water corporations that service Melbourne and regional Victoria.⁵²⁹ Water corporations provide a range of water services including water supply and sewerage services. DELWP has identified three cohorts for water corporations; metropolitan, regional and rural.⁵³⁰ This section of the report summarises the financial and non-financial performance of the water corporations the Committee requested information from. They include four metropolitan water corporations, two regional water corporations and two rural water corporations.

7.7.1 Metropolitan water corporations

Melbourne Water

In 2017-18 and 2018-19 Melbourne Water reported a positive net result where income exceeded expenses. The following is a summary of the recycled water produced and the percentage of total wastewater treated for 2017-18 and 2018-19.

Table 7.5 Recycled water produced, 2017-18 and 2018-19

	2017-18		2018-19	
	Volume (billion litres)	Total wastewater treated (%)	Volume (billion litres)	Total wastewater treated (%)
Total wastewater treated	320.3	-	305.5	-
• Western Treatment Plant sub total	30.0	-	31.8	-
• Eastern Treatment Plant	17.3	-	16.9	-
Total recycled water	47.3	15	48.7	16
Distributed to customer	35.0	11	33.8	11

Source: Melbourne Water, *Annual Report 2017-18*, pp. 17, 21; Melbourne Water, *Annual Report 2018-19*, pp. 17, 21 (Committee calculation).

The Committee notes that Melbourne Water does not report on key performance indicators such as unplanned water supply interruptions, interruption time and water quality complaints that most other water entities have in place.

⁵²⁸ Department of Environment, Land, Water and Planning, *About DELWP agencies*, 19 July 2019, <<https://www2.delwp.vic.gov.au/boards-and-governance/about-delwp-agencies>> accessed 06 July 2020.

⁵²⁹ Ibid.

⁵³⁰ Victorian Auditor-General's Report, *Results of 2016-17 Audits: Water Entities*, Melbourne, November 2017, p. 11.

Table 7.6 Melbourne Water—selected key performance indicators, 2017-18 and 2018-19

Key performance indicator	2017-18		2018-19	
	Target (%)	Result (%)	Target (%)	Result (%)
Water quality—compliance with Bulk Water Service Agreement	100	100	100	100
Water Quality—compliance with BWSA: Aesthetics—Turbidity	91.5	98.9	91.5	95.9
Customer responsiveness—Complaints referred to Energy and Water Ombudsman Victoria (EWOV) responded to within EWOV established time	100	100	100	100

Source: Melbourne Water, *Annual Report 2017-18*, pp. 140; Melbourne Water, *Annual Report 2018-19*, pp. 144.

City West Water

In 2017-18 and 2018-19 City West Water reported a positive net result where income exceeded expenses.

City West Water supplies approximately 2.6 gigalitres (2,600 megalitres)⁵³¹ of recycled water according to their *2018-19 Annual report*.⁵³²

The Committee noted the following key performance indicators for City West Water.

Table 7.7 City West Water—selected key performance indicators, 2017-18 and 2018-19

Key performance indicator	2017-18		2018-19	
	Target (%)	Result (%)	Target (%)	Result (%)
Unplanned water supply interruptions—no. of customers receiving five unplanned interruptions in the year / total number of water (domestic and non-domestic * 100)	0.1	0.0	0.0	0.0
Interruption time—average duration of unplanned water supply interruptions (minutes)	129.5	119.6	120.0	112.7
Water quality complaints—no. of complaints per 1,000 customers	1.1	0.7	0.7	1.2

Source: City West Water, *Annual Report 2017-18*, pp. 54-5; City West Water, *Annual Report 2018-19*, pp. 48-9.

South East Water

In 2017-18 and 2018-19 South East Water reported a positive net result where income exceeded expenses.

In 2018-19 South East Water's net result was lower compared to 2018-19 as a result of lower revenue driven by lower prices charged for water and sewerage disposals

⁵³¹ City West Water approximately supplies 2,600 megalitres of water as 1 gigalitre of water equals 1 billion litres of water and 1 megalitre of water equals 1 million litres of water (Committee calculation).

⁵³² City West Water, *Annual Report 2018-19*, Footscray, 2019, p. 20.

while expenses relating to bulk water and sewage charges and the environmental contribution levy increased by 3% and 46% respectively compared to previous year.⁵³³ Lower service and usage prices were due to South East Water's 2018 Price Submission being approved by the Essential Services Commission.⁵³⁴

South East Water delivered a total of 6 billion⁵³⁵ litres (6,000 megalitres)⁵³⁶ of recycled water in 2017-18 and 6.9 billion (6,900 megalitres)⁵³⁷ litres of recycled water in 2018-19.⁵³⁸ The Committee noted the following key performance indicators for South East Water.

Table 7.8 South East Water—selected key performance indicators, 2017-18 and 2018-19

Key performance indicator	2017-18		2018-19	
	Target (%)	Result (%)	Target (%)	Result (%)
Unplanned water supply interruptions—no. of customers receiving five unplanned interruptions in the year / total number of water (domestic and non-domestic * 100)	0.065	0.125	0.065	0.120
Interruption time—average duration of unplanned water supply interruptions	87.7	87.4	88.0	82.2
Water quality complaints—no. of complaints per 1,000 customers	1.80	1.03	1.80	1.06

Source: South East Water, *Annual Report 2017-18*, pp. 121-2; South East Water, *Annual Report 2018-19*, pp. 143-4.

According to the South East Water's 2018-19 annual report, the unfavourable performance against unplanned water supply interruptions was due to a misalignment in target setting.⁵³⁹

Yarra Valley Water

In 2017-18 and 2018-19 Yarra Valley reported a positive net result where income exceeded the expenses.

In 2017-18 Yarra Valley produced 12,088 megalitres of recycled water at sewage treatment plants of which 4,018 megalitres or 33.2% was reused.⁵⁴⁰ In 2018-19 Yarra Valley produced 11,071 megalitres of recycled water at sewage treatment plants of which 3,721 megalitres or 33.6% was reused.⁵⁴¹

⁵³³ South East Water, *Annual Report 2018-19*, Frankston, 2019, p. 142.

⁵³⁴ Ibid., p. 17.

⁵³⁵ South East Water, *Annual Report 2017-18*, Frankston, 2018, p. 13.

⁵³⁶ South East water delivered 6,000 megalitres of water as 1 gigalitre of water equals 1 billion litres of water and 1 megalitre of water equals 1 million litres of water in 2017-18 (Committee calculation).

⁵³⁷ South East water delivered 6,900 megalitres of water as 1 gigalitre of water equals 1 billion litres of water and 1 megalitre of water equals 1 million litres of water in 2018-19 (Committee calculation).

⁵³⁸ South East Water, *Annual Report 2018-19*, p. 34.

⁵³⁹ Ibid., pp. 143-4.

⁵⁴⁰ Yarra Valley Water, *Annual Report 2017-18*, Mitcham, 2018, p. 101.

⁵⁴¹ Yarra Valley Water, *Annual Report 2018-19*, Mitcham 2019, p. 62.

The Committee noted the following key performance indicators for Yarra Valley Water.

Table 7.9 Yarra Valley Water—selected key performance indicators, 2017-18 and 2018-19

Key performance indicator	2017-18		2018-19	
	Target (%)	Result (%)	Target (%)	Result (%)
Unplanned water supply interruptions—no. of customers receiving five unplanned interruptions in the year / total number of water (domestic and non-domestic * 100)	0.042	0.021	0.015	0.036
Interruption time—average duration of unplanned water supply interruptions (minutes)	104.4	102.9	104.4	95.0
Water quality complaints—no. of complaints per 1,000 customers	4.30	3.23	3.20	4.95

Source: Yarra Valley Water, *Annual Report 2017-18*, pp. 39-40; Yarra Valley Water, *Annual Report 2018-19*, pp. 77-8.

According to the Yarra Valley Water's 2018-19 annual report, the unfavourable performance against unplanned water supply interruptions was due to an increase in the number of customers experiencing more than five water supply interruptions. The customers affected were within five separate, large water supply isolation areas.⁵⁴²

FINDING 70: Water corporations in the metropolitan cohort reported positive net results, where revenue exceeds expenses, in both 2017-18 and 2018-19.

7.7.2 Regional water corporations

Barwon Region Water

Barwon Regional Water Corporation is the largest water corporation in the regional cohort measured by the net assets reported as at 30 June 2019 and the capital programs announced in the Budget 2018-19.⁵⁴³

In both 2017-18 and 2018-19 Barwon Region water corporation reported income in excess of expenses, resulting in a positive net result.

Barwon Water has 11 water reclamation plants, 10 of which are governed by Environmental Protection Authority (EPA) Victoria licensing requirements. All water reclamation plants produce water suitable for recycling. According to the Barwon Water, maximising the use of the main waste stream, recycled water, from its water

⁵⁴² Ibid., p. 77.

⁵⁴³ Barwon Water, *Annual Report 2018-19*, Geelong, 2019, p. 81.; Department of Treasury and Finance, *Budget Paper No. 4 2018-19 State Capital Program*, Melbourne, 2018, p. 23.

reclamation plants is a key priority.⁵⁴⁴ Barwon Water achieved 21.0% in water recycling in 2017-18⁵⁴⁵ and 21.1% in 2018-19.⁵⁴⁶

In addition, the Committee noted the following key performance indicators for Barwon Water.

Table 7.10 Barwon Water—selected key performance indicators, 2017-18 and 2018-19

Key performance indicator	2017-18		2018-19	
	Target (%)	Result (%)	Target (%)	Result (%)
Unplanned water supply interruptions—no. of customers receiving five unplanned interruptions in the year / total number of water (domestic and non-domestic * 100)	0.20	0.07	0.20	0.00
Interruption time—average duration of unplanned water supply interruptions (minutes)	125	89.4	125	94.4
Water quality complaints—no. of complaints per 1,000 customers	3.00	0.83	3.00	1.08

Source: Barwon Water, *Annual Report 2017-18*, p. 58; Barwon Water, *Annual Report 2018-19*, pp. 72-3.

Lower Murray Urban and Rural Water Corporation

In 2017-18 and 2018-19 Lower Murray Urban and Rural Water reported a negative net result where expenses were greater than revenue.

Lower Murray Urban and Rural has a recycling target based on total water of 60%.⁵⁴⁷ The actuals of recycling water and other key performance indicators for the entity are set out in Table 7.11.

Table 7.11 Lower Murray Urban and Rural Water—selected key performance indicators, 2017-18 and 2018-19

Key performance indicator	2017-18		2018-19	
	Target (%)	Result (%)	Target (%)	Result (%)
Unplanned water supply interruptions—no. of customers receiving five unplanned interruptions in the year / total number of water (domestic and non-domestic * 100)	0.05	0.00	0	22
Interruption time—average duration of unplanned water supply interruptions	63.73	59.33	60.00	62.04
Water quality complaints—no. of complaints per 1,000 customers	0.424	1.000	1.060	1.674
Effluent Re-Use Volume (End Use) Per cent recycled	60.0	63.38	60.0	67.93

Source: Lower Murray Water, *Annual Report 2017-18*, p. 40-2; Lower Murray Water, *Annual Report 2018-19*, p. 27-31.

According to the Lower Murray Water's 2018-19 annual report, the unfavourable performance against unplanned water supply interruptions was due to an asbestos cement water main identified for replacement in December 2018, suffering further deterioration and subsequent failures resulting in unplanned interruptions to customers.⁵⁴⁸

FINDING 71: Of the water corporations the Committee examined, Melbourne Water recycled the most water by volume (47-48 billion litres per annum) and Lower Murray Urban and Rural Water Corporation recycled the most by percentage (63-68%).

7.7.3 Rural water corporations

The Committee found that rural water corporations reported negative net results indicating a weaker financial performance compared to their metropolitan and some regional counterparts.

FINDING 72: Water corporations in the rural cohort reported negative net results, where expenses were greater than the revenue, in both 2017-18 and 2018-19.

Gippsland and Southern Rural Water

In both 2017-18 and 2018-19 Southern Rural Water reported a negative net result where expenses were greater than the revenue.

While Southern Rural Water reports performance indicators on rural water supply deliveries, applications completed within agreed timeframes, unavailability of domestic and stock supply, groundwater supply, and billing complaints,⁵⁴⁹ it does not report its performance against unplanned water supply interruptions, interruption time and water quality complaints.

Goulburn Murray Rural Water Corporation

In both years, Goulburn Water reported a negative net result where expenses were greater than the revenue.

⁵⁴⁸ Lower Murray Water, *Annual Report 2018-19*, Mildura, 2019, p. 27.

⁵⁴⁹ Southern Rural Water, *Annual Report 2018-19*, Maffra, 2019, p. 103.

Table 7.12 Goulburn Murray Rural Water Corporation—Summary of Comprehensive Operating Statement in 2017-18 and 2018-19

Summary of the operating statement	2017-18 (\$ million)	2018-19 (\$ million)
Total revenue	211	242
Total expenses	330	339
Net result before tax	(119)	(96)
Income tax expense	35	29
Net result for the period	(83)	(67)

Source: Goulburn Murray Rural Water, *Annual Report 2018-19*, p. 65.

While Goulburn Murray Rural Water reports performance indicators on rural water supply deliveries, unavailability of domestic and stock supply, groundwater supply, and billing complaints, it does not report its performance against unplanned water supply interruptions, interruption time and water quality complaints.⁵⁵⁰

⁵⁵⁰ Goulburn Murray Water, *Annual Report 2018-19*, Tatura, 2019, p. 31.

8

Department of Jobs, Precincts and Regions

Findings

73. The Department of Jobs, Precincts, and Regions identified the following program highlights—implementing Australia’s first electronic traceability system for sheep and goats, export sales well surpassing the target set and placement of disadvantaged job seekers in employment exceeding the expected number.
74. Victoria remained Australia’s largest state exporter of food and fibre products in both 2017-18 and 2018-19, achieving strong growth in the value of agriculture production including food and fibre exports between 2015-16 and 2017-18. The upward trend continued in 2018-19 but at a slower rate for food and fibre exports mostly due to lower grain production.
75. The Government has made a substantial investment in a diverse program of initiatives focused on achieving the long-term goal of increasing food and fibre exports to \$20 billion by 2030. However the absence of performance indicators means the Committee cannot assess their effectiveness to date.
76. Targets for the delivery of key milestones for the Victorian Gas Program were not achieved in both 2017-18 and 2018-19. However responses to the Committee’s questionnaire and published performance reports for the program indicate delays experienced to date do not pose a significant risk to the achievement of intended outcomes.
77. Scientific findings from the latest peer reviewed progress report for the Victorian Gas Program indicate potential for onshore conventional gas to supplement and strengthen the security of Victoria’s gas supply particularly in regional areas.
78. Targets for the delivery of resources projects were not achieved in 2017-18 and 2018-19.
79. The Government’s new five-year Minerals Resources Strategy sets out targets for growing exploration and investment within the sector.
80. Performance results in 2017-18 and 2018-19 indicate key aspects of the Government’s high-level objective to grow Victoria’s creative industries and associated economic impacts were being achieved.

8.1 Overview

The Department of Jobs, Precincts and Regions (DJPR) is focused on growing the State's economy and ensuring it benefits all Victorians by creating more jobs for more people, building thriving places and regions, and supporting inclusive communities.⁵⁵¹ It was created on 1 January 2019 following Machinery of Government changes resulting in it being responsible for the non-transport portfolios formerly within the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). It also assumed responsibility for:

- The Office for Suburban Development transferred from the Department of Environment, Land, Water and Planning
- The Office of Racing and the Office of the Racing Integrity Commissioner transferred from the former Department of Justice and Regulation
- Sport and Recreation Victoria transferred from the Department of Health and Human Services
- Latrobe Valley Authority, Biomedical Precincts and Cities, Precincts and GovHubs transferred from the Department of Premier and Cabinet.⁵⁵²

DJPR supports the 10 ministerial portfolios: Agriculture; Creative Industries; Jobs, Innovation and Trade; Priority Precincts; Racing; Regional Development; Resources; Small Business; Suburban Development; and Tourism, Sport and Major Events.⁵⁵³

DJPR's objectives are to:

- Create and maintain jobs
- Foster a competitive business environment
- Be a globally connected economy
- Build prosperous and liveable regions and precincts
- Grow vibrant, active and creative communities
- Promote productive and sustainably used resources.⁵⁵⁴

8.2 Outcomes in the community across 2017–18 and 2018–19

In the interests of encouraging the effective and efficient delivery of public services to deliver positive outcomes for Victorians, the Committee's questionnaire asked departments to outline the five programs that delivered the most important outcomes in the community.

⁵⁵¹ Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, Melbourne, 2019, p. 4.

⁵⁵² *Ibid.*, p. 5.

⁵⁵³ *Ibid.*, p. 35.

⁵⁵⁴ *Ibid.*, p. 158.

DJPR's response to the Committee's questionnaire covered outcomes achieved during 2018-19. The Department of Transport (DoT), being the successor agency to the former DEDJTR, reported on 2017-18 outcomes. The key achievements identified by the departments included:

- Implementing Australia's first electronic traceability system for sheep and goats during 2017-18 to meet National Traceability Performance Standards. DoT reported all Victorian sheep and goats born after 1 January 2017 are now capable of having full-life traceability using electronic tags increasing confidence in the safety and origin of Victorian products, and access to local and international markets⁵⁵⁵
- \$807 million in export sales generated in 2017-18 against a target of \$450 million from participation in government programs supporting trade missions and investment facilitation. DoT stated Victoria's network of 22 Trade and Investment Offices were vital to achieving this outcome⁵⁵⁶
- More than \$2.4 billion in new capital investment was generated and 6,510 full-time equivalent jobs (1,779 in regional Victoria) were created in 2017-18 exceeding the target for both measures. DJPR reported the increased focus on headquarters attraction activity resulted in 18 businesses establishing their Australian/International headquarters or research development centres in Victoria⁵⁵⁷
- 2,159 disadvantaged job seekers, many of whom faced significant barriers returning to work, were placed into employment during 2018-19 for a minimum of 26 weeks exceeding the target by 109 jobseekers. DJPR stated it facilitated this outcome by contracting approximately 50 organisations to deliver tailored employment support to long term job seekers⁵⁵⁸
- Five-year Plans for Jobs, Services and Infrastructure 2018-2022 were developed for each of Melbourne's six metropolitan regions to reflect the Government's commitments to addressing their specific needs for infrastructure and services and to drive new investment and jobs growth.⁵⁵⁹

FINDING 73: The Department of Jobs, Precincts, and Regions identified the following program highlights—implementing Australia's first electronic traceability system for sheep and goats, export sales well surpassing the target set and placement of disadvantaged job seekers in employment exceeding the expected number.

The Committee's questionnaire also asked departments to identify programs that did not deliver their planned outcomes.

⁵⁵⁵ Department of Transport, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 20 January 2020, pp. 18-21.

⁵⁵⁶ Ibid.

⁵⁵⁷ Ibid.

⁵⁵⁸ Department of Jobs, Precincts and Regions, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 10 January 2020, pp. 18-22.

⁵⁵⁹ Ibid.

Key affected initiatives included lower than targeted delivery of milestones for the Victorian Gas Program, resources projects, and the \$150 million CarbonNet Project investigating commercialisation options for carbon capture and storage in Victoria's Latrobe Valley due to delays and need for further work.⁵⁶⁰ These issues are examined further below.

8.3 Challenges

The challenges identified by DJPR were consistent across 2017-18 and 2018-19 and related to:

- Structural change in the economy—the department noted emerging changes create significant opportunities but are also a challenge due to the transitional impacts they can have on jobs
- Globalisation—Victoria is increasingly becoming globally connected meaning its exposure to changes in global economic conditions and their potential impact on the Victorian economy is growing
- Climate change—the need to adapt to a carbon-constrained future requires transforming Victoria's energy and farming systems
- Increasing risk of droughts and fires from prolonged dry seasonal conditions and environmental change.⁵⁶¹

DJPR noted it has a critical role in partnership with the community to foster investment, economic growth, employment opportunities, and to support workers, industries and regions that are adversely impacted by these challenges.⁵⁶²

8.4 Financial Analysis

8.4.1 Expenditure

The 2017-18 budget for outputs transferred to DJPR following Machinery of Government changes was \$2.125 billion. Actual expenditure for the 2017-18 financial year was \$2.13 billion, representing a variance of 0.2%.⁵⁶³

⁵⁶⁰ Ibid., pp. 22-5.

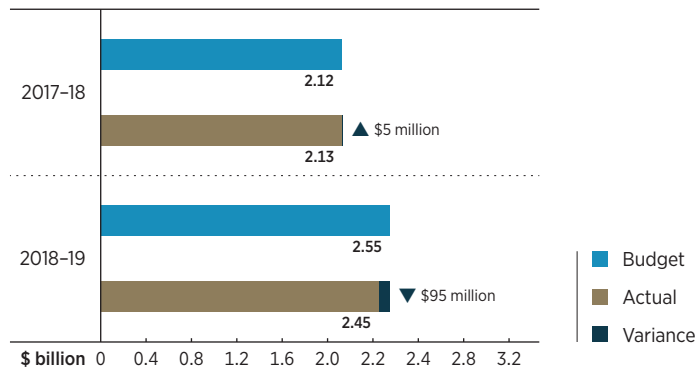
⁵⁶¹ Ibid., p. 79.

⁵⁶² Ibid.

⁵⁶³ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, Melbourne, 2018, pp. 195-217 (Committee calculation). These figures include the budget and expenditure amounts relating to the 'Fish' component of the 2017-18 output 'Sustainably Manage Fish, Game and Forest Resources' retained by DoT in 2018-19, which was not reported separately in 2017-18. They exclude funding amounts for components of outputs transferred to DJPR in 2018-19 from other departments.

The 2018-19 budget for DJPR was \$2.55 billion.⁵⁶⁴ Actual expenditure for the year was \$2.45 billion, representing a 3.7% variance.⁵⁶⁵

Figure 8.1 Department of Economic Development, Jobs, Transport and Resources and Department of Jobs, Precincts and Regions variances in output expenditure, 2017-18 and 2018-19



Source: Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, Melbourne, 2018, pp. 195-227; Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, Melbourne, 2019, 163-209.

Table 8.1 shows output expenditure was lower than budget in both 2017-18 and 2018-19. Underspenders were evident in both years across several outputs with the largest variations relating to the Resources, Regional Development, Industry and Enterprise Innovation, and Sport, Recreation and Racing outputs.

⁵⁶⁴ Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, pp. 163-209.

⁵⁶⁵ Ibid.

Table 8.1 Department of Economic Development, Jobs, Transport and Resources and Department of Jobs, Precincts and Regions expenditure by output in 2017-18 and 2018-19

	2017-18			2018-19		
	Budget (\$million) ^a	Actual (\$million)	Variance (%)	Budget (\$million)	Actual (\$million)	Variance (%)
Trade ^b	26.6	21.4	-19.5	NA	NA	NA
Tourism, Major Events and International Education ^c	142.9	252.9	77.0	NA	NA	NA
Jobs and Investment ^d	222.7	200.1	-10.1	NA	NA	NA
Major Projects ^e	8.6	7.8	-9.3	NA	NA	NA
Sustainably Manage Fish, Game and Forest Resources ^f	89.9	93.0	3.4	NA	NA	NA
Industry and Enterprise Innovation ^g	217	144.3	-33.5	NA	NA	NA
Sport and Recreation ^h	112.5	125.6	11.6	NA	NA	NA
Suburban Development ⁱ	2.5	8.2	222.3	NA	NA	NA
Jobs	NA	NA	NA	162.6	157.7	-3.0
Industry, Innovation and Small Business	NA	NA	NA	194.3	163.9	-15.6
Trade and Global Engagement	NA	NA	NA	40.3	38.6	-4.2
Priority Precincts and Suburban Development ^j	NA	NA	NA	35.9	44.9	25.1
Regional Development ^k	230.7	201.6	-12.6	394.8	348.8	-11.7
Creative Industries Access, Development and Innovation	75.1	77.4	3.1	80.6	81.8	1.5
Creative Industries Portfolio Agencies	365.8	428.7	17.2	378.8	432.0	14.0
Cultural Infrastructure and Facilities	102.5	118.5	15.6	105.6	138.5	31.2
Sport, Recreation and Racing ^l	NA	NA	NA	341.8	247.4	-27.6
Tourism and Major Events	NA	NA	NA	153.6	228.8	49.0
Agriculture	401.3	374.9	-6.6	490.8	485.8	-1.0
Resources	126.5	75.1	-40.6	169.4	85.8	-49.4
Total	2,124.6	2,129.5	0.2	2,548.5	2,454.0	-3.7

a. Committee calculation based on 2017-18 DEDJTR outputs transferred to DJPR in 2018-19. It excludes funding amounts for components of outputs transferred to DJPR in 2018-19 from other departments. The total figures also include the budget and expenditure amounts relating to the 'Fish' component of the 2017-18 output 'Sustainably Manage Fish, Game and Forest Resources' retained by DoT in 2018-19 as it was not reported separately in 2017-18.

b. This output was expanded and renamed Trade and Global Engagement in 2018-19 to reflect the department's broader international engagement objectives.

c. Transferred from DEDJTR and renamed Tourism and Major Events in 2018-19. The International Education component was transferred to the Trade and Global Engagement output.

d. Transferred from DEDJTR and renamed Jobs in 2018-19 to reflect the transfer of Invest Victoria to DTF.

e. Transferred from DEDJTR and absorbed into the new 2018-19 output Priority Precincts and Suburban Development.

f. Transferred from DEDJTR. The Forest and Game Management components were absorbed into the 2018-19 Agriculture output.

g. Transferred from DEDJTR and renamed Industry, Innovation and Small Business in 2018-19 to clarify it includes the Small Business portfolio.

h. Transferred from DHHS and absorbed into the 2018-19 Sport, Recreation and Racing output.

i. Transferred from DEWLP and absorbed into the 2018-19 Priority Precincts and Suburban Development output.

j. See note (d). Also includes the Suburban Development output transferred from DEWLP.

k. The 2018-19 Regional Development output includes the Latrobe Valley Authority component of the Government-wide leadership, reform and implementation output transferred from DPC.

l. The new 2018-19 output Sport, Recreation and Racing includes the Sport and Recreation output transferred from DHHS and the Racing component of the Gambling, Liquor and Racing output transferred from the former DJR.

Source: Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, pp. 195-217; Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, pp. 158-209; Department of Treasury and Finance, *Budget Paper No. 3: Service Delivery 2019-20*, Melbourne, 2019, p. 233; Department of Environment, Land, Water and Planning, *Annual Report 2017-18*, Melbourne, 2018, p.61; Department of Health and Human Services, *Annual Report 2017-18*, Melbourne, 2018, p. 100

DJPR and DEDJTR reported the following reasons for lower than targeted expenditure shown in Table 8.1:

- The combined \$135 million underspend in the Resources output across 2017-18 and 2018-19 was due to scheduling changes for key work programs including CarbonNet and the Victorian Gas Program
- The combined \$103.1 million underspend for activities in the Industry, Innovation and Small Business output and \$75.1 million underspend in the Regional Development output across 2017-18 and 2018-19 was primarily due to the rephasing of various programs into future years including the Regional Jobs and Infrastructure Fund and the Future Industries Fund
- The \$94.1 million underspend in the Sport, Recreation and Racing output for 2018-19 was due to the timing of payments related to Sport and Recreation grant programs.

Table 8.1 shows expenditure exceeded budget by more than 5% for the following outputs:

- Tourism and Major Events—the \$75.2 million overspend in the output 2018-19 was due to major events funding that was held centrally until contractual arrangements were finalised
- Creative Industries Portfolio Agencies—the combined \$116.1 million overspend across 2017-18 and 2018-19 was due to increased exhibition costs and revised expenditure profiles in 2017-18 due to the revaluation of departmental cultural facilities, and additional agency expenditure in 2018-19 funded by third party revenue
- Cultural Infrastructure and facilities—the combined \$48.9 million overspend across 2017-18 and 2018-19 was mainly due to increased funding for facilities maintenance and procurement in 2017-18 and the transfer of land as part of the Collingwood Arts Precinct project in 2018-19
- Priority Precincts and Suburban Development—the \$9 million overspend was due to additional funding for the Fitzroy Gasworks program.

8.4.2 Revenue and expenses

In 2018-19 DJPR reported a 20% decline in actual output appropriation equivalent to a \$281 million decrease against its revised budget. It noted this was mainly due to agreed changes to project milestones now being delivered in 2019-20. Revenue from other income was \$29 million higher than the 2018-19 revised budget mainly due to increased receipts for Arts agencies.⁵⁶⁶

Employee benefits in 2018-19 exceeded the revised budget by \$41 million. DJPR reported this was due to higher than anticipated employee expenses in Arts agencies. Expenditure from grants and other transfers was \$288 million lower than the 2018-19 revised budget because of changes to project milestones and the decision to deliver them in the next financial year.⁵⁶⁷

8.4.3 Overall financial performance

Table 8.2 below summarises DJPR's financial performance in 2018-19 respectively.

Table 8.2 Department of Jobs, Precincts and Regions—Summary of Comprehensive Operating Statement in 2017-18 and 2018-19

Controlled items	2017-18			2018-19		
	Budget (\$ million) ^a	Actual (\$ million) ^a	Variance (%)	Revised Budget (\$ million) ^b	Actual (\$ million)	Variance (%)
Income from transactions	NA	NA	NA	1,493	1,257	-16
Expenses from transactions	NA	NA	NA	1,584	1,277	-19
Net result	NA	NA	NA	(92)	(20)	78

a. 2017-18 figures are not available as the Department of Jobs, Precincts and Regions began operations from 1 January 2019.

b. The 2018-19 Revised Budget and actual figures reflect the impact of Machinery of Government changes effective on 1 January 2019.

Source: Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, p.213; Department of Treasury and Finance, *Budget Paper No. 5: Statement of Finances 2019-20*, Melbourne, 2019, p. 110.

8.4.4 Newly created bodies

DoT's response to the Committee's questionnaire identified the following new bodies created in 2017-18 now relevant to DJPR resulting in expenditure of around \$0.8 million:

- Wild Dog Management Advisory Committee—a non-statutory committee established to advise on the management of wild dogs in Victoria
- Latrobe Valley Mine Rehabilitation Commissioner—to monitor, investigate and audit matters relating to the Latrobe Valley Rehabilitation
- Stakeholder Advisory Panel for Onshore Conventional Gas—to advise on risks, benefits and impacts relating to exploration and production of onshore convention gas⁵⁶⁸
- Heyfield ASH Holding Pty Ltd Board of Management.

⁵⁶⁷ Ibid.

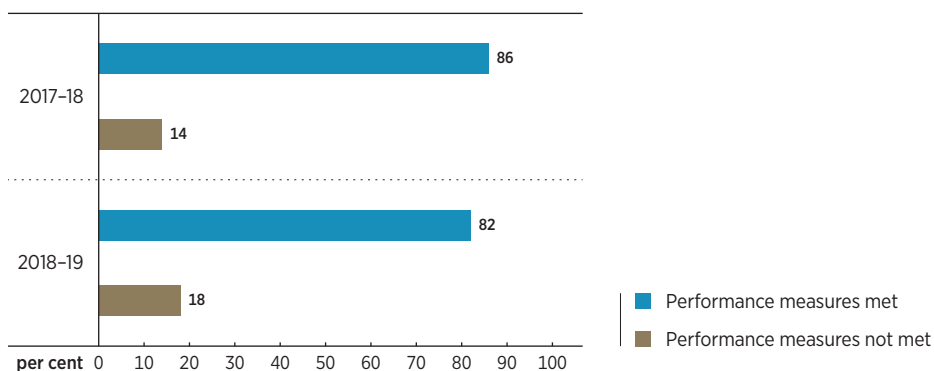
⁵⁶⁸ Department of Transport, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 147-8.

In 2018-19 the Local Jobs First Commissioner was established at a cost of \$708,750 to develop, implement, and report to Parliament on compliance with the Local Jobs First Policy.⁵⁶⁹

8.5 Performance information

In 2017-18 agencies achieved or exceeded 86% of the performance measures transferred to DJPR in 2018-19.⁵⁷⁰ DJPR achieved 82% of the performance measures published in its *Annual Report 2018-19*.⁵⁷¹

Figure 8.2 Department of Economic Development, Jobs, Transport and Resources^a and Department of Jobs, Precincts and Regions results in 2017-18 and 2018-19



a. DEDJTR reported on most 2017-18 performance measures transferred to DJPR in 2018-19. The 2017-18 results also reflect results for measures transferred to DJPR from other department as detailed in the notes to Table 8.1.

Source: Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, pp. 195-247; Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, pp. 157-209.

Performance measures not met in both 2017-18 and 2018-19 include:

- Victorian Gas Program—delivery of key milestones consistent with agreed timeframes
- Resources projects—delivery of projects in line with grant agreements and project milestones
- Cultural Facilities Maintenance Fund—projects delivered within agreed timeframes
- Students participating in agency education programs.

Issues relevant to some of these performance measures are discussed further in the next section.

⁵⁶⁹ Department of Jobs, Precincts and Regions, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 80.

⁵⁷⁰ Committee calculation based on results for the outputs transferred to DJPR reported in Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, pp. 195-247.; Department of Environment, Land, Water and Planning, *Annual Report 2017-18* Melbourne, 2018, p. 61.; Department of Justice and Regulation, *Annual Report 2017-18*, Melbourne, 2018, p. 84.; Department of Health and Human Services, *Annual Report 2017-18*, Melbourne, 2018, p. 100.

⁵⁷¹ Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, pp. 157-209 (Committee calculation).

8.6 Key issues

The Committee identified the following key issues from its review of DEDJTR's *Annual Report 2017-18*, DJPR's *Annual Report 2018-19* and DJPR's responses to the Committee's 2017-18 and 2018-19 financial and performance outcomes questionnaire.

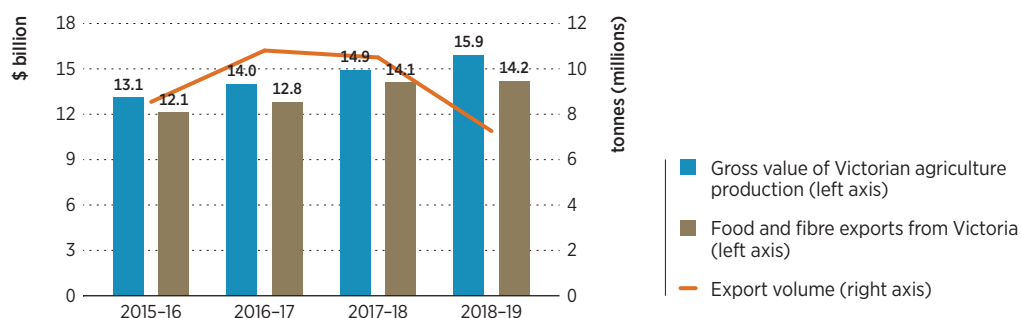
8.6.1 Agriculture

Agriculture exports continued to grow but a slower rate in 2018-19

The Government has a target to grow Victoria's food and fibre exports to \$20 billion by 2030.⁵⁷² Victoria remained Australia's largest state exporter of food and fibre products in both 2017-18 and 2018-19, accounting for around 27% of Australia's total food and fibre exports during this period.⁵⁷³

DPJR's and Agriculture Victoria's performance reports show strong growth in the value of agriculture production including food and fibre exports between 2015-16 and 2017-18. The upward trend continued in 2018-19 but at a slower rate for food and fibre exports.

Figure 8.3 Gross value of Victorian agriculture production and value of Victorian food and fibre exports in 2017-18 and 2018-19



Source: DJPR *Annual Report 2018-19*, p. 199-200; Australian Bureau of Statistics, *Value of Agricultural Commodities Produced, Australia, 2017-18*, Australian Bureau of Statistics, and Australian Bureau of Statistics, *Value of Agricultural Commodities Produced, Australia, 2018-19*.

The value of Victoria's food and fibre exports reached \$14.1 billion in 2017-18 representing an increase of almost \$1.4 billion on the previous year. Food exports were worth \$10.2 billion in 2017-18 accounting for 72% of total exports by value, with fibre generating around \$3.9 billion or 28%.

In 2018-19 the total value of exports grew by a further \$98 million representing a marginal increase of 0.7% since 2017-18. The lower growth reflected a 31% loss in total export volume, mostly due to lower grain production caused by seasonal conditions and

⁵⁷² Department of Jobs, Precincts and Regions, *Victorian Food and Fibre Export Performance Report 2018-19*, Melbourne, 2019, p. 3.

⁵⁷³ *Ibid.*, p. 7.

Victorian grain being sold domestically to support a national shortfall.⁵⁷⁴ Although total food exports grew by \$175 million during 2018-19, the increase was partially offset by a \$77 million decrease in the value of fibre exports mainly due to a decline in wool exports and production.⁵⁷⁵

The most valuable food and fibre exports from Victoria across 2017-18 and 2018-19 were meat (\$7.5 billion), animal fibre (\$4.2 billion) and dairy (\$3.9 billion).⁵⁷⁶

Similarly, the five most valuable markets over 2017-18 and 2018-19 were China (\$9.3 billion), Japan (\$2.4 billion), United States (\$2.2 billion), New Zealand (\$1.5 billion) and Indonesia (\$1.1 billion), accounting for approximately 58% of Victoria's total food and fibre exports during the two-year period. China is Victoria's largest market for food and fibre exports increasing in value to the State by almost 60% since 2014-15 to around \$4.7 billion in 2018-19.⁵⁷⁷

Victoria's future export performance and achievement of the Government's 2030 target is dependent on continued access to the Chinese market. In 2019 DJPR identified China as Victoria's strongest growth market for exports being home to the world's largest population and booming middle-class fuelling increasing demand.⁵⁷⁸ It also indicated improvements to access conditions in the Chinese market during 2017-18 and lower tariffs under the China-Australia Free Trade Agreement underpinned DJPR's expectations for significant future increases in the value of food and fibre exports to China.⁵⁷⁹

FINDING 74: Victoria remained Australia's largest state exporter of food and fibre products in both 2017-18 and 2018-19, achieving strong growth in the value of agriculture production including food and fibre exports between 2015-16 and 2017-18. The upward trend continued in 2018-19 but at a slower rate for food and fibre exports mostly due to lower grain production.

Performance information for export growth initiatives

The Government's 2016 *Food and Fibre Sector Strategy*⁵⁸⁰ and 2017 *Agriculture Victoria Strategy*⁵⁸¹ identify a range of complementary actions focused on growing exports and supporting the sector to become more globally competitive, innovative, and resilient.

⁵⁷⁴ Ibid., p. 3.

⁵⁷⁵ Ibid., pp. 5, 7, 15.

⁵⁷⁶ Ibid., p. 9 (Committee calculation).

⁵⁷⁷ Ibid., pp. 10, 28 (Committee calculation).

⁵⁷⁸ Ibid., p. 28.

⁵⁷⁹ Ibid.

⁵⁸⁰ Department of Economic Development, Jobs, Transport and Resources, *Food and Fibre Sector Strategy*, Melbourne, 2016, p. 7.

⁵⁸¹ Department of Economic Development, Jobs, Transport and Resources, *Agriculture Victoria Strategy: Supporting Victoria's Agriculture*, Melbourne, 2017, p. 7.

In 2018 the Government announced its \$15 million *Taste Victoria* initiative setting out its roadmap for growing and investing in Victoria's food and fibre exports.⁵⁸² The initiative aims to grow Victoria's international profile and export opportunities through two key programs:

- *Global Table*—a series of internationally focused agriculture, food and beverage industry events to attract investors and promote Victorian businesses. The first major event was held in 2019
- *Growing Food and Fibre Markets program*—to deliver targeted market access activities, strengthen the sector's biosecurity capability, and increase Victoria's share of the global agri-food trade.⁵⁸³

The *Growing Food and Fibre Markets* program is at the centre of the Government's target to grow Victoria's food and fibre exports to \$20 billion by 2030.⁵⁸⁴ It includes actions to improve understanding of consumer preferences and market expectations of assurance systems, and to develop new approaches for maximising product quality and efficient access to export pathways.

These initiatives build on other longstanding activities and some recent investments including:

- \$200 million Agricultural Infrastructure and Jobs Fund (AIJF)—providing \$175 million for capital works grants to improve connectivity to markets, and \$25 million for initiatives to help farmers and communities capture market opportunities and better manage business risk. DJPR reported the fund was fully committed as at 30 June 2019⁵⁸⁵
- \$20 million Food Source Victoria program for grants to support businesses across the supply chain to increase exports, jobs and skills⁵⁸⁶
- In-bound and out-bound trade missions including development of strategies to overcome trade barriers over several years, and support to Victorian businesses through Global Victoria wishing to expand into export markets. In 2018-19 DJPR reported these initiatives supported Victorian business to achieve \$688 million in export sales⁵⁸⁷
- \$440 million Murray Basin Rail Project to improve freight efficiency in the Murray Basin region and access to export ports. This project has experienced significant challenges to date and was on-hold as at March 2020.

⁵⁸² Minister for Agriculture, *Victoria, The Home Of Food And Fibre In Australia*, media release, Department of Premier and Cabinet, Melbourne, 14 September 2018.

⁵⁸³ Department of Economic Development, Jobs, Transport and Resources, *Taste Victoria*, Melbourne, 2018, pp. 6-13.

⁵⁸⁴ *Ibid.*, p. 4.

⁵⁸⁵ Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, p. 29.

⁵⁸⁶ *Ibid.*, p. 26.

⁵⁸⁷ *Ibid.*, p. 18.

The Committee observed the above initiatives amount to a substantial investment by the State in a diverse program of related initiatives focused on achieving the Government's long-term goal of increasing food and fibre exports to \$20 billion by 2030.

However it also noted there is currently little public information available on the impact and effectiveness of these initiatives to enable transparent assessment of progress towards the Government's 2030 export objectives.

Specifically neither the above-noted strategies, the Budget papers, nor DJPR's annual report identify interim targets for the State's 2030 food and fibre export objectives or associated performance indicators for key related programs. Consequently the Committee was not able to assess their effectiveness to date in supporting achievement of the Government's long-term export goal for the food and fibre sector.

The Auditor-General's 2016 report *Enhancing Food and Fibre Productivity* recognised the importance of state-funded initiatives to support the take-up of better technologies, systems and practices throughout the sector to increase the value and volume of Victoria's agricultural production. It also highlighted the need for effective monitoring, evaluation, and reporting frameworks for demonstrating the impact of these initiatives and for supporting related investment decisions.⁵⁸⁸

The Auditor-General concluded the former DEDJTR had a robust investment framework however gaps in its application limited its ability to show the basis for its investment decisions, to demonstrate their impact, and to show how it has acted on the results of past programs.⁵⁸⁹

FINDING 75: The Government has made a substantial investment in a diverse program of initiatives focused on achieving the long-term goal of increasing food and fibre exports to \$20 billion by 2030. However the absence of performance indicators means the Committee cannot assess their effectiveness to date.

RECOMMENDATION 34: The Department of Jobs, Precincts and Regions consider developing comprehensive performance indicators covering all major funded initiatives contributing to the Government's Food and Fibre Sector Strategy and related objective to increasing exports to \$20 billion by 2030.

⁵⁸⁸ Victorian Auditor-General's Office, *Enhancing Food and Fibre Productivity*, Melbourne, 2016, pp. ix-xv.

⁵⁸⁹ Ibid.

8.6.2 Resources

The Victorian Gas Program

The Victorian Gas Program comprises scientific research and related activities that assesses the potential for further discoveries of onshore conventional gas and offshore gas in Victoria.

The program is scheduled to run until the end of June 2020. It aims to inform future government decision-making by estimating prospective resource volumes of undiscovered onshore conventional and offshore gas and determine if the State's current underground gas storage capacity can be expanded.⁵⁹⁰

The Committee noted DJPR's and the former DEDJTR's annual reports show targets for the delivery of key milestones for the Victorian Gas Program were not achieved in both 2017-18 and 2018-19.⁵⁹¹ However responses to the Committee's questionnaire and published performance reports for the program indicate these delays do not pose a significant risk to achievement of intended outcomes.

DoT's response to the Committee's questionnaire outlined reasons for underperformance by the former DEDJTR against the 2017-18 timeliness target. Specifically DoT advised of delays in finalising collaborative agreements with industry and the CSIRO moving completion of the technical review of depleted conventional reservoirs for underground gas storage into 2018-19. It also advised of a variance against the Budget Paper 3 timeliness measure reflected the impact of an external supplier going into administration resulting in a rescheduling of work affecting only one geological report in the program.⁵⁹²

DoT advised the program's achievements during 2017-18 included:

- Delivery of the first Victorian Gas Program Progress Report on 12 January 2018 highlighting an initial analysis of Victoria's onshore conventional gas resources
- The release of five new oil and gas exploration blocks located in the offshore Otway Basin to encourage new gas exploration
- Finalisation of seven collaborative research agreements with the CSIRO as part of the underground gas storage work component
- Commencement of work to build a 3D geological model of the Gippsland Basin.⁵⁹³

⁵⁹⁰ Department of Economic Development, Jobs, Transport and Resources, *Victorian Gas Program: Program Overview*, Melbourne.

⁵⁹¹ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, p. 205.; Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, p. 208.

⁵⁹² Department of Transport, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 23-4.

⁵⁹³ Ibid.

DJPR's reasons for underperformance against the 2018-19 timeliness target similarly cited issues with external suppliers resulting in the need to defer geological modelling of the Otway Basin as it could not be completed in 2018-19. DJPR advised this did not significantly impact the program. The geological survey of the Otway Basin was completed in January 2019, and the second progress report for the Victorian Gas Program in February 2019.

Work on the Victorian Gas Program has since continued to progress and is now at an advanced stage with the third and fourth progress reports delivered in October 2019 and March 2020 respectively. The Committee noted these reports indicate the program is achieving its objective to provide government with a reliable estimate of the prospective resource volume of undiscovered onshore and offshore gas.

Specifically the Committee noted the findings from the latest peer reviewed progress report show:

- Victoria is prospective for onshore conventional gas, with the range estimated to be 128-830 petajoules of potentially discoverable and extractable gas
- Development of onshore conventional gas could create up to 242 jobs, \$312 million in gross regional product and generate \$43 million in royalties (at the high scenario) each year across Victoria during production
- No material impact on ground and surface water quality and quantity were identified, as scientific studies show a large geological separation between reservoirs and aquifers in most cases
- About 80% of the South-West and Gippsland communities would embrace, support or tolerate onshore conventional gas development
- Victoria's onshore Petroleum Regulatory Framework is considered robust for managing environmental and safety risks which are considered low to moderate in most cases
- Greenhouse gas emissions from examined scenarios represents 0.1 to 0.3% of Victoria's net 2017 greenhouse gas emissions.⁵⁹⁴

DJPR stated it will provide the final results of the program in the next progress report which had yet to be released as at June 2020.⁵⁹⁵

⁵⁹⁴ Department of Economic Development, Jobs, Transport and Resources, *Victorian Gas Program: Progress Report No. 4*, Melbourne, 2020, p. 6.

⁵⁹⁵ Ibid.

FINDING 76: Targets for the delivery of key milestones for the Victorian Gas Program were not achieved in both 2017-18 and 2018-19. However responses to the Committee's questionnaire and published performance reports for the program indicate delays experienced to date do not pose a significant risk to the achievement of intended outcomes.

FINDING 77: Scientific findings from the latest peer reviewed progress report for the Victorian Gas Program indicate potential for onshore conventional gas to supplement and strengthen the security of Victoria's gas supply particularly in regional areas.

Targets for delivery of CarbonNet milestones

The 2008-09 State Budget committed \$132 million over six years to the development of Carbon Capture and Storage (CCS) technologies for coal related industries. This included \$110 million for initiatives relating to the State's CarbonNet Project established with support from the Commonwealth Government in 2009.⁵⁹⁶

CarbonNet is investigating the potential for commercial large-scale CCS in Victoria's Gippsland region, bringing together multiple carbon dioxide (CO₂) capture projects in Victoria's Latrobe Valley, and for transporting CO₂ via a shared pipeline and injecting it into deep underground offshore storage sites in the Gippsland Basin for safe, long term storage.⁵⁹⁷

The Committee observed that the Budget papers, DJPR's and the former DEDJTR's annual reports do not provide insights into the progress and performance of this longstanding program.

The limited information available however indicates the project has experienced challenges and delays since 2013-14 particularly in relation to the development of demonstration CCS technologies and its associated commercialisation objectives.

Table 8.3 shows the program's Budget Paper 3 targets for all three timeliness measures were not met in 2013-14. The most significant variance related to milestones for the Carbon Capture and Storage demonstration program, none of which were achieved due to delays in completing the feasibility phase of the project.⁵⁹⁸

⁵⁹⁶ Department of Treasury and Finance, *Budget Paper No. 3: Service Delivery 2008-09*, 2008, pp. 6, 28.

⁵⁹⁷ Department of Jobs, Precincts and Regions, *The CarbonNet Project*, 19 March 2020, <<https://earthresources.vic.gov.au/projects/carbonnet-project>> accessed 19 June 2020.

⁵⁹⁸ Department of State Development, Business and Innovation, *Annual Report 2013-14*, Melbourne, 2014, p. 128.

Table 8.3 CarbonNet Program performance measures—variance between targets and actuals 2013-14

Performance measures	Target (%)	Actual (%)
Facilitate delivery of milestones in line with grant agreements for the large scale Carbon Capture and Storage demonstration program	100.0	0.0
Facilitate delivery of milestones for the feasibility stage of CarbonNet Project	100.0	41.2
Facilitate delivery of the implementation plan of the CarbonNet geoscience evaluation program by 2014	100.0	50.0

Source: Department of State Development, Business and Innovation, *Annual Report 2013-14*, Melbourne, 2014, p. 128.

The 2014-15 State Budget consolidated the above three performance measures into the current single timeliness metric ‘Delivery of key CarbonNet milestones, in line with funding agreements and agreed project deliverables’.⁵⁹⁹ This reduced the extent of performance information publicly available about the program.

Notwithstanding underperformance against the 100% timeliness target was also evident in 2015-16 (-57%)⁶⁰⁰ and 2018-19 (-17%)⁶⁰¹ signalling ongoing delays in the achievement of program milestones.

DJPR’s response to the Committee’s questionnaire and DEDJTR’s *Annual Report 2015-16* indicate the lower results were due to delays associated with changes in Commonwealth Government policy and the need for further work to assess commercialisation options for the project.⁶⁰²

A 2015 report by the Global CCS Institute and DEDJTR noted the CarbonNet project experienced significant challenges between 2012 and 2015 due in part to changes in Commonwealth government policy concerning the pricing of carbon, and reduction in funding for related programs.⁶⁰³

None of the projects associated with commercial scale capture in the electricity sector had advanced as at 2015, despite completing detailed feasibility studies.⁶⁰⁴

The report noted CarbonNet had focused efforts to date on providing confidence in the storage capacity of the Gippsland Basin to allow capture options for potential CO₂ sources to be progressed. However it also noted while confidence in CarbonNet’s storage program had grown, industry’s confidence in the commercial viability of capture options had not, which it partly attributed to changes in the national policy context.⁶⁰⁵

⁵⁹⁹ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2014-15*, Melbourne, 2014, p. 231.

⁶⁰⁰ Department of Economic Development, Jobs, Transport, and Resources, *Annual Report 2015-16*, Melbourne, 2016, p. 221.

⁶⁰¹ Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, p. 208.

⁶⁰² Department of Jobs, Precincts and Regions, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 74.; Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2015-16*, p. 221.

⁶⁰³ Global CCS Institute, *The CarbonNet Project: A Historical Perspective*, Melbourne, 2015, p. 12.

⁶⁰⁴ *Ibid.*, p. 14.

⁶⁰⁵ *Ibid.*

An updated October 2018 overview of the project by DEDJTR acknowledged commercial scale CCS had yet to be demonstrated in Victoria⁶⁰⁶ more than 10 years after the program was initiated, confirming the project had yet to fully achieve its original objectives.

It also indicated the project had funding to take it to the end of stage 3, being the Project Development and Commercial Establishment phase, and was scheduled to transition to the private sector around 2020. The October 2018 overview highlighted the project's recent achievements at that time included:

- Completion of peer reviewed feasibility studies including detailed modelling of potential CO2 storage sites
- A marine seismic survey in February 2018 to obtain additional geological information about proposed underground storage sites.

It also noted investigations into potential carbon capture plants, technologies, and alternative transport pipeline routes to the injection site were continuing with a view to defining the commercial structure and principles to attract private sector investment for the project's next stage.

RECOMMENDATION 35: The Department of Jobs, Precincts and Regions consider evaluating and reporting on the outcomes of the CarbonNet project to date, and the State's future directions for achieving the program's initial Carbon Capture and Storage objectives.

Targets for delivery of resources projects

Targets for the delivery of resources projects consistent with grant agreements and project milestones were not achieved in 2017-18 and 2018-19.

In 2017-18 DEDJTR reported it delivered 88% of projects in line with agreements and milestones equivalent to a performance variance of -12% against the 100% target.⁶⁰⁷ DJPR's *Annual Report 2018-19* shows the variance increased to -17% the following year⁶⁰⁸ indicating a growing performance gap.

DJPR advised the lower 2018-19 result was mainly due to delays in securing drilling services by proponents as part of its TARGET exploration grants program. The department advised that the analysis and engagement were required for longer term supply options of extractives as part of the strategic extractive resource areas pilot project.⁶⁰⁹

⁶⁰⁶ Mel Barker and Victoria Mendes da Costa, 'The CarbonNet Project and its Regulatory Journey: An Overview & Key Learnings', paper presented at 14th Greenhouse Gas Control Technologies Conference, Melbourne, 21-26 October 2018, p. 3.

⁶⁰⁷ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, p. 206.

⁶⁰⁸ Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, p. 208.

⁶⁰⁹ Department of Jobs, Precincts and Regions, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 25.

DJPR's website states 15 projects were awarded more than \$3.4 million in TARGET grants since 2016 to conduct co-funded exploration for eligible minerals. The program seeks to encourage greater investment in minerals exploration and associated economic benefits within Victoria.⁶¹⁰

In 2018-19 DJPR reported a marginal decrease in mineral exploration activity for 2017-18 (191,229 metres drilled) compared to the previous year (191,658 metres drilled).⁶¹¹

The Committee noted the impact of the State's grant investments and delivery issues on the achievement of intended outcomes for the Resources portfolio was not clear within DJPR's annual report.

The Government released its new five-year minerals resources strategy in August 2018 to help grow investment and jobs in Victoria's minerals sector. The strategy's key priorities include growing investment, jobs and exploration activity within the sector focused on pre-competitive geoscience and by reducing costs and red-tape. It also establishes the following five-year targets and measures:

- One million metres drilled by June 2023 (cumulative total over five years)
- Exploration investment of \$220 million by June 2023 (cumulative total over five years)
- One significant mineral resource discovery by 2028.⁶¹²

The Committee noted current performance measures in the Budget papers do not enable assessment of DJPR's performance against the above targets.

FINDING 78: Targets for the delivery of resources projects were not achieved in 2017-18 and 2018-19.

FINDING 79: The Government's new five-year Minerals Resources Strategy sets out targets for growing exploration and investment within the sector.

RECOMMENDATION 36: The Department of Jobs, Precincts and Regions consider updating its Budget Paper 3 performance measures to ensure they permit assessment of achievements against the Government's objectives and targets within the Mineral Resources Strategy 2018–2023.

⁶¹⁰ Department of Jobs, Precincts and Regions, *TARGET Minerals Exploration Initiative*, 21 April 2020, <<https://earthresources.vic.gov.au/projects/target-minerals-exploration-initiative>> accessed 25 June 2020.

⁶¹¹ Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, p. 201.

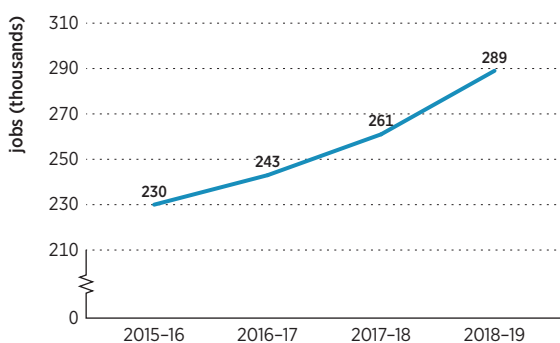
⁶¹² Department of Economic Development, Jobs, Transport and Resources, *State of Discovery: Mineral Resources Strategy 2018-2023*, Melbourne, 2018, p. 4.

8.6.3 Creative industries

Total attendances at Victoria's state-owned arts and cultural institutions exceeded the Government's targets in both 2017-18⁶¹³ and 2018-19,⁶¹⁴ with a substantial and consistent increase evident over the last 5 years.

DJPR's annual reports also show employment in the creative industries sector continued an upward trend across the two-year period increasing by almost 19% since 2016-17.⁶¹⁵ Figure 8.4 below shows annual increases of 7.4% and 10.7% were achieved in 2017-18 and 2018-19 respectively.

Figure 8.4 Number of first jobs in the creative industries from 2015-16 to 2018-19



Source: Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, p. 179, 182

Both DJPR and DEDJTR attributed the performance improvements to initiatives supported by the State's creative industries strategy *Creative State 2016-2020*, which during the period included various outbound and inbound delegations showcasing Victoria's creative industries.⁶¹⁶ DJPR highlighted the economic contribution of Victoria's creative industries reached \$31 billion in 2018-19 representing a 23% increase over the last four years.⁶¹⁷

The strategy was launched by the Government in 2016 containing 40 actions supported by a \$115 million commitment over four years to build the State's film, television, digital games, design, fashion and arts sectors. The 40 actions addressed the following five major focus areas:

- Backing creative talent: \$6.35 million over four years to support the production of significant works, career advancement and Aboriginal arts
- Strengthening the creative industries ecosystem: \$57.35 million over four years to support development of creative businesses, commercialisation of ideas, and the screen industry

⁶¹³ Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, pp. 209-10.

⁶¹⁴ Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, pp. 179-82.

⁶¹⁵ *Ibid.*, p. 182.

⁶¹⁶ *Ibid.*; Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017-18*, p. 210.

⁶¹⁷ Department of Jobs, Precincts and Regions, *Annual Report 2018-19*, p. 10.

- Delivering wider and economic impact: \$14.05 million over four years to support design businesses broaden their impact and increase the role of creative services in securing social benefits
- Increasing participation and access: \$13.215 million over four years to increase spaces for creative businesses, community engagement, and greater diversity in employment, programming, and participation
- Building international engagement: \$5.05 million over four years to extend Victoria's impact and profile for global audiences, visitors and markets.⁶¹⁸

Under the *Creative Victoria Act 2017*, a new strategy must be developed every four years to guide the Government's investment and initiatives.⁶¹⁹ Creative Victoria was developing the next strategy at the time of this review.

The Committee noted the performance results highlighted by DJPR and DEDJTR for the period 2017-18 and 2018-19 were encouraging and indicated the State was achieving key aspects of its high-level objective to grow Victoria's creative industries and associated economic impacts.

However it was not able to determine the full impact and effectiveness of the strategy. DJPR's annual report and current Budget Paper 3 measures do not comprehensively address all outcomes achieved including the range of related performance indicators detailed within the strategy.

Creative Victoria's website includes a useful progress report summarising key activities, but it does not amount to an evaluation of the strategy or comprehensively report against related performance indicators and targets.⁶²⁰

FINDING 80: Performance results in 2017-18 and 2018-19 indicate key aspects of the Government's high-level objective to grow Victoria's creative industries and associated economic impacts were being achieved.

RECOMMENDATION 37: The Department of Jobs, Precincts and Regions and Creative Victoria consider evaluating and reporting publicly on the outcomes and effectiveness of the Creative State Strategy.

⁶¹⁸ Department of Economic Development, Jobs, Transport and Resources, *Creative State: Victoria's First Creative Industries Strategy 2016-2020*, Melbourne, 2016, p. 8.

⁶¹⁹ *Creative Victoria Act 2017 Section 12(1)* (Victoria).

⁶²⁰ Department of Economic Development, Jobs, Transport and Resources, *Backing Creative Talent*, 21 June 2017, <<https://creative.vic.gov.au/creative-state/progress-report/backing-creative-talent>> accessed 26 June 2020.

9

Court Services Victoria

Findings

81. Court Services Victoria identified the following program highlights—delivery of safety and security upgrades at 14 locations, delivery of the specialist family violence integrated court response, the Bail and Remand Court, expansion of the Koori Courts across three jurisdictions (County, Magistrates' and Children's courts).
82. Court Services Victoria's annual reports contain limited explanatory information concerning the reasons for material variances (i.e. greater than 5%) between actual and estimated performance.
83. Court Services Victoria's implementation of excellence frameworks is a commendable initiative with potential to offer valuable insights across a range of performance dimensions relating to Victoria's courts and tribunal system.
84. Although the numbers and rates of Aboriginal people involved in the Victorian criminal justice system are lower than most other Australian jurisdictions, they are high when compared to the non-Aboriginal population and continue to increase.
85. In response to the recommendations from the Royal Commission into Family Violence, Court Services Victoria upgraded safety and security at 16 priority courts, implemented a new and expanded security contract to deploy Court Security Officers at Victorian courts and tribunals, and is in the implementation phase of rolling out a modern case management system for the Magistrates' Court and Children's Court.

9.1 Overview

Court Services Victoria (CSV) is an independent statutory body established to provide administrative services and facilities to support Victorian courts, the Victorian Civil and Administrative Tribunal, the Judicial College of Victoria and the Judicial Commission of Victoria.⁶²¹

⁶²¹ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2019-20* Melbourne, 2019, p. 378.

Victoria's courts and tribunals are part of the ministerial portfolio of the Attorney-General. CSV's objectives are focused on the fair, timely and efficient dispensing of justice. Specifically its objectives are to:

- Provide equal access to justice
- Ensure fairness, impartiality and independence in decision making
- Follow processes that are transparent, timely and certain
- Strive for leadership and best practice in court administration
- Strengthen links with the community.⁶²²

9.2 Outcomes in the community across 2017-18 and 2018-19

In the interests of encouraging the effective and efficient delivery of public services to deliver positive outcomes for Victorians, the Committee's questionnaire asked departments to outline the five programs that delivered the most important outcomes in the community. The programs identified by CSV include:

- Delivery of safety and security upgrades at 14 locations during 2017-18 as a result of the 2016-17 State Budget investment of \$58.1 million. CSV also stated the court security officer model was expanded to 40 courts by October 2017 delivering a security presence at all Victorian Court and Tribunal sittings
- In 2017-18 CSV implemented initiatives to improve access to justice, including: improvements to the accessibility of educational and online materials; more judicial mediations saving 1,758 sitting days; an online dispute resolution pilot at VCAT; replacement of more than 20 phone numbers with a single phone number; and consolidation of formerly separate teams into one group to deliver better services
- In 2018-19 CSV progressed delivery of the specialist family violence integrated court response focused on improving access to legal protection and responses necessary for the safety and recovery of victim survivors at various locations. CSV stated it completed design work for all locations, and commenced construction at Shepparton, Ballarat, Moorabbin, and Heidelberg Specialist Family Violence Courts
- The Bail and Remand Court (BaRC) commenced on 1 July 2018 to facilitate the timely resolution of BaRC matters. CSV reported that since BaRC's inception approximately 920 accused persons appeared per month and approximately 11,000 in total appeared during 2018-19 with 14% of matters resolved, and just under 50% dealt with outside of business hours. It also reported that BaRC expedited family violence matters and facilitated access to support services for accused persons

⁶²² Ibid.

- In 2018-19 CSV expanded the Koori Courts across three jurisdictions (County, Magistrates' and Children's courts) following the Government's \$6.7 million investment in the 2017-18 State Budget supporting the Aboriginal Justice Agreement. Expansion was completed in Shepparton and Warrnambool County Courts and Dandenong and Heidelberg Magistrates' Courts following consultation with the Aboriginal Justice Caucus.⁶²³

FINDING 81: Court Services Victoria identified the following program highlights—delivery of safety and security upgrades at 14 locations, delivery of the specialist family violence integrated court response, the Bail and Remand Court, expansion of the Koori Courts across three jurisdictions (County, Magistrates' and Children's courts).

The Committee's questionnaire also asked departments to identify programs that did not deliver their planned outcomes in 2017-18 and 2018-19.

CSV identified lower than planned recruitment of staff to deliver integrated outreach programs due to challenges in attracting specialists, fewer than expected participants at the Melbourne Drug Court due to the requirement of being in the CBD catchment, a growing backlog of pending cases at the Victims of Crime Assistance Tribunal due to a significant increase in applications and workload, and a lower than planned clearance rate of investigations at the Coroners Court similarly influenced by capacity shortages.⁶²⁴

9.3 Challenges

The challenges identified by CSV were common across 2017-18 and 2018-19 and included:

- Significant increase in demand for court services—CSV highlighted the recent and projected growth in the volume and complexity of demand for court services and associated caseloads due to socio-demographic changes and implementation of government policies and law reforms and growing number of self-represented litigants
- Ageing and not fit for purpose court infrastructure—CSV noted just over two-fifths of court buildings were over 50 years old, and around 65% of assets were below the required standard and not fit-for-purpose. It also highlighted maintenance funding was below the benchmark needed to properly maintain existing court buildings
- Judicial Officer and staff wellbeing—the increased workload from the growth in the number and complexity of cases before the courts is impacting health and wellbeing of judicial officers and Victorian Public Service (VPS) staff. CSV stated more resources were needed to build organisational resilience and support staff

⁶²³ Court Services Victoria, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received on 12 December 2019, pp. 14-22.

⁶²⁴ *Ibid.*, pp. 23-5.

- Disparate and legacy information and communications technology (ICT) systems (including case management systems)—CSV highlighted legacy systems pose a significant constraint to improving access to justice and service delivery. Out-dated case management systems in several courts impede the efficient sharing of information including needed improvements to work practices and services
- Public understanding and confidence in the court system—CSV stated inaccurate media commentary and coverage is influencing public perceptions and, in some cases, eroding trust in the courts. Although courts have increased engagement with the community, CSV noted more investment and work was needed to build further understanding about the judiciary, court processes and decisions.⁶²⁵

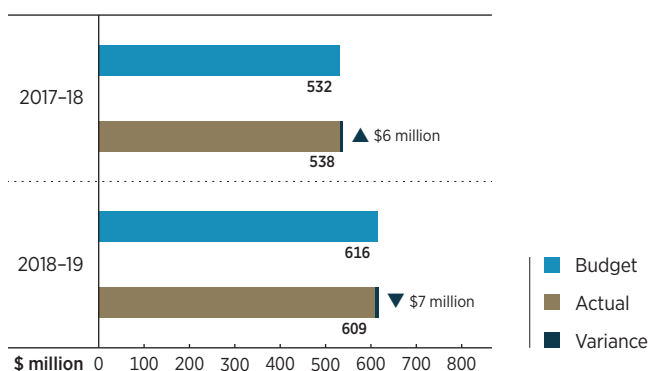
9.4 Financial analysis

9.4.1 Expenditure

In 2017-18 CSV’s budget was \$532.2 million. Actual expenditure for the year was \$538 million, representing a variance of 1.1%.⁶²⁶

In 2018-19 CSV’s budget was \$615.8 million. Actual expenditure for the year \$608.8 million, representing a variance of 1.1%.⁶²⁷

Figure 9.1 Court Services Victoria variances in output expenditure, 2017-18 and 2018-19



Source: Court Services Victoria, *Annual Report 2017-18*, p.31; Court Services Victoria, *Annual Report 2018-19*, p.31.

9.4.2 Revenue and expenses

CSV’s output appropriations increased in 2017-18 by \$46 million or 13.9% from 2016-17 and in 2018-19 by \$51 million or 13.5% from 2017-18.⁶²⁸

⁶²⁵ Ibid., pp. 74-7.

⁶²⁶ Court Services Victoria, *Annual Report 2017-18*, Melbourne, 2018, p. 31.

⁶²⁷ Court Services Victoria, *Annual Report 2018-19* Melbourne, 2019, p. 31.

⁶²⁸ Court Services Victoria, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 39-41.

CSV explained that this year-on-year increase was mainly due to new initiatives announced in the State Budget for both years, incremental increases for initiatives announced in previous budgets, Treasurer’s advances for the response to the Bourke Street incident, revenues from court fees, re-cashflows and carry-over of funds from the previous year.⁶²⁹

CSV’s employee expenses in 2017-18 increased by \$40 million or 14.4% from 2016-17. In 2018-19 CSV reported a further \$38 million or 12.3% increase in employee expenses from 2017-18.⁶³⁰

It attributed the increase in both years to Enterprise Bargaining Agreement (EBA) provisions and related changes to judicial remuneration, and to funding increases announced in the State Budget over the previous four years.

9.4.3 Overall financial performance

Table 9.1 summarises CSV’s financial performance in 2017-18 and 2018-19.

Table 9.1 Court Services Victoria—Summary of Comprehensive Operating Statement in 2017-18 and 2018-19

Controlled items	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	532	542	14.3	615.7	614.6	(1.1)
Expenses from transactions	532	537	8.2	615.8	603.7	(12.0)
Net result	0.0	4	-	(0.1)	10.8	-

Source: Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances 2018-19*, p. 134; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances 2019-20*, p. 153.

9.4.4 Newly created bodies

CSV’s response to the Committee’s questionnaire noted the Judicial Commission of Victoria was established in 2017-18 to investigate complaints and concerns regarding the conduct of judicial officers, judicial registrars and Victorian Civil and Administrative Tribunal (VCAT) members resulting in expenditure of just over \$1.2 million in 2017-18.⁶³¹

⁶²⁹ Ibid.

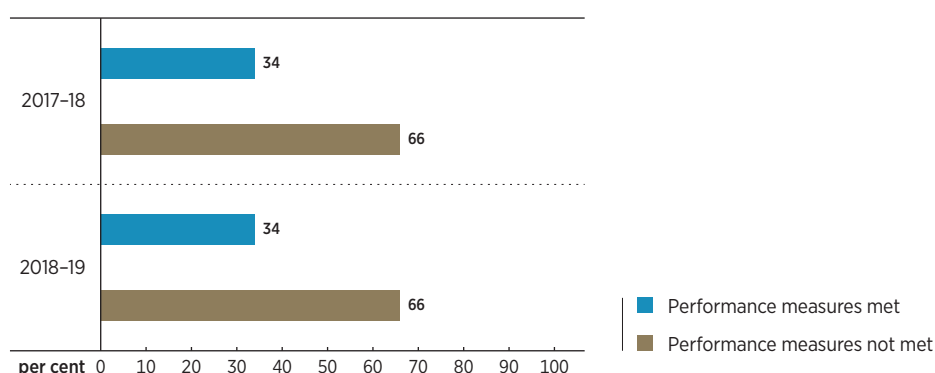
⁶³⁰ Ibid., pp. 45-8.

⁶³¹ Ibid., p. 78.

9.4.5 Performance information

The Committee observed CSV's annual reports show that the initially estimated performance levels for most output performance measures were not achieved in 2017-18 and 2018-19. Specifically CSV achieved or exceeded 34% of the estimated performance levels associated with output measures published in its 2017-18 and 2018-19 annual reports.

Figure 9.2 Court Services Victoria variances performance measurement results in 2017-18 and 2018-19



Source: Court Services Victoria, *Annual Report 2017-18*, pp. 28-31; Court Services Victoria, *Annual Report 2018-19*, pp. 29-31.

Performance measures not met in both 2017-18 and 2018-19 include:

- Average cost per case—civil matters disposed of in the County Court
- Average cost per case—civil matters disposed of in VCAT
- Average cost per case—criminal matters disposed of in the Magistrates' Court
- Average cost per case—criminal matters disposed of in the Children's Court
- Case clearance rate—civil matters disposed of in the Magistrates' Court
- Case clearance rate—Family Division matters disposed of in the Children's Court
- Court file integrity in VCAT—availability, accuracy, and completeness.

Issues relevant to some of these performance measures are discussed in further detail below.

9.5 Key issues

9.5.1 Information on the reasons for variances in performance

The Committee noted CSV's annual reports contained limited explanatory information concerning the reasons for material variances (i.e. greater than 5%) between actual and estimated performance levels for most output performance measures.

Specifically several explanations amounted to restating or describing the observed result but did not provide sufficient context to understand the key drivers of performance issues. For example, most reasons for underperformance against cost estimates relating to the disposal of civil, coronial and criminal matters by the courts and VCAT were attributed to either:

- Higher than originally estimated costs
- Fewer than originally estimated finalisations
- One-off funding for key initiatives processed after the State Budget was published
- Or a combination of the above.⁶³²

The Committee noted these reasons do not provide sufficient context to understand the causes, significance and impacts of reported variances which reduces transparency and accountability for performance. This situation was also reflected in the annual reports produced by individual courts or jurisdictions that in most cases did not explicitly report against the performance measures reported on by CSV and the Budget papers.⁶³³

Provision of additional funding after the State Budget was announced was a frequently cited reason by CSV for variances in performance across both 2017-18 and 2018-19.⁶³⁴ However CSV's annual reports do not clarify why this occurred and why the targets or estimates for affected performance measures were not revised accordingly at the time annual reports were published.

The Committee noted these circumstances make it difficult for the Parliament and the public to reliably interpret performance results reported by CSV. By not updating targets to reflect changes in funding and associated assumptions, CSV risks reducing their relevance as benchmarks for performance, including the utility and value of public performance reporting.

FINDING 82: Court Services Victoria's annual reports contain limited explanatory information concerning the reasons for material variances (i.e. greater than 5%) between actual and estimated performance.

RECOMMENDATION 38: Court Services Victoria consider taking steps to ensure future performance reporting against measures in the Budget Papers reliably reflect all changes in funding and associated performance assumptions arising after the State Budget is published.

⁶³² Court Services Victoria, *Annual Report 2017-18*, pp. 28-31.; Court Services Victoria, *Annual Report 2018-19* pp. 29-31.

⁶³³ Only the Coroners Court and VCAT explicitly reported against some performance measures contained within Budget Paper 3 in their latest published annual reports at the time of writing.

⁶³⁴ Court Services Victoria, *Annual Report 2017-18*, pp. 28-31.; Court Services Victoria, *Annual Report 2018-19* pp. 29-31.

9.5.2 Implementation of quality and excellence frameworks

In 2017-18 CSV reported that the Courts Council⁶³⁵ endorsed international ‘excellence frameworks’ as court, tribunal and judicial support management models to guide continuous development and improvement.⁶³⁶

The three excellence frameworks relevant to CSV are: the International Framework for Court Excellence (for courts); the International Framework for Judicial Support Excellence (for Jurisdiction Services and the College); and the Tribunal Excellence Framework (for VCAT).⁶³⁷

The International Framework for Court Excellence is a quality management system designed to help courts and tribunals improve their performance. The framework identifies an internationally accepted set of core key values essential to the successful functioning of courts, including fairness, impartiality, independence, competence, accessibility, integrity and equality before the law.⁶³⁸

It also provides a methodology for continuous improvement focusing on the following seven recognised areas of court excellence:

- Court leadership and management
- Court planning and policies
- Court resources (human, material and financial)
- Court proceedings and processes
- Client needs and satisfaction
- Affordable and accessible court services
- Public trust and confidence.⁶³⁹

The Global Measures of Court Performance is an integral component of the International Framework for Court Excellence endorsed by Victoria’s Courts Council. It sets out 11 focused performance measures aligned with the above noted values and seven areas of court excellence. The performance measures are:

1. Court user satisfaction—the percentage of court users who believe that the court provides procedural justice, i.e. accessible, fair, accurate, timely, knowledgeable, and courteous judicial services
2. Access fees—the average court fees paid in civil cases

⁶³⁵ The Courts Council is CSV’s governing body. It is chaired by the Chief Justice of the Supreme Court and comprises the six Heads of Jurisdiction and up to two non-judicial members.

⁶³⁶ Court Services Victoria, *Annual Report 2017-18*, p. 17.

⁶³⁷ Court Services Victoria, *Annual Report 2018-19* p. 26.

⁶³⁸ National Center for State Courts, *The International Framework for Court Excellence: 2nd Edition*, 2013, pp. 1-2.

⁶³⁹ *Ibid.*, pp. 5-11.

3. Case clearance rate—the number of outgoing cases as a proportion of the number incoming cases
4. On-time case processing—the percentage of cases disposed or otherwise resolved within established timeframes
5. Duration of pre-trial custody—the average elapsed time criminal defendants who have not been convicted of crime are detained awaiting trial
6. Court file integrity—the percentage of case files that can be located and retrieved in a timely manner and meet established standards of accuracy, organisation and completeness
7. Case backlog—the proportion of cases in a court’s inventory of pending cases that have exceeded established timeframes or time standards
8. Trial date certainty—the certainty with which important case processing events occur when scheduled expressed as a proportion of trials that are held when first scheduled
9. Employee engagement—the percent of employees of a court who, as measured by a court-wide survey, are passionate about their job, committed to the mission of the court and, as a result, put discretionary effort into their work
10. Compliance with court orders—the total amount of payments of monetary penalties (fines and fees) collected by a court or court system, expressed as a proportion of the total amount of monetary penalties ordered by a court in a given period of time
11. Cost per case—the average cost of resolving a single court case, disaggregated by level and location of court, and by case type.⁶⁴⁰

The International Consortium for Court Excellence describes the Global Measures as a guide for policy makers and practitioners committed to improving the performance and impact of courts, tribunals, and justice systems by focusing on outcomes rather than outputs and inputs.⁶⁴¹

In its *Annual Report 2018-19*, CSV acknowledged its current suite of performance measures address four of the 11 Global Measures of Court Performance.⁶⁴² Specifically measures 3, 4, 6 and 11 from the list outlined above disaggregated by court jurisdiction and case type (e.g. civil or criminal).

The Committee regards CSV’s adoption and implementation of the excellence frameworks as a commendable initiative. The associated indicators and measures have the potential to offer valuable insights across a broad range of important performance dimensions.

⁶⁴⁰ International Framework for Court Excellence, *Global Measures of Court Performance*, report prepared by Secretariat for the International Consortium for Court Excellence, 2018, p. 2.

⁶⁴¹ National Center for State Courts, *The International Framework for Court Excellence*, p. 1.

⁶⁴² Court Services Victoria, *Annual Report 2018-19* p. 28.

The Committee believes increased public reporting by CSV against this broader suite of measures would serve the public interest and enhance Parliament's understanding of the performance and impact of state funded initiatives intended to improve the effectiveness and efficiency of Victoria's courts and tribunal system.

FINDING 83: Court Services Victoria's implementation of excellence frameworks is a commendable initiative with potential to offer valuable insights across a range of performance dimensions relating to Victoria's courts and tribunal system.

RECOMMENDATION 39: Court Services Victoria consider expanding its budget paper objective indicators and performance measures by incorporating additional indicators from its excellence frameworks.

9.5.3 Implementation of Aboriginal Justice Agreement initiatives

The Victorian Aboriginal Justice Agreement is a long-term partnership between the Aboriginal community and the Victorian Government.

The first Victorian Aboriginal Justice Agreement (AJA1 2000-2006) was developed in response to recommendations from the 1991 Royal Commission into Aboriginal Deaths in Custody and subsequent 1997 National Ministerial Summit on Indigenous Deaths in Custody.

The signatories of the Agreement have committed to working together to improve Aboriginal justice outcomes, family and community safety, and reduce over representation in the Victorian criminal justice system. Each subsequent phase of the Agreement has built upon its predecessors (AJA2 2006-2012, AJA3 2013-2018) with the aim of further improving justice programs and services for Aboriginal people.

The Government's website for the Victorian Aboriginal Justice Agreement notes:

The evaluation of AJA3 found the AJA partnership has reached a level of maturation not replicated elsewhere. It has been instrumental in effecting real change in terms of embedding cultural awareness and the adoption of an Aboriginal lens for the development of new strategies, policies and initiatives. It has facilitated and enabled the development of strong and durable relationships between agencies and with members of the Victorian Aboriginal community. The partnership has evolved and there are now high levels of trust between the partners. This has not led to complacency on the part of any of the partners, and there remains a high demand for accountability and action.⁶⁴³

⁶⁴³ Victorian Aboriginal Justice Agreement, *The Victorian Aboriginal Justice Agreement*, 2019, <https://www.aboriginaljustice.vic.gov.au/the-agreement/the-victorian-aboriginal-justice-agreement#_edn2> accessed 29 June 2020.

In August 2018 the Government announced an investment of \$12.3 million over four years in Victorian courts and tribunals towards the fourth phase of the Aboriginal Justice Agreement (AJA). The package included:

- \$6.678 million for the expansion of Koori Courts in the County, Magistrates' and Children's courts, plus additional funding for capital expansion
- \$966,000 for a designated Koori Registrar in the Coroners Court who will case manage Aboriginal coronial cases to better assist and improve the experience of Aboriginal families and ensure culturally appropriate practices
- \$466,000 to strengthen services and ensure demand is met for Aboriginal people accessing the Koori Victims of Crime Assistance Tribunal (VOCAT) List
- \$2.323 million for dedicated resources to address civil law needs of Aboriginal people engaging with Victorian Civil and Administrative Tribunal services
- \$250,000 for a trial of Aboriginal Community Justice Reports.⁶⁴⁴

In 2018-19 CSV reported locations for the Koori Court expansion were endorsed by the Aboriginal Justice Caucus in February 2019. It also stated expansion was completed in Shepparton and Warrnambool County Courts and Dandenong and Heidelberg Magistrates' Courts. Expansion at Wodonga/Wangaratta Magistrates' Courts was due to commence in 2020-21.⁶⁴⁵

CSV also stated it had since recruited a Koori Registrar and Koori List Engagement Registrar, along with a Koori Engagement Coordinator to case manage Aboriginal coronial cases and ensure culturally appropriate practices.⁶⁴⁶

The fourth phase of the Aboriginal Justice Agreement acknowledges the over representation of Aboriginal people in the criminal justice system remains high, and the conditions that led to the signing of the first Agreement remain as valid today as they were in 2000.⁶⁴⁷

Although the numbers and rates of Aboriginal people involved in the Victorian criminal justice system are lower than most other Australian jurisdictions, they are high when compared to the non-Aboriginal population and are continuing to increase.⁶⁴⁸

Between 2011-12 and 2016-17, the rate of Aboriginal adults under justice supervision increased by 52.6% compared with a 34% increase among non-Aboriginal adults. In 2016-17, Aboriginal adults were 11.7 times more likely than non-Aboriginal adults to be under justice supervision in Victoria.⁶⁴⁹

⁶⁴⁴ Court Services Victoria, *AJA4 Investment Announced: Burra Lotjpa Dunguludja*, 2018, <<https://www.courts.vic.gov.au/news/aja4-investment-announced>> accessed 29 June 2020.

⁶⁴⁵ Court Services Victoria, *Annual Report 2018-19* p. 19.

⁶⁴⁶ Ibid.

⁶⁴⁷ Victorian Aboriginal Justice Agreement, *Aboriginal over-representation in the justice system*, 2020, <<https://www.aboriginaljustice.vic.gov.au/the-agreement/aboriginal-over-representation-in-the-justice-system>> accessed 29 June 2020.

⁶⁴⁸ Ibid.

⁶⁴⁹ Ibid.

Aboriginal youth were 14 times more likely than non-Aboriginal youth to be under justice supervision in Victoria.⁶⁵⁰

FINDING 84: Although the numbers and rates of Aboriginal people involved in the Victorian criminal justice system are lower than most other Australian jurisdictions, they are high when compared to the non-Aboriginal population and continue to increase.

9.5.4 Family violence initiatives and related upgrades

Specialist Family Violence Program

In 2017-18 CSV reported several court locations were being upgraded to make them safer in response to the recommendations from the Royal Commission into Family Violence. Specifically it noted its Specialist Family Violence Program included capital projects to provide accommodation for staff and support agencies, safe waiting areas, interview rooms, discrete entries and separate pathways at Shepparton, Moorabbin, Heidelberg, Ballarat and Frankston.⁶⁵¹

CSV stated safety and security upgrades progressed at 16 priority courts throughout 2017-18 with works completed at Dromana, Stawell, Portland, Bacchus Marsh and Maryborough. It also noted registry upgrades, creation of safe waiting areas and interview rooms were similarly completed at Seymour, Swan Hill, Hamilton, Bairnsdale, Colac and Ararat.⁶⁵²

In 2018-19 CSV stated it had completed design work for all locations, and construction commenced at Shepparton, Ballarat, Moorabbin and Heidelberg Specialist Family Violence Courts.⁶⁵³

In October 2019 the Attorney-General announced Victoria's first Family Violence Court had opened in Shepparton with a further four courts at Ballarat, Moorabbin, Frankston and Heidelberg expected to open within the next 12 months.⁶⁵⁴

Court Security Model

In 2017-18 CSV implemented a new and expanded security contract to deploy Court Security Officers (CSOs) at Victorian courts and tribunals and to ensure safety is maintained in and around court buildings.⁶⁵⁵

⁶⁵⁰ Ibid.

⁶⁵¹ Court Services Victoria, *Annual Report 2017-18*, p. 20.

⁶⁵² Ibid.

⁶⁵³ Court Services Victoria, *Annual Report 2018-19* p. 23.

⁶⁵⁴ Attorney-General, *Delivering Victoria's First Dedicated Family Violence Court*, media release, Department of Premier and Cabinet, 9 October 2019.

⁶⁵⁵ Court Services Victoria, *Annual Report 2017-18*, p. 20.

The CSO model is designed to deliver a consistent security standard across every court and tribunal in Victoria through:

- Entry screening to detect and remove prohibited items, including weapons, and
- An increased, and better trained, court security officer presence on all court sitting days.⁶⁵⁶

CSV stated the model has added security to 40 courts, ensuring security coverage on all sitting days across the court network.⁶⁵⁷

In 2018-19 CSV reported the presence of CSOs was creating a safer court environment by enabling the detection and removal of prohibited and offensive weapons from courts and tribunals; the de-escalation of incidents; and escorting of vulnerable family violence applicants to cars.⁶⁵⁸

It also highlighted initiatives to further improve security focused on strengthening security standards, and conducting assessments of all Victorian courts and tribunals with a priority focus on Specialist Family Violence Courts given the importance of addressing recommendations arising from the Royal Commission into Family Violence.⁶⁵⁹

Case Management system Project

The 2017-18 State Budget provided \$89.2 million to CSV for a modern case management system for the Magistrates' Court and Children's Court.⁶⁶⁰ The initiative formed part of the whole of government response to the Royal Commission into Family Violence.⁶⁶¹

In 2018-19 CSV reported it had procured an experienced supplier to deliver a configurable off-the-shelf case management system solution.⁶⁶²

The project was in the Implementation Phase with piloting and incremental roll out of the new system expected to commence in mid-2021.⁶⁶³

FINDING 85: In response to the recommendations from the Royal Commission into Family Violence, Court Services Victoria upgraded safety and security at 16 priority courts, implemented a new and expanded security contract to deploy Courts Security Officers at Victorian courts and tribunals, and is in the implementation phase of rolling out a modern case management system for the Magistrates' Court and Children's Court.

⁶⁵⁶ Ibid.

⁶⁵⁷ Ibid.

⁶⁵⁸ Court Services Victoria, *Annual Report 2018-19* p. 23.

⁶⁵⁹ Ibid.

⁶⁶⁰ Premier of Victoria Attorney-General, *Transforming our courts to keep victims of family violence safe*, media release, 2 May 2017.

⁶⁶¹ Court Services Victoria, *Annual Report 2018-19* p. 23.

⁶⁶² Ibid., p. 26.

⁶⁶³ Ibid.

10 Department of Premier and Cabinet

Findings

86. Some of the highlights for the department in 2017–18 and 2018–19 were the development of facilities to enhance multicultural community engagement, upgrades to the security of buildings used by Jewish and Islamic communities and employment of veterans in the Victorian Public Sector.
87. The Department of Premier and Cabinet's actual output expenditure was \$130.8 million or 19.7% lower than budgeted in 2017–18 and \$31.8 million or 4.2% lower than budgeted in 2018–19.
88. Expenditure under the Department of Premier and Cabinet's Digital government and communications output was 297.9% over budget in 2017–18 due to rephasing of funds and 56.6% over budget in 2018–19 as a result of the development of the Service Victoria online platform.
89. The Department of Premier and Cabinet's (DPC) output appropriations and grant expenses increased over the 2017–18 and 2018–19 years as a result of various grant programs. In 2017–18 DPC's grant revenue increased primarily due to the transfer of the Premier's Jobs and Investment Fund from the former Department of Economic Development, Jobs, Transport and Resources. In 2018–19 DPC's employee expenses increased largely due to the machinery of government transfer of the Women's Policy, Youth and Industrial Relations outputs to the department.
90. The Department of Premier and Cabinet's (DPC) comprehensive operating statement in 2017–18 and 2018–19 reflects a stable financial position as DPC's overall income exceeds expenses.
91. Information about the organisations and projects that received LGBTIQ grant program funding is only available for the 2018–19 year.
92. While regional grant applications made under the multicultural grant program are a priority in the assessment process, grant applications from regional and rural communities to fund multicultural programs have declined across 2017–18 and 2018–19.
93. The results for a number of performance measures under the Department of Premier and Cabinet's Aboriginal policy, strengthening Aboriginal cultural heritage and communities output were below target in 2017–18 and 2018–19, largely due to the difficulty in managing the current and emerging needs of the Aboriginal sector.

94. Performance under the public sector integrity output was below expectations across 2017–18 and 2018–19 in terms of the proportion of Independent Broad-based Anti-corruption Commission (IBAC) investigations completed within 12 months and completion of reviews requested by Freedom of Information (FOI) applicant within agreed timeliness. DPC advised that this was largely because of the number of complex IBAC investigations and a focus on completing older FOI reviews.
95. Of all (nine) Victorian Government departments that were impacted by 2019 machinery of government changes, only the Department of Justice and Community Safety outlined identifiable direct costs attributable to the changes in its *Annual Report 2018–19* in line with the model report.

10.1 Overview

The Department of Premier and Cabinet (DPC) is responsible for providing whole of government policy and performance leadership. DPC currently supports the ministerial portfolios of the Premier, Deputy Premier, Aboriginal Affairs, Equality, Industrial Relations, Multicultural Affairs, Veterans, Women and Youth.⁶⁶⁴ Before 1 January 2019 the Industrial Relations portfolio was the responsibility of the former Department of Economic, Development, Jobs, Transport and Resources (DEDJTR) and the Women and Youth portfolios were the responsibility of the Department of Health and Human Services (DHHS).⁶⁶⁵

DPC's objective are:

- Strong policy outcomes: pursuing policy and service delivery excellence and reform; leading the public sector response to significant state issues, policy challenges and projects; and supporting the effective administration of government
- Engaged citizens: supporting and promoting full participation in strong and vibrant communities; empowering citizens to participate in policymaking and service design; ensuring a holistic approach to social policy and service delivery
- Professional public administration: fostering and promoting a high-performing public service; ensuring effective whole of government performance and outcomes; and protecting the values of good public governance, integrity and accountability in support of public trust
- High-performing DPC: empowering our people and investing in our culture; ensuring efficient and effective processes and systems; and ensuring good governance and risk management.⁶⁶⁶

⁶⁶⁴ Department of Premier and Cabinet, *Annual Report 2018-19*, Melbourne, 2019, p. 6.

⁶⁶⁵ *Ibid.*, p. 12.

⁶⁶⁶ *Ibid.*, p. 6.

10.2 Outcomes in the community across 2017-18 and 2018-19

The Committee's questionnaire asked departments to outline the programs that delivered the most important outcomes in the community across 2017-18 and 2018-19. The programs identified by DPC included:

- Community Infrastructure and Cultural Precincts program that delivered 48 small and 10 large projects to support multicultural communities to develop facilities to enhance community engagement and connection to community.
- Bystander action program with VicHealth and DPC's Behavioural Insights team. The program empowers onlookers to act on sexist and sexually harassing behaviours. The program resulted in a 10% increase in bystander intervention in the group that received information about what is acceptable behaviour.
- Premier's Jobs and Investment Fund (PJIF) that supported a variety of initiatives including development of the MyVictoria website⁶⁶⁷ and strengthening the State's international engagement.
- Security Infrastructure Fund that supported 38 projects to upgrade the security of buildings used by Jewish and Islamic communities including schools, mosques, temples, museums and community hubs.
- Public Sector Veteran Employment Strategy that resulted in 4,684 applications from veterans for roles in the Victorian Public Sector (VPS) in 2018-19⁶⁶⁸ and 441 veterans employed across the VPS between June 2017 and August 2019.⁶⁶⁹
- Public Sector Innovation Fund that built innovation capabilities across government, including through the Launch of CivVic Labs. For example WeGuide helped Western Health make healthcare data collection easier by developing a platform that engages patients with more effective communication before, during and after treatment.⁶⁷⁰

FINDING 86: Some of the highlights for the department in 2017-18 and 2018-19 were the development of facilities to enhance multicultural community engagement, upgrades to the security of buildings used by Jewish and Islamic communities and employment of veterans in the Victorian Public Sector.

⁶⁶⁷ The MyVictoria website brings local information such as schools, housing and rent prices, demographics, average income, public transport, infrastructure projects and more into a single website.

⁶⁶⁸ The number of applications from veterans in 2017-18 was not provided in DPC's response to the Committee's questionnaire.

⁶⁶⁹ Between 1 June 2017 and 31 August 2019, 441 veterans were employed across the Victorian public sector. Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 12 December 2019, p. 14.

⁶⁷⁰ CivVic Labs involves a Department or Agency presenting a challenge to the start-up ecosystem, inviting proposals for solutions from Victorian start-ups, after which there is an opportunity for the start-ups with the best ideas to secure up to \$150,000 to develop the solution. *Ibid.*, pp. 15-20.

The Committee's questionnaire also asked departments to identify the programs that did not deliver their planned outcomes in 2017-18 and 2018-19. The programs identified by DPC included:

- Multicultural grants program, of which only 14% were provided to rural and regional areas in 2017-18
- Labour Hire Scheme, a new business licensing system that aims to protect vulnerable labour hire workers from exploitation and regulates the provision of labour hire services, which following commencement in April 2019 had no licence holders registered under the scheme in 2018-19
- Investment in Leadership and Governance initiative, which was 'not well targeted to meet the current and emerging governance needs of the Aboriginal sector' leading to only 22% of payments being made in accordance with milestones in 2018-19.⁶⁷¹

Some of these programs are examined in further detail below.

10.3 Challenges

In 2017-18 DPC's main challenges were:

- Transition of the Latrobe Valley following the closure of the Hazelwood Power Station in March 2017
- Ensuring the design of the Aboriginal Representative Body⁶⁷² was informed by extensive community consultation and reflected the desires and priorities of the Victoria Aboriginal community
- Administering support for LGBTIQ (Lesbian, Gay, Bisexual, Transgender/transsexual, Intersex and Queer) Victorians as a result of adverse outcomes arising from the Australian Marriage Law Postal Survey
- Establishment of Family Safety Victoria to implement recommendations from the Royal Commission into Family Violence
- Providing secure and resilient government information, services and infrastructure in the face of increasing cyber security threats.

In 2018-19 DPC's main challenges included:

- The 2018 Victorian state election and caretaker period, that required considerable work across government to prepare for a returning or new administration
- Machinery of Government (MoG) changes to the VPS
- Developing and enacting Australia's first treaty legislation with Aboriginal Victorians

⁶⁷¹ Ibid., p. 21.

⁶⁷² Established to ensure Aboriginal Victorians were appropriately represented through the treaty process.

- Enhancing digital capability across the VPS
- The weakening of Victoria’s residential property market, including low turnover and tighter prudential standards, expected to have flow on implications for state revenue and stamp duty.⁶⁷³

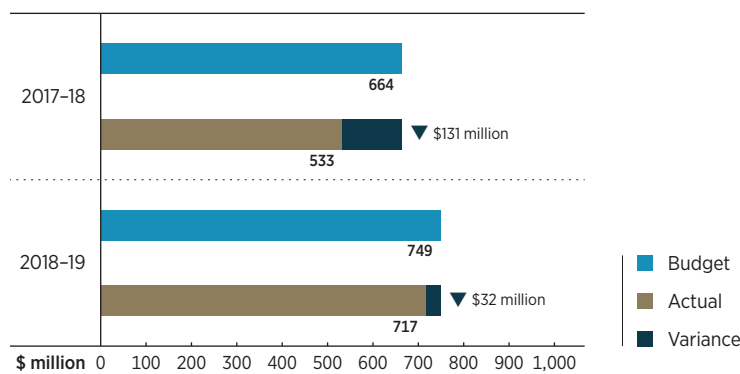
Some of these challenges are discussed in further detail below.

10.4 Financial analysis

10.4.1 Expenditure

The variances between the budgeted and actual figures for DPC’s output expenditure in 2017–18 and 2018–19 are illustrated in Figure 10.1 below.

Figure 10.1 Department of Premier and Cabinet variances in output expenditure, 2017–18 and 2018–19



Source: Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018–19*, Melbourne, 2019, p. 299; Department of Premier and Cabinet, *Annual Report 2017–18*, pp. 19–40; Department of Premier and Cabinet, *Annual Report 2018–19*, pp. 41–60.

In 2017–18 DPC reported an underspend of \$130.8 million or 19.7% in output expenditure. This was caused by an underspend in nine out of DPC’s 15 outputs. It was offset by an overspend in the Digital government and communications output due to the rephasing of funds since the publication of 2017–18 Budget Paper No. 3.⁶⁷⁴

In 2018–19 DPC reported an underspend of \$31.8 million or 4.2% in output expenditure. This was caused by an underspend in 10 out of DPC’s 18 outputs offset by an overspend in the Digital government and communications output. The overspend in Digital government and communications was due to the development of the Service Victoria online customer platform.⁶⁷⁵

⁶⁷³ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 81–83.

⁶⁷⁴ Department of Premier and Cabinet, *Annual Report 2017-18*, Melbourne, 2018, p. 24.

⁶⁷⁵ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 74.

Table 10.1 Department of Premier and Cabinet expenditure by output in 2017–18 and 2018–19

Outputs	2017–18			2018–19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Government-wide leadership, reform and implementation	223.8	109.7	-51.0	163.2	119.8	-26.6
Strategic advice and government support	113.3	116.2	2.6	106	97.7	-7.8
Infrastructure Victoria	10.2	9.8	-3.9	9.9	10.1	2.0
Digital government and communications	9.4	37.4	297.9	47.5	74.4	56.6
Office of the Victorian Government Architect	1.3	1.3	0.0	1.2	1.2	0.0
Industrial relations ^a	NA	NA	NA	13.2	11.7	-11.4
Aboriginal policy, strengthening Aboriginal cultural heritage and communities	56.2	42.8	-23.8	58.2	48.1	-17.4
Multicultural affairs policy and programs	51.1	51.1	0.0	84.6	73.9	-12.6
Support to veterans in Victoria	8.1	6.6	-18.5	10.5	9.1	-13.3
LGBTIQ equality policy and programs	3.4	6.5	91.2	19.5	20.1	3.1
Women's policy	0.0	0.0	NA	0.0	13.7	NA
Youth	0.0	0.0	NA	0.0	12.7	NA
Advice and support to the Governor	14.9	15.5	4.0	15.7	15.8	0.6
Chief Parliamentary Counsel services	6.8	6.7	-1.5	6.8	6.8	0.0
Management of Victoria's public records	20.1	17.4	-13.4	20.7	18.9	-8.7
Public administration advice and support	7.0	6.7	-4.3	11.8	10.0	-15.3
Public sector integrity	95.1	71.1	-25.2	84.6	78.4	-7.3
State electoral roll and electoral events	42.9	34.0	-20.7	95.2	94.4	-0.8
Total	663.6	532.8	-19.7	748.6	716.8	-4.2

a. On 1 January 2019 this output was transferred from the previous DEDJTR to DPC as part of machinery of government changes.

Source: Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018–19*, pp. 121, 299; Department of Premier and Cabinet, *Annual Report 2017–18*, pp. 19–40; Department of Premier and Cabinet, *Annual Report 2018–19*, pp. 41–60.

FINDING 87: The Department of Premier and Cabinet's actual output expenditure was \$130.8 million or 19.7% lower than budgeted in 2017–18 and \$31.8 million or 4.2% lower than budgeted in 2018–19.

FINDING 88: Expenditure under the Department of Premier and Cabinet’s Digital government and communications output was 297.9% over budget in 2017–18 due to rephasing of funds and 56.6% over budget in 2018–19 as a result of the development of the Service Victoria online platform.

Disaggregated financial information

The Committee notes that DPC’s 2017–18 and 2018–19 annual reports present disaggregated financial information by objective, not output.⁶⁷⁶ Model reports are produced by DTF to assist Victorian government departments and other public sector entities with the planning and preparation of disclosures in their annual reports. With specific reference to section 4 ‘Disaggregated financial information by output’ the 2017–18 and 2018–19 model reports state:

This section disaggregates revenue and income that enables the delivery of services ... by output and records the allocation of expenses incurred ... also by output, which form part of controlled balances of the Department.⁶⁷⁷

This level of disaggregation supports measurement of the efficiency by which departments deliver outputs and achieve outcomes.

RECOMMENDATION 40: In line with the 2017–18 and 2018–19 model reports, the Department of Premier and Cabinet consider disaggregating financial information by output not objective in future annual reports.

10.4.2 Revenue and expenses

2017–18

In 2017–18 DPC’s output appropriations were \$59.6 million or 14.0%⁶⁷⁸ higher than in 2016–17 as a result of new funding received for various programs including: social service system reform initiatives;⁶⁷⁹ the Premier’s Jobs and Investment Fund (PJIF); the Victorian Pride Centre; and the Self-determination and community infrastructure initiative.⁶⁸⁰

⁶⁷⁶ Department of Premier and Cabinet, *Annual Report 2017-18*, p. 65. Department of Premier and Cabinet, *Annual Report 2018-19*, p. 76.

⁶⁷⁷ Department of Treasury and Finance, *2017-18 Model Report for Victorian Government Departments*, Melbourne, 2018, p. 112. Department of Treasury and Finance, *2018-19 Model Report for Victorian Government Departments*, Melbourne, 2019, p. 108.

⁶⁷⁸ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 38 (Committee calculation).

⁶⁷⁹ DPC’s *Annual report 2018-19* states that social service reforms in 2018-19 include ‘providing strategic guidance on key 2018–19 family violence reforms’. Department of Premier and Cabinet, *Annual Report 2018-19*, p. 23.

⁶⁸⁰ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 38.

In 2017–18 DPC’s grant revenue was \$20.5 million or 53.5% higher than in 2016–17, primarily as a result of Commonwealth and State grants received for:

... various programs such as NDIS Workforce Reforms, Victoria is Hiring, Victorian Leadership Academy and Community Advancement Fund.⁶⁸¹

In 2017–18 grant expenses increased by \$57.4 million or 79.6%⁶⁸² compared to 2016–17. The increased grant expenses related to grant programs for Aboriginal Affairs, Multicultural Affairs and the Latrobe Valley Authority.⁶⁸³

2018–19

In 2018–19 DPC’s output appropriations were \$138.9 million or 28.6%⁶⁸⁴ higher than in 2017–18 as a result of new or additional funding for various initiatives, including: Pick My Project; the Multicultural Community Infrastructure Program; Service Victoria; Self-determination and treaty; and PJIF. With regard to this increase in output appropriations, DPC stated:

There was also unused funding transferred from the previous year for the Victorian Pride Centre, social service system reform and Multicultural Affairs initiatives that saw an increase in funding between the two years.⁶⁸⁵

In 2018–19 DPC’s grant revenue decreased by \$27.6 million or 46.9% compared to 2017–18, primarily due to the transfer of the PJIF (via grants) from the former DEDJTR to DPC in 2017–18.⁶⁸⁶ In contrast, grant expenses in 2018–19 increased by \$43.3 million or 33.4%⁶⁸⁷ compared to 2017–18 levels due to an increase in grants activities through various programs, such as Pick My Project and the PJIF.⁶⁸⁸ These projects are discussed in further detail below.

In 2018–19 DPC’s employee benefits expenses increased by \$71.5 million or 27.6%⁶⁸⁹ compared to 2017–18, primarily due to the November 2018 state election and the MoG changes that saw the Women’s Policy, Youth and Industrial Relations outputs transferred to the Department.⁶⁹⁰

⁶⁸¹ Ibid., p. 39.

⁶⁸² Ibid., p. 46 (Committee calculation).

⁶⁸³ Ibid., p. 46.

⁶⁸⁴ Ibid., p. 40 (Committee calculation).

⁶⁸⁵ Ibid., p. 40.

⁶⁸⁶ Ibid., p. 41.

⁶⁸⁷ Ibid., p. 48 (Committee calculation).

⁶⁸⁸ Ibid., p. 48.

⁶⁸⁹ Ibid., p. 47 (Committee calculation).

⁶⁹⁰ Ibid., p. 47.

FINDING 89: The Department of Premier and Cabinet’s (DPC) output appropriations and grant expenses increased over the 2017–18 and 2018–19 years as a result of various grant programs. In 2017–18 DPC’s grant revenue increased primarily due to the transfer of the Premier’s Jobs and Investment Fund from the former Department of Economic Development, Jobs, Transport and Resources. In 2018–19 DPC’s employee expenses increased largely due to the machinery of government transfer of the Women’s Policy, Youth and Industrial Relations outputs to the department.

10.4.3 Overall financial performance

Table 10.2 below summarises DPC’s financial performance in 2017–18 and 2018–19.

Table 10.2 Department of Premier and Cabinet—Summary of Comprehensive Operating Statement in 2017–18 and 2018–19

Controlled items	2017–18			2018–19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	660.7	590.0	-10.7	746.4	762.4	2.1
Expenses from transactions	666.7	579.9	-13.0	752.5	757.3	0.6
Net results	-6.0	10.1	-	-6.1	5.1	-

Source: Department of Premier and Cabinet, *Annual Report 2017–18*, p. 105; Department of Premier and Cabinet, *Annual Report 2018–19*, p. 117.

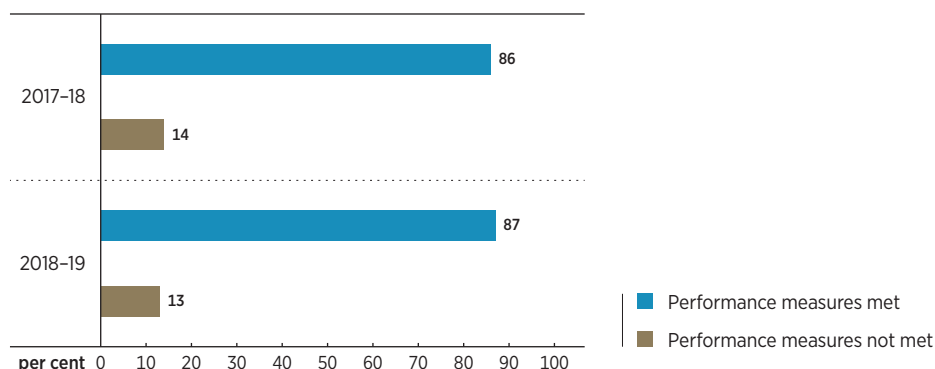
FINDING 90: The Department of Premier and Cabinet’s (DPC) comprehensive operating statement in 2017–18 and 2018–19 reflects a stable financial position as DPC’s overall income exceeds expenses.

10

10.5 Performance information

DPC achieved or exceeded over 85% of the performance measures published in the 2017–18 and 2018–19 annual reports.⁶⁹¹

⁶⁹¹ Department of Premier and Cabinet, *Annual Report 2017–18*, pp. 77–102. Department of Premier and Cabinet, *Annual Report 2018–19*, pp. 41–60.

Figure 10.2 Department of Premier and Cabinet performance measurement results, 2017–18 and 2018–19

Note: A number of performance measures were not met in 2018–19 due to the State election being held in November 2018. Department of Premier and Cabinet, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, pp. 74–78.

Source: Department of Premier and Cabinet, *Annual Report 2017–18*, pp. 77–102; Department of Premier and Cabinet, *Annual Report 2018–19*, pp. 41–60.

Performance measures that were not met in 2017–18 and 2018–19 include:

- participation of Aboriginal people in Local Aboriginal Networks
- proportion of grants approved that are provided to organisations in regional/rural areas
- proportion of Independent Broad-based Anti-corruption Commission (IBAC) investigations into corrupt public sector conduct (excluding police personnel conduct and police personnel corrupt conduct) completed within 12 months
- complaints resolved within 30 calendar days of receipt by the Victorian Ombudsman
- timeline agreed by Freedom of Information (FOI) applicants for completion of reviews is met.⁶⁹²

10.6 Key issues

10.6.1 Output funding not spent

In its *Report on the 2016–17 Financial and Performance Outcomes*, the Committee recommended:

Recommendation 31: Where significant proportions of output funding are not spent in a year and carried forward to the subsequent year, the Department of Premier and Cabinet outline the underlying reasons for the under-spend in the annual report,

⁶⁹² Department of Premier and Cabinet, *Annual Report 2017–18*, pp. 77–102. Department of Premier and Cabinet, *Annual Report 2018–19*, pp. 41–60.

together with a discussion on the subsequent impact on the delivery of services and outcomes for that year.⁶⁹³

The Government supported this recommendation and DPC's response to the Committee's questionnaire provided the following update on the implementation of the recommendation:

DPC has commenced outlining underlying reasons for any significant proportions of output funding under-spend in its annual report.⁶⁹⁴

The Committee acknowledges that DPC's *Annual Report 2018–19* outlines the underlying reasons for underspends in output funding. For example in 2018–19 under the 'Aboriginal policy, strengthening Aboriginal cultural heritage and communities' output, the total output cost was \$10.1 million lower than the target. DPC explains that this underspend was:

... due to delays in completing treaty and self-determination initiatives and establishing the Munarra Centre for Regional Excellence.⁶⁹⁵

However the Committee notes that DPC's *Annual Report 2018–19* does not outline the impact on the delivery of services and outcomes for the underspends in output funding, as recommended by the Committee. With regard to this recommendation, in its response to the Committee's questionnaire DPC recommended:

... the Department of Treasury and Finance incorporate this recommendation in the 2019–20 Model Report for Victorian Departments.⁶⁹⁶

The Committee endorses this suggestion and makes the following recommendation:

RECOMMENDATION 41: The Department of Treasury and Finance consider amending the Model Report to require departments to outline in their annual reports the underlying reasons for significant proportions of output funding not being spent in a year and carried forward, and the subsequent impact on the delivery of services and outcomes for that year.

⁶⁹³ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2016-17 Financial and Performance Outcomes*, May 2018, p. 132.

⁶⁹⁴ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 88.

⁶⁹⁵ Department of Premier and Cabinet, *Annual Report 2018-19*, p. 48.

⁶⁹⁶ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 88.

10.6.2 Reporting on outcomes of projects funded by grant initiatives and investment funds

Pick My Project

Pick My Project is a \$30 million community grants initiative that allowed Victorians to submit ideas from 21 May to 8 July 2018 for local community projects that were then chosen by the public through an online vote.⁶⁹⁷ DPC monitored the performance of the Pick My Project initiative in 2018–19 through the following performance measures:

- number of eligible ideas for Pick My Project
- total number of votes for eligible ideas for Pick My Project.⁶⁹⁸

In 2018–19 DPC exceeded both performance measures with 2,299 eligible ideas submitted for projects (15% above target) and 286,000 votes being made for projects (91% above target).⁶⁹⁹ DPC's response to the Committee's questionnaire also advised that in 2018–19:

- approximately 10,000 Victorians had engaged with the Pick My Project initiative
- 237 grants had been administered to successful project ideas, of which 51 had been completed.⁷⁰⁰

In describing the outcomes achieved by the Pick My Project initiative, DPC stated:

... projects are delivering a range of outcomes in their local communities including education and training programs, infrastructure, support and health services, connection and inclusion programs, multicultural events, festivals and much more.⁷⁰¹

The Committee notes that the 'Pick My project' website contains detailed information about successful project ideas, including their location, the number of votes received, the amount of funding provided and what the project seeks to achieve.⁷⁰²

Premier's Jobs and Investment Fund

The Premier's Jobs and Investment Fund (PJIF) was extended in the 2018–19 Budget with an allocation of \$10 million.⁷⁰³ The Fund supported a range of projects which contributed to industry growth and job creation across emerging and high-growth

⁶⁹⁷ Department of Premier and Cabinet, *Pick My Project*, <<https://pickmyproject.vic.gov.au>> accessed 29 May 2020. Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 8.

⁶⁹⁸ Department of Premier and Cabinet, *Annual Report 2018-19*, p. 44.

⁶⁹⁹ Ibid.

⁷⁰⁰ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 8.

⁷⁰¹ Ibid.

⁷⁰² Department of Premier and Cabinet, *Pick My Project*.

⁷⁰³ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, Melbourne, 2019, p. 102.

industries in Victoria.⁷⁰⁴ In responding to the Committee's questionnaire, DPC noted the planned outcomes of the PJIF are:

To support the Government's economic development priorities to build a strong economy, improve economic growth and create more jobs.⁷⁰⁵

While no performance measures have been set to assess the PJIF, DPC's response to the Committee's questionnaire explains that in 2018–19, 11 initiatives totalling \$10 million were approved from the PJIF funding allocation.⁷⁰⁶ As stated above, this included a variety of initiatives such as development of the MyVictoria website and supporting cross portfolio action to strengthen the State's international engagement, through the India and China strategies.⁷⁰⁷

The Committee notes that unlike the Pick My Project website, information about the successful projects funded by the PJIF, their location, the amount of funding received and what the projects seek to achieve is not publicly available.

Similarly, DPC's performance measures do not reflect the outcomes achieved by grant programs such as PJIF and Pick My Project.

RECOMMENDATION 42: For all future projects funded by grant initiatives and investment funds, the Department of Premier and Cabinet consider developing and publishing performance measures to evaluate the outcomes delivered to the community by the projects.

LGBTIQ Community Grants Program

The 2016–17 Budget invested \$4 million over four years for an LGBTIQ Community Grants Program.⁷⁰⁸ In 2016–17, 2017–18 and 2018–19 the target for the 'Proportion of LGBTIQ grant program recipients who met or exceeded agreed outcomes' performance measure was 85%. For three years the actual result has not been reported.⁷⁰⁹

DPC's *Annual Report 2016–17* stated:

The 2016–17 actual is not able to be reported because the grant application, assessment and awarding process has only recently been completed. Funding has now been provided to recipients and reporting will take place at six-monthly intervals.⁷¹⁰

⁷⁰⁴ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 11.

⁷⁰⁵ *Ibid.*, p. 16.

⁷⁰⁶ *Ibid.*, p. 48.

⁷⁰⁷ *Ibid.*, p. 16.

⁷⁰⁸ Parliament of Victoria, *Inquiry into the 2018-19 Budget Estimates Presentation—Martin Foley MP, Minister for Equality*, 2018, p. 7.

⁷⁰⁹ Department of Premier and Cabinet, *Annual Report 2016-17*, Melbourne, 2017, p. 18. Department of Premier and Cabinet, *Annual Report 2017-18*, p. 32. Department of Premier and Cabinet, *Annual Report 2018-19*, p. 51.

⁷¹⁰ Department of Premier and Cabinet, *Annual Report 2016-17*, p. 18.

DPC's *Annual Report 2017–18* stated:

The 2017–18 actual is not able to be reported at the time of publication due to the reporting timeline for this grants cycle. Data for this performance measure is not required from recipients until later in 2018–19. The actual will be reported on DPC's website when available.⁷¹¹

DPC's *Annual Report 2018–19* also stated that it was unable to report the actual 'due to a significant proportion of grant recipients still delivering on funded activities'.⁷¹²

The actual results against this performance measure for 2016–17, 2017–18 and 2018–19 are not reported on DPC's website.⁷¹³

The Committee understands that the 'Proportion of LGBTIQ grant program recipients who met or exceeded agreed outcomes' performance measure aims to assess the quality of the grant funding to deliver outcomes for LGBTIQ Victorians. However to assess the quality of the outcomes being delivered from the grant program, it is important to understand the organisations and projects that have received LGBTIQ grant program funding and what such funding is being used for.

DPC's website provides a list of the successful LGBTIQ grant recipients for 2018–19, by organisation, location, allocation and a short description of what the grant funds will be used for. The Committee notes that the same information for the projects that received funding in 2016–17 and 2017–18 is not published on DPC's website or accounted for in DPC's annual reports.⁷¹⁴

FINDING 91: Information about the organisations and projects that received LGBTIQ grant program funding is only available for the 2018–19 year.

RECOMMENDATION 43: The Department of Premier and Cabinet consider publishing on its website details about the organisations and projects that received LGBTIQ grant program funding (including the amount allocated) in 2016–17 and 2017–18.

711 Department of Premier and Cabinet, *Annual Report 2017-18*, p. 32.

712 Department of Premier and Cabinet, *Annual Report 2018-19*, p. 51.

713 Department of Premier and Cabinet, *LGBTIQ Community Grants Program: Organisational Grants* 29 November 2019, <<https://www.vic.gov.au/lgbtiq-community-grants-program-organisational-grants>> accessed 29 May 2020.

714 Department of Premier and Cabinet, *Successful Recipients: LGBTIQ Organisational Grants Program*, 29 November 2019, <<https://www.vic.gov.au/successful-recipients-LGBTIQ-organisational-grants>> accessed 29 May 2020.

10.6.3 Women in Construction Strategy

The 2018–19 Budget allocated \$500,000 for the development of a Women in Construction Strategy.⁷¹⁵ The strategy aims to support:

- Attraction: break down barriers that prevent girls and women considering trades and other roles within the industry; and develop pathways for women to enter the construction industry and develop a career or move from semi-skilled roles within the industry to skilled and trade roles
- Recruitment: improve recruitment practices to help more women obtain trade and semi-skilled roles in the industry
- Retention: create a culture of gender equality in the construction industry.⁷¹⁶

DPC's response to the Committee's questionnaire on completed initiatives from the past budgets states:

Following implementation of the Women in Construction Strategy, in conjunction with the Building Industry Consultative Council, a structured program will be developed to increase the proportion of women working in the construction industry.⁷¹⁷

While the strategy was published in October 2019⁷¹⁸ and will be implemented in 2019–20,⁷¹⁹ the Committee notes that performance measures to assess the outcomes of the strategy have not been set.⁷²⁰

RECOMMENDATION 44: The Department of Premier and Cabinet consider developing performance measures to assess the outcomes of the Women in Construction Strategy in terms of the attraction, recruitment and retention of women within the construction industry.

10.6.4 Multicultural grant funding provided to regional and rural areas

The Multicultural affairs policy and programs output provides policy advice on multicultural affairs and social cohesion in Victoria and supports Victoria's whole of government approach to multiculturalism.⁷²¹

⁷¹⁵ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 10.

⁷¹⁶ Department of Premier and Cabinet, *Annual Report 2018-19*, p. 27.

⁷¹⁷ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 14.

⁷¹⁸ Ibid.

⁷¹⁹ Department of Premier and Cabinet, *Annual Report 2018-19*, p. 27.

⁷²⁰ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 139. Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2019-20* Melbourne, 2019.

⁷²¹ Department of Premier and Cabinet, *Annual Report 2018-19*, p. 49.

In both 2017–18 and 2018–19 there was a -30% and a -35% variance between the targets and the actuals for the ‘Proportion of approved grant funding provided to organisations in regional/rural areas’ performance measure. Victoria’s multicultural grant program supports communities to:

- Celebrate and share their culture and traditions
- Build social and cultural connections, community partnerships and leadership
- Improve multicultural community infrastructure
- Better engage and support newly arrived refugees and asylum seekers
- Identify and respond to racial and religious intolerance.⁷²²

With regard to the 2017–18 result, DPC’s *Annual Report 2017–18* and response to the Committee’s questionnaire stated:

The lower 2017–18 actual was due to a decline in grant applications from regional organisations in 2017–18, which led to a fewer number of approvals. Regional applications are prioritised in the assessment process.⁷²³

With regard to the 2018–19 result, DPC’s *Annual Report 2018–19* and response to the Committee’s questionnaire stated:

The 2018–19 full-year actual is lower than the 2018–19 target due to a smaller than expected application rate from regional and rural communities to portfolio grant programs.⁷²⁴

FINDING 92: While regional grant applications made under the multicultural grant program are a priority in the assessment process, grant applications from regional and rural communities to fund multicultural programs have declined across 2017–18 and 2018–19.

RECOMMENDATION 45: The Department of Premier and Cabinet consider developing targeted initiatives to assist regional and rural communities apply for multicultural grants.

⁷²² Department of Premier and Cabinet, *Grants to Support Multicultural Communities*, 26 May 2020, <<https://www.vic.gov.au/grants-support-multicultural-communities>> accessed 29 May 2020.

⁷²³ Department of Premier and Cabinet, *Annual Report 2017–18*, p. 29. Department of Premier and Cabinet, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, p. 71.

⁷²⁴ Department of Premier and Cabinet, *Annual Report 2018–19*, p. 49. Department of Premier and Cabinet, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, p. 77.

10.6.5 Aboriginal cultural heritage and communities

The Aboriginal policy, strengthening Aboriginal cultural heritage and communities output:

... protects and manages Aboriginal cultural heritage; strengthens Aboriginal community organisation; and builds community engagement to improve long-term social and economic outcomes for Aboriginal Victorians, including working towards treaty.⁷²⁵

In 2017–18 and 2018–19 a number of performance measures under this output were not met. For example:

- In 2017–18 and 2018–19 there was a -10% variance between the target and the actual for the ‘Participation of Aboriginal people in Local Aboriginal Networks (number)’ performance measure.⁷²⁶ DPC stated that the actual result ‘reflects periodic fluctuations in participation that have been evident over the medium term’.⁷²⁷ DPC also identified the Victorian Local Aboriginal Networks as one of its lowest performing programs in 2017–18 and explained that ‘[t]he outcome was not achieved due to turnover.’⁷²⁸
- In 2018–19 there was a -78% variance between the target and the actual result for the ‘Funding payments for the Investing in Leadership and Governance initiative made in accordance with milestones’ performance measure.⁷²⁹ DPC stated that the lower actual is ‘due to the existing funding program failing to meet current and emerging governance needs of the Aboriginal sector’.⁷³⁰ DPC also identified the Investing in Leadership and Governance initiative as one of its lowest performing in 2018–19 for the reasons stated above.⁷³¹
- In 2018–19 there was a -15% variance in 2018–19 between the target and the actual figure for the ‘Capacity-building activities provided for traditional owners and Aboriginal community organisations (number)’ performance measure.⁷³² DPC stated that the lower actual is ‘due to the reduction in activities over time due to managing the current and emerging needs of the Aboriginal sector’.⁷³³

FINDING 93: The results for a number of performance measures under the Department of Premier and Cabinet’s Aboriginal policy, strengthening Aboriginal cultural heritage and communities output were below target in 2017–18 and 2018–19, largely due to the difficulty in managing the current and emerging needs of the Aboriginal sector.

⁷²⁵ Department of Premier and Cabinet, *Annual Report 2018-19*, p. 47.

⁷²⁶ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 70, 76.

⁷²⁷ Ibid.

⁷²⁸ Ibid., p. 22.

⁷²⁹ Ibid., p. 76.

⁷³⁰ Ibid.

⁷³¹ Ibid., p. 23.

⁷³² Ibid., p. 76.

⁷³³ Ibid.

10.6.6 Public sector integrity

DPC's Public sector integrity output provides:

... oversight and investigations of complaints concerning corrupt conduct, police personnel conduct, administrative actions, local councillor conduct, alleged breaches of privacy and freedom of information.⁷³⁴

Through agencies such as the Independent Broad-based Anti-corruption Commission (IBAC), it aims to enhance and protect data security, promote integrity and transparency in government, and facilitate advice and education to the public sector on these matters.⁷³⁵

Independent Broad-based Anti-corruption Commission investigations completed within 12 months

Under the Public sector integrity output, the quantity performance measure—proportion of Independent Broad-based Anti-corruption Commission (IBAC) investigations into corrupt public sector conduct completed within 12 months—was 20% below target in 2017–18 and 44% below target in 2018–19.⁷³⁶ DPC's *Annual Report 2017–18* and DPC's response to the Committee's questionnaire stated:

The 2017–18 actual is lower than the target due to a number of ongoing complex investigations into the public sector that were finalised in the reporting period and took longer than 12 months to complete.⁷³⁷

DPC's *Annual Report 2018–19* and DPC's response to the Committee's questionnaire explained:

The 2018–19 full-year actual is lower than the 2018–19 target due to an increase in the number of ongoing complex investigations.⁷³⁸

Similarly under this output, the quantity performance measure—proportion of IBAC investigations into police personnel conduct and policy personnel corrupt conduct completed within 12 months—was 56% below target in 2018–19.⁷³⁹ DPC's *Annual Report 2018–19* stated:

The 2018–19 full-year actual is lower than the 2018–19 target due to an increase in the number of ongoing investigations. Over half of the investigations conducted involved charges and disciplinary hearings, which extend the investigation timeframe.⁷⁴⁰

⁷³⁴ Department of Premier and Cabinet, *Annual Report 2018-19*.

⁷³⁵ Ibid.

⁷³⁶ Ibid., p. 58.

⁷³⁷ Department of Premier and Cabinet, *Annual Report 2017-18*, p. 37. Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 72.

⁷³⁸ Department of Premier and Cabinet, *Annual Report 2018-19*, p. 58.

⁷³⁹ Ibid.

⁷⁴⁰ Ibid.

Completion of reviews requested by Freedom of Information applicants

Under the Public sector integrity output, the timeliness performance measure—Timeline agreed by Freedom of Information (FOI) applicants for completion of reviews is met—was 30% below target in 2017–18 and 73% below target in 2018–19.⁷⁴¹

DPC's *Annual Report 2017–18* and DPC's response to the Committee's questionnaire stated:

The 2017–18 actual is lower than the target due to an ongoing trend of increasing FOI review service demand and a focus by OVIC [Office of the Victorian Information Commissioner] on resolving older outstanding matters, which is reflected in the age of matters that are being completed.⁷⁴²

DPC's *Annual Report 2018–19* and DPC's response to the Committee's questionnaire stated:

The 2018–19 full-year actual is lower than the 2018–19 target due to focusing on the number of reviews completed and completing older reviews.⁷⁴³

FINDING 94: Performance under the public sector integrity output was below expectations across 2017–18 and 2018–19 in terms of the proportion of Independent Broad-based Anti-corruption Commission (IBAC) investigations completed within 12 months and completion of reviews requested by Freedom of Information (FOI) applicant within agreed timeliness. DPC advised that this was largely because of the number of complex IBAC investigations and a focus on completing older FOI reviews.

10.7 Objective indicators

The effectiveness of a department in delivering on its objectives is assessed through the reporting of objective indicators.⁷⁴⁴ DPC's 2017–18 and 2018–19 annual reports do not include metrics for measuring progress against the Department's objective indicators.⁷⁴⁵

In response to the Committee's questionnaire DPC stated that the data against objective indicators across 2017–18 and 2018–19 is 'not yet available' and that:

DPC will continue to review its objective indicators to ensure utility in reporting on DPC's progress in the achievement of strategic objectives. DPC will also continue work to determine suitable metrics for measuring progress.⁷⁴⁶

⁷⁴¹ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 73, 78.

⁷⁴² Department of Premier and Cabinet, *Annual Report 2017-18*, p. 38. Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 73.

⁷⁴³ Department of Premier and Cabinet, *Annual Report 2018-19*, p. 59. Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 78.

⁷⁴⁴ Department of Treasury and Finance, *2018-19 Model Report for Victorian Government Departments*, p. 13.

⁷⁴⁵ Department of Premier and Cabinet, *Annual Report 2017-18*. Department of Premier and Cabinet, *Annual Report 2018-19*.

⁷⁴⁶ Department of Premier and Cabinet, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 79–80.

RECOMMENDATION 46: The Department of Premier and Cabinet consider establishing metrics for measuring progress or outcomes against the department’s objective indicators and include this data in the Department’s 2020–21 annual report.

10.8 Machinery of government changes—Industrial Relations, Women and Youth portfolios

DPC’s response to the questionnaire lists ‘Machinery of Government (MoG) changes to the Victorian Public Sector’ as one of its significant challenges for 2018–19.⁷⁴⁷ On 1 January 2019 as a result of MoG changes, the Industrial Relations portfolio was transferred to DPC from the former Department of Economic, Development, Jobs, Transport and Resources (DEDJTR); and the Women and Youth portfolios were transferred to DPC from the Department of Health and Human Services (DHHS).⁷⁴⁸

While MoG changes are a key driver of organisational change within the Government, Parliamentary Committees, particularly PAEC, have a history of scrutinising the costs and benefits of such changes. For example, the Committee’s *Report on the 2015–16 Budget Estimates* recommended:

The Department of Treasury and Finance update the Model Report to require all departments to report any costs and benefits in a year as a result of machinery-of-government changes in their annual reports. The updated report should include guidance so that the data in annual reports are provided on a consistent basis across departments.⁷⁴⁹

The Government supported this recommendation in principle and explained:

Costs and benefits resulting from implementation of ... MoG ... changes include some elements that are quantifiable while others are difficult to quantify. The Government supports reporting those elements that are quantifiable, namely direct costs that can be solely attributed to implementing MoG changes. By contrast, indirect costs which comprise predominantly staff time would be difficult to quantify. Benefits would also be difficult to quantify and may not occur until future years, presenting a challenge to measure consistently across departments.⁷⁵⁰

The Legal and Social Issues Committee (LSIC) conducted an inquiry into MoG changes following the 2014 election. The Committee found that there was ‘very little guidance for departments in Victoria in relation to tracking ... MoG ... costs’ resulting in ‘inconsistent and incomplete reporting of associated expenditure and outcomes.’⁷⁵¹

⁷⁴⁷ Ibid., p. 82.

⁷⁴⁸ Department of Premier and Cabinet, *Annual Report 2018-19*, p. 12.

⁷⁴⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2015-16 Budget Estimates*, November 2015, p. 142.

⁷⁵⁰ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2015-16 Budget Estimates*, 4 May 2016, p. 14.

⁷⁵¹ Parliament of Victoria, Legislative Council, Legal and Social Issues Committee, *Inquiry into Machinery of Government Changes*, May 2016, p. vii.

LSIC recommended that DTF or the Department of Premier and Cabinet (DPC), with advice from the Victorian Auditor-General's Office, develop:

- Guidelines to enable the clear and consistent reporting of machinery of government costs and benefits in victoria
- A set of consistent guidelines to track the costs and outcomes of any machinery of government changes.⁷⁵²

LSIC also recommended that MoG 'reporting be required in each Department's annual report'.⁷⁵³

The Government supported all of these recommendations either fully or in principle, stating that guidelines would be developed to 'produce an estimate of the direct costs of proposed MoG changes' to 'enable the consistent tracking and reporting of direct costs and outcomes'.⁷⁵⁴ The response further outlined:

DTF, in consultation with DPC, will develop the necessary changes to (WoVG) [Whole of Victorian Government] annual reporting frameworks to require reporting the direct costs and outcomes of MoG changes.⁷⁵⁵

The Committee notes that the *2018-19 Model Report for the Victorian Government Departments* provides guidance on the reporting of the 'direct costs attributable to machinery of government changes', including: consultants and contractors, relocation, telephony, IT and records management, rebranding, redundancies, new staff, and anticipated future costs.⁷⁵⁶ The model report does not provide guidance on reporting of the benefits or outcomes of MoG changes.

With regard to the transfer of the Industrial Relations, Women and Youth portfolios to DPC, the Committee notes that DPC's *Annual Report 2018-19* does not include information about any costs, benefits or outcomes associated with this 2019 MoG change.

The Department of Justice and Community Safety (DJCS) was the only department to outline direct costs as a result of the 2019 MoG changes in its *Annual Report 2018-19*.⁷⁵⁷

⁷⁵² Ibid.

⁷⁵³ Ibid., p. ix.

⁷⁵⁴ Government of Victoria, *Response to the Parliament of Victoria, Legislative Council, Legal and Social Issues Committee, Inquiry into Machinery of Government Changes*, 8 November 2016, pp. 1-3.

⁷⁵⁵ Ibid.

⁷⁵⁶ Department of Treasury and Finance, *2018-19 Model Report for Victorian Government Departments*, p. 16.

⁷⁵⁷ Department of Justice and Community Safety, *Annual Report 2018-19*, Melbourne, 2019, p. 15. Identifiable direct costs attributable to machinery of government change: In 2018-19, the government restructured some of its activities via a machinery of government (MOG) change in relation to racing and adoption services taking effect from 1 January 2019 and countering violent extremism taking effect from 11 February 2019. As a result of these MOG changes, the department incurred direct costs in 2018-19 of \$0.11 million and anticipated future costs of \$0.07 million that were attributable to the MOG changes and mainly relate to setting up the new employees access to the department's Information and Communication Technology (ICT) systems.'

FINDING 95: Of all (nine) Victorian Government departments that were impacted by 2019 machinery of government changes, only the Department of Justice and Community Safety outlined identifiable direct costs attributable to the changes in its *Annual Report 2018-19* in line with the model report.

RECOMMENDATION 47: The 2019–20 Model Report for the Victorian Government Departments consider including guidance on the reporting of the benefits or outcomes of Machinery of Government changes.

Findings

96. The Department of Treasury and Finance identified the following program highlights—producing key financial and economic publications for the State and introducing the Social Procurement Framework.
97. The Department of Treasury and Finance’s actual output expenditure in 2018–19 was higher than budgeted. This variance is mainly attributable to the overspend on the delivery of the outputs Budget and Financial Advice output, Economic and Policy Advice, Services to Government and the transfer of Invest Victoria from Department of Economic Development, Jobs, Transport and Resources to the Department of Treasury and Finance.
98. In 2017–18 output appropriations were lower compared to 2016–17 largely due to land remediation obligations.⁷⁵⁸ In 2018–19 output appropriations were higher compared to 2017–18 largely due to the machinery of government transfer of Invest Victoria into the Department of Treasury and Finance and an increase in the Capital Asset Charge.⁷⁵⁹
99. The Department of Treasury and Finance (DTF) comprehensive operating statement in 2017–18 and 2018–19 reflects a stable position as DTF’s overall income exceeded expenses.
100. The Committee notes that Treasury Corporation of Victoria’s (TCV) net profit of \$41.7 million in 2015–16 was retained by TCV to support capital needs relating to the Port of Melbourne Corporation. However the net profits of \$83.3 million in 2016–17 and \$49.7 million in 2017–18 were paid as dividends.

11.1 Overview

The Department of Treasury and Finance (DTF) is responsible for providing leadership in economic, financial and resource management to the Government. DTF currently supports the ministerial portfolios of the Treasurer, the Assistant Treasurer and Economic Development. Before 1 January 2019 the portfolio of the Assistant Treasurer was called the Finance portfolio.

⁷⁵⁸ Department of Treasury and Finance, *Annual Report 2017-18*, Melbourne, 2018, p. 36.

⁷⁵⁹ Department of Treasury and Finance, *Annual Report 2018-19*, Melbourne, 2019, p. 37.

DTF's objectives are to:

- optimise Victoria's fiscal resources
- strengthen Victoria's economic performance
- improve how the Government manages its balance sheet, commercial activities and public sector infrastructure
- deliver efficient whole of government common services to the Victorian public sector
- ensure DTF and its people have the capability to serve Government.⁷⁶⁰

11.2 Outcomes in the community across 2017–18 and 2018–19

The Committee's questionnaire asked departments to outline the five programs that delivered the most important outcomes in the community. The programs identified by DTF included:

- producing key financial and economic publications for the State, including the delivery of State's annual budgets
- developing initiatives to support the Government's Homes for Victorians housing strategy
- housing programs including the Social Housing Growth Fund and implementing the HomesVic Shared Equity Initiative
- introducing the Social Procurement Framework in partnership with the Department of Economic Development, Jobs, Transport and Resources and the launching of DTF's Social Procurement Framework
- commencing the Government's 2019–20 Base and Efficiency Review program.⁷⁶¹

FINDING 96: The Department of Treasury and Finance identified the following program highlights—producing key financial and economic publications for the State and introducing the Social Procurement Framework.

⁷⁶⁰ Ibid., p. 1.

⁷⁶¹ Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 13 December 2019, pp. 1-5.

11.3 Challenges

In both 2017–18 and 2018–19 DTF identified implementing new technology and supporting flexible work environment as challenges. The other challenges DTF experienced include:

- in 2017–18:
 - attraction and retention of capable staff
 - improving leadership capability
 - supporting a diverse and inclusive workplace culture.
- in 2018–19:
 - challenging fiscal environment
 - integrating Invest Victoria within DTF
 - workload management.⁷⁶²

11.4 Financial analysis

11.4.1 Expenditure

The 2017–18 Budget allocated \$294.3 million.⁷⁶³ Actual expenditure for the year was \$303.7 million representing a 3.2% or a \$9.4 million variance.⁷⁶⁴

The 2018–19 Budget allocated was \$348.2 million.⁷⁶⁵ Actual expenditure for the year was \$403.8 million representing a 16.0% or a \$55.6 million variance.⁷⁶⁶

⁷⁶² Ibid., p. 64.

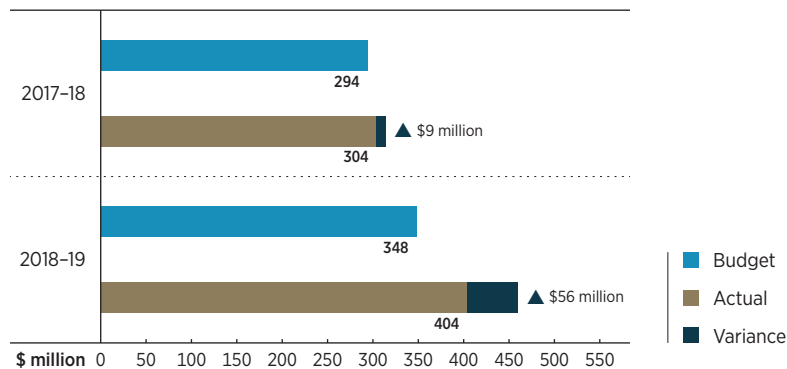
⁷⁶³ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, Melbourne, 2019, p. 320. This amount represents output funding.

⁷⁶⁴ Department of Treasury and Finance, *Annual Report 2018-19*, pp. 58–9 (Committee calculation).

⁷⁶⁵ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 320. This amount represents output funding.

⁷⁶⁶ Department of Treasury and Finance, *Annual Report 2018-19*, pp. 58–9 (Committee calculation).

Figure 11.1 Department of Treasury and Finance variances in output expenditure, 2017–18 and 2018–19



Source: Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 320. Department of Treasury and Finance, *Annual Report 2017-18*, pp. 20–28 Department of Treasury and Finance, *Annual Report 2018-19*, pp. 19–29.

In 2017–18 the variance of \$9.4 million or 3.2% was mainly caused by overspends in the following outputs: Economic and Policy Advice; Economic Regulatory Services and Budget and Financial Advice.

In 2018–19 the variance of \$55.6 million or 16% was mainly caused by the transfer of Invest Victoria from the Department of Economic Development, Jobs, Transport and Resources to DTF and overspends on the following outputs: Budget and Financial Advice; Economic and Policy Advice and Services to Government. These overspends were partially offset by an underspend on the Commercial and Infrastructure Advice output.

Table 11.1 shows DTF’s expenditure by output in 2017–18 and 2018–19 and relevant variances between the Budget and actual expenditure.

Table 11.1 Department of Treasury and Finance expenditure by output in 2017–18 and 2018–19

Output	2017–18			2018–19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Budget and Financial Advice	27.6	29.7	7.6	26.1	31.9	22.2
Revenue Management and Administrative Services to Government	105.5	106.1	0.6	128.8	135.1	4.9
Economic and Policy Advice	26.2	28.7	9.5	27.1	31.0	14.4
Economic Regulatory Services	22.8	24.4	7.0	26.5	23.9	-9.8
Invest Victoria	-	-	-	-	45.4	-
Commercial and Infrastructure Advice	70.9	74.5	5.1	79.1	61.0	-22.9
Services to Government	41.3	40.3	-2.4	60.6	75.5	24.6
Total	294.3	303.7	3.2	348.2	403.8	16.0

Source: Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018–19*, p. 320; Department of Treasury and Finance, *Annual Report 2017–18*, pp. 20–28; Department of Treasury and Finance, *Annual Report 2018–19*, pp. 19–29

FINDING 97: The Department of Treasury and Finance’s actual output expenditure in 2018–19 was higher than budgeted. This variance is mainly attributable to the overspend on the delivery of the outputs Budget and Financial Advice output, Economic and Policy Advice, Services to Government and the transfer of Invest Victoria from Department of Economic Development, Jobs, Transport and Resources to the Department of Treasury and Finance.

Disaggregated financial information

The Committee notes that DTF’s 2017–18 and 2018–19 annual reports present disaggregated financial information by objective, not output.⁷⁶⁷ Model reports are produced by DTF to assist Victorian government departments and other public sector entities with the planning and preparation of disclosures in their annual reports. With specific reference to Section 4 ‘Disaggregated financial information by output’ the 2017–18 and 2018–19 model reports state:

This section disaggregates revenue and income that enables the delivery of services (described in Section 2) by output and records the allocation of expenses incurred (described in Section 3) also by output, which form part of controlled balances of the Department.⁷⁶⁸

⁷⁶⁷ Department of Treasury and Finance, *Annual Report 2017–18*, pp. 55–8; Department of Treasury and Finance, *Annual Report 2018–19*, pp. 57–61.

⁷⁶⁸ Department of Treasury and Finance, *2017–18 Model Report for Victorian Government Departments*, Melbourne, 2018, p. 112; Department of Treasury and Finance, *2018–19 Model Report for Victorian Government Departments*, Melbourne, 2019, p. 108.

This level of disaggregation supports measurement of the efficiency by which departments deliver outputs and achieve outcomes.

RECOMMENDATION 48: In line with the 2017–18 and 2018–19 Model Reports, the Department of Treasury and Finance consider disaggregating financial information by output not objective in future annual reports.

11.4.2 Revenue

In 2017–18 DTF’s output appropriations⁷⁶⁹ were \$53 million or 15.0% lower than 2016–17.⁷⁷⁰ This was largely driven by a one-off appropriation of \$65 million for land remediation at the former Fitzroy Gasworks in 2016–17. It was offset by a \$12 million appropriation for the State Revenue Office’s (SRO) biennial municipal valuations in 2017–18.⁷⁷¹

In 2018–19 DTF’s output appropriations were \$102.6 million or 34.2% higher than 2017–18.⁷⁷² This was mainly driven by the incorporation of Invest Victoria into DTF and ‘higher Capital Asset Charge (CAC) arising from higher asset valuations in 2016–17’.⁷⁷³ Invest Victoria was transferred to DTF on 1 January 2019 as a result of machinery of government changes. In addition to the higher output appropriations this transfer also resulted in DTF’s employee benefits expenditure for 2018–19 being \$15.5 million or 10.1% higher than the budget estimate.⁷⁷⁴

FINDING 98: In 2017–18 output appropriations were lower compared to 2016–17 largely due to land remediation obligations.⁷⁷⁵ In 2018–19 output appropriations were higher compared to 2017–18 largely due to the machinery of government transfer of Invest Victoria into the Department of Treasury and Finance and an increase in the Capital Asset Charge.⁷⁷⁶

⁷⁶⁹ Department of Treasury and Finance, *Budget Operations Framework: for Victorian Government Departments*, Melbourne, 2017. Output appropriation is provided to departments by government as payment for the production of agreed services and outputs.

⁷⁷⁰ Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 22–3 (Committee calculation).

⁷⁷¹ *Ibid.*, pp. 22–3.

⁷⁷² *Ibid.*, p. 24 (Committee calculation).

⁷⁷³ *Ibid.*, p. 24; Department of Treasury and Finance, *Annual Report 2018-19*, p. 63. CAC is a revenue that represents the amount levied by the State on departments and relevant agencies for the opportunity cost of capital used in service delivery.

⁷⁷⁴ Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 31 (Committee calculation).

⁷⁷⁵ Department of Treasury and Finance, *Annual Report 2017-18*, p. 36.

⁷⁷⁶ Department of Treasury and Finance, *Annual Report 2018-19*, p. 37.

11.4.3 Overall financial performance

Table 11.2 below summarises DTF’s financial performance in 2017–18 and 2018–19.

Table 11.2 Department of Treasury and Finance—Summary of Comprehensive Operating Statement in 2017–18 and 2018–19

Controlled items	2017–18			2018–19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	501.6	518.8	3	573.7	637.2	11
Expenses from transactions	498.5	515.2	3	565.6	620.6	10
Net result	3.1	3.6	-	8.1	16.6	-

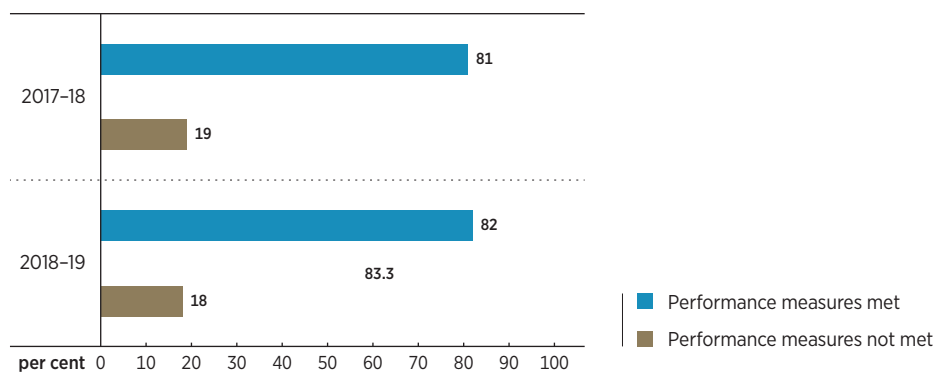
Source: Department of Treasury and Finance, *Annual Report 2017–18*, p. 30. Department of Treasury and Finance; *Annual Report 2018–19*, p. 31; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances 2018–19*, p. 121

FINDING 99: The Department of Treasury and Finance (DTF) comprehensive operating statement in 2017–18 and 2018–19 reflects a stable position as DTF’s overall income exceeded expenses.

11.5 Performance information

DTF achieved or exceeded 80% of the performance measures published in the 2017–18 and 2018–19 annual reports.⁷⁷⁷

Figure 11.2 Department of Treasury and Finance performance measurement results in 2017–18 and 2018–19



Source: Department of Treasury and Finance, *Annual Report 2018–19*, pp. 20–29; Department of Treasury and Finance, *Annual Report 2017–18*, pp. 21–28.

⁷⁷⁷ Ibid., pp. 20–9.

The targets and the actuals for the following performance measures exceeded a -30% variance in both 2017-18 and 2018-19: 'Price approvals of regulated businesses' and 'Registration and accreditation decisions/approvals in relation to the Victorian Energy Efficiency Target Scheme'.⁷⁷⁸ However the Committee notes that the 2019-20 Budget lowered the targets for these performance measures to reflect:

- The number of businesses required to submit annual price or tariff proposals, consistent with the 2013 Determinations made by the Essential Services Commission
- The change in the Victorian Energy Upgrade market resulting in fewer activities being submitted for approval which is consistent with 2017-18 and 2018-19.⁷⁷⁹

11.6 Key issues

Outlined below are the key issues the Committee identified from its review of DTF's 2017-18 and 2018-19 annual reports and DTF's response to the Committee's 2017-18 and 2018-19 financial and performance outcomes questionnaire.

11.6.1 Funding for outputs where performance measures were not met

Revenue certification is the process by which a department submits an invoice to DTF to request the funding provided to deliver outputs and assets.⁷⁸⁰ The Resource Management Framework (RMF)—a governance and operational framework for public sector accountability that underpins resource management, budgeting and reporting processes—states:

On receipt of each revenue certification invoice, DTF assesses actual departmental output performance against agreed performance measures based on output delivery. In the event that assessment at output level may be deemed inappropriate, DTF and the department may agree on alternative, suitable and appropriate performance information that could be used as the basis for revenue certification.⁷⁸¹

The following outputs were assessed by DTF as not having met their performance measures and the initial revenue invoice was certified by DTF.⁷⁸²

⁷⁷⁸ Department of Treasury and Finance, *Annual Report 2017-18*, p. 25; Department of Treasury and Finance, *Annual Report 2018-19*, p. 24.

⁷⁷⁹ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 360.

⁷⁸⁰ Department of Treasury and Finance, *The Resource Management Framework: for Victorian Government Departments*, Melbourne 2019, p. 8.

⁷⁸¹ *Ibid.*, p. 93.

⁷⁸² *Ibid.* The Resource Management Framework (RMF) outlines that on receipt of a revenue certification invoice, DTF assesses actual departmental output performance against agreed performance measures based on output delivery. In the event that assessment at output level may be deemed inappropriate, DTF and the department may agree on alternative, suitable and appropriate performance information that could be used as the basis for revenue certification.

Bus and train services

In 2017–18 DTF certified \$7.5 billion for the provision of the Bus Services and Train Services outputs; plus \$1.8 billion for additions to the net asset base and \$67.7 million for payments made on behalf of the State relevant to these outputs.⁷⁸³ This makes up approximately 16% of the total 2017–18 State Budget.⁷⁸⁴

The performance measures not met under the Bus Services output include passengers carried for metropolitan and regional bus services. These measures were not met largely due to ‘the impact of infrastructure upgrade[s] causing network disruptions’ and ‘the implementation of a new, more accurate methodology for measuring regional bus patronage’.⁷⁸⁵

The performance measures not met under the Train Services output included major periodic maintenance works completed against the plan for the metropolitan train network; and service punctuality for regional train services. These measures were not met as ‘maintenance works [were] rescheduled to align with approved major project schedules to reduce passenger impact’ and ‘due to infrastructure faults, train faults and heat related speed restrictions’.⁷⁸⁶

With regard to the evidence base used by DTF to certify the initial invoice relevant to the Bus and Train Services outputs, DTF stated:

While there were some performance measures that DTF assessed as not being met, the associated invoice was fully certified as the relevant service delivery occurred and the majority of performance measure targets within the outputs were achieved or within a 5 per cent variance.⁷⁸⁷

Infringements and warrants

In 2017–18 DTF certified \$6.6 billion for the provision of the Infringements and warrants output; plus \$508 million for additions to the net asset base and \$29 million for payments made on behalf of the State, relevant to this output.⁷⁸⁸ This makes up approximately 11% of the total 2017–18 State Budget.⁷⁸⁹

In 2018–19 DTF certified \$7.4 billion for the provision of the Infringements and warrants and Community based Offender Supervision outputs: plus \$268 million for the additions to the net asset base and \$36 million for payments made on behalf of the

⁷⁸³ Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 80.

⁷⁸⁴ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2017-18 Budget Estimates*, October 2017, p. 4 (Committee calculation).

⁷⁸⁵ Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 80.

⁷⁸⁶ *Ibid.*, p. 81.

⁷⁸⁷ *Ibid.*, pp. 80–2.

⁷⁸⁸ *Ibid.*, pp. 82–3. It is unclear what amount of this certification relates to each output.

⁷⁸⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2017-18 Budget Estimates*, p. 4 (Committee calculation).

State, relevant to these outputs.⁷⁹⁰ This makes up approximately 11% of the total 2018–19 State Budget.⁷⁹¹

The performance measures not met under the Infringements and warrants output across both 2017–18 and 2018–19 were infringement notices processed, warrants actioned and clearance of infringements within 180 days. The infringement notices processed measure was not met in 2017–18 ‘due to the impact of the deactivation of road safety cameras following the WannaCry virus and increased collection activity by toll road operators’.⁷⁹² DTF explained that it was not met in 2018–19:

... due to Transurban implementing a new debt collection policy for toll infringements in October 2018, which has resulted in significantly fewer matters being forwarded to the State for processing. Also, roadworks were undertaken in some fixed camera areas, which were deactivated for hardware maintenance.⁷⁹³

The other measures were not met ‘due to the transition to a new legislative scheme and IT [Information Technology] system for fine enforcement’.⁷⁹⁴

With regard to the evidence base used by DTF to certify the initial invoice relevant to the Infringements and warrants output, DTF stated:

While there were some performance measures that DTF assessed as not being met, the associated invoice was fully certified as funding was required while the department transitioned to a new legislative scheme and IT system for fines enforcement.⁷⁹⁵

Transparency and tools to drive performance

While performance data under the above outputs is published in relevant annual reports and in the case of bus and train services, on PTV’s website, the Committee notes that the specific performance measures that DTF assessed as not being met at the time the associated invoice was fully certified are not publicly available.

It also remains unclear in both instances discussed above whether DTF and the relevant departments agreed on ‘alternative, suitable and appropriate information that could be used as the basis for revenue certification’ pursuant to the Resource Management Framework (RMF) and if so, what the ‘alternative, suitable and appropriate information’ comprised.

⁷⁹⁰ Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 85.

⁷⁹¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2018-19 Budget Estimates*, 18 September 2018, p. 45.

⁷⁹² Department of Treasury and Finance, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 82-3.

⁷⁹³ *Ibid.*, pp. 84–5.

⁷⁹⁴ *Ibid.*, pp. 82–5.

⁷⁹⁵ *Ibid.*, pp. 82–3, 85.

In addition to concerns about the above information not being publicly available, it is also unclear whether other tools are available or utilised by DTF to drive performance improvement in circumstances where revenue certification is provided where not all performance measures have been met.

RECOMMENDATION 49: Where the Department of Treasury and Finance (DTF) certifies the initial revenue invoice following an assessment that the relevant departmental outputs have not met performance measures, DTF consider publicly reporting:

- a. which performance measures were assessed as not being met by DTF at the time of revenue certification
- b. what, if any, 'alternative, suitable and appropriate information' was used as the basis for revenue certification.

11.6.2 General government net debt as a percentage of Gross State Product

DTF's Objective 1: Optimise Victoria's fiscal resources is supported by three objective indicators, including Objective indicator 2: General government net debt as a percentage of Gross State Product (GSP) to be maintained at a sustainable level.

With reference to this objective indicator DTF's *Annual report 2017-18* states:

The ratio of net debt to GSP as at 30 June 2018 is 4.7 per cent. General government net debt as a percentage of GSP is expected to be maintained at a sustainable level over the medium term'.⁷⁹⁶

DTF's *Annual report 2018-19* states:

The ratio of net debt to GSP as at 30 June 2019 is 5.0 per cent. General government net debt as a percentage of GSP is expected to be maintained at a sustainable level over the medium term.⁷⁹⁷

It remains unclear to the Committee how the Government defines a sustainable level of net debt as a percentage of GSP. This issue has been raised by the Committee in previous reports.⁷⁹⁸

RECOMMENDATION 50: The Department of Treasury and Finance (DTF) consider defining what constitutes a sustainable level of net debt as a percentage of Gross State Product for the purposes of DTF's Objective 1, Objective Indicator 2.

⁷⁹⁶ Department of Treasury and Finance, *Annual Report 2017-18*, p. 13.

⁷⁹⁷ Department of Treasury and Finance, *Annual Report 2018-19*, p. 13.

⁷⁹⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2017-18 Budget Estimates*, pp. 30, 36.

11.7 Victorian Managed Insurance Authority

The Victorian Managed Insurance Authority (VMIA) is the insurer and risk adviser to the Victorian government sector.⁷⁹⁹ VMIA assists departments and participating bodies to establish programs for the identification, quantification and management of risks.⁸⁰⁰

In 2017–18 VMIA reported an operating surplus of \$172.3 million, a positive variance of \$141.9 million compared to the budgeted surplus of \$30.4 million.⁸⁰¹ This was primarily due to high net investment return and lower than expected net claims liabilities.⁸⁰²

In 2018–19 VMIA reported an operating loss of \$107.6 million, a negative variance of \$160.7 million compared to the budgeted surplus of \$53.0 million.⁸⁰³ This was largely driven by an increase in claims and future liabilities relating to child protection, nervous shock, Domestic Building Insurance and costs associated with responding to Royal Commissions (Aged Care, Management of Police Informants and Victoria's Mental Health System).⁸⁰⁴

11.7.1 Funding ratios and dividends

The State uses a funding ratio—a calculation of investment assets against claim liabilities—to measure the financial sustainability of an insurer. A ratio of higher than 100% means assets exceed liabilities.⁸⁰⁵ At 30 June 2018 VMIA's economic funding ratio was 136%.⁸⁰⁶ In 2019 the Government introduced a new insurance funding ratio that 'is based on the economic funding ratio with a conservative basis'.⁸⁰⁷ At 30 June 2019 VMIA's insurance funding ratio was 144%.⁸⁰⁸ It is unclear to the Committee what the difference is between the former economic funding ratio and the current insurance funding ratio and the rationale for the change.

In May 2015 the VMIA was declared as a reorganising body under section 7 of the *State Owned Enterprises Act 1992* (Vic). This means that the Treasurer has the power to direct VMIA to pay dividends and/or repay capital to the State after consulting with the Assistant Treasurer and VMIA's Board of Directors.⁸⁰⁹

⁷⁹⁹ VMIA is a statutory authority established under the *Victorian Managed Insurance Authority Act 1996* (Vic) and is overseen by a Board of Directors and the Assistant Treasurer.

⁸⁰⁰ Victorian Managed Insurance Authority, *Annual Report 2017-18*, Melbourne, 2018, p. 2.

⁸⁰¹ *Ibid.*, p. 22.

⁸⁰² *Ibid.*

⁸⁰³ Victorian Funds Management Corporation, *Annual Report 2018-19*, Melbourne, 2019, p. 26.

⁸⁰⁴ *Ibid.*

⁸⁰⁵ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2018-19*, p. 72.

⁸⁰⁶ Victorian Managed Insurance Authority, *Annual Report 2017-18*, p. 22.

⁸⁰⁷ Victorian Managed Insurance Authority, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 13 December 2019, p. 28.

⁸⁰⁸ *Ibid.*

⁸⁰⁹ Victorian Managed Insurance Authority, *Annual Report 2017-18*, p. 55; *Victorian Managed Insurance Authority Act* (Vic), ss 12-3.

In 2017–18 the budgeted dividend for VMIA was \$365 million.⁸¹⁰ However VMIA was not required to pay any dividends in 2017–18 even though it had an operating surplus and an economic funding ratio of 136%. VMIA’s response to the questionnaire explained: ‘The [2017–18] dividend was deferred to 2018–19 based on guidance from the Department of Treasury and Finance’.⁸¹¹ As a result, VMIA’s ‘[n]et [a]ssets were higher than they would have been had the dividend been paid’.⁸¹²

By contrast in 2018–19, VMIA was required to pay its budgeted dividend of \$408 million⁸¹³ even though it had an operating loss and an insurance funding ratio of 144%.⁸¹⁴

The rationale for deferring the 2017–18 dividend and calling the 2018–19 dividend is unclear.

RECOMMENDATION 51: The Department of Treasury and Finance consider publishing guidance to explain the difference between the former economic funding ratio and the current insurance funding ratio to enable appropriate scrutiny of the financial sustainability of the Victorian Managed Insurance Authority and other relevant bodies.

RECOMMENDATION 52: The *2019–20 Model Report for Victorian Government Departments* require the publication of information about the reasons for deferring or calling dividends in annual reports to enhance transparency.

11.8 Treasury Corporation of Victoria

The Treasury Corporation of Victoria (TCV) supports the State and its agencies and departments by assisting in the management of their financial risks. TCV manages liquidity at a State level, promotes the State’s profile in domestic and international financial markets and supports the State’s activities regarding the rating agencies.⁸¹⁵

In 2017–18 TCV reported a net profit of \$49.7 million and in 2018–19, a net profit of \$50.3 million, \$28.0 million in excess of what was outlined in the Budget.⁸¹⁶

⁸¹⁰ Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances 2017-18* Melbourne, 2018, p. 21.

⁸¹¹ Victorian Managed Insurance Authority, *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 28.

⁸¹² Ibid.

⁸¹³ Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances 2018-19*, Melbourne, 2019, p. 21.

⁸¹⁴ Victorian Managed Insurance Authority, *Annual Report 2017-18*, p. 22.

⁸¹⁵ Treasury Corporation of Victoria, *Annual Report 2018-19*, Melbourne, 2019, p. 2.

⁸¹⁶ Ibid., pp. 4–5.

11.8.1 Dividends

TCV is required to pay dividends to the State from its surpluses for the preceding financial year, as determined by the Treasurer after consultation with TCV.⁸¹⁷ With reference to this requirement, the Committee notes that in its *Report on the 2016–17 Financial and Performance Outcomes* it stated:

Although the amount of dividends originally expected from the Treasury Corporation of Victoria for 2016–17 of \$35 million was in line with the level received the previous year (\$32 million), there were no dividends paid by the entity in 2016–17. TCV explained to the Committee: “TCV generally pay 100% of the previous year’s net profit as a dividend to DTF. This is subject to capital adequacy requirements. In 2016–17 there were additional capital needs relating to the Port of Melbourne Corporation (PoMC) transactions hence no dividend paid from 2015–16 net profit”.⁸¹⁸

In relation to the dividends paid in 2017–18 (\$83.3 million) TCV’s response to the questionnaire states:

In addition to the 2016–17 net profit, the Budget allowed for payment of the 2015–16 net profit of \$41.7 million as a dividend which was not called. 2016–17 profit was also higher than budgeted mainly due to the active management of cashflows from the lease of the Port of Melbourne ... The dividend paid equalled the 2016–17 net profit. Retention of the 2015–16 net profit supports capital.⁸¹⁹

In relation to the dividends paid in 2018–19 (\$49.8 million), TCV’s response to the questionnaire states:

In addition to the 2016–17 net profit, the Budget allowed for payment of the 2015–16 net profit of \$41.7 million as a dividend which was not called ... The dividend paid equalled the 2017–18 net profit. Retention of the 2015–16 net profit supports capital.⁸²⁰

Figure 11.3 outlines TCV’s net profit, actual dividends paid and budgeted dividends from 2014–15 through to 2018–19.

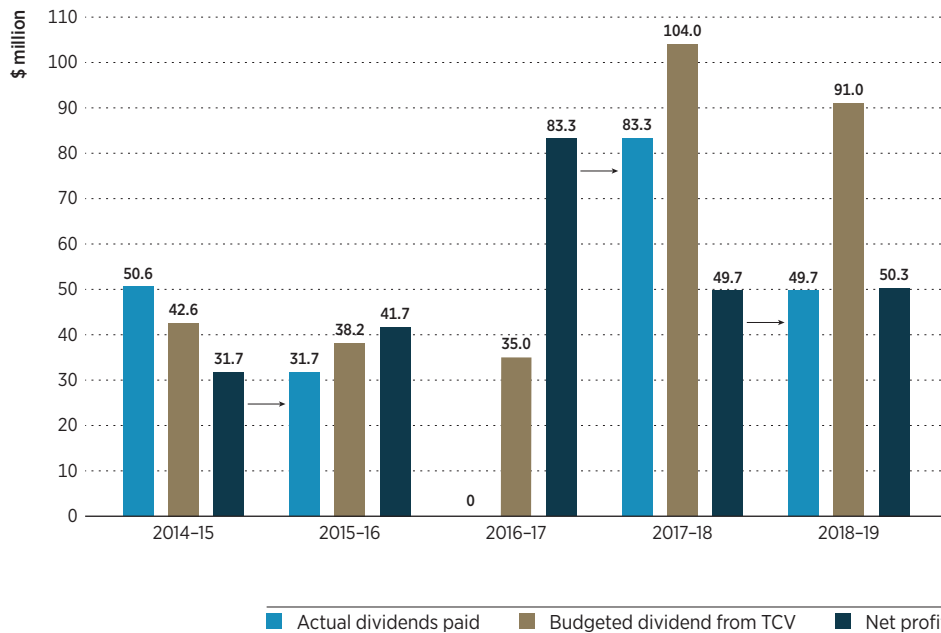
⁸¹⁷ Treasury Corporation of Victoria, *Annual Report 2017–18*, Melbourne, 2018, p. 2; Treasury Corporation of Victoria, *Annual Report 2018–19*, p. 2.

⁸¹⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2016–17 Financial and Performance Outcomes*, May 2018, p. 47.

⁸¹⁹ Treasury Corporation of Victoria, *Response to the 2017–18 and 2018–19 Financial and Performance Outcomes General Questionnaire*, received 13 December 2019, p. 22.

⁸²⁰ Ibid.

Figure 11.3 Treasury Corporation of Victoria net profits and dividends from 2014–15 to 2018–19



Source: Dividends and net profit 2014–15 to 2018–19—Treasury Corporation Victoria, *Annual Report 2018–19*, p 6; Budgeted Dividends 2014–15 to 2019–20—Department of Treasury and Finance, *Budget Paper No. 5, 2018–19: Statement of Finances*, 2014–15, p. 23; 2015–16, p. 28; 2016–17, p. 26; 2017–18, p. 21; 2018–19, p. 21; 2019–20–2023–24, p. 23.

FINDING 100: The Committee notes that Treasury Corporation of Victoria’s (TCV) net profit of \$41.7 million in 2015–16 was retained by TCV to support capital needs relating to the Port of Melbourne Corporation. However the net profits of \$83.3 million in 2016–17 and \$49.7 million in 2017–18 were paid as dividends.

The Committee considers that there is a need for greater transparency regarding the payment of dividends.

11.9 Victorian Funds Management Corporation

The Victorian Funds Management Corporation (VFMC) is a public authority responsible for investing for the benefit of Victorians. VFMC manages funds of over \$64 billion for 29 State public authorities and related organisations. VFMC was established under the *Victorian Funds Management Act 1994 (Vic)* and is governed by an independent Board of directors while the Chair is appointed by the Treasurer.⁸²¹

⁸²¹ Victorian Funds Management Corporation, *Annual Report 2018–19*, p. 5.

VFMC reported a net profit of \$14.4 million and a pre-tax surplus of \$20.5 million in 2017-18⁸²² and a net profit of \$13.4 million and a pre-tax surplus of \$19.1 million in 2018-19.⁸²³ This was due to strong investment performance and cost management balanced with a strong investment in future technologies and capabilities.⁸²⁴

⁸²² Victorian Funds Management Corporation, *Annual Report 2017-18*, Melbourne, 2018, p. 8.

⁸²³ Victorian Funds Management Corporation, *Annual Report 2018-19*, p. 8.

⁸²⁴ Victorian Funds Management Corporation, *Annual Report 2017-18*, p. 8; Victorian Funds Management Corporation, *Annual Report 2018-19*, p. 8.

12 Parliament, the Victorian Auditor-General's Office and Parliamentary Budget Office

Findings

101. In 2017-18 and 2018-19 there was an underspend in Parliamentary departments' outputs largely due to the 2018 State election and the Houses not sitting during the prorogued period. The Parliamentary Budget Office's output expenditure in 2018-19 was higher than budgeted due to its establishment costs.
102. The Comprehensive Operating Statement for the Parliamentary departments and the Victorian Auditor General's Office in 2017-18 and 2018-19 reflects a stable position as overall income exceeds expenses.
103. In 2018-19 Parliamentary departments' gas and electricity usage decreased as a result of the new annexe's Building Management System which monitors the use of power in the new offices, helping to control the lighting and ventilation system.

12.1 Overview

The Parliament of Victoria through its elected representatives is accountable to the Victorian community for the provision and conduct of representative government in the interests of Victorians. The Victorian Parliament is comprised of three departments—the Legislative Assembly, Legislative Council and Department of Parliamentary Services (DPS). The common objective of the departments is to deliver apolitical, professional and innovative services to support our elected representatives and the Parliament as an institution. DPS is responsible for the provision of infrastructure resources and support services to Members of Parliament and the Parliamentary departments of the Legislative Assembly and the Legislative Council.⁸²⁵

⁸²⁵ Department of Parliamentary Services, *Annual Report 2017-18*, Melbourne, 2018, p. 7.

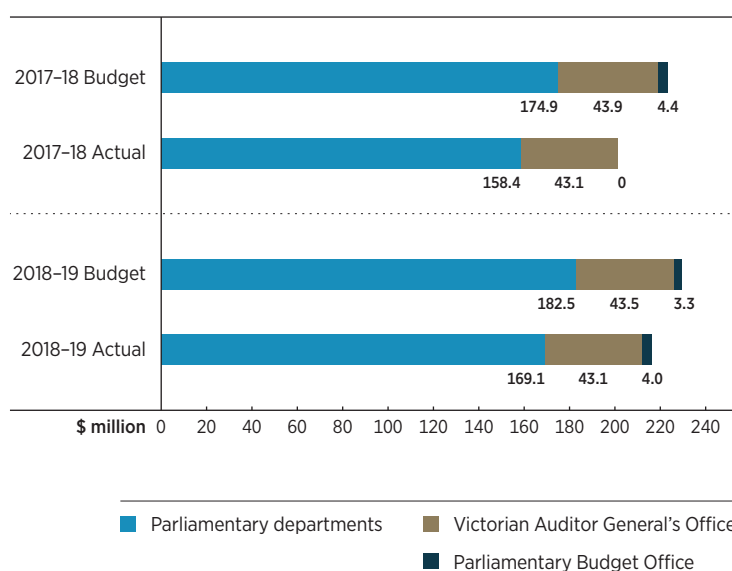
The Victorian Auditor-General's Office (VAGO) and the Parliamentary Budget Office (PBO) are included as outputs within Parliament in the Budget.⁸²⁶ However each office produces its own annual report.⁸²⁷ VAGO provides assurance to the Parliament on the accountability and performance of the Victorian public sector.⁸²⁸ The PBO provides policy costing and advisory services to Members of the Victorian Parliament.⁸²⁹

12.2 Financial analysis

12.2.1 Expenditure

The variance between budgeted and actual figures for the Parliamentary departments', VAGO's and the PBO's output expenditure in 2017-18 and 2018-19 is depicted in Figure 12.1 below.

Figure 12.1 Parliamentary departments, VAGO and PBO variances in output expenditure, 2017-18 and 2018-19



Source: Department of Treasury and Finance, *Budget Paper No.3 Service Delivery 2018-19*, p. 336; Parliamentary Budget Office, *Annual Report 2018-19*, p. 11; Victorian Auditor-General's Office, *Annual Report 2017-18*, Melbourne, 2018, pp. 21-22; Victorian Auditor-General's Office, *Annual Report 2018-19*, p. 48; Department of Parliamentary Services, *Annual Report 2017-18*, pp. 15-16; Department of Parliamentary Services, *Annual Report 2018-19*, Melbourne, 2019, pp. 14-15.

⁸²⁶ Department of Treasury and Finance, *Budget Paper No. 3 Service Delivery 2019-20* Melbourne, 2020, p. 369.

⁸²⁷ Victorian Auditor-General's Office, *Annual Report 2018-19*, Melbourne, 2019. Parliamentary Budget Office, *Annual Report 2018-19*, Melbourne, 2019.

⁸²⁸ Victorian Auditor-General's Office, *Audits in Victoria*, 2020, <<https://www.audit.vic.gov.au/audits-victoria>> accessed 27 May 2020.

⁸²⁹ Parliamentary Budget Office, *About the Parliamentary Budget Office (PBO)*, 2020, <https://pbo.vic.gov.au/About_the_PBO> accessed 27 May 2020.

In 2017-18 and 2018-19 there was an underspend on each of the Parliamentary departments' outputs. This was largely due to the 2018 State election and the Houses not sitting during the prorogued period.

In 2017-18 and 2018-19 there was minimal underspend on the VAGO output.

In 2017-18 there was an underspend by 92.1% on the PBO output; while in 2018-19, there was an overspend by 22.5% on this output. This is because the PBO was set up in April 2018, while the office was established in 2018 ahead of preparations for the November 2018 election.⁸³⁰

Table 12.1 below shows the Parliamentary departments', VAGO and PBO's expenditure by output in 2017-18 and 2018-19 and relevant variances between Budget and actual expenditure.

Table 12.1 Parliamentary departments, VAGO and PBO expenditure by output in 2017-18 and 2018-19

Output	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Legislative Council	18.9	16.2	-14.3	19.8	17.6	-11.1
Legislative Assembly	38.3	31.8	-17.0	38.6	33.6	-13.0
Parliamentary Services	110.4	103.7	-6.1	116.6	110.4	-5.3
Parliamentary Investigatory Committees	7.3	6.7	-8.2	7.5	7.5	0.0
Victorian Auditor General's Office	43.9	43.1	-1.8	43.5	43.1	-0.9
Parliamentary Budget Office	4.4	-	-	3.3	4.0	22.3
Total	223.2	201.5		229.3	216.2	

Source: Department of Treasury and Finance, *Budget Paper No.3 Service Delivery 2018-19*, p. 336; Parliamentary Budget Office, *Annual Report 2018-19*, p. 9; Victorian Auditor-General's Office, *Annual Report 2017-18*, pp. 21-22; Victorian Auditor-General's Office, *Annual Report 2018-19*, p. 48; Department of Parliamentary Services, *Annual Report 2017-18*, pp. 14-15; Department of Parliamentary Services, *Annual Report 2018-19*, p. 15.

FINDING 101: In 2017-18 and 2018-19 there was an underspend in Parliamentary departments' outputs largely due to the 2018 State election and the Houses not sitting during the prorogued period. The Parliamentary Budget Office's output expenditure in 2018-19 was higher than budgeted due to its establishment costs.

⁸³⁰ Parliamentary Budget Office, *Annual Report 2018-19*, p. 11.

12.2.2 Revenue and expenses

While the Parliamentary departments reported no notable variances in revenue,⁸³¹ employee benefits increased in 2017–18 by \$8.8 million or 9.9%⁸³² from 2016–17. The increase in employee benefits was mainly due to 'additional funding approved in 2017-18 and future years to employ [an] additional 64 electorate officers'.⁸³³

In 2017–18 the Parliamentary departments capital asset charge⁸³⁴ increased by \$3.6 million or 123.8% from 2016–17 as a result of the new Parliament House annexe building.⁸³⁵ In 2018–19 depreciation expenses increased by \$2.8 million or 19.6% from 2017–18 due to the approval of an additional \$1.7 million depreciation funding in 2018-19 for the new Parliament House annexe building.⁸³⁶

12.2.3 Overall financial performance

Table 12.2 summarises the Parliamentary departments and VAGO's overall financial performance in 2017-18 and 2018-19.

Table 12.2 Parliamentary departments and VAGO—Summary of Comprehensive Operating Statement in 2017-18 and 2018-19

Controlled items	2017-18			2018-19		
	Budget (\$ million)	Actual (\$ million)	Variance (%)	Budget (\$ million)	Actual (\$ million)	Variance (%)
Income from transactions	222	206	-7.4	230	195	-15.3
Expenses from transactions	222	201	-9.4	230	188	-18.3
Net result	-	4		-	7	

Note: Parliamentary Budget Office's *Annual Report 2018-19* did not publish a Comprehensive Operating Statement.

Source: Department of Parliamentary Services, *Annual Report 2018-19*, p. 46; Victorian Auditor-General's Office, *Annual Report 2018-19*, p. 66; Department of Treasury and Finance, *Budget Paper No. 5 Statement of Finances 2018-19*, Melbourne, 2019, p. 128 (Committee calculation).

FINDING 102: The Comprehensive Operating Statement for the Parliamentary departments and the Victorian Auditor General's Office in 2017-18 and 2018-19 reflect a stable position as overall income exceeds expenses.

⁸³¹ Parliament of Victoria (Excluding VAGO and PBO), *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, received 18 December 2019, pp. 12-18.

⁸³² *Ibid.*, p. 19 (Committee calculation).

⁸³³ *Ibid.*, p. 19.

⁸³⁴ 'Capital Assets Charge (CAC)'—is a charge levied on the written-down value of controlled non-current physical assets in a Department's balance sheet which aims to attribute to agency outputs the opportunity cost of capital used in service delivery; and provide incentives to Departments to identify and dispose of underutilised or surplus assets in a timely manner. Department of Treasury and Finance, *Financial Reporting Operations Framework: For Victorian Government Departments Updated March 2017*, Melbourne, 2017.

⁸³⁵ Parliament of Victoria (Excluding VAGO and PBO), *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 19.

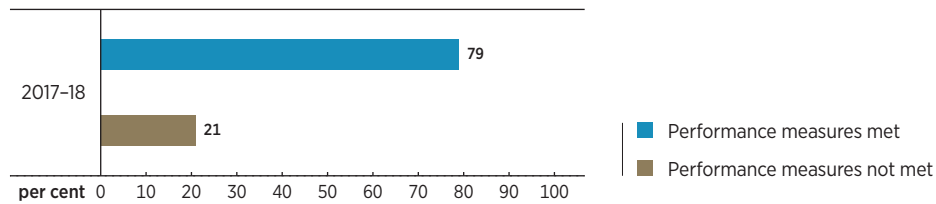
⁸³⁶ *Ibid.*

12.3 Performance information

In 2017–18 and 2018–19 the Parliamentary departments achieved all their performance measures;⁸³⁷ and in 2018–19 the PBO also achieved all of its performance measures.⁸³⁸

In 2017–18 VAGO achieved or exceeded 79% of its performance measures; and in 2018–19 achieved all its performance measures.⁸³⁹

Figure 12.2 VAGO performance measurement results 2017-18



Source: Victorian Auditor-General's Office, *Annual Report 2017-18*, Melbourne, 2018, pp. 21-24.

The performance measures not met by VAGO in 2017-18 included:

- The average time to produce performance audit reports was 2.5 months over the target of 8 months; this target was increased to 9 months in 2018-19⁸⁴⁰
- The quality measure—external/peer reviews finding no material departures from professional and regulatory standards—was 41% below the target of 100%; meaning 41% of VAGO's targeted sample of reviewed audit files were found to have material departures⁸⁴¹
- The issuing of management letters to agencies within the established time frame was 81% (90% target).⁸⁴²

12.4 Key issues—Parliamentary departments

The Committee did not ask VAGO or the PBO to respond to its questionnaire for this inquiry. Therefore, the below analysis considers only the Parliamentary departments.

The Parliamentary departments main challenges across 2017-18 and 2018-19 included:

- Increased electorate office rentals at a rate higher than the funding increase and significant backlog of relocations/refurbishments
- Increased information and communication technology costs

⁸³⁷ Department of Parliamentary Services, *Annual Report 2017-18*. Department of Parliamentary Services, *Annual Report 2018-19*, Melbourne, 2019.

⁸³⁸ PBO was only established in April 2018 and did not produce an annual report for the 2017-18 period. Parliamentary Budget Office, *Annual Report 2018-19*.

⁸³⁹ Victorian Auditor-General's Office, *Annual Report 2017-18*, Melbourne, 2018, pp. 21-24.

⁸⁴⁰ Ibid., pp. 22, 23. Victorian Auditor-General's Office, *Annual Report 2018-19*, p. 48.

⁸⁴¹ Victorian Auditor-General's Office, *Annual Report 2017-18*, pp. 24-25.

⁸⁴² Ibid.

- Improved physical security at the Parliamentary precinct and electorate offices
- Parliament House upgrade works. Completion of the new Parliament House annexe building works.⁸⁴³

Electorate offices and the Parliament House Members' accommodation annexe are discussed in further detail below.

12.4.1 Electorate offices

As noted above across 2017-18 and 2018-19 the Parliamentary departments identified 'increased electorate office rentals at a rate higher than the funding increase' and 'significant backlog of relocations/refurbishments' as one of its main challenges.⁸⁴⁴

The Committee discussed the increase in electorate office rent and fit out costs in its *Report on the 2018-19 Budget Estimates*, finding that:

... for a number of years, the escalation of Parliament's funding for rental and relocation costs had not kept pace with the property market.⁸⁴⁵

DPS' *Annual Report 2018-19* explained that as part of the 2018 election transition, the Security and Electorate Properties Unit completed four refurbishment office projects and were involved with 77 electorate office audits.⁸⁴⁶ While DPS exceeded its 95% target by 3% for the performance measure 'Provide MPs with an approved standard electorate office,'⁸⁴⁷ the *Annual Report 2018-19* confirmed that the current Electorate Office Standards will be reviewed to 'reflect contemporary standards for office accommodation to best meet the needs of Members'.⁸⁴⁸

12.4.2 Parliament House Members' annexe

Completion of the new Parliament House annexe building works was one of the main challenges experienced by the Parliamentary departments over the 2017-18 and 2018-19 period.⁸⁴⁹ The DPS *Annual Report 2018-19* stated:

The completion of the Member's Annexe included an intense period of bedding down and tuning a vast array of new building services and dealing with the defects liability period.⁸⁵⁰

⁸⁴³ Ibid., pp. 27-28.

⁸⁴⁴ Ibid.

⁸⁴⁵ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019-20 Budget Estimates*, October 2019, p. 290.

⁸⁴⁶ Department of Parliamentary Services, *Annual Report 2018-19*, p. 34.

⁸⁴⁷ Ibid., p. 15.

⁸⁴⁸ Ibid., p. 34.

⁸⁴⁹ Parliament of Victoria (Excluding VAGO and PBO), *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, pp. 27-28.

⁸⁵⁰ Department of Parliamentary Services, *Annual Report 2018-19*, p. 5.

With regards to financing the annexe project, in 2018-19 depreciation was \$1.7 million higher than budgeted⁸⁵¹ of which \$1.1 million was provided through a Treasurer's advance for additional depreciation funding for the new annexe building.⁸⁵²

DPS' *Annual Report 2018-19* stated:

Feedback on the new Annexe has been overwhelmingly positive as the vast majority of MP's and their staff now have functional, OHS [Occupational Health and Safety] compliant offices for the first time since Parliament was established. Industry have recognised the project with nine major architectural, building, landscaping and audio-visual industry awards.⁸⁵³

DPS' *Annual Report 2018-19* report also highlighted the Parliamentary departments decrease in gas and electricity usage, and the benefits of the new annexe's Building Management System:

... which is a computer based control system that monitors the use of power in the new offices, helping to control the lighting and ventilation system.⁸⁵⁴

DPS explained that in 2019-20 meters will be connected so that energy consumption analysis of both the annexe and Parliament House can be undertaken.⁸⁵⁵

FINDING 103: In 2018-19 Parliamentary departments' gas and electricity usage decreased as a result of the new annexe's Building Management System which monitors the use of power in the new offices, helping to control the lighting and ventilation system.

This report was adopted by the Public Accounts and Estimates Committee at its meeting held on 6 July 2020 via videoconference.

851 Parliament of Victoria (Excluding VAGO and PBO), *Response to the 2017-18 and 2018-19 Financial and Performance Outcomes General Questionnaire*, p. 19.

852 Ibid., p. 9.

853 Department of Parliamentary Services, *Annual Report 2018-19*, p. 5.

854 Ibid., p. 35.

855 Ibid.

