

PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



Report on the 2020–21 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 Office.

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This report is available on the Committee's website.

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Chair's foreword

It is my pleasure to present the Public Accounts and Estimates Committee's *Report on the 2020–21 financial and performance outcomes*. This report assesses how effectively and efficiently the Victorian Government delivered services for the 2020–21 financial year.

The report represents the final stage of the Committee's involvement in Victoria's annual cycle of public accountability. The cycle begins with a report on the budget estimates and concludes with an examination of the State's actual performance. This involves the Committee scrutinising the financial and performance outcomes achieved in the past year by all the government departments, Court Services Victoria and Parliament.

Despite the continuing impacts of the COVID-19 pandemic on Victoria's economy in 2020–21, the State's finances performed better than expected. This period saw the introduction of significant fiscal policy initiatives to boost employment and support business. Government investment in infrastructure also continued to grow across the transport, health, community safety and education sectors in 2020–21.

In reviewing the performance outcomes for 2020–21 it was evident that COVID-19 had caused changes in demand for services and changes in methods of service delivery. This was especially evident in the areas of health, housing, family violence, child protection and education.

The Committee makes a series of recommendations in this report to enhance the reporting of outcomes from the 2020–21 Budget, in order to promote transparency and accountability. These include recommendations for the Government to report on the progress made toward achieving steps in overarching strategies (Fiscal, Road Safety, Climate Change and Digital) and their effectiveness. They also comprise recommendations to government departments to develop additional performance measures to assess the quality of specific services they deliver and the outcomes they achieve.

The Committee is grateful to all departmental secretaries, deputy secretaries and other staff across the Victorian Government who attended the hearings.

The Committee acknowledges the hard work that was undertaken by all departmental staff throughout the inquiry process, especially in responding to the Committee's questionnaire.

Chair's foreword

I thank my colleagues on the Committee for their contribution to our work on this Inquiry and the Secretariat team for supporting this Inquiry and preparing this report.

I commend the report to the Parliament.

A handwritten signature in black ink, appearing to read 'L. Blandthorn', followed by a horizontal line.

Ms Lizzie Blandthorn MP
Chair

Executive summary

Financial and economic performance

The impacts of the COVID-19 pandemic and related public health measures continued to evolve and affect Victoria's economy in 2020–21. The Victorian Government responded to these challenges by introducing substantial fiscal policy initiatives based on a medium term strategy in the 2020–21 Budget.

In 2020–21 total general government sector (GGS) revenue was \$72.6 billion, 8.9% higher than the 2020–21 Budget and 1.7% higher than the revised budget. This result was largely driven by healthy revenue from land transfer duty of \$6.4 billion (4.6% higher than in 2019–20) due to the recovery in the Victorian property market. Grant revenue was also strong at \$37 billion (12.7% higher than in 2019–20) because of an increase in goods and services tax revenue.

In 2020–21 total GGS expenses were \$87.2 billion, 3.1% lower than the 2020–21 Budget and 1.9% lower than the revised budget. Total expenses were 17.1% higher than in 2019–20, largely due to an increase in employee expenses which stood at \$30 billion in 2020–21 (10.4% higher than in 2019–20). This increase in expenditure was explained by the additional resources required in the health sector, staff required for COVID-19 Quarantine Victoria (CQV) and increases in remuneration levels in enterprise bargaining agreements. In 2020–21 the health function accounted for 28.4% of total GGS expenses, followed by education (20.4%), public order and safety (12.9%) and transport (11.6%).

As GGS expenses were higher than GGS revenue, the net operating balance in 2020–21 was a deficit of \$14.6 billion, which represents a \$2.9 billion improvement on the revised deficit forecast of \$17.4 billion. This improvement was due to higher than expected revenue.

In 2020–21 expenses related to COVID-19 initiatives were \$13.3 billion, with the Department of Jobs, Precincts and Regions incurring the highest COVID-19 related expenditure of \$4.5 billion.

Government infrastructure investment (GII) was \$15 billion, 24.3% higher than in 2019–20, due to capital infrastructure investment in the transport, health, community safety and education sectors. GII continues to steadily grow and in the past five years (2016–17 to 2020–21) GII has averaged \$12.2 billion in the last five years compared to an average of \$5.1 billion over the prior five years (2011–12 to 2015–16).

In 2020–21 the Victorian Government accessed borrowings to fund the increased government expenditure in responding to the pandemic, right-of-use lease liabilities and the Government's infrastructure program. In 2020–21 GGS net debt was \$72.7 billion, which was 15.6% of gross state product (GSP).

The State of Victoria, which comprises the GGS, the public non-financial corporations sector (PNFC) and the public financial corporations sector (PFC) recorded a deficit from transactions of \$18.3 billion. This was mainly driven by deficits in the GGS (\$14.6 billion) and PFC sector (\$3.3 billion), offset by a surplus in the PNFC sector (\$721 million).

Victoria's non-financial public sector net debt was \$88.4 billion, compared to \$60 billion in 2019–20. Net debt to GSP was recorded at 19% while in 2019–20 it was 12.8%. The Department of Treasury and Finance (DTF) advised that the downgrade in credit ratings in 2020 did not have a significant impact on bond yields.

Victoria's GSP fell 0.4% in 2020–21 as economic activity was impacted by COVID-19 related measures. The largest contractions were in the Construction, Administrative and Support Services, and Transport and Warehousing sectors, which was offset by gains in the Agriculture, Forestry and Fishing sectors.

Employment in Victoria declined by 1.1% in 2020–21 compared to a slight increase in employment of 1.2% in 2019–20. The unemployment rate in 2020–21 was 6.2%, 0.8% higher than the 2019–20 unemployment rate of 5.4%.

DTF advised that other indicators such as business conditions, business confidence and consumer confidence performed well in 2020–21, suggesting underlying economic resilience and confidence.

In 2020–21 Victoria experienced a 0.7% decline in population growth compared to a forecast growth of 0.2% outlined in the 2020–21 Budget. Historically population growth has been a significant driver of Victoria's economic growth, however, DTF highlighted the weak growth in 2020–21 was mainly driven by the closure of international borders.

Department of Health

The Department of Health (DH) was established on 1 February 2021 following a machinery of government change.

In 2020–21 DH's budget was \$24.4 billion while actual expenditure was \$25.3 billion. The slight overspend was mainly driven by higher than budgeted expenditure in the Public Health output. In 2020–21 DH's actual output appropriation was \$19 billion, slightly less than the budgeted \$20.2 billion, due to machinery of government changes offset by policy initiatives approved after the release of the 2020–21 Budget.

DH's COVID-19 response and recovery expenditure was \$3.6 billion in 2020–21, representing the second highest amount in COVID-19 related expenditure of all departments. \$3.2 billion of the \$3.6 billion was spent on the *COVID-19 Response – Support for the health system* initiative.

The 2020–21 Budget allocated \$1.8 billion in new investment to DH, bringing the department's total capital program to \$7.9 billion in 2020–21. DH advised that the total estimated investment (TEI) of 11 capital projects had been revised by more than 5% or \$50 million from the original TEI—resulting in a total variance of \$1.4 billion as

at 30 June 2021. The majority of projects were revised to include additional funding to commence construction as the original allocation was only for the planning phase.

In 2020–21 DH achieved or exceeded 56% of its 174 performance measures and did not achieve 34% of its performance measures by a variance exceeding 5%.

In 2020–21 DH invested in a new contact tracing customer relationship management system to improve COVID-19 close contact notification and a system that displays real time information on available intensive care unit beds in Victorian public and private hospitals. While the 2020–21 Budget allocated \$2.9 billion to the *Coronavirus (COVID-19) health response* initiative, it is unclear how much of this funding source was used to develop these systems.

In April 2020 the Victorian Government announced \$1.3 billion in funding to establish 4,000 intensive care unit (ICU) beds as required. At the beginning of the pandemic Victoria had 450 fully equipped and staffed ICU beds. In order to meet demand, as at November 2021 there were 1,593 ICU beds in Victoria, a three-fold growth since April 2020. Between May 2020 and November 2021, 2,532 nurses were enrolled in critical care upskilling training.

The 2020–21 Budget allocated \$571 million to implement nine recommendations in the interim report of the Royal Commission into Victoria's Mental Health System. DH has progressed all nine recommendations, having completed the full implementation of one recommendation in 2020–21 with the establishment of the Mental Health Implementation Office.

Department of Families, Fairness and Housing

The Department of Families, Fairness and Housing (DFFH) was established on 1 February 2021 following a machinery of government change.

In 2020–21 DFFH's \$6.7 billion budget was balanced and it achieved or exceeded 62% of its performance measures. These performance results were largely caused by changes in demand for services and service delivery policy and COVID-19 impacts.

Housing was an area of focus for DFFH in 2020–21, with the department being allocated \$3.9 billion over 2022–21 to 2023–24 for the *Big Housing Build*. Homes Victoria was established in 2020 to manage existing public housing and to deliver more than 12,000 new homes under the *Big Housing Build* initiative.

In 2020–21 DFFH's total number of social housing stock increased by 858, bringing the total number of social housing stock to 85,969 as at 30 June 2021, representing a 1% increase from 85,111 as at 30 June 2020.

Support for the homelessness sector was also a focus for DFFH in 2020–21, with initiatives introduced to support people to move from government provided emergency hotel accommodation into social housing or to provide other housing and supports to avoid people entering into rough sleeping or other forms of homelessness.

While there was an increased need for DFFH to provide homelessness services in 2020–21, including for reasons relating to family violence, providing accommodation was complicated during COVID-19. In response DFFH provided alternative support services to people affected by family violence, such as temporary accommodation and outreach support and crisis accommodation options.

In 2020–21 DFFH's Family Violence Support and Safety Hubs, also known as the Orange Door network, undertook 8,536 more assessments than their target and established three additional Orange Door sites, bringing the total number of sites across the State to eight, as at 30 June 2021.

In 2020–21 DFFH changed the way they delivered child protection services due to COVID-19 physical distancing requirements, including using phone and videoconferencing services. Expanding the child protection workforce was another focus for DFFH in 2020–21, with the release of *Child protection workforce strategy 2021-2024*.

Department of Education and Training

In 2020–21 the Department of Education and Training's (DET) budget was \$17 billion, while actual expenditure was \$16.6 billion. This slight underspend was predominantly due to lower expenses in the Training, Higher Education and Workforce Development output.

In 2020–21 DET spent over \$1 billion on COVID-19 response and recovery across the education and training sector. The COVID-19 pandemic continued to have an impact on the education sector in Victoria presenting a number of challenges to the department including providing remote and flexible learning to students, responding to positive cases in education settings and restrictions on DET's international student program.

In 2020–21 DET achieved 50% of its performance measures mainly because of the ongoing impacts of the COVID-19 pandemic. A number of audits and inspections were unable to be undertaken in registered training organisations, government schools and kindergartens.

DET improved its performance related to 'average days lost due to absence' across all measured year levels. However, performance relating to the same measure for Aboriginal students between Prep and Year 6 and Years 7 to 12 worsened in 2020–21. While these outcomes demonstrate the inequitable impacts of the COVID-19 pandemic and remote learning, DET are taking steps to address this.

The National Assessment Program – Literacy and Numeracy (NAPLAN) took place for primary and secondary students in 2021, after being cancelled due to COVID-19 in 2020. The preliminary results of the NAPLAN suggest there were no statistically significant negative changes to Victorian student's results between 2019 and 2021.

Mental health and wellbeing was an area of focus for DET in 2020–21 and it facilitated various programs to support the mental health of Victorian school students.

The 2020–21 Budget funded 80,000 extra training places over four years, 60,000 of which were to be offered as Free Technical and Further Education (TAFE) places. Included in this investment was the *TAFE and training driving economic recovery* initiative, which supported subsidised training places and Free TAFE in priority areas, while adding more courses to the Free TAFE course list.

In 2020–21 Vocational and Educational Training (VET) course commencements and completions declined overall, in large part due to the COVID-19 pandemic. However, performance information indicates the quality of VET training increased or remained stable. The Government also invested in the VET and training sector in 2020–21 to stimulate economic growth and retrain Victorians during the COVID-19 pandemic.

Department of Transport

In 2020–21 the Department of Transport's (DoT) budget was \$10.2 billion, while actual expenditure was \$10.3 billion. This minor variance was mainly driven by underspends in the Road Operations – Road Safety output (-16.8%) and the Regulation of Commercial Passenger Vehicle Services output (-17.9%), which were partially offset by an overspend in the Transport Infrastructure output (20%).

The 2020–21 Budget allocated \$874.8 million in new investment to DoT, bringing the department's total capital program to \$46.9 billion in 2020–21. DoT's capital program is the largest capital program in the GGS.

DoT identified 39 capital projects with a revised TEI that varied by at least 5% or \$50 million from the TEI originally announced. In 2020–21 the TEI of seven of the 39 capital projects was revised downward, while 32 were revised upward.

The original completion dates for 52 DoT capital projects were revised in 2020–21. Of these capital projects, six were identified by DoT to be delivered prior to the original completion date while 46 were identified as experiencing delays.

In 2020–21 DoT achieved or exceeded 63% of its 169 performance measures and did not achieve 21% of its measures by a variance exceeding 5%. On average in 2020–21 DoT performed higher than target for service punctuality in all modes of public transport which includes buses, trains and trams. DoT also recorded a higher than target customer satisfaction index for all public transport modes except regional bus services.

Additional funding of \$296.2 million was provided to DoT in the 2021–22 Budget for the *Coronavirus (COVID-19) impacts on the transport network* initiative. This included the funds required to offset the impacts of lower farebox revenue to service providers. In 2020–21 DoT made \$2.8 billion in payments to public transport service providers.

In November 2018 the Victorian Government allocated \$340 million to build 54 VLocity train carriages to make up 18 new three-car trains in the regional train network, V/Line. As at the end of 2020–21, three three-carriage trains have been delivered and 5 three-carriage trains remain to be delivered.

The 2021–22 Budget introduced a new capital project, *Road Safety Strategy*, which has a TEI of \$330.1 million over five years. The funding will deliver initiatives under the *Victorian Road Safety Strategy 2021–2030* and *Road Safety Action Plan 2021–2023*.

Department of Justice and Community Safety

The Department of Justice and Community Safety (DJCS) had a budget of \$8.9 billion in 2020–21, while actual expenditure was \$10.6 billion. This 17.9% variance was predominantly driven by funding provided to the WorkSafe scheme after the release of the budget and the establishment of CQV.

In 2020–21 DJCS spent \$1 billion on its COVID-19 response, of which most utilised emergency funding. DJCS received \$1.8 billion in Treasurer’s Advances in 2020–21.

DJCS achieved or exceeded 52% of its performance measures published in its 2020–21 Annual Report. A number of outputs recorded poor performance, with only three of DJCS’ 14 outputs achieving or exceeding over 50% of their measures.

In December 2020 CQV was established to minimise the spread of COVID-19 in the community, which had a significant impact on DJCS’ expenses especially employee benefit expenses.

The Emergency Services Telecommunications Authority (ESTA) experienced a large increase in call demand during the COVID-19 pandemic. As a result, ESTA was unable to meet several of its performance measures in 2020–21. ESTA’s computer aided dispatch system was updated in 2020–21 in response to ongoing issues with the system and the Government has announced a review of ESTA.

Department of Jobs, Precincts and Regions

In 2020–21 the Department of Jobs, Precincts and Regions’ (DJPR) budget was \$6.7 billion, while actual expenditure was \$7.2 billion. This 7.8% variance was mainly because of expenditure incurred due to the *Circuit Breaker Support Package* and *Victoria’s Digital Future Now* initiative. DJPR achieved or exceeded 59% of its 189 performance measures in 2020–21.

DJPR provided grants and related assistance of \$4.6 billion in 2020–21. While this amount included grants in response to the COVID-19 pandemic, including \$1.8 billion to the *Business Support Fund*, it represents a significant increase from prior years. DJPR’s grants and related assistance expenses were \$1.4 billion in 2019–20 and \$0.6 million in 2018–19.

Victoria’s Creative Industries experienced a challenging year in 2020–21 due to COVID-19 restrictions. Since 2018–19 costs for the Creative Industries have remained relatively stable while attendance has substantially declined. By supporting Creative Industries to maintain staff levels over this period, DJPR has ensured Creative Industries’ centres were prepared for a safe restart.

A focus for DJPR in 2020–21 was to support Victorian jobseekers. This included connecting workers with new opportunities and providing services to connect jobseekers and employers. In 2020–21, \$87.5 million was allocated to the *Working for Victoria* initiative and \$151.3 million was allocated to the *Jobs for Victoria* initiative.

Department of Environment, Land, Water and Planning

In 2020–21 the Department of Environment, Land, Water and Planning's (DELWP) budget was \$3.3 billion, while actual expenditure was \$3.2 billion. This slight underspend was predominantly due to lower expenses across the Waste and Recycling, Solar Homes and Planning, Building and Heritage outputs.

DELWP achieved or exceeded 64% of its performance measures in 2020–21. Of performance measures not met, 43% were not met wholly or partly due to the COVID-19 pandemic and associated health restrictions.

In 2020–21 DELWP undertook several initiatives associated with climate change policy, including releasing the *Climate Change Strategy* and setting targets for net-zero emissions by 2050. DELWP also developed seven sector wide pledges and a whole of government pledge to cut emissions in 2020–21. Some pledges include specific actions and targets, while others outline an overall strategy. Currently there are limited performance measures associated with the outcomes of DELWP's *Climate Change Strategy* and associated pledges.

In 2020–21 the *Solar Homes* program was expanded to provide for additional rebates for households and to extend the scheme to eligible small businesses. Outcomes of the *Solar Homes* program have included job generation, reduction in household electricity bills, a reduction in carbon emissions and energy generation through solar panels. DELWP has finalised a monitoring, evaluation and learning framework for the *Solar Homes* program.

In 2020–21 an order for 125 gigalitres of desalinated water from the Victorian Desalination Plant was delivered. Another 125 gigalitres was ordered in March 2021 for several reasons, including that drier conditions are expected in future years. Notwithstanding the 2021–22 order, actual annual household bills are expected to fall by \$6 per annum after regulatory adjustments.

Department of Premier and Cabinet

In 2020–21 the Department of Premier and Cabinet's (DPC) budget was \$570.2 million, while actual expenditure was \$546.5 million. This slight underspend was driven by an underspend in the Government-wide Leadership, Reform and Implementation output, offset by an overspend in the Public administration advice and support output.

DPC achieved or exceeded 73% of its performance measures in 2020–21, slightly down on the 81% it achieved or exceeded in 2019–20. Three new performance measures were introduced in 2020–21 to reflect the Government's investment in the *Jobs and Skills*

Exchange (JSE) platform. One of the aims of the JSE is to reduce labour hire usage and consultancy expenditure. However, the JSE was impacted by COVID-19 and in 2020–21 DPC shifted the focus of the platform to support the Victorian Public Service with surge requirements, workforce change and mobility and career transitions.

In 2020–21 the initiative, *Coronavirus Aboriginal Community Response and Recovery Fund* was established to ensure Aboriginal communities were resourced to develop local, place-based responses to COVID-19 impacts. DPC engaged an Aboriginal owned consultancy to evaluate the Fund to document lessons learnt and inform future Government responses to challenges faced by Aboriginal Victorians.

The Digital Victoria entity was established by DPC in 2020–21 to, among other things, streamline and accelerate digital transformation across government and lead the delivery of the *Digital Strategy 2021–26*.

Service Victoria, the Victorian Government's service delivery entity, was allocated \$40.4 million in the 2020–21 Budget, bringing the total investment in the entity from 2015–16 to 2022–23 to \$264.2 million. In 2020–21 Service Victoria provided online platforms to enable quick response (QR) code check-ins, border permits, tourism vouchers and business grant applications for outdoor dining facilities. DPC advised that in 2021, more than 146 million customers used the service to check in and the Service Victoria mobile app was downloaded over four million times.

Court Services Victoria

In 2020–21 Court Services Victoria (CSV) had a budget of \$722.7 million, while actual expenditure was \$704.3 million.

In 2020–21 CSV achieved or exceeded 34% of its performance measures. Of the performance measures not achieved, 47% exceeded a 5% variance. CSV has committed to reviewing its performance measures after it has cleared pending caseloads resulting from the COVID-19 pandemic.

While the Children's Court experienced a reduction in pending matters in 2020–21, all other Victorian Courts experienced an increase as compared to 2019–20. Criminal matters in the County Court experienced the largest upswing with a 133% increase from 2019–20 to 2020–21.

In 2020–21 the Children's Court had the highest case clearance rates of all Victorian Courts. Criminal matters disposed of in the County Court experienced the largest drop in case clearance rates in 2020–21, followed by the Victorian Civil and Administrative Tribunal's Civil division.

CSV has implemented a range of initiatives and projects to improve the timeliness of processing matters. The 2020–21 Budget allocated \$10.6 million to the *Justice Recovery* initiative which, among other things, assisted 9,500 listings to be heard at the online

Magistrates' Court and 18,200 at the Children's Court. CSV also spent a total of \$35.2 million in 2020–21 on four COVID-19 related initiatives that assisted with clearing pending caseloads.

Department of Treasury and Finance

In 2020–21 DTF's budget was \$617 million, while actual expenditure was \$516 million. This underspend was mainly driven by the impact of COVID-19 on Invest Victoria's operations.

DTF achieved or exceeded 80% of its 69 performance measures in 2020–21. This compares to 72% achieved or exceeded in 2019–20.

In 2020–21 DTF accessed \$922.8 million in Treasurer's Advances. The *Big Housing Build: Expanded Social Housing Growth Fund* received the largest portion of DTF's total Treasurer's Advances, with an allocation of \$846 million.

The 2020–21 Budget also allocated \$845 million in 2020–21 and \$535 million in 2021–22 to the *Big Housing Build: Expanded Social Housing Growth Fund*. DTF completed the first round of grants totalling \$738.8 million in 2020–21. There are 89 projects, which will deliver 2,352 homes (583 in regional Victoria) and create an estimated 9,090 jobs. As at 30 June 2020, there were about 14,850 community housing dwellings in Victoria, representing 18% of the total social housing stock.

As a direct result of the *Land transfer duty waiver for residential property transactions of up to \$1 million* initiative, \$336.6 million in revenue was forgone compared to the estimated \$125.9 million. In 2020–21 DTF also provided \$1.2 billion worth of support to first home buyers in Victoria.

Parliament

In 2020–21 the Parliament of Victoria had a budget of \$214.1 million, while actual expenditure was \$199.3 million.

Parliament achieved or exceeded 97% of its performance measures in 2020–21.

In 2020–21 Parliament ran a charity meals program, through which the Department of Parliamentary Services (DPS) partnered with a number of charitable organisations to provide food to homeless and vulnerable Victorians impacted by the COVID-19 pandemic. One and a half million meal items were provided through the program in 2020–21.

The DPS Annual Report for 2020–21 highlighted the growth in security incidents affecting staff and Members of Parliament. Between 2019–20 and 2020–21 security incidences at electorate offices rose by 92%, while threats and incidents had become more extreme compared to previous years. DPS has taken several steps to increase its security ability and the security of electorate offices.

Executive summary

A significant challenge facing both houses of Parliament during 2020–21 was COVID-19 health restrictions and facilitating continued sittings of Parliament in a COVIDSafe environment. Several changes were made to planned sitting weeks in both the Legislative Assembly and the Legislative Council to allow for sittings in 2020–21, including some remote participation. As a result, both Houses sat for a greater number of days and hours in 2020–21 compared to 2019–20.

Findings and recommendations

2 Financial and economic performance

FINDING 1: In 2020–21, general government sector revenue was \$72.6 billion, 8.9% higher than the 2020–21 Budget and 6.9% higher than 2019–20. The growth in revenue was driven by higher taxation and grant revenue. State taxation revenue also benefitted from a strong property market through land transfer duties and a quick rebound in the labour market that contributed to higher payroll taxation. An increase in grant revenue in 2020–21 was a result of higher goods and services tax revenue compared to 2019–20.

12

FINDING 2: In 2020–21 total general government sector (GGS) expenses totalled \$87.2 billion, 17.1% higher than in 2019–20. In 2020–21 employee expenses was the largest expense for GGS, accounting for 34% of total expenses, 10.4% higher than in 2019–20. The increase reflects higher remuneration levels in enterprise bargaining agreements and the establishment of COVID-19 Quarantine Victoria (CQV). CQV employed 3,000 full-time equivalent (FTE) employees, representing 1% of the Victorian Government FTE workforce.

14

FINDING 3: In 2020–21 expenses directly related to COVID-19 response and recovery initiatives were \$13.3 billion, with the Department of Jobs, Precincts and Regions incurring the highest expenditure, accounting for \$4.5 billion of total COVID-19 expenditure.

14

FINDING 4: In 2020–21 the net result from transactions was a deficit of \$14.6 billion, \$8 billion higher than the 2019–20 net operating balance deficit. This is largely due to significant increases in expenditure to support the Victorian Government's response to the COVID-19 pandemic. In 2020–21 the net result was \$13.8 billion in deficit. Both the net result from transactions and the net result in 2020–21 showed an improvement compared to the revised budget.

15

FINDING 5: Government infrastructure investment (GII) was \$15 billion in 2020–21, 24% higher than in 2019–20, due to capital infrastructure investment in the transport, health, community safety and education sectors. GII has grown significantly in the past five years, averaging \$12.2 billion. This is compared to an average of \$5.1 billion over the prior five year period 2011–12 to 2015–16.

16

FINDING 6: General government net debt grew by \$28.4 billion from 2019–20 to \$72.7 billion in 2020–21, which was 15.6% of gross state product.

17

FINDING 7: The State of Victoria recorded a deficit from transactions of \$18.3 billion in 2020–21, compared with a deficit of \$9 billion in 2019–20. This was driven by the deficits recorded in the general government sector of \$14.6 billion and public financial corporations sector of \$3.3 billion. The public non-financial corporations sector recorded a \$721 million net surplus from transactions. 20

FINDING 8: As at 30 June 2021, net debt of the non-financial public sector stood at \$88.4 billion, compared to \$60 billion in 2019–20. Net debt to gross state product was recorded at 19% in 2020–21 compared to 12.8% in 2019–20. This growth in net debt was largely to mitigate the impacts of COVID-19. 21

FINDING 9: In 2020–21 Victoria’s gross state product fell for the first time since 1992, declining by 0.4% since last year. 21

FINDING 10: Employment in Victoria declined by 1.1% in 2020–21 while a slight increase in employment of 1.2% was recorded in 2019–20. The unemployment rate in 2020–21 was 6.2%, 0.8% higher than the 2019–20 unemployment rate of 5.4%. 22

FINDING 11: Regional Victoria’s unemployment rate outperformed Greater Melbourne’s unemployment rate. The unemployment rate in regional Victoria was 4.6% in 2020–21 compared to 6.6% in Greater Melbourne. 23

FINDING 12: Economic indicators such as business conditions, business confidence and consumer confidence performed relatively well in 2020–21 compared to 2019–20. In 2020–21 the labour market participation rate in Victoria averaged around 65% (0.5% higher than the national average), and the underemployment rate in Victoria was 11% (1.3% higher than the national average). 24

FINDING 13: Population growth has previously been a significant driver of Victoria’s economic growth. In 2020–21 Victoria’s population declined by 0.7% compared to the forecast growth of 0.2% outlined in the 2020–21 Budget. 25

RECOMMENDATION 1: The Department of Treasury and Finance resume publishing regular Economic Updates as soon as possible. 26

FINDING 14: The 2020–21 Budget introduced a medium term four step plan as its fiscal strategy. However, the 2020–21 Financial Report does not outline the progress made in the last financial year against each step of the plan. 27

RECOMMENDATION 2: The Department of Treasury and Finance outline in its Financial Reports the progress made toward achieving the four steps of the Government's Fiscal strategy. 27

3 Department of Health

FINDING 15: The Department of Health incurred \$3.6 billion in 2020–21 in COVID-19 response and recovery expenditure. While \$3.2 billion out of this \$3.6 billion was spent on the *COVID-19 Response - Support for the health system* initiative, a detailed breakdown of the programs that received funding under this initiative was not available for the Committee. 33

RECOMMENDATION 3: The Department of Health provide a more detailed breakdown of its COVID-19 expenditure for each financial year, including as is practicable a list of the budget allocated and amount spent on relevant initiatives and program. 33

FINDING 16: In 2020–21 the total estimated investment of 11 of the Department of Health's capital projects was revised, resulting in a total variance of \$1.4 billion. Six of these 11 projects were revised to include additional funding to commence construction, as the original allocation was only for the planning phase. 34

FINDING 17: At the end of the 2020–21 there were eight Department of Health capital projects that were reaching completion, including *Casey Hospital Expansion*, and 25 with a revised completion date, including *Meeting Ambulance Response Times*. 34

FINDING 18: The Department of Health reported a positive net result from transactions of \$708 million in 2020–21, an improvement on the estimated \$19 million deficit outlined in the 2020–21 Budget. 35

FINDING 19: The 2020–21 Budget allocated \$2.9 billion to the Department of Health (DH) for the *Coronavirus (COVID-19) health response* in 2020–21, including \$1.9 billion to build a specific Health System Roadmap. In 2020–21 DH invested in TREVI, a new contact tracing customer relationship management system, which improved COVID-19 close contact notification. DH also developed CHRIS, a system that displays real time information on available intensive care unit beds in Victorian public and private hospitals. 38

RECOMMENDATION 4: The Department of Health develop performance measures to evaluate the effectiveness of the TREVI and CHRIS systems. 38

FINDING 20: In September 2020 the Department of Health established local public health units (LPHUs). In 2020–21 there were nine LPHUs established to manage local COVID-19 outbreaks. LPHUs identified and managed 18,474 COVID-19 cases, conducted 6.4 million tests and were involved in COVID-19 vaccination community engagement programs. **38**

FINDING 21: In April 2020 the Victorian Government announced \$1.3 billion to establish 4,000 intensive care unit (ICU) beds as required. The funding comprised of three elements—purchasing ventilators, creating and retaining staff attached to ICU beds and creating physical spaces within hospitals for new ICU beds. **40**

FINDING 22: At the beginning of the pandemic Victoria had 450 fully equipped and staffed intensive care unit (ICU) beds. As at November 2021 there were 1,593 ICU beds in Victoria, a three-fold growth since April 2020 in order to meet demand. Between May 2020 and November 2021, 12,532 nurses were enrolled in critical care upskilling training of which 10,730 nurses received training in 2020–21 so as to continue to have available clinical staff for any further growth in demand. **40**

FINDING 23: The 2020–21 Budget allocated \$300 million to the elective surgery blitz. \$41.3 million was spent in 2020–21 with more than 163,000 patients admitted for elective surgery. As at June 2021 there were 66,230 patients on the waiting list for elective surgery, slightly higher than the September 2020 quarter. The leftover funding for elective surgeries from 2020–21 will be rolled over to 2021–22. **41**

FINDING 24: The number of allied health workers in Victoria has grown by 23% in 2020 compared to pre-pandemic levels in 2018. Across the same period the growth for medical practitioners was 4% and the growth for nursing and midwifery was 5%. **42**

FINDING 25: While the Department of Health’s Annual Report provides high level workforce data about its employees, it does not provide a breakdown of workforce classifications—such as, public health physicians, allied health workers (including mental health), medical practitioners, nurses, midwives, intensive care unit trained staff. **42**

RECOMMENDATION 5: The Department of Health publish in its next Annual Report a breakdown of its health workforce employees by classification, including public health physician, allied health worker (including mental health), medical practitioner, nurse, midwife and intensive care unit competent. **42**

FINDING 26: Victoria has the lowest number of public health physicians per 100,000 people of any state or territory, with only 1.23 public health physicians per 100,000 people. The Department of Health recognises the constraints in the public health workforce and is currently exploring ways to broaden the number of public health physicians in Victoria.

43

FINDING 27: The 2020–21 Budget allocated \$64 million in 2020–21 to the *Supporting ambulance services* initiative and an additional \$14.8 million was allocated in mid-2020–21 to manage demand from Triple Zero calls. In 2020–21 Ambulance Victoria (AV) employed 38 new triage practitioners and trained 17 internal paramedics. AV employed 5,513.2 full-time equivalent staff, 3.8% higher than 2019–20 levels.

46

FINDING 28: Three key performance measures under the Ambulance Emergency Services output and Emergency Services output underperformed in 2020–21. Ambulance Victoria’s target to respond to Code 1 incidents within 15 minutes has continued to deteriorate as the COVID-19 pandemic weighed heavily on the agency’s performance.

46

FINDING 29: The 2020–21 Budget allocated \$571 million to implement nine recommendations in the interim report of the Royal Commission into Victoria’s Mental Health System released in November 2019. Mental Health Reform Victoria was established in February 2020 to lead the implementation of these recommendations. The Department of Health has progressed all nine recommendations, having completed the full implementation of one in 2020–21 with the establishment of the Mental Health Implementation Office.

47

4 Department of Families, Fairness and Housing

FINDING 30: The Department of Families, Fairness and Housing reported a positive net result from transactions of \$3 million in 2020–21, an improvement compared to the estimated \$63 million deficit outlined in the 2020–21 Budget.

53

FINDING 31: In 2020–21 the Department of Families, Fairness and Housing (DFFH) achieved 62% of its 114 performance measures. Where DFFH measures underperformed against their targets in 2020–21, this can be attributed to a range of reasons including changes in demand, changes to service delivery policy and the impact of COVID-19.

55

FINDING 32: While in 2020–21 the Department of Families, Fairness and Housing commenced delivery of 1,062 social housing dwellings under investment from the *Big Housing Build*, the target for ‘total number of social housing dwellings’ in 2020–21 was reduced to 86,000 from 87,749 in 2019–20, due to demolition and replacement of housing stock. Despite the reduction being a temporary measure, the target for the 2021–22 year of 87,515 was still below the 2019–20 target of 87,749.

57

RECOMMENDATION 6: The Department of Families, Fairness and Housing reflect the number of new social housing dwellings that will be delivered under the *Big Housing Build*, in the target set for the budget paper performance measure ‘total number of social housing dwellings’.

57

FINDING 33: In 2020–21 the ‘average waiting time for public rental housing for those clients who have received priority access housing allocation or a priority transfer’ exceeded one year, reporting a 12.4 month wait period. The target for this measure is 10.5 months.

58

FINDING 34: While the 2020–21 and 2021–22 Budgets allocated additional funding to a range of government initiatives to better support the homelessness sector in 2020–21, the number of clients assisted to address and prevent homelessness in 2020–21 was reported as less than the previous four years. This result can largely be explained by lower than expected presentations at homelessness services due to COVID-19 restrictions and the fact that clients assisted into emergency hotel accommodation because of COVID-19 in 2020–21 were accounted for separately.

60

FINDING 35: COVID-19 restrictions in 2020–21 meant that family violence refuges that were designed to be communal could only house single families. This resulted in the Department of Families, Fairness and Housing (DFFH) being unable to meet the 2020–21 targets set for the performance measures ‘number of nights of refuge accommodation provided to victims of family violence’ and ‘number of family violence victims who receive a refuge response’. However, DFFH provided a number of alternative accommodation options to people experiencing family violence in 2020–21.

61

RECOMMENDATION 7: Where the Department of Families, Fairness and Housing is unable to meet performance measure targets under the Housing Assistance output but alternative support options have been facilitated by the department, a footnote disclosure or additional commentary providing this detail be included in its annual report.

61

FINDING 36: The Department of Families, Fairness and Housing’s performance measure ‘total assessments undertaken at the Support and Safety Hubs’ achieved 37.9% more than its target for 2020–21 and 37.9% more than the result from 2019–20. In 2020–2021, three Orange Doors were established. More assessments were undertaken in 2020–21 as new sites were established and existing sites were expanded.

63

FINDING 37: The 2020–21 Budget allocated \$456.3 million to the *Coronavirus (COVID-19) social services response* initiative in 2020–21 to support vulnerable Victorians during the year and the Department of Families, Fairness and Housing modified some of its service delivery in child protection to utilise phone and videoconferencing services due to COVID-19 restrictions.

64

FINDING 38: In child protection, an unallocated case is where a child is not allocated to a permanent child protection practitioner. There was an average rate of 10.1% of unallocated cases during 2020–21, an increase from 8.6% in 2019–20. Commentary on this year-on-year percentage increase was not included in the child protection and family services additional service delivery data published with the Department of Families, Fairness and Housing’s 2020–21 Annual Report.

64

RECOMMENDATION 8: The Department of Families, Fairness and Housing consider including in the child protection and family services additional service delivery data published with its Annual Report, the year-on-year results for the average percentage of unallocated cases under the Child Protection and Family Services output and provide commentary to explain any percentage change.

64

FINDING 39: While the Department of Families, Fairness and Housing’s 2020–21 Annual Report provides the total number of employees under the department’s child protection category, it does not provide a breakdown of the workforce—such as the number of child practitioners nor whether they are operating in foster, residential or kinship care.

65

RECOMMENDATION 9: The Department of Families, Fairness and Housing consider publishing in its next Annual Report a breakdown of the child protection workforce by classification, including child practitioners working in foster, residential and kinship care.

65

5 Department of Education and Training

FINDING 40: The Department of Education and Training's Comprehensive Operating Statement in 2020–21 reflects a stable position as overall income exceeds expenses. 70

FINDING 41: In 2020–21 the Department of Education and Training achieved or exceeded 50% of its performance measures. 70

RECOMMENDATION 10: The Department of Education and Training develop performance measures for its ongoing COVID-19 initiatives, for inclusion in the next Budget. 71

FINDING 42: In 2020–21 the Department of Education and Training (DET) spent \$1.1 billion on COVID-19 responses, which were funded through the 2020–21 Budget and internally by the department. In contrast to other departments, DET did not draw Treasurer's Advances in 2020–21. 72

FINDING 43: In 2020–21 the Department of Education and Training was unable to undertake a number of audits and inspections of registered training organisations and early childhood education facilities due to the COVID-19 pandemic. 73

FINDING 44: The performance outcome for 'average days lost due to absence' improved overall for primary and secondary school students in 2020–21 yet worsened for Aboriginal students. While these outcomes demonstrate the inequitable impacts of the COVID-19 pandemic and remote learning on Aboriginal primary and secondary school students, the Department of Education and Training are taking steps to address this. 73

FINDING 45: There were no statistically significant negative changes to Victorian student's National Assessment Program – Literacy and Numeracy (NAPLAN) test results between 2019 and 2021. The NAPLAN test was cancelled in 2020 due to the COVID-19 pandemic. 75

FINDING 46: By 30 June 2021, 6,050 tutors had been deployed, and approximately 126,000 students had been supported, as part of the *Tutor Learning Initiative* which will continue to the end of 2022. The Department of Education and Training estimated 200,000 students would need support to catch up after remote learning. 76

RECOMMENDATION 11: The Department of Education and Training provide the Public Accounts and Estimates Committee with the Deloitte Access Economics evaluation of the *Tutor Learning Initiative* when available. 76

FINDING 47: As mental health support for students is focused on prevention and early intervention that is often delivered to groups, the Department of Education and Training does not report on how many primary school students access mental health support through their schools or how many students are reached through the *Mental health in primary schools* program. 77

FINDING 48: In 2020–21 mental health practitioners employed in secondary schools provided over 23,000 consultations to 5,300 students as part of the *Mental health practitioners in secondary schools* program. 78

RECOMMENDATION 12: The Department of Education and Training provide the Public Accounts and Estimates Committee with the evaluation of the *Mental health practitioners in secondary schools* when it is completed. 78

RECOMMENDATION 13: The Department of Education and Training develop comprehensive quantity and quality performance measures related to its mental health and wellbeing programs, including the *Mental health practitioners in secondary schools* and the *Mental health in primary schools* programs. 79

FINDING 49: Vocational and Educational Training (VET) course commencements and completions declined overall in 2020–21. These declines were largely related to travel restrictions, business constraints and training limitations due to the COVID-19 pandemic. Performance measures associated with quality of VET training remained stable or increased in 2020–21. 81

RECOMMENDATION 14: The Department of Education and Training provide further information regarding the outcomes of the \$1 billion investment in Training and Further Education (TAFE) and training in the next Budget and its next annual report, including the number of enrolments in Free TAFE priority courses, course completions and the employment outcomes achieved. 82

RECOMMENDATION 15: The Department of Education and Training (DET) provide to the Committee the assessment criteria or methodology used by DET to calculate the outcomes and potential economic benefits of Training and Further Education (TAFE) courses. This should include how many TAFE enrolments and/or completions lead directly to a job, how many of these jobs were in priority industries and how this translates into economic growth for the State.

83

6 Department of Transport

FINDING 50: The Department of Transport revised the total estimated investment of 39 capital projects in 2020–21. Seven of these projects were revised downward and 32 were revised upward. The net increase in the cost of capital projects totals \$8.5 billion.

89

FINDING 51: In 2020–21 the Department of Transport (DoT) revised the original completion dates of 52 capital projects. DoT identified six capital projects that would be delivered prior to the original completion date and 46 that were experiencing delays.

90

FINDING 52: The 2020–21 Budget estimated a \$288 million deficit for the Department of Transport in 2020–21. However, the actual deficit was \$218.2 million, 24.3% lower than forecast.

91

FINDING 53: In 2020–21 the Department of Transport achieved or exceeded 63% of its 169 performance measures and did not meet 21% of its measures exceeding a 5% variance.

91

FINDING 54: The Department of Transport received \$734.3 million in 2020–21 to address the impacts of COVID-19 on the public transport network of which it spent \$708.8 million, including to develop a *RideSpace* app, make a significant timetable change, increase cleaning protocols, and rollout quick response (QR) codes at key locations across the network.

92

FINDING 55: The Department of Transport met the targets measuring punctuality for all public transport modes in 2020–21. The customer satisfaction index of the public transport network met the targets for all service modes apart from regional bus services, which was marginally (0.8%) lower than the target.

93

FINDING 56: While patronage levels in all transport modes dropped significantly in 2020–21, the actual output costs of bus, train and tram services remained on par with the 2020–21 Budget allocation.

93

FINDING 57: The Department of Transport received \$734.3 million in 2020–21 of which \$296.2 million was allocated in the 2021–22 Budget as additional funding to address the COVID-19 impacts on the public transport network. This included funds to offset the impacts of lower farebox revenue for public transport service providers. **94**

FINDING 58: In November 2018 the Victorian Government allocated \$340 million to build 54 VLocity train carriages to make up 18 new three-car trains in the regional train network, V/Line. As at the end of 2020–21, 32 out of 54 VLocity carriages have been manufactured while 15 are remaining. In terms of the 18 new trains, three three-carriage trains have been delivered and 15 three-carriage trains remain to be delivered. **94**

FINDING 59: It is estimated that the *Warrnambool line upgrade*, announced in 2018–19, will deliver a fifth weekday return service between Warrnambool and Melbourne in mid-to-late 2022. The project also involves building a new crossing loop and signalling and level crossing upgrade. **95**

FINDING 60: The *Shepparton line upgrade* project was announced in 2018–19 and will be delivered in three stages. Stage 1 has been completed and Stage 2 has a revised estimated completion date of 2022–23. The 2020–21 Budget funded Stage 3 of the project with a total estimated investment of \$400 million and a completion date of 2023–24. The delivery of nine return services to Shepparton from Melbourne every weekday, which forms part of this project, is expected to be delivered in late 2023. **96**

FINDING 61: The 2020–21 Budget allocated \$1.5 billion to the *Next Generation Trams* capital program which will deliver 100 next generation trams. The new trams will enhance accessibility in the tram network. The Department of Transport is currently in the preliminary stages of the project—evaluating a suitable manufacturer of trams. There are currently no performance measures to monitor the progress of this project. **97**

RECOMMENDATION 16: The Department of Transport develop quantity and timeliness performance measures to monitor the progress of the *Next Generation Trams* capital program. **97**

FINDING 62: In Melbourne there are about 1,700 tram stops of which more than 420 are accessible. The target for the Department of Transport's (DoT) performance measure 'level access tram stop upgraded' was revised from 16 in 2019–20 to two in 2020–21. DoT achieved the 2020–21 target and over the past five years it has upgraded 33 tram stops to improve accessibility. **98**

FINDING 63: While Victoria recorded 239 lives lost in 2021, up by 13.3% compared to 2020, the Department of Transport and the Transport Accident Commission are taking steps to address this, including upgrading the road network and research-led programs that enhance safer driver behaviour. 100

FINDING 64: The 2021–22 Budget introduced a new capital project, *Road Safety Strategy*, with a total estimated investment of \$330.1 million. The funding will deliver initiatives under the *Victorian Road Safety Strategy 2021–2030* which aims to halve road deaths by 2030 and eliminate road deaths by 2050; and the *Road Safety Action Plan 2021–2023* which aims to drive down road trauma and reduce the incidence of serious injury resulting from road crashes. 100

FINDING 65: The Department of Transport’s performance measures under the Road operations – Road Safety output do not measure the effectiveness of the new capital project, *Road Safety Strategy*. 100

RECOMMENDATION 17: The Department of Transport develop performance measures to monitor the effectiveness and outcomes achieved by the investment in the *Road Safety Strategy* capital project. 101

7 Department of Justice and Community Safety

FINDING 66: In 2020–21 the Department of Justice and Community Safety exceeded its budget by 17.9%. This variance was predominantly driven by large overspends in the Protection of Vulnerable People, Human Rights and Victim Support and Emergency Management Capability outputs. The variances related to providing unbudgeted funding to WorkSafe Victoria and the COVID-19 pandemic response. 106

FINDING 67: The cost to the Department of Justice and Community Safety of its COVID-19 response in 2020–21 was \$1 billion. 79% of this amount utilised emergency funding. 106

RECOMMENDATION 18: The Department of Justice and Community Safety develop budget paper performance measures for any COVID-19 initiatives to be included in the next Budget. 107

RECOMMENDATION 19: The Department of Justice and Community Safety include performance and outcome information regarding COVID-19 initiatives beginning in 2020–21 and lapsing in 2021–22 in its next Annual Report. 107

FINDING 68: In 2020–21 the Department of Justice and Community Safety’s expenditure, revenue and expenses including employee expenses were significantly impacted by the need to source additional funding post-budget for initiatives that responded to the COVID-19 pandemic. 108

FINDING 69: In 2020–21 the Department of Justice and Community Safety’s full-time equivalent employee count grew by 35% in comparison to 2019–20. The department’s number of executive staff grew by 52% across four classifications. 108

FINDING 70: In 2020–21 WorkSafe Victoria received \$550 million in Treasurer’s Advance funding to provide short term financial support. 111

FINDING 71: In 2020–21 the Department of Justice and Community Safety achieved or exceeded 52% of its performance measures. 112

FINDING 72: The cost of COVID-19 Quarantine Victoria (CQV) in 2020–21 was \$635.8 million, a majority of which was attributable to employee expenses. From May 2020 to June 2021 CQV staff grew from 1,500 staff to over 3,000 full-time equivalent staff. 113

FINDING 73: In 2020–21 the employee expenses for the Reducing the Impact of Emergencies output grew by 775%. COVID-19 Quarantine Victoria’s staffing costs accounted for 91% of this increase. 113

FINDING 74: While COVID-19 Quarantine Victoria cost \$635.8 million in 2020–21, public information or reporting on the program’s performance is limited and does not include data to show how many individuals have been in quarantine per day on an ongoing basis. 115

RECOMMENDATION 20: The Department of Justice and Community Safety, in collaboration with the Department of Treasury and Finance, develop appropriate performance measures for COVID-19 quarantine facilities for inclusion in the next Budget. 115

FINDING 75: During 2020–21 the Emergency Services Telecommunications Authority did not meet its performance targets in relation to ambulance call-answer and dispatch times. The performance of call answer times dropped by 5.9% compared to 2019–20. This decline in performance relates to increased demand after the easing of COVID-19 restrictions. 116

FINDING 76: The number of calls answered for Ambulance Victoria and the number of calls overall to the Emergency Services Telecommunications Authority have grown steadily over the last five years. 116

FINDING 77: In 2020–21 the Emergency Services Telecommunications Authority was provided \$18.7 million to upgrade its computer aided dispatch (CAD) system, which had experienced major issues including outages in previous years. While the new CAD system has been deployed, technical issues with the new system are ongoing. 117

FINDING 78: The performance measure ‘proportion of benchmark measures in prison service agreements achieved’ has not been met and has been trending downwards since 2010–11. 118

8 Department of Jobs, Precincts and Regions

FINDING 79: The Department of Jobs, Precincts and Regions’ expenses exceeded income in 2020–21, resulting in a net result deficit from transactions of \$3 million, which represents a substantial improvement compared to the budgeted net result deficit of \$153 million. 126

FINDING 80: In 2020–21 the Department of Jobs, Precincts and Regions achieved 59% of its 189 performance measures, compared to 62% achieved in 2019–20. 127

FINDING 81: The Department of Jobs, Precincts and Regions provided grants and related assistance of \$4.6 billion in 2020–21, \$1.4 billion in 2019–20 and \$0.6 million in 2018–19. This represents an increase of 666% in 2020–21 compared to pre-COVID-19 expenditure in 2018–19. 127

FINDING 82: The Department of Treasury and Finance’s reporting on COVID-19 shows that \$1.9 billion was spent on *Business Support* and \$37.3 million was spent on the *Business Support* Fund in 2020–21, while the Department of Jobs, Precincts and Region’s Annual Report states \$1.8 billion was spent on multiple rounds of the *Business Support Fund* in 2020–21. 128

RECOMMENDATION 21: To increase the usefulness of financial information reported on, the Department of Treasury and Finance and the Department of Jobs, Precincts and Regions include notes to detail the basis of any calculations and discretionary judgments made in the process of reporting on grant programs. 128

FINDING 83: \$1.4 million was written off by the Department of Jobs, Precincts in 2020–21 as grants paid in error to *Business Support* applicants that will not be recovered. While the write off represents only 0.08% of the *Business Support Fund* grant expense in 2020–21, it is unclear how the write off amount was calculated. 128

RECOMMENDATION 22: The Department of Jobs, Precincts and Regions publish in the department’s annual report the actual grant expense incurred against its budget for each COVID-19 related support grant program announced and whether additional support was required, and the total number of recipients of each support grant program. 129

FINDING 84: While Creative Industries’ output costs have remained stable from 2018–19 to 2020–21, performance measures reflecting attendance have substantially declined over this period. The Department of Jobs, Precincts and Regions have maintained Creative Industries staff levels over the shutdown period and have been working to ensure Creative Industries’ centres were preparing for a safe restart when the economy opens. 130

FINDING 85: The *Working for Victoria* initiative was allocated \$500 million in March 2020. Funding was sourced off budget through Treasurer’s Advances and on budget as a new initiative over the 2019–20 and 2020–21 years. 131

RECOMMENDATION 23: The Department of Jobs, Precincts and Regions provide summary financial information, including the funding allocated and the actual expenditure incurred, for the employment initiatives *Working for Victoria* and *Jobs for Victoria: Our plan to maximise jobs and help Victorians into work* in its next annual report. 132

FINDING 86: In 2018, the Government committed to establishing an Electric Vehicle manufacturing plant in partnership with a private company in the Latrobe Valley to assist with job losses experienced in the area due to the closure of power stations. In 2021 the private company sought to terminate the agreement but the termination has not been finalised. 133

FINDING 87: Following the closure of power stations in the Latrobe Valley in 2016, employment numbers and the unemployment rate had stabilised and improved until 2020. However, in 2021 employment numbers and the unemployment rate trended unfavourably, in line with lockdowns experienced over the period. 135

FINDING 88: Government support for employment in the Latrobe Valley included establishment of a regional Victorian Government Hub and the provision of subsidies to employers of retrenched workers or unemployed persons who reside in the area. 135

9 Department of Environment, Land, Water and Planning

FINDING 89: In 2020–21 the Department of Environment, Land, Water and Planning spent \$289.1 million on COVID-19 responses. \$41.1 million of this amount utilised Treasurer’s Advances. 139

FINDING 90: The Department of Environment, Land, Water and Planning reported a negative net result from transactions of \$32 million. This was an improvement on the estimated \$349 million deficit outlined in the 2020–21 Budget. 141

FINDING 91: The Department of Environment, Land, Water and Planning achieved 64% of its performance measures in 2020–21. Several measures were impacted by COVID-19 health restrictions. 143

RECOMMENDATION 24: The Department of Environment, Land, Water and Planning publish the targets, expected dates of achievement and progress information on its six sector-wide and whole of government pledges. 145

RECOMMENDATION 25: The Department of Environment, Land, Water and Planning develop appropriate performance measures for the Climate Change output, including measures relating to the targets set in the *Climate Change Strategy* and the sector and whole of government five-year pledges developed in 2020–21. 146

FINDING 92: In 2020–21 the *Solar Homes* program resulted in the reduction of CO2 emissions by 360,000 tonnes, the installation of 792,000 megawatt hours of energy generation capacity and the creation of 4,000 jobs in the solar industry. 148

RECOMMENDATION 26: The Department of Environment, Land, Water and Planning and Solar Victoria consider publishing the outcomes against the *Solar Homes* program’s established monitoring, evaluation and learning framework each financial year. 148

FINDING 93: In 2020–21 the Department of Environment, Land, Water and Planning met two of its seven performance measures related to the Solar Homes output. Most of the measures not met related to the target number of applications approved for solar photovoltaic (PV), solar PV for small businesses, home battery and solar hot water rebates. Home battery and solar hot water targets were not met due to a lower than expected demand for rebates. 150

RECOMMENDATION 27: The Department of Environment, Land, Water and Planning review its performance measure targets for the number of home battery and solar hot water system applications approved each year to ensure they remain relevant and appropriately challenging. 150

FINDING 94: The Victorian Government ordered 125 gigalitres of desalinated water from the Victorian Desalination Plant for the 2020–21 and 2021–22 financial years. Notwithstanding the 2021–22 order, actual annual household bills are expected to fall by \$6 per annum after regulatory adjustments. 152

10 Department of Premier and Cabinet

FINDING 95: The Department of Premier and Cabinet's income exceeded expenses in 2020–21, which led to a net result from transactions surplus of \$15 million. This was an improvement on the estimated \$0.4 million deficit outlined in the 2020–21 Budget. 157

FINDING 96: In 2020–21 the Department of Premier and Cabinet (DPC) achieved 73% of its performance measures. In 2019–20, DPC achieved 81% of its performance measures. DPC has consistently achieved a high percentage of their performance measure targets despite the challenges of COVID-19 and the Victorian bushfires in 2019–20. 159

FINDING 97: During 2020–21 the focus of the *Jobs and Skills Exchange* (JSE) platform shifted away from promotional activities to support the Victorian Public Service (VPS) with surge requirements, workforce change and mobility and career transitions. In addition to enhancing the mobility and development opportunities for the VPS, the 2020–21 Budget stated that an aim of the JSE was to 'reduce labour hire usage and consultancy expenditure'. 159

RECOMMENDATION 28: The Department of Premier and Cabinet develop a performance measure under the Public Administration Advice and Support output to assess the *Jobs and Skills Exchange* platform's impact on reducing labour hire usage and consultancy expenditure. 159

FINDING 98: In 2020–21, \$10 million was allocated to the *Coronavirus Aboriginal Community Response and Recovery Fund*. Following a self-determined assessment process 81 Aboriginal Victorians, Aboriginal organisations and Traditional Owner Groups across the State were awarded monies through the Fund. 161

FINDING 99: In 2020–21 the Department of Premier and Cabinet engaged an Aboriginal organisation to evaluate the *Coronavirus Aboriginal Community Response and Recovery Fund*, document the lessons learnt from administering the Fund and inform future government responses to challenges faced by Aboriginal Victorians. 161

RECOMMENDATION 29: The Department of Premier and Cabinet consider publishing the findings of the evaluation of the *Coronavirus Aboriginal Community Response and Recovery Fund*. 161

FINDING 100: The Digital Victoria entity was established in April 2021 to oversee the Government’s digital transformation agenda, and among other things, lead the delivery of the Government’s *Digital Strategy 2021–26*. The 2020–21 Budget allocated \$195.9 million over 2020–21 to 2023–24 to Digital Victoria, comprising, \$156.1 million in output funding and \$39.8 million in capital funding. 162

RECOMMENDATION 30: The Department of Premier and Cabinet develop performance measures for the Digital Government and Communications Output that capture the importance of Digital Victoria’s work and enable assessment of the progress made toward the outcomes specified in the Government’s *Digital Strategy 2021–26*. 162

FINDING 101: From 2015–16 to 2022–23 the Victorian Government has invested \$264.2 million in Service Victoria. This included \$107.3 million in the 2020–21 and 2021–22 Budgets which highlights the expansion and importance of the digital government services that are being delivered by Service Victoria to the community. 163

FINDING 102: One performance measure under the Department of Premier and Cabinet’s Digital government and communications output relates to Service Victoria, however, further quantity related performance measures for Service Victoria will be included in the 2022–23 Budget. 163

RECOMMENDATION 31: The Department of Premier and Cabinet develop targeted qualitative budget paper performance measures to provide a meaningful assessment of the different digital services and processes for which Service Victoria is responsible. 163

11 Court Services Victoria

FINDING 103: Court Services Victoria's Comprehensive Operating Statement in 2020–21 reflects a stable financial position as overall income exceeds expenses. 167

FINDING 104: In 2020–21 Court Services Victoria met 34% of its performance measure targets, up from 31% in 2019–20. 168

FINDING 105: Except for the Children's Court, all other courts in Victoria had an increase in the number of pending matters as at 30 June 2021 compared to 30 June 2020. 169

FINDING 106: The Children's Court had the highest case clearance rates of all Victorian Courts. Criminal matters disposed of in the County Court experienced the largest drop in case clearance rates of 25% from 2019–20 to 2020–21, followed by the Victorian Civil and Administrative Tribunal's Civil division that experienced a drop of 13%. 171

FINDING 107: In 2020–21 Court Services Victoria spent \$35.2 million on COVID-19 related initiatives focussed on improving the ability for cases to be heard remotely and clearing pending caseloads. These initiatives achieved positive outcomes in 2020–21 and it is anticipated that they will continue in future years to assist in increasing processing timeliness in the Victorian Court system. 172

FINDING 108: Online court services have improved the ability of Victorian courts to process the backlog of cases and increased flexibility and access to justice for those with responsibilities or impediments that make attending court challenging. 173

RECOMMENDATION 32: Court Services Victoria include information about the number and type of court proceedings that progressed online compared to in person, and details about whether the parties participating were located in rural, regional or metropolitan areas, in their annual report. 173

FINDING 109: The number of prisoners at the Melbourne Remand Centre increased from 699 as at 31 July 2020 to 750 as at 31 July 2021. One of the measures taken by Court Services Victoria to ensure that vulnerable people's hearings are priority matters is to bring forward matters where people are on remand. 173

FINDING 110: In 2020–21 the Magistrates’ Court appointed five additional judicial registrars, the Children’s Court appointed four additional judicial registrars and the Coroner’s Court appointed three additional coroners. 175

12 Department of Treasury and Finance

FINDING 111: The Department of Treasury and Finance accessed \$922.8 million in Treasurer’s Advances in 2020–21. \$59.2 million was attributable to COVID-19 initiatives. 181

FINDING 112: The *Big Housing Build: Expanded Social Housing Growth Fund* received the largest portion of the Department of Treasury and Finance’s total Treasurer’s Advances, with an allocation of \$846 million. The 2020–21 Budget also allocated \$845 million in 2020–21 for the initiative. 181

RECOMMENDATION 33: When Treasurer’s Advances are used to fund budget initiatives rather than normal appropriation funding, the Department of Treasury and Finance provide the reasons for providing funding in that way in the Financial Report. 181

FINDING 113: The Department of Treasury and Finance’s Comprehensive Operating Statement in 2020–21 reflects a stable position as overall income exceeds expenses. 181

FINDING 114: The Department of Treasury and Finance achieved or exceeded 80% of its performance measures in 2020–21. 182

FINDING 115: In 2020–21 the ‘ratio of outstanding debt to total revenue (monthly average)’ was 3.24% compared to a target of less than 2%. 182

FINDING 116: The 2020–21 Budget allocated \$845 million in 2020–21 to the *Big Housing Build: Expanded Social Housing Growth Fund*. The Department of Treasury and Finance has completed the first round of grants of \$738.8 million in 2020–21. There are 89 projects, which will deliver 2,352 homes (583 in regional Victoria) and create an estimated 9,090 jobs. 184

FINDING 117: In October 2021 the Department of Treasury and Finance was receiving requests for proposals to develop houses in regional Victoria under the *Big Housing Build: Expanded Social Housing Growth Fund* initiative. The funding round to deliver homes for Aboriginal Victorians opened in the December quarter of 2021, while the mental health supported housing round of funds will open in early 2022. 184

FINDING 118: There are currently no performance measures outlined in the annual reports or budget papers for the *Big Housing Build: Expanded Social Housing Growth Fund*. The Department of Treasury and Finance supported the Committee's previous recommendation to develop performance measures for the *Big Housing Build* initiative. 184

RECOMMENDATION 34: To the extent that it is practicable, the Department of Treasury and Finance publish in future annual reports the total number of community housing dwellings at the end of each financial year, as well as the actual number of community housing dwellings delivered through the *Social Housing Growth Fund*. 185

FINDING 119: As part of the Economic Support and Recovery revenue initiatives the Government introduced the *Land transfer duty waiver for residential property transactions of up to \$1 million* initiative. In 2020–21 \$336.6 million in revenue was forgone compared to the estimated \$125.9 million, due to the strong recovery in the property market. 187

FINDING 120: While the Department of Treasury and Finance cannot actually measure the revenue forgone from initiatives such as the first home buyer duty exemption or concessions, the department estimates that approximately \$900 million in revenue was forgone in 2020–21. 187

FINDING 121: In 2020–21 the Department of Treasury and Finance provided \$1.2 billion worth of support to first home buyers in Victoria through grants, tax waivers and concessions on transfer duty. 187

FINDING 122: The 2020–21 Budget allocated \$500 million in total estimated investment and \$66.7 million in output funding to the *Big Housing Build: Victorian Homebuyer Fund*, which was launched on 8 October 2021. The Department of Treasury and Finance will introduce performance measures relating to the fund in the 2022–23 Budget. 189

FINDING 123: In 2020–21 the actual expenditure of the *Victorian Homebuyer Fund* was \$2.3 million compared to the estimated \$16.7 million allocated in the 2020–21 Budget. 189

FINDING 124: The *Support for households and businesses: Payroll tax relief for small and medium businesses* initiative in 2020–21 was estimated to provide \$327.8 million in tax relief while the actual relief provided was \$284.4 million. The *Support for landlords and tenants: Land tax relief* initiative was estimated to provide \$299.3 million in tax relief while the actual relief provided was \$247.5 million. 191

FINDING 125: In 2020–21 the Department of Treasury and Finance worked on the expansion of the Victorian Government Purchasing Board (VGPB) supply policies to all agencies. Previously 35 agencies followed the VGPB’s procurement policies and from 1 July 2021, 125 agencies are within the VGPB remit. 192

FINDING 126: Procurement data collected by the Victorian Government Purchasing Board from the nine Victorian Government departments, Cenitex, the Major Transport Infrastructure Authority and Victoria Police, demonstrated that in 2020–21, 1,231 procurement contracts with a value of \$2.8 billion were approved. The Department of Treasury and Finance managed 17 state purchase contracts with a value of \$1.2 billion. 192

13 Parliament

FINDING 127: The Parliamentary Departments recorded an underspend in comparison to their budget in both 2019–20 and 2020–21. In 2020–21 an underspend of \$14.8 million was recorded. 195

FINDING 128: The operating performance of Parliament reflects a stable position as overall income exceeds expenses. 196

RECOMMENDATION 35: The Department of Parliamentary Services publish a comprehensive statement to include budget and actual figures in their next annual report and on an ongoing basis. 196

FINDING 129: In 2020–21 Parliament achieved or exceeded 32 of its 33 performance measures (97%). The performance measure that was not met was impacted by COVID-19 restrictions. 197

FINDING 130: In 2020–21 Parliament ran the *Charity Meals* program, providing over 1.5 million meal items through charity partners to Victoria’s homeless and disadvantaged communities. The program was a major achievement for Parliament in 2020–21. 198

FINDING 131: Between 2019–20 and 2020–21 security incidents increased by 92% at electorate offices and 124% at Ministerial Offices. Security incidents escalated in nature and were often linked to the effects of the COVID-19 pandemic and associated health restrictions in 2020–21. 199

FINDING 132: In 2020–21 the Department of Parliamentary Services established a mental health and wellbeing program and a new work health and safety unit, primarily in response to the COVID-19 pandemic. **199**

RECOMMENDATION 36: The Department of Parliamentary Services review whether its current mental health and wellbeing programs and work health and safety unit provide sufficient support for staff. **199**

FINDING 133: In 2020–21 the Department of Parliamentary Services has undertaken several projects and initiatives in order to assess Parliament’s protective security, upgrade security in electorate offices and provide training, resources and education on security to Members of Parliament, Electorate Officers and staff. **200**

FINDING 134: The Parliamentary Departments instituted a number of changes to allow for COVIDSafe sittings during 2020–21. Both the Legislative Council and Legislative Assembly sat for a greater number of days and hours in 2020–21 compared to 2019–20. **201**

Acronyms

ABS	Australian Bureau of Statistics
ACARA	Australian Curriculum, Assessment and Reporting Authority
AV	Ambulance Victoria
CAD	Computer Aided Dispatch
CCTV	Closed Circuit Television
CQV	COVID-19 Quarantine Victoria
CSV	Court Services Victoria
DELWP	Department of Environment, Land, Water and Planning
DET	Department of Education and Training
DFFH	Department of Families, Fairness and Housing
DH	Department of Health
DHHS	Department of Health and Human Services
DJCS	Department of Justice and Community Safety
DJPR	Department of Jobs, Precincts and Regions
DoT	Department of Transport
DPC	Department of Premier and Cabinet
DPS	Department of Parliamentary Services
DTF	Department of Treasury and Finance
EO	Electorate Officer
ESTA	Emergency Services Telecommunications Authority
FSV	Family Safety Victoria
FTE	Full Time Equivalent
GGS	General Government Sector
GII	Government Infrastructure Investment
GL	Gigalitre
GSP	Gross State Product
GST	Goods and Services Tax
H2H	From Homelessness to a Home
ICU	Intensive Care Unit
IFR	Insurance Funding Ratio
JSE	Jobs and Skills Exchange
L2P	Provisional Licence Program
LGBTIQ+	Lesbian, Gay, Bisexual, Trans and Gender Diverse, Intersex, Queer and Questioning

LPHUs	Local Public Health Units
LVA	Latrobe Valley Authority
MEL	Monitoring, Evaluation and Learning
MHP	Mental Health Practitioners
MHRV	Mental Health Reform Victoria
MP	Member of Parliament
NAPLAN	National Assessment Program – Literacy and Numeracy
NFPS	Non-Financial Public Sector
PAS	Passive Alcohol Sensor
PBO	Parliamentary Budget Office
PFC	Public Financial Corporation
PNFC	Public Non-Financial Corporation
PV	Photovoltaic
QR	Quick Response
RTO	Registered Training Organisation
SDO	Service Delivery Outcome
SPC	State Purchase Contract
TAC	Transport Accident Commission
TAFE	Technical and Further Education
TCV	Treasury Corporation of Victoria
TEI	Total Estimated Investment
TAFE	Technical and Further Education
VAGO	Victorian Auditor-General's Office
VCAT	Victorian Civil and Administrative Tribunal
VDP	Victorian Desalination Plant
VET	Vocational Education and Training
VGPB	Victorian Government Purchasing Board
VPS	Victorian Public Service

1.1 Background

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

On behalf of the Parliament, the Committee's inquiry into the financial and performance outcomes assesses how effective and efficient the public sector was in delivering the initiatives and infrastructure investments outlined in the Budget. It complements the Committee's scrutiny of the budget estimates by assessing what the Government achieved compared to what it intended to achieve.

This report sets out the Committee's analysis, findings and recommendations regarding the Government's financial and performance outcomes for 2020–21.

1.2 Objectives

The aim of the Committee's inquiry into the 2020–21 financial and performance outcomes is to benefit the Parliament and the community by:

- promoting the accountability of Victorian Government departments and agencies
- improving the transparency and clarity in the reporting of public sector performance
- providing more meaningful information about the outcomes delivered by the public sector in 2020–21.

1.3 The inquiry process

To assist the Committee with their deliberations, as a part of this inquiry a questionnaire was sent to all departments and their agencies, Court Services Victoria (CSV) and the Parliament of Victoria, prior to the start of the public hearings. The questionnaire was sent on 14 September 2021 for return by 29 October 2021. The topics in the questionnaire included:

- expenses/interventions related to the COVID-19 pandemic response, including 'on' and 'off' budget initiatives

- explanations for any variances in revenue and expenses compared to the Budget and the previous year
- the objectives of individual programs and initiatives
- the impact of COVID-19 on financial performance
- utilisation of Treasurer’s Advances.

New questions that formed part of the questionnaire in 2020–21, included:

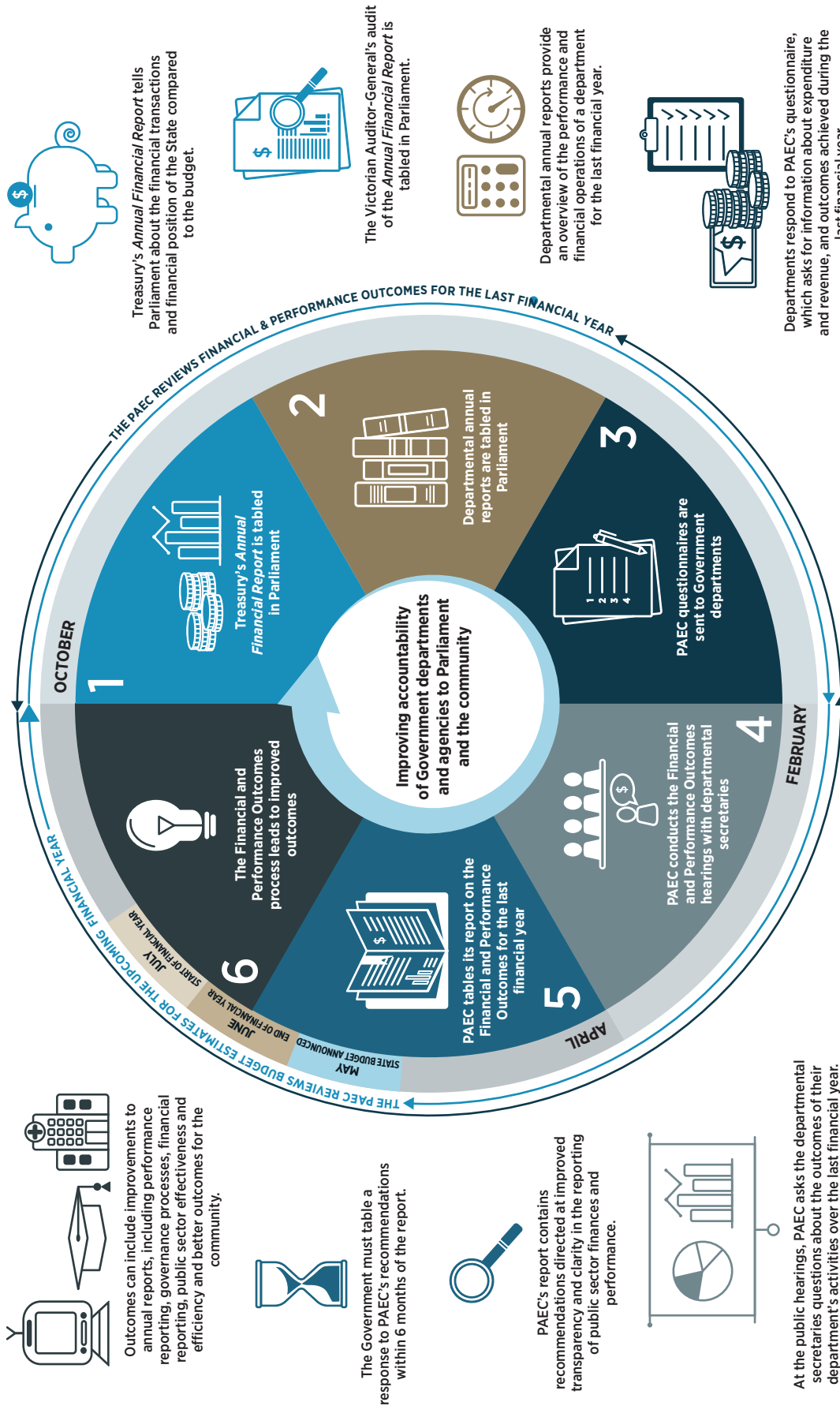
- For the Department of Health: questions regarding detailed breakdowns of funding received in the 2020–21 Budget and funding received post-Budget, performance measures related to the COVID-19 pandemic and data for several variables including numbers of hospital and intensive care unit beds and patients awaiting elective surgery.
- For the Department of Families, Fairness and Housing and the Department of Education: a question related to National Disability Insurance Scheme funding.
- For the Department of Transport: a question regarding expenditure on alliance contracting projects.

The Committee held public hearings from 8 to 12 November 2021. In preparing this report, the Committee primarily used evidence presented at the public hearings, information provided by departments in the questionnaires and responses provided to questions taken on notice. Information gathered during the inquiry is published on the Committee’s website.¹

The inquiry process is illustrated in Figure 1.1.

¹ Parliament of Victoria, Committees, *Public Accounts and Estimates Committee*, <<https://www.parliament.vic.gov.au/paec/inquiries/inquiry/1023>> accessed 7 January 2022.

Figure 1.1 The Public Accounts and Estimates Committee budget outcomes inquiry process



Source: The Public Accounts and Estimates Committee.

1.4 Key findings of this report

The COVID-19 pandemic continued to have a significant impact on the State's financial performance as well as service delivery in the 2020–21 year. In response to the pandemic the Government's 2020–21 Budget outlined three key principles that were applied to budget decisions:

- increased spending for COVID-19 and economic recovery with a focus on the short to medium term
- a tapering of this expenditure as the economy recovered
- infrastructure investment to support jobs and ensure a pipeline of work to support business confidence.²

In 2020–21 the Government spent \$87.2 billion delivering services and raised \$72.6 billion in revenue, resulting in a deficit of \$14.6 billion. This deficit is largely attributable to significant increases in expenditure to support the Government's response to the COVID-19 pandemic, which totalled \$13.3 billion in 2020–21.

During the inquiry process the Committee examined the performance measures, targets and outcomes of all departments as well as CSV and Parliament.

In 2020–21 all departments, CSV and Parliament on average achieved or exceeded approximately 59% of the performance measures assigned.³ This was a decline on 2019–20, during which 64% of measures were met on average.⁴ The impacts of the COVID-19 pandemic were noted by several departments as a key reason for not meeting performance targets.⁵

In this report the Committee has made 36 recommendations. Several of these recommendations highlight how reporting on COVID-19 response expenditure and programs could be improved. Further recommendations aim to improve the clarity and utility of performance measures.

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

In May 2021, the Committee made 34 recommendations in its Report on the *Inquiry into the 2019–20 Financial and Performance Outcomes*. Of the 34 recommendations: 28 were supported or supported-in-principle by the Government; two were not

² Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 strategy and outlook*, Melbourne, 2020, p. 10.

³ All departments, Court Services Victoria and Department of Parliamentary Services, *Annual Reports 2020–21, 2021*, Melbourne (Committee calculation).

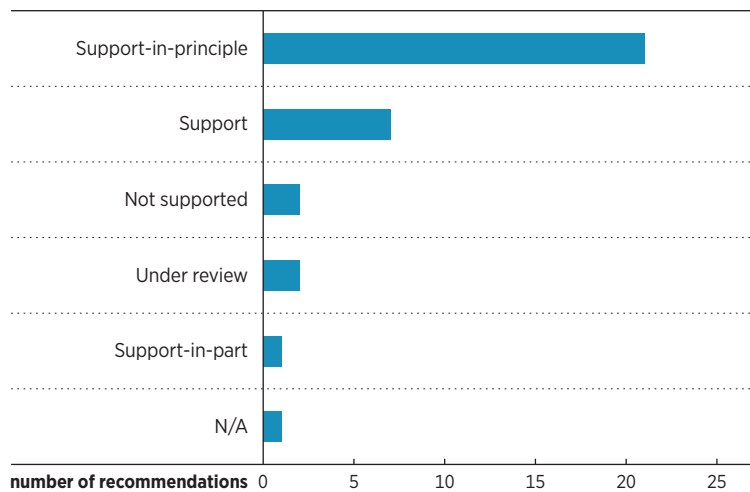
⁴ All departments, Court Services Victoria and Department of Parliamentary Services, *Annual Reports 2019–20, 2020*, Melbourne (Committee calculation).

⁵ All departments, Court Services Victoria and Department of Parliamentary Services, *Annual Reports 2020–21*, (Committee calculation).

supported; two were under review by the Department of Education;⁶ and one was marked as not applicable, with a note that it would be responded to separately by the Department of Parliamentary Services, if required.⁷

A summary of the Government response to the recommendations is shown in Figure 1.2.

Figure 1.2 Government responses to recommendations made in the *Inquiry into the 2019–20 financial and performance outcomes report*



Source: Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2019–20 Financial and Performance Outcomes*, 30 November 2021.

Below the Committee analyses the Government's response to the recommendations from its *Inquiry into the 2019–20 Financial and Performance Outcomes* regarding contractors and labour hire and reporting on COVID-19 initiatives.

1.5.1 Contractors and labour hire

The Committee made two recommendations to the Department of Treasury and Finance (DTF) regarding contractor and labour hire information in its Report on the *Inquiry into the 2019–20 Financial and Performance Outcomes*. One related only to DTF:

Recommendation 32: The Department of Treasury and Finance publish details associated with contractors and labour hire arrangements with the consultancy information it discloses as part of its annual reporting process.⁸

⁶ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2019–20 Financial and Performance Outcomes*, 30 November 2021.

⁷ Ibid., p. 15.

⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2019–20 Financial and Performance Outcomes*, May 2021, pp. 171–172.

The second related to guidelines for all government departments:

Recommendation 33: The Department of Treasury and Finance revise guidance material to government departments to stipulate the need for the release of details associated with contractors and labour hire arrangement as part of annual reporting processes.⁹

The Government supported both recommendations in principle, providing the same response for both:

DTF continually works to improve reporting to ensure transparency and clear accountabilities in the Victorian Public Sector, through a range of policies and instruments, such as the Standing Directions of the Assistant Treasurer, the Financial Reporting Directions and the Model Financial Report.¹⁰

Each year the Committee asks departments to advise how much was spent on consultants, contractors and labour hire and what the impacts of the services provided were. In 2020–21, all government departments, CSV, Victoria Police and the Parliament spent a combined total of \$2.6 billion on labour hire, contractors and consultants.¹¹ In this year's report, where relevant, the Committee notes the consultant, contractor and labour hire spending of departments in the revenue and expenses section of each department's respective chapter.

The Committee notes that while in 2020–21 government departments provided breakdowns of consultancies in their Annual Reports, details associated with labour hire and contractors were not included.

1.5.2 Reporting on COVID-19 initiatives

In its Report on the *Inquiry into the 2019–20 Financial and Performance Outcomes* the Committee made several recommendations related to reporting and evaluation of COVID-19 initiatives. These recommendations, and the Government responses are summarised in Table 1.1 below.

⁹ Ibid.

¹⁰ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2019–20 Financial and Performance Outcomes*, p. 15.

¹¹ Question 17, Response to the 2020–21 Financial and Performance Outcomes questionnaire, all departments.

Table 1.1 Government responses to recommendations made in the *Report on the 2019–20 financial and performance outcomes* related to reporting on COVID-19 initiatives

Recommendation	Department	Response
Recommendation 2: The Department of Health and Human Services undertake and publish an evaluation of its programs and initiatives implemented in response to COVID-19, and the outcomes achieved through these.	Department of Health and Human Services/Families, Fairness and Housing	Support-in-principle <ul style="list-style-type: none"> Evaluations will be undertaken where it is cost effective to do so and will consider whether responses are distinct or an extension of existing services. Homes Victoria is undertaking an evaluation of the COVID-19 Rent Relief Grant Program.
	Department of Health and Human Services/Health	Support-in-principle <ul style="list-style-type: none"> The department is monitoring its approach continuously. New systems are put in place quickly to respond to challenges. This work is evidence based and informed by lessons learned, data, modelling, research.
Recommendation 19: Performance measures should be developed by the Department of Environment, Land, Water and Planning for any 2020–21 COVID-19 related expenditure.	Department of Environment, Land, Water and Planning (DELWP)	Support-in-principle <ul style="list-style-type: none"> DELWP will review and consider developing new measures for the COVID-19 related programs that have funding beyond 2020–21 for inclusion in the 2022–23 Budget.
Recommendation 25: The Department of Jobs, Precincts and Regions develop a performance measure to report on the outcomes of the creative industries that were supported during and post the COVID-19 pandemic.	Department of Jobs, Precincts and Regions (DJPR)	Support-in-principle <ul style="list-style-type: none"> COVID-19 support grant outcomes are to be reported through existing measures. Separate reporting on the number and value of COVID-19 grants and programs and their impact is being compiled and reported as at 30 September 2021.

Source: Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Inquiry into the 2019–20 Financial and Performance Outcomes*, 30 November 2021, pp. 2, 3, 9, 10, 11; Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, received 5 November 2021, p. 149.

The Committee notes that in 2019–20 DTF began publishing actual expenditure by department related to COVID-19 response and recovery for the years 2019–20 and 2020–21.¹² This has enhanced clarity relating to government expenditure on the COVID-19 pandemic. The Committee will continue to assess the Government's implementation of the above recommendations made in its *Report on the 2019–20 financial and performance outcomes*, as part of its Inquiry into the 2021–22 financial and performance outcomes.

¹² Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 15 February 2022.

2.1 Introduction

This chapter discusses the whole of government financial results and the broader economic performance of the State of Victoria in 2020–21, including its progress made toward achieving its medium term fiscal strategy.

The impacts of the COVID-19 pandemic and resulting public health measures continued to evolve and affect Victoria’s economy during this period. This chapter considers how the Government’s fiscal policies responded to these challenges and the impact they had on the State’s performance for the 2020–21 financial year.

2.2 General government sector—financial performance

The Victorian general government sector (GGS) includes all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. The primary function of the GGS is to provide public services, known as outputs, and transfer or redistribution of revenue.¹

2.2.1 Revenue

In 2020–21 total revenue was \$72.6 billion, 8.9% higher than the 2020–21 Budget and 1.7% higher than the revised budget.² Similar to previous years, grant revenue contributed to 51% of the total revenue while taxation revenue contributed to 33% of the total revenue in 2020–21.³ Total revenue in 2020–21 was 6.9% higher than in 2019–20,⁴ driven by increases in both the grant and revenue taxation streams.⁵

State taxation revenue is received from the State’s taxpayers.⁶ The two main components of taxation revenue are land transfer duty (27% of total taxation revenue in 2020–21) and payroll taxation (26% of total taxation revenue in 2020–21).⁷

1 Department of Treasury and Finance, *2020–21 Financial Report*, October 2021, Melbourne, p. 27.

2 Ibid., p. 8; Department of Treasury and Finance, *Aggregate Financial Statements: Consolidated comprehensive operating statement*, 19 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/aggregate-financial-statements>> accessed 24 November 2021 (Committee calculation).

3 Department of Treasury and Finance, *Aggregate Financial Statements: Consolidated comprehensive operating statement* (Committee calculation).

4 Department of Treasury and Finance, *2020–21 Financial Report*, pp. 9–10.

5 Ibid., pp. 2–3.

6 Ibid., p. 43.

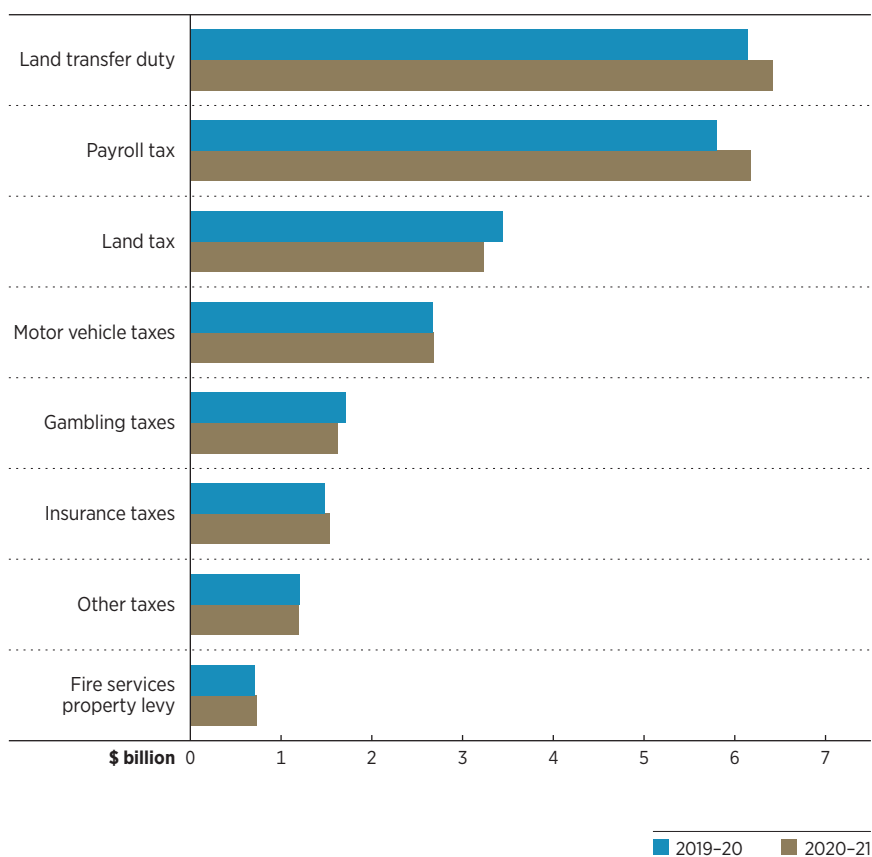
7 Ibid., p. 9 (Committee calculation).

In 2020–21 revenue from land transfer duty was \$6.4 billion, 4.6% higher than 2019–20 due to a strong recovery in the Victorian property market.⁸ In this context, when asked about the impact of the large disruption occurring in the commercial sector and population decline, the Department of Treasury and Finance (DTF) explained: the strong property market performance accounts for both residential and non-residential properties; and that in 2020–21 the supply of properties on the market dropped while the demand for properties remained strong.⁹

In 2020–21 revenue from payroll taxation was \$6.2 billion, 6.5% higher than the previous year, because the payroll tax relief available was lower, and labour market conditions improved following the easing of public health restrictions.¹⁰

Figure 2.1 illustrates the breakdown of state taxation revenue in 2020–21 compared to 2019–20.

Figure 2.1 State taxation revenue breakdown, 2019–20 vs 2020–21



Source: Department of Treasury and Finance, *2020–21 Financial Report*, October 2021, Melbourne, p. 9.

⁸ Ibid.

⁹ Mr David Martine, Secretary, Department of Treasury and Finance, 2020–21 Performance and Financial Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 12.

¹⁰ Department of Treasury and Finance, *2020–21 Financial Report*, pp. 2, 9 (Committee calculation).

In 2020–21 grant revenue was \$37 billion, 12.7% higher compared to 2019–20 driven by an increase in goods and services tax (GST) revenue.¹¹ An increase in GST revenue of \$2.7 billion was a result of the recovery in consumption and dwelling investment.¹² The 2020–21 Financial Report states that this increase in GST revenue was ‘despite Victoria’s assessed GST relativity falling again in 2020–21’.¹³

Goods and services tax distribution

GST distribution was considered at length at the hearings. Approximately 24% of Victoria’s revenue is sourced from GST payments from the Commonwealth Government.¹⁴ Discussing the GST distribution at the hearing, DTF explained that the change made by the Commonwealth Government in 2018 to the GST system has led to significant effects on the proportion of GST revenue received by Victoria.¹⁵ DTF identified that the less than 1 GST relativity¹⁶ has resulted in lower GST revenue for Victoria.¹⁷ According to DTF, there is a shortfall in GST revenue of \$4.2 billion for Victoria over the five years to 2023–24.¹⁸

At the hearing DTF explained the impact of the relativity floor that was introduced in the new GST system. The floor effectively boosts the revenue stream for states such as Western Australia who have very significant own-source revenue through mining royalties while states such as Victoria experience a revenue shortfall.¹⁹

DTF also raised concerns over the ‘no-worse-off’ guarantee that is due to end in 2026–27.²⁰ The guarantee was introduced to ensure no state would receive less GST revenue compared to the former system.²¹ However, DTF explained that if the guarantee did not continue, Victoria’s GST revenue would be significantly decreased from 2027–28.²²

11 Ibid., p. 3.

12 Ibid.

13 Ibid.

14 Department of Treasury and Finance, *Inquiry into Commonwealth support for Victoria*, submission to Parliament of Victoria, Economy and Infrastructure Committee, 2021, p. 4.

15 Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 9.

16 GST relativity is a complex GST formula used by the Commonwealth Grant Commission which considers the spending needs and revenue raising capacities of states. The relative fiscal capacities of states are referred to as GST relativities and are expressed as numbers relative to the value of 1 which represents the ‘average’ state fiscal capacity. Victoria has always had a relativity less than 1 which results in less GST revenue per capita. Source: Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 18; Department of Treasury and Finance, *Inquiry into Commonwealth support for Victoria*, p. 3.

17 Department of Treasury and Finance, *Inquiry into Commonwealth support for Victoria*, p. 6.

18 Ibid., p. 4.

19 Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 18.

20 Ibid., p. 11.

21 Department of Treasury and Finance, *Inquiry into Commonwealth support for Victoria*, p. 11.

22 Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 11.

FINDING 1: In 2020–21, general government sector revenue was \$72.6 billion, 8.9% higher than the 2020–21 Budget and 6.9% higher than 2019–20. The growth in revenue was driven by higher taxation and grant revenue. State taxation revenue also benefitted from a strong property market through land transfer duties and a quick rebound in the labour market that contributed to higher payroll taxation. An increase in grant revenue in 2020–21 was a result of higher goods and services tax revenue compared to 2019–20.

2.2.2 Expenses

In 2020–21 total GGS expenses were \$87.2 billion, 3.1% lower than the 2020–21 Budget and 1.9% lower than the revised budget.²³ Total expenses were 17.1% higher than the previous year.²⁴ The increase in expenses is a result of the Government's COVID-19 response, including providing support for jobs and businesses and delivering public health measures including establishing COVID-19 Quarantine Victoria (CQV).²⁵

Employee expenses accounted for 34% of total expenses and were \$30 billion in 2020–21, 10.4% higher than in 2019–20.²⁶ This is primarily driven by the additional resources required in the health sector, staff required for CQV²⁷ and increases in remuneration levels in enterprise bargaining agreements.²⁸ The Committee notes that as at 30 June 2020 the Victorian public service workforce consisted of approximately 270,000 full-time equivalent (FTE) employees, while CQV employs about 3,000 FTE employees, representing about 1% of the total workforce.²⁹

Figure 2.2 shows the total GGS expenses, employee expenses as a percentage of the total GGS expenses and employee expenses growth over the last 10 years.

²³ Department of Treasury and Finance, *2020–21 Financial Report*, p. 8; Department of Treasury and Finance, *Aggregate Financial Statements: Consolidated comprehensive operating statement* (Committee calculation).

²⁴ Department of Treasury and Finance, *2020–21 Financial Report*, p. 8 (Committee calculation).

²⁵ *Ibid.*, p. 3.

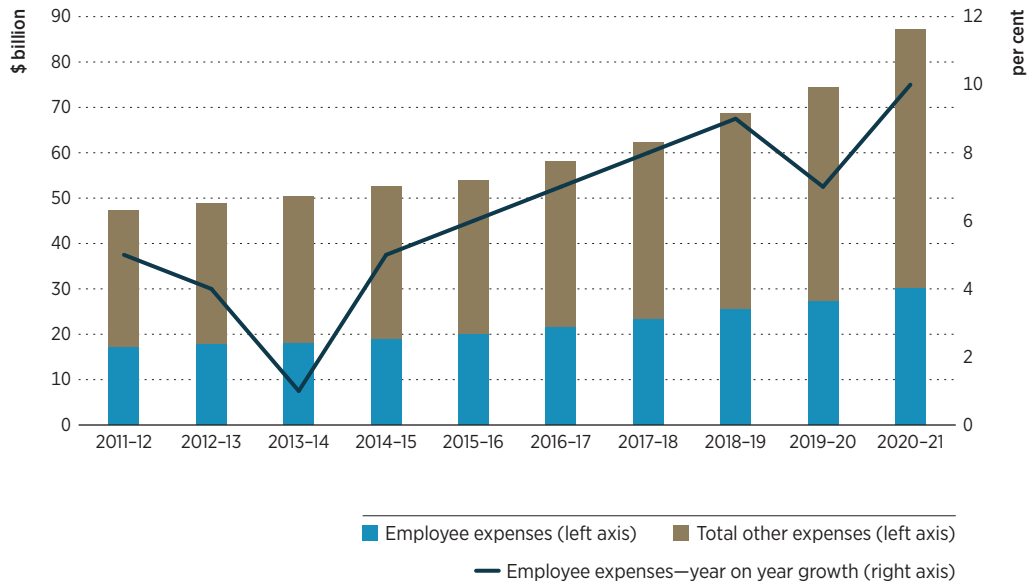
²⁶ *Ibid.*, p. 8 (Committee calculation).

²⁷ *Ibid.*, p. 10.

²⁸ *Ibid.*

²⁹ Department of Justice and Community Safety, *Annual Report 2020–21*, Melbourne, 2021, p. 159; The Victorian Public Service (VPS) consists of 8 departments and 43 authorities and offices defined to be public service employers under the *Public Administration Act 2004* (Vic). Source: Victorian Public Sector Commission, *Board numbers and demographics*, 17 December 2021, <<https://vpssc.vic.gov.au/html-resources/2020-workforce-data-facts-and-visuals/board-numbers-and-demographics>> accessed 15 March 2022 (Committee calculation).

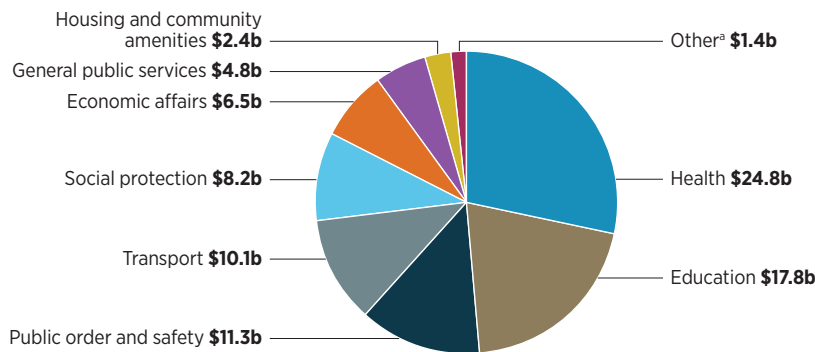
Figure 2.2 Total general government sector expenses and employee expenses growth, 2011-12 to 2020-21



Source: Department of Treasury and Finance, *Aggregate Financial Statements: Consolidated comprehensive operating statement*, 19 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/aggregate-financial-statements>> accessed 24 November 2021.

In 2020-21, the health function accounted for 28.4% of the total GGS expenses, followed by education (20.4%), public order and safety (12.9%) and transport (11.6%).³⁰ Figure 2.3 provides a breakdown of the total operating expenses by function in 2020-21.

Figure 2.3 General government sector detailed expenses by function, 2020-21

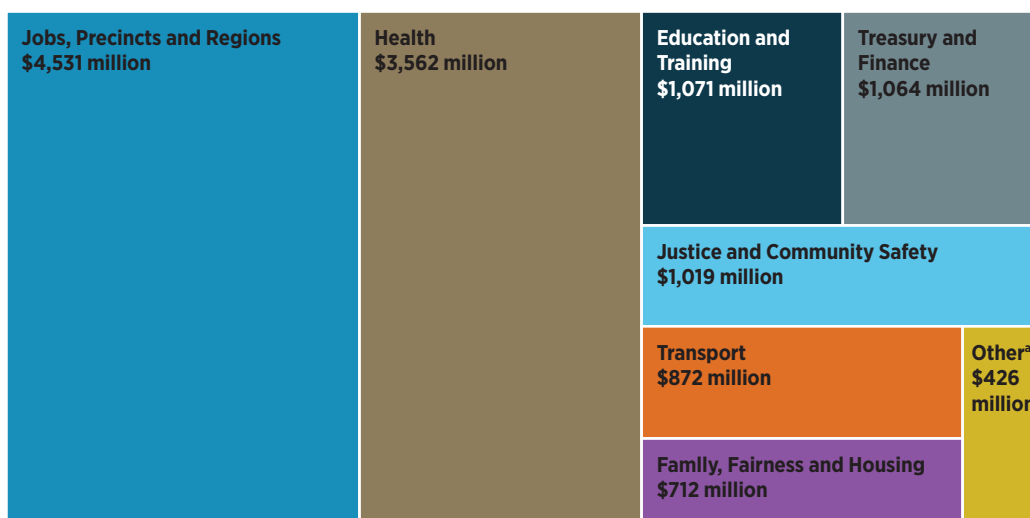


a. Other is the total of Recreation, culture and religion (\$1.3 billion), Environmental protection (\$1.0 billion) and 'Not allocated by purpose' (-\$0.9 billion).

Source: Department of Treasury and Finance, *2020-21 Financial Report*, October 2021, Melbourne, p. 180 (Committee calculation).

In 2020-21 expenses related to COVID-19 initiatives were \$13.3 billion, with the Department of Jobs, Precincts and Regions incurring the highest COVID-19 related expenditure of \$4.5 billion. Figure 2.4 shows the COVID-19 expenditure by department.

³⁰ Department of Treasury and Finance, *2020-21 Financial Report*, p. 180 (Committee calculation).

Figure 2.4 COVID-19 response and recovery—actual expenditure by department, 2020–21

a. Other includes: Environment, Land, Water and Planning (\$280 million), Premier and Cabinet (\$107 million) and Court Services Victoria (\$39 million).

Source: Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 18 November 2021.

In 2020–21 interest expense was \$2.6 billion, representing about 3% of total expenses.³¹ At the hearing, DTF was asked about the impact of rising interest rates on expenses. DTF explained that bonds that have been issued have a fixed interest rate, so an increase in interest rates would only affect new issuance or refinancing of an existing bond.³²

FINDING 2: In 2020–21 total general government sector (GGS) expenses totalled \$87.2 billion, 17.1% higher than in 2019–20. In 2020–21 employee expenses was the largest expense for GGS, accounting for 34% of total expenses, 10.4% higher than in 2019–20. The increase reflects higher remuneration levels in enterprise bargaining agreements and the establishment of COVID-19 Quarantine Victoria (CQV). CQV employed 3,000 full-time equivalent (FTE) employees, representing 1% of the Victorian Government FTE workforce.

FINDING 3: In 2020–21 expenses directly related to COVID-19 response and recovery initiatives were \$13.3 billion, with the Department of Jobs, Precincts and Regions incurring the highest expenditure, accounting for \$4.5 billion of total COVID-19 expenditure.

³¹ Ibid., p. 8 (Committee calculation).

³² Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 7.

2.2.3 Net result

For the purposes of evaluating the Government's fiscal strategy, the net result from transactions (net operating balance) is considered.³³ In 2020–21 the net operating balance was a deficit of \$14.6 billion,³⁴ compared to a deficit of \$6.5 billion in 2019–20. This \$8 billion increase in the operating deficit is largely due to significant increases in expenditure to support the Government's response to the COVID-19 pandemic.³⁵ However, the actual net operating balance deficit was \$2.9 billion lower than the revised deficit forecast of \$17.4 billion in 2020–21. This was due to higher than expected revenue.³⁶ This is discussed in detail in Section 2.2.1.

The net result which accounts for the impacts of market movements on the value of assets and liabilities was \$13.8 billion in deficit, an improvement of \$4.4 billion compared to the revised budget (\$18.2 billion) and \$5.9 billion higher than the 2019–20 outcome (\$7.9 billion).³⁷

FINDING 4: In 2020–21 the net result from transactions was a deficit of \$14.6 billion, \$8 billion higher than the 2019–20 net operating balance deficit. This is largely due to significant increases in expenditure to support the Victorian Government's response to the COVID-19 pandemic. In 2020–21 the net result was \$13.8 billion in deficit. Both the net result from transactions and the net result in 2020–21 showed an improvement compared to the revised budget.

2.2.4 Government infrastructure investment

Government infrastructure investment (GII) includes general government net infrastructure investment and estimated construction related cash outflows for Partnership Victoria projects (net of asset sales).³⁸ In 2020–21, GII was \$15 billion, 24.3% higher than 2019–20, due to capital infrastructure investment in the transport, health, community safety and education sectors.³⁹

The Committee notes that the largest change in actual GII occurred in 2016–17, when the actual GII grew by 91.4% to \$9.1 billion from \$4.7 billion in 2015–16. Since then, the actual GII has grown steadily as shown in Figure 2.5. In the past five years (2016–17 to 2020–21), GII has averaged \$12.2 billion compared to an average of \$5.1 billion over the prior five year period (2011–12 to 2015–16).⁴⁰

³³ Department of Treasury and Finance, *2020–21 Financial Report*, p. 11.

³⁴ *Ibid.*, p. 6.

³⁵ *Ibid.*

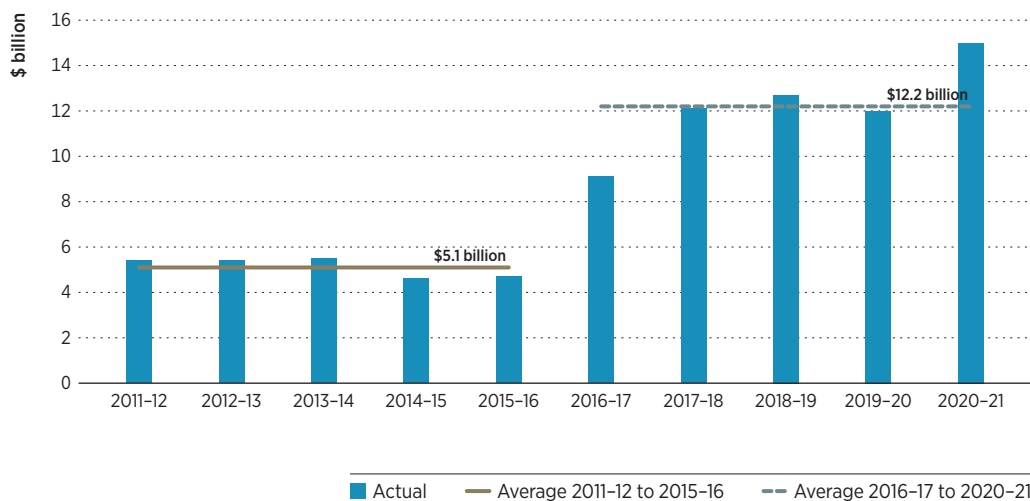
³⁶ *Ibid.*

³⁷ *Ibid.*

³⁸ *Ibid.*, p. 14.

³⁹ *Ibid.*, p. 14; Department of Treasury and Finance, *Other Financial Aggregates: Net infrastructure investment*, 19 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/other-financial-aggregates>> accessed 24 November 2021.

⁴⁰ Department of Treasury and Finance, *Other Financial Aggregates: Net infrastructure investment* (Committee calculation).

Figure 2.5 Government infrastructure investment (GII), 2011–12 to 2020–21

Source: Department of Treasury and Finance, *Other Financial Aggregates: Net infrastructure investment*, 19 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/other-financial-aggregates>> accessed 24 November 2021 (Committee calculation).

FINDING 5: Government infrastructure investment (GII) was \$15 billion in 2020–21, 24% higher than in 2019–20, due to capital infrastructure investment in the transport, health, community safety and education sectors. GII has grown significantly in the past five years, averaging \$12.2 billion. This is compared to an average of \$5.1 billion over the prior five year period 2011–12 to 2015–16.

2.2.5 Net debt

In 2020–21 net debt was \$72.7 billion which was 15.6% of gross state product (GSP).⁴¹ This represents an increase of \$28.4 billion from 2019–20, reflecting ‘additional borrowings required to finance the Government’s response to the COVID-19 pandemic, an increase in right-of-use lease liabilities, and additional borrowings to fund the Government’s infrastructure program’.⁴²

Over the past 10 years, GGS net debt has grown by more than 23 times and has increased steadily over the years.⁴³ When asked by the Committee at the hearings if net debt to GSP in 2020–21 was the highest in Victorian history, DTF advised that Victoria’s net debt to GSP ratio for 1992–93 was 16.2%, higher than the 15.6% recorded in 2020–21.⁴⁴

⁴¹ Department of Treasury and Finance, *2020–21 Financial Report*, p. 3.

⁴² Ibid.

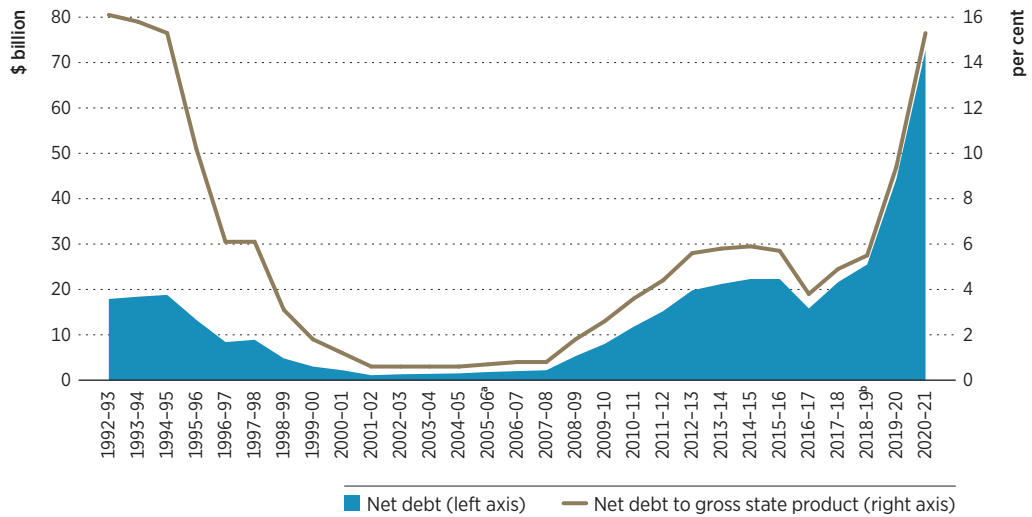
⁴³ Department of Treasury and Finance, *Other Financial Aggregates: Net debt*, 19 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/other-financial-aggregates>> accessed 24 November 2021 (Committee calculation).

⁴⁴ Mr David Martine, Secretary, Department of Treasury and Finance, 2020–21 Financial and performance outcomes hearing, response to questions on notice, received 17 November 2021, p. 1.

Providing reasons for the significantly high debt, DTF explained that the Government’s extensive infrastructure program and increased costs associated with the COVID-19 pandemic added to the existing level of debt.⁴⁵

Figure 2.6 illustrates the continuous growth in net debt since 1992–93.

Figure 2.6 General government sector, net debt, 1992–93 to 2020–21



- a. Net debt from 2005–2006 onwards is based on a restatement to AASB 1059 (Note: restatement is a revision of previous financial statements).
- b. The 2018–19 comparative figures have been restated to reflect the adoption of AASB 1059 Service Concession Arrangements: Grantors. Refer to Note 9.7.2 in Chapter 4 of the 2019–20 Financial Report for further details. The 2018–19 comparative figures have been restated to correct a prior period error within the administered items for the Department of Justice and Community Safety. Refer to Note 6.3.1 in Chapter 4 of the 2019–20 Financial Report for further details.

Source: Department of Treasury and Finance, *Other Financial Aggregates: Net debt*, 19 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/other-financial-aggregates>> accessed 24 November 2021.

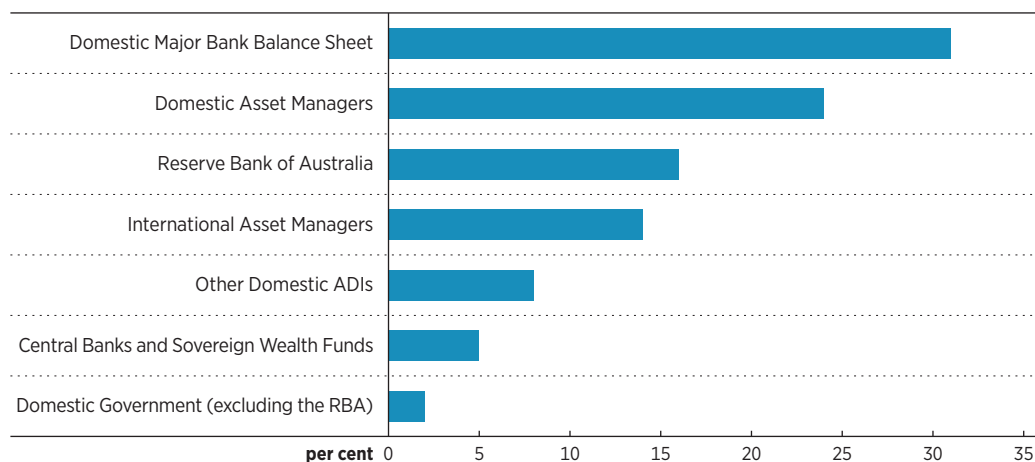
FINDING 6: General government net debt grew by \$28.4 billion from 2019–20 to \$72.7 billion in 2020–21, which was 15.6% of gross state product.

At the hearing DTF was asked to provide any relevant information on Treasury Corporation of Victoria’s (TCV) bond holders. DTF stated its data showed that 37% of TCV’s investors are registered through nominee or custodian companies which do not disclose individual bond holders.⁴⁶

Figure 2.7 summarises the information provided by DTF on TCV bond holders as at 2 November 2021.

⁴⁵ Department of Treasury and Finance, *2020–21 Financial Report*, p. 3.

⁴⁶ Mr Bill Whitford, Managing Director, Treasury Corporation of Victoria, 2020–21 Financial and performance outcomes hearing, response to questions on notice, received 17 November 2021, p. 6.

Figure 2.7 High level summary of Treasury Corporation of Victoria's bond holders as at 2 November 2021

Note: ADI is an authorised deposit-taking institution. Nominee and custodian companies make it difficult to produce this type of breakdown of data and the estimates included in this breakdown are assumptions.

Source: Mr Bill Whitford, Managing Director, Treasury Corporation of Victoria, 2020–21 Financial and performance outcomes hearing, response to questions on notice, received 17 November 2021, pp. 5–6; Department of Treasury and Finance, correspondence received on 1 March 2022.

International Asset Managers (14%) and Central Banks and Sovereign Wealth Funds (5%) represent offshore ownership of approximately 19%. Of this, DTF estimated the geographical location of major international investors as Japan (6%), Europe (5%), Non-Japan Asia (5%) and United States of America (2%).⁴⁷

2.3 State of Victoria—financial performance

This section explores the performance of the State of Victoria, which comprises the GGS, the public non-financial corporations sector (PNFC) and the public financial corporations sector (PFC).⁴⁸

In 2020–21 the net result from transactions was a deficit of \$18.3 billion, compared with a deficit of \$9 billion in the previous year. This was mainly driven by deficits in the GGS (\$14.6 billion) and in the PFC sector (\$3.3 billion),⁴⁹ offset by the surplus within the PNFC sector (\$721 million).⁵⁰

The net result for the State was a deficit of \$11.3 billion in 2020–21 compared with a deficit of \$15.7 billion in 2019–20. The improvement in the net result is due to the financial assets and liability revaluation gains in the PFC sector.⁵¹

⁴⁷ These are estimates only and numbers do not add due to rounding differences. Source: Mr Bill Whitford, Managing Director, Treasury Corporation of Victoria, response to questions on notice, p. 6.

⁴⁸ Department of Treasury and Finance, *2020–21 Financial Report*, p. 1.

⁴⁹ *Ibid.*, p. 17.

⁵⁰ Please note that the addition of net result from transactions in the three sectors does not add up to \$18.3 billion as inter-sector eliminations have not been accounted. Source: Department of Treasury and Finance, *2020–21 Financial Report*, p. 20.

⁵¹ *Ibid.*, p. 17.

Explanations given in the *2020–21 Financial Report for State of Victoria* revenue and expense variances are summarised in Table 2.1.

Table 2.1 State of Victoria—financial performance 2020–21 vs 2019–20, variances explained

Line item	2020–21 Actual (\$ billion)	2019–20 Actual (\$ billion)	Variance (%)	Explanation
Total State revenue	81.8	77.3	5.8	GGS accounts for 88.8% of total State revenue. Increases in GST revenue and other grants contributed towards the increase.
PNFC revenue	12.6	11.7	8.0	Due to an increase in the grants revenue of the Director of Housing, V/Line Corporation and VicTrack.
PFC revenue	9.9	9.1	8.7	Due to higher premium revenue received by the Victorian WorkCover Authority (WorkSafe), increased interest income for Treasury Corporation of Victoria (TCV) and the grant WorkSafe received from the State. These increases were partly offset by lower dividend income and realised capital gains across the three insurance agencies.
Total State expenses	100.0	86.3	15.9	GGS accounts for 87.2% of total State expenses, therefore the increase was driven by the higher expenditure reported in GGS.
PNFC expenses	11.9	11.2	6.1	The increase was driven by Director of Housing due to additional expenditure incurred on COVID-19 response commitments, and Development Victoria reflecting an increase in cost of sales that corresponds with its sales profile.
PFC expenses	13.2	11.0	19.8	Due to an increased tax expense for the Transport Accident Commission, a more favourable net result, an increase in claims expenses across the three insurance agencies and higher interest expenses for Treasury Corporation Victoria.

Source: Department of Treasury and Finance, *2020–21 Financial Report*, October 2021, Melbourne, pp. 18–19, 35–36 (Committee calculation).

FINDING 7: The State of Victoria recorded a deficit from transactions of \$18.3 billion in 2020–21, compared with a deficit of \$9 billion in 2019–20. This was driven by the deficits recorded in the general government sector of \$14.6 billion and public financial corporations sector of \$3.3 billion. The public non-financial corporations sector recorded a \$721 million net surplus from transactions.

2.3.1 Infrastructure investment

The State's net cash flow from investments in non-financial assets totalled \$15.2 billion in 2020–21.⁵² This included \$11.8 billion invested by the GGS and \$3.2 billion invested in the PNFC sector, particularly in water-related infrastructure.⁵³ The Committee noted in its *Report on the 2021–22 Budget Estimates* that water corporations' capital spend was estimated to be \$21.1 billion in the 2021–22 Budget.⁵⁴

2.3.2 Net debt

When assigning the State's credit rating, agencies consider the net debt of the non-financial public sector (NFPS), which represents the GGS and PNFCs sectors.⁵⁵ As at 30 June 2021, Victoria's NFPS net debt was \$88.4 billion, compared to \$60 billion in 2019–20.⁵⁶ Net debt to GSP was recorded at 19% while in 2019–20 it was 12.8%.⁵⁷

At the hearing, DTF was asked about the outlook on improving Victoria's credit rating. DTF advised the Committee that Victoria currently has AA+ with Moody's and AA with Standard & Poor's.⁵⁸ DTF explained that in addition to the level of debt, credit rating agencies consider a range of other qualitative factors when assigning a credit rating. DTF also advised that the downgrade in credit ratings in 2020⁵⁹ did not have a significant impact on bond yields and that 'TCV bonds are still very attractive'.⁶⁰

The Committee notes that Moody's Investors Service, one of the credit rating agencies, had raised concerns over Victoria's increasing debt, stating that it's 'stand-alone credit profile⁶¹ will deteriorate over the next four years reflecting a marked erosion in Victoria's

⁵² Ibid., p. 37.

⁵³ Ibid., p. 22.

⁵⁴ The Committee referred to the 2021–22 Budget as the State Capital Program budget paper was not published in 2020–21. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, 5 October 2021, p. 111.

⁵⁵ Department of Treasury and Finance, *2020–21 Financial Report*, pp. 23, 27.

⁵⁶ Ibid., p. 23.

⁵⁷ Ibid.

⁵⁸ Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 11.

⁵⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, p. 50.

⁶⁰ Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 11.

⁶¹ Standard & Poor's defines stand-alone credit profile as a component of a rating to provide information on an issuer's creditworthiness. Source: S&P Global Ratings, *General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating*, 1 October 2010, <<https://www.spratings.com/scenario-builder-portlet/pdfs/StandAloneCreditProfilesOneComponentofaRating.pdf>> accessed on 24 November 2021.

governance of its public finances, at a time when the state faces substantial operating deficits as it responds to coronavirus-induced economic disruption and embarks on a significant capital spending program'.⁶²

FINDING 8: As at 30 June 2021, net debt of the non-financial public sector stood at \$88.4 billion, compared to \$60 billion in 2019–20. Net debt to gross state product was recorded at 19% in 2020–21 compared to 12.8% in 2019–20. This growth in net debt was largely to mitigate the impacts of COVID-19.

2.4 Economic performance

The health measures imposed to slow the spread of COVID-19 in 2020–21 limited economic activity, particularly in the June and September quarters.⁶³ However the labour market and the economy recovered strongly post-restrictions,⁶⁴ and the economic rebound in the final two quarters of 2020–21 went some way to decreasing the impacts of the pandemic on the State's overall economic performance in 2020–21.

2.4.1 Gross state product

Victoria's GSP fell 0.4% in 2020–21 as economic activity was impacted by COVID-19 related measures.⁶⁵ This compares to a slight growth in GSP of 1% in 2019–20.⁶⁶ The Committee notes that the 2020–21 fall in Victoria's GSP is the first since 1992.⁶⁷

The largest contractions were recorded in three sectors: Construction, Administrative and Support Services, and Transport and Warehousing. This was offset by gains in the Agriculture, Forestry and Fishing sectors. Strong growth was also recorded in Health Care and Social Assistance and Public Administration and Safety due to increased resourcing in response to COVID-19.⁶⁸

FINDING 9: In 2020–21 Victoria's gross state product fell for the first time since 1992, declining by 0.4% since last year.

⁶² Moody's Investors Services, *Announcement of Periodic Review: Moody's announces completion of a periodic review of ratings of Treasury Corporation of Victoria*, 27 October 2021, <https://www.moody's.com/research/Moodys-announces-completion-of-a-periodic-review-of-ratings-of--PR_455676> accessed on 24 November 2021.

⁶³ Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 3.

⁶⁴ Hon Tim Pallas MP, Treasurer, 2021–22 Budget estimates (Treasurer) hearing, Melbourne, 27 May 2021, *Transcript of evidence*, p. 11.

⁶⁵ Australian Bureau of Statistics, *Australian National Accounts: State Accounts*, cat. no. 5220.0, 19 November 2021, <<https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-state-accounts/latest-release#key-statistics>> accessed 26 November 2021.

⁶⁶ Note that the Committee's *Report on the 2019–20 Financial and Performance Outcomes* stated that gross state product (GSP) fell by 0.5% in 2019–20. This figure has since been revised to a growth of 0.1%. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, May 2021, p. 19.

⁶⁷ Australian Bureau of Statistics, *Australian National Accounts: State Accounts*, cat. no. 5220.0, 19 November 2021.

⁶⁸ Ibid.

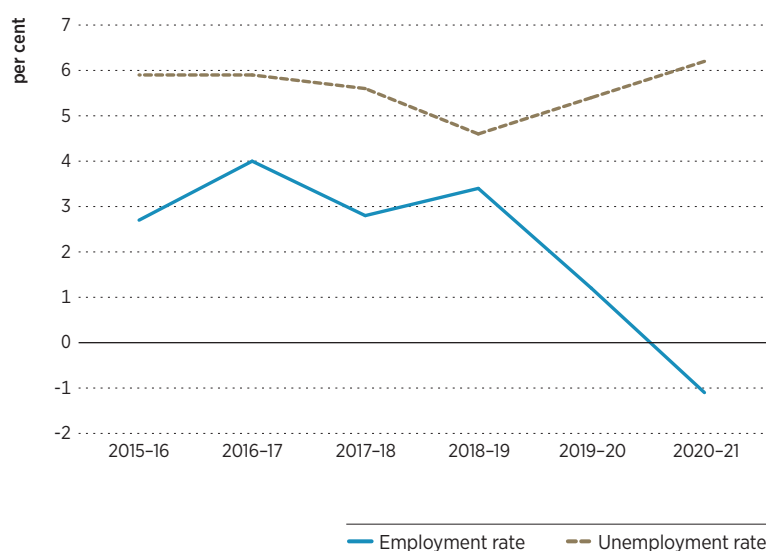
2.4.2 Labour market performance

Employment in Victoria declined by 1.1% in 2020–21 compared to a slight increase in employment of 1.2% in 2019–20.⁶⁹ The 2020–21 Financial Annual Report states that between November 2014 and March 2020, 520,800 jobs have been created, including 97,800 in regional Victoria.⁷⁰

At the hearing DTF mentioned that employment for women had been particularly affected by the economic downturn in 2020.⁷¹ The Committee notes that in 2020–21 female employment declined by 1.6%, compared to male employment which declined by 0.7%.⁷² The unemployment rate in 2020–21 was 6.2%, 0.8% higher than the 2019–20 unemployment rate of 5.4%.⁷³

The trends in Victoria's employment and unemployment rates from 2015–16 to 2020–21 are considered in Figure 2.8.

Figure 2.8 Employment and unemployment rate in Victoria, 2015–16 to 2020–21



Source: Australian Bureau of Statistics, *Labour Force, Australia*, cat. no. 6202.0, 11 November 2021, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>> accessed 26 November 2021 (Committee calculation).

FINDING 10: Employment in Victoria declined by 1.1% in 2020–21 while a slight increase in employment of 1.2% was recorded in 2019–20. The unemployment rate in 2020–21 was 6.2%, 0.8% higher than the 2019–20 unemployment rate of 5.4%.

⁶⁹ Australian Bureau of Statistics, *Labour Force, Australia*, cat. no. 6202.0, 11 November 2021, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>> accessed 26 November 2021; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, p. 20 (Committee calculation).

⁷⁰ Department of Treasury and Finance, *2020–21 Financial Report*, p. 2.

⁷¹ Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 3.

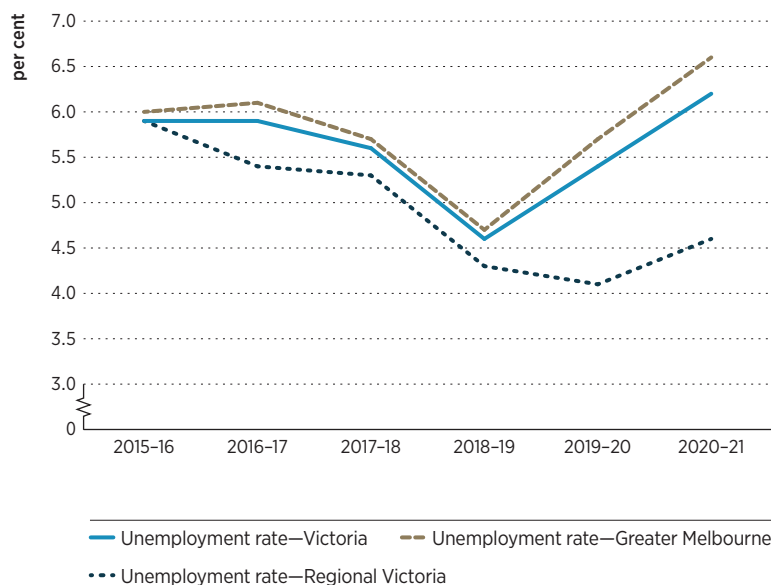
⁷² Australian Bureau of Statistics, *Labour Force, Australia*, cat. no. 6202.0, 11 November 2021 (Committee calculation).

⁷³ Ibid.

At the hearing DTF explained that in regional Victoria restrictions weighed less on the overall economic activity and stated that during the last year ‘regional Victoria has been especially resilient, with the unemployment rate consistently lower than that for the state overall’.⁷⁴ The Committee notes that the unemployment rate in regional Victoria was 4.6% in 2020–21 compared to 6.6% in Greater Melbourne.⁷⁵ DTF further mentioned that the two regions that were performing particularly well were Bendigo and Geelong, stating that ‘[these regions] are sitting at about 10 per cent higher than employment levels in March of 2020’.⁷⁶

The unemployment rates in Regional Victoria, Greater Melbourne and Victoria over the past six years are shown in Figure 2.9. The figure also shows that the unemployment rate in regional Victoria has consistently remained low over the years.

Figure 2.9 Unemployment rates in Regional Victoria, Greater Melbourne and Victoria, 2015–16 to 2020–21



Note: Unemployment rate in Greater Melbourne and Regional Victoria [Rest of Victoria] are calculated using year average.

Source: Australian Bureau of Statistics, *Labour Force, Australia, Detailed*, cat. no. 6291.0.55.001, 18 November 2021, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>> accessed 26 November 2021 (Committee calculation).

FINDING 11: Regional Victoria’s unemployment rate outperformed Greater Melbourne’s unemployment rate. The unemployment rate in regional Victoria was 4.6% in 2020–21 compared to 6.6% in Greater Melbourne.

⁷⁴ Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, pp. 3–4.

⁷⁵ Australian Bureau of Statistics, *Labour Force, Australia, Detailed*, cat. no. 6291.0.55.001, 18 November 2021, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>> accessed 26 November 2021 (Committee calculation).

⁷⁶ Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 21.

At the hearing DTF commented that other indicators such as business conditions, business confidence⁷⁷ and consumer confidence⁷⁸ have performed well in 2020–21, indicating underlying economic resilience and confidence.⁷⁹ The Committee observes that the National Australia Bank's data on business conditions and business confidence show an upward trend in both indicators since June 2020.⁸⁰ The Westpac Consumer Sentiment Index which measures consumer confidence was also up by 14.5% in June 2021 compared to June 2020.⁸¹

DTF further discussed the labour market participation rate in Victoria which averaged around 65% in 2020–21,⁸² slightly higher than the national average of 64.5%.⁸³ Underemployment is also an important indicator measuring spare capacity in the labour market,⁸⁴ and the Committee notes that the underemployment rate⁸⁵ in Victoria was 11% in 2020–21, slightly higher than the national average of 9.7%.⁸⁶

FINDING 12: Economic indicators such as business conditions, business confidence and consumer confidence performed relatively well in 2020–21 compared to 2019–20. In 2020–21 the labour market participation rate in Victoria averaged around 65% (0.5% higher than the national average), and the underemployment rate in Victoria was 11% (1.3% higher than the national average).

2.4.3 Other key economic indicators

In 2020–21 Victoria experienced a 0.7% decline in population growth compared to a forecast growth of 0.2% outlined in the 2020–21 Budget. As population growth has been a significant driver of Victoria's economic growth, DTF was asked how this

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- 77 The Business Confidence index is a net balance of responses to the question: 'Excluding normal seasonal changes, how do you expect business conditions facing your industry to change in the next three months?' The Business Conditions index is an unweighted average of three net balance indices expressing respondents' expectations about changes in their firms' trading performance, profitability and number of employees over the past quarter. Source: Reserve Bank of Australia, *What do Sentiment Surveys Measure?: What Explains Sentiment?*, November 2001, <<https://www.rba.gov.au/publications/rdp/2001/2001-09/what-explains-sentiment.html>> accessed 17 December 2021.
- 78 The Westpac Consumer Sentiment Index measures the change in the level of consumer confidence in economic activity. On the index, a level above 100.0 indicates optimism; below indicates pessimism. Source: Investing.com, *Australia Westpac Consumer Sentiment*, 2021, <<https://au.investing.com/economic-calendar/westpac-consumer-sentiment-364>> accessed 17 December 2021.
- 79 Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 4.
- 80 National Australia Bank, *NAB Monthly Business Survey June 2021: Confidence Falls on Virus Fears*, 13 July 2021, p. 5.
- 81 Westpac Bank, *Consumer confidence fades in response to Melbourne lockdown*, 9 June 2021, <<https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/economics-research/er20210609BullConsumerSentiment.pdf>> accessed 26 November 2021.
- 82 Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 9; Australian Bureau of Statistics, *Labour Force, Australia, Detailed*, cat. no. 6291.0.55.001, 18 November 2021, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>> accessed 26 November 2021.
- 83 Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 9.
- 84 Reserve Bank of Australia, *Underemployment in the Australian Labour Market*, 17 June 2021, <<https://www.rba.gov.au/publications/bulletin/2021/jun/underemployment-in-the-australian-labour-market.html>> accessed 29 November 2021.
- 85 Underemployment measures the share of workers in the economy who want and are available to work additional hours. Source: Reserve Bank of Australia, *Underemployment in the Australian Labour Market*.
- 86 Australian Bureau of Statistics, *Labour Force, Australia, Detailed*, cat. no. 6291.0.55.001, 18 November 2021 (Committee calculation).

decline in population would impact the economic and budgetary performance of the State. DTF explained that while the Victorian economy has shown resilience over the last 18 months, slow growth in population is a challenge faced by the whole country.⁸⁷ In this context, DTF described the issues relating to skill shortages and a shortage of workers more generally, and noted that these issues were ‘particularly driven by closed international borders’.⁸⁸ DTF considered that ‘if we can get the international borders open as quickly as possible and get some of those skills shortages fulfilled, then that is going to help the [economic] growth as well’.⁸⁹

FINDING 13: Population growth has previously been a significant driver of Victoria’s economic growth. In 2020–21 Victoria’s population declined by 0.7% compared to the forecast growth of 0.2% outlined in the 2020–21 Budget.

The budget papers also consider consumer price index and wage price index as indicators to measure the economic performance of Victoria. The Committee notes that the Financial Reports do not include the actual performance against forecasts of key economic indicators outlined in the budget papers. This could be due to the lack of data available when the Financial Reports are prepared, however, the 2021–22 Budget Update which was released on 10 December 2021 included the actual results of the economic indicators.⁹⁰

A summary of Victoria’s actual performance against forecasts of key economic indicators is shown in Table 2.2.

Table 2.2 Victorian economic indicators—forecasts and actual, 2020–21

Economic indicator	2020–21 Budget	2021–22 Budget	2020–21 Actual
	2020–21 Forecast (%)	2020–21 Forecast (%)	(%)
Real gross state product	(4.00)	(2.00)	(0.4)
Employment	(3.25)	(1.00)	(1.1)
Unemployment rate	7.75	6.50	6.2
Consumer price index	0.75	1.50	1.4
Wage price index	1.00	1.25	1.4
Population	0.20	0.00	(0.7)

Note: Figures in parentheses indicate negative figures.

Source: Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 21; Department of Treasury and Finance, *Budget Paper No. 2: 2021–22 Strategy and Outlook*, Melbourne, 2021, p. 22; Department of Treasury and Finance, *2021–22 Budget Update*, Melbourne, 2021, p. 9.

⁸⁷ Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 6.

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ Department of Treasury and Finance, *2021–22 Budget Update*, Melbourne, 2021, p. 9.

The Committee notes that DTF previously published regular Economic Updates which outlined economic and financial developments in Victoria, nationally and globally. However, DTF does not appear to have published an Economic Update since the onset of COVID-19.

RECOMMENDATION 1: The Department of Treasury and Finance resume publishing regular Economic Updates as soon as possible.

2.5 Fiscal strategy

The 2020–21 Budget outlined a medium term four step plan for economic recovery.⁹¹ Table 2.3 outlines the status of the fiscal strategy introduced in 2020–21.

Table 2.3 Fiscal strategy—Victorian Government’s four step plan status, 2020–21

Step	2020–21	Notes
Step 1: creating jobs, reducing unemployment and restoring economic growth	Employment: -1.1% Unemployment rate: 6.2% Gross state product: -0.4% State final demand: -0.8%	While the Government has performed better than estimates as shown in Table 2.2 overall the economy was impacted due to the COVID-19 pandemic. State final demand fell in 2020–21 and this was driven by a decline in consumer spending. Overall economic performance is discussed in more detail in Section 2.4.
Step 2: returning to an operating cash surplus	-\$13 billion	The net cash flows from operating activities reported a deficit of \$13 billion in 2020–21, compared to a \$2.9 billion deficit in 2019–20. The actual result is an improvement from the revised budget estimate of \$17.4 billion.
Step 3: returning to operating surpluses	-\$14.6 billion	Discussed in detail in Section 2.2.3.
Step 4: stabilising debt levels	\$72.7 billion, 15.6% of gross state product at 30 June 2021	Discussed in detail in Section 2.2.5.

Source: Department of Treasury and Finance, *2020–21 Financial Report*, October 2021, Melbourne, pp. 1, 3, 5; Australian Bureau of Statistics, *Australian National Accounts: State Accounts*, cat. no. 5220.0, 19 November 2021, <<https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-state-accounts/latest-release#key-statistics>> accessed 26 November 2021; Australian Bureau of Statistics, *Labour Force, Australia*, cat. no. 6202.0, 11 November 2021, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/latest-release>> accessed 26 November 2021 (Committee calculation).

While the Strategy’s four step plan is set to be achieved in the medium term, the Committee notes that the progress made toward achieving it is not detailed in the 2020–21 Financial Report.

⁹¹ Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 6.

FINDING 14: The 2020–21 Budget introduced a medium term four step plan as its fiscal strategy. However, the 2020–21 Financial Report does not outline the progress made in the last financial year against each step of the plan.

RECOMMENDATION 2: The Department of Treasury and Finance outline in its Financial Reports the progress made toward achieving the four steps of the Government’s Fiscal strategy.

3 Department of Health

3.1 Description of the Department of Health

The Department of Health (DH) was established on 1 February 2021 following a machinery of government change.¹ The former Department of Health and Human Services was separated into two new departments—DH and the Department of Families, Fairness and Housing.² DH's mission is to achieve the best health, wellbeing and safety of all Victorians so that they can live a life they value.³

DH's objectives are that Victorians are healthy and well, have good physical and mental health, and act to protect and promote health.⁴ DH supports the ministerial portfolios of Health, Ambulance Services, Disability, Ageing and Carers, and Mental Health.⁵

3.2 Outcomes achieved

In response to the Committee's questionnaire, DH advised that the following five programs delivered the most important outcomes in the community in 2020–21:

- Responding to the COVID-19 pandemic—including \$1.9 billion designing a specific Health System Roadmap and staged response to expand critical care beds, establishing a *Healthcare worker infection prevention and wellbeing taskforce*, expanding public hospital capacity, implementing the *COVID Positive Pathways program*, establishing local public health units (LPHUs) and the vaccine roll out.
- Rebuilding Victoria's mental health and wellbeing system—implementing the recommendations made in the Royal Commission into Victoria's Mental Health System's Interim Report.
- Increased nurse to patient ratios in hospitals—the *Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Amendment Act 2020* was passed by the Victorian Parliament on 10 November 2020, requiring health providers to employ only prescribed qualified nurses in maternal and child health services.
- Increased ambulance services—opening two new ambulance stations and planning for construction of four new ambulance stations.
- Medically supervised injecting room—providing safe responses to more than 4,400 overdoses from the period June 2018 to June 2021.⁶

1 Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, pp. 143–144.

2 Ibid., p. 143; Department of Health, *Annual Report 2020–21*, Melbourne, 2021, p. 8.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 223.

4 Ibid.

5 Ibid.

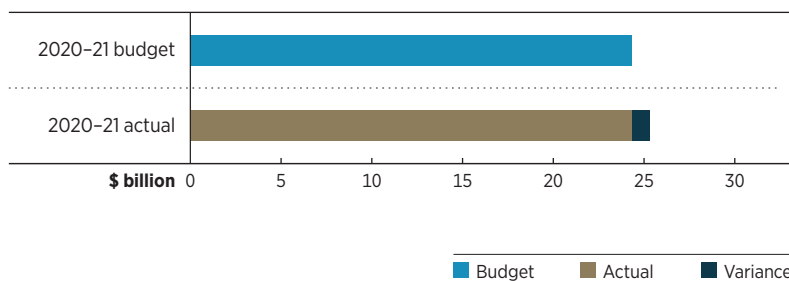
6 Department of Health, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 3 November 2021, pp. 23–25.

3.3 Financial analysis

3.3.1 Output expenditure

In 2020–21 DH’s budget was \$24.4 billion while actual expenditure was \$25.3 billion.⁷ This overspend was mainly driven by higher than budgeted expenditure in the Public Health output.⁸ The Public Health output comprises of three sub-outputs (Health Protection, Health Advancement and Emergency Management) each of which recorded variances of 26.3%, 10.3% and 80.9% respectively.⁹ DH attributed the overspends across these sub-outputs to the Government’s COVID-19 response, machinery of government changes occurring in 2020–21 and increases in government policy initiatives.¹⁰ Figure 3.1 shows DH’s output expenditure variance in 2020–21.

Figure 3.1 Department of Health—Budget vs Actual, 2020–21



Source: Department of Health, *Annual Report 2020–21*, Melbourne, 2021, pp. 51–67 (Committee calculation).

Table 3.1 shows DH’s expenditure by output in 2020–21.

⁷ Department of Health, *Annual Report 2020–21*, pp. 51–67 (Committee calculation).

⁸ *Ibid.*, pp. 64–66.

⁹ *Ibid.*

¹⁰ *Ibid.*, p. 66.

Table 3.1 Department of Health—Expenditure by output, 2020–21

Output	2020–21 Target	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Admitted Services	13,892.4	14,751.8	6.2
Non-admitted Services	2,062.7	2,074.3	0.6
Emergency Services	786.8	804.0	2.2
Acute Training and Development	323.3	299.4	-7.4
Residential Aged Care	449.6	405.0	-9.9
Aged Care Assessment	66.0	64.3	-2.6
Aged Support Services	133.8	140.6	5.1
Home and Community Care Program for Younger People	219.3	222.1	1.3
Ambulance Emergency Services	1,109.9	1,012.6	-8.8
Ambulance Non-Emergency Services	166.4	176.6	6.1
Drug Prevention and Control	43.2	37.1	-14.1
Drug Treatment and Rehabilitation	271.6	268.1	-1.3
Clinical Care	1,993.2	1,937.6	-2.8
Mental Health Community Support Services	126.9	121.8	-4.0
Community Health Care	353.8	329.4	-6.9
Dental Services	319.0	296.7	-7.0
Maternal and Child Health and Early Parenting Services	134.4	132.7	-1.3
Health Protection	1,085.3	1,370.7	26.3
Health Advancement	80.8	89.1	10.3
Emergency Management	13.6	24.6	80.9
Small Rural Services—Acute Health	443.7	446.5	0.6
Small Rural Services—Aged Care	247.8	260.0	4.9
Small Rural Services—Home and Community Care Services	5.3	5.0	-5.7
Small Rural Services—Primary Health	25.2	21.5	-14.7
Total	24,354.0	25,291.5	3.7

Source: Department of Health, *Annual Report 2020–21*, Melbourne, 2021, pp. 51–67 (Committee calculation).

3.3.2 Revenue and expenses

Revenue

In 2020–21 DH's actual output appropriation was \$19 billion, 5.9% less than the budgeted \$20.2 billion.¹¹ DH outlined that the lower amount reflects machinery of government changes offset by policy initiatives approved after the release of the 2020–21 Budget.¹² The output appropriation in 2020–21 was 8% higher than in 2019–20, mainly due to new policy initiatives in the 2020–21 Budget and additional policy initiatives related to the COVID-19 pandemic response.¹³

Actual grant revenue in 2020–21 was \$8.7 billion, 3.5% higher than the budgeted \$8.4 billion.¹⁴ DH explained that this was because of additional Commonwealth contributions under the *National Partnership for the COVID-19 Response* and the *National Health Reform Agreement*.¹⁵

Expenses

In 2020–21 employee benefits were \$14.8 billion, 1.9% lower than the budgeted \$15 billion. DH explained that this reflects the impact of machinery of government changes.¹⁶ Employee benefits were 8.5% higher than 2019–20 due to increased costs arising from enterprise agreements and higher full-time equivalent (FTE) staff across health entities as a direct response to the pandemic.¹⁷ There were 4,093.6 FTE staff employed by the department at the end of 2020–21. DH stated in its Annual Report that '[a]s the department was established on 1 February 2021, data from the previous reporting period of 2020 cannot be shown'.¹⁸

In 2020–21 DH spent a total of \$1.6 billion in employing contractors, consultants and labour hire providers, 79.5% higher than 2019–20.¹⁹ DH stated that this was due to an increased demand to support the department's response to COVID-19 and Victoria's *Big Build* program.²⁰ In responding to the Committee's questionnaire, DH did not provide a breakdown of how the \$1.6 billion was spent across the three categories—contractors, consultants and labour hire.²¹

¹¹ Department of Health, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 67.

¹² Ibid.

¹³ Ibid., p. 65.

¹⁴ Ibid., p. 67.

¹⁵ Ibid.

¹⁶ Even though the Child Protection, Prevention of Family Violence, Housing and Disability functions were transferred to the Department of Families, Fairness and Housing effective 1 February 2021, the 200–21 Budget included a full year of those outputs as part of the former Department of Health and Human Services, which became DH on 1 February 2021. Source: Department of Health, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 69.

¹⁷ Ibid., p. 68.

¹⁸ Department of Health, *Annual Report 2020–21*, p. 80.

¹⁹ Department of Health, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 78.

²⁰ Ibid.

²¹ Ibid.

The Department of Treasury and Finance (DTF) reported that DH's COVID-19 response and recovery expenditure was \$3.6 billion in 2020–21, representing the second highest amount in COVID-19 related expenditure out of all departments.²² While \$3.2 billion of the \$3.6 billion was spent on the *COVID-19 Response - Support for the health system* initiative, this appears to have bundled various initiatives and programs together that are aimed at managing the COVID-19 pandemic.²³

FINDING 15: The Department of Health incurred \$3.6 billion in 2020–21 in COVID-19 response and recovery expenditure. While \$3.2 billion out of this \$3.6 billion was spent on the *COVID-19 Response - Support for the health system* initiative, a detailed breakdown of the programs that received funding under this initiative was not available for the Committee.

RECOMMENDATION 3: The Department of Health provide a more detailed breakdown of its COVID-19 expenditure for each financial year, including as is practicable a list of the budget allocated and amount spent on relevant initiatives and program.

3.3.3 Treasurer's Advances

BOX 3.1: Key terms: Treasurer's Advances

Treasurer's Advances give parliamentary and legal authority to the Government to access funds to meet urgent expenditure claims. The Resource Management Framework explains that the Treasurer's Advance represents a specific appropriation made available to the Treasurer each year as part of the annual Appropriation Act, to meet any 'urgent claims that may arise before parliamentary sanction is obtained'.

Urgent claims are those where issues have become known to departments, or where spending by a department has become necessary, after the Appropriation Bill for that year was finalised, and for which funding is needed within the same financial year (i.e. a response cannot wait until a future financial year). The most common reasons for urgent funding are responding to emergencies (e.g. natural disasters, pandemics) or other external events (e.g. a Commonwealth Government decision, action or requirement).

Source: Victorian Auditor-General's Office, *Accessing Emergency Funding to Meet Urgent Claims*, Melbourne, 2020, p. 1; Department of Treasury and Finance, *The Resource Management Framework Part 1 of 2 - main document - Effective from 1 July 2021*, June 2021, p. 86.

²² Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 14 January 2022.

²³ Ibid.

DH accessed \$1.4 billion in Treasurer's Advances in 2020–21 of which \$1.1 billion was attributed to COVID-19.²⁴ In 2020–21 the department accessed \$938.9 million in Treasurer's Advances to fund the *COVID-19 Response – Support for the health system* initiative.²⁵

3.3.4 Capital expenditure

The 2020–21 Budget allocated \$1.8 billion in new investment to DH, bringing the department's total capital program to \$7.9 billion in 2020–21.²⁶ As Budget Paper 4 State Capital Program was not produced in 2020–21, the investment programs that received capital funding in 2020–21 have not been published.

Responding to the Committee's questionnaire, DH stated that the total estimated investment (TEI) of 11 capital projects has been revised by more than 5% or \$50 million from the original TEI – resulting in a total variance of \$1.4 billion as at 30 June 2021.²⁷ The TEI of six of these 11 capital projects was revised to include additional funding to commence construction as the original TEI was allocated only for the planning phase.²⁸

At the end of 2020–21, 25 DH capital projects were experiencing delivery delays, including *Meeting Ambulance Response Times* (delayed from June 2019 to June 2023), *Regional Health Infrastructure Fund* (delayed from June 2021 to June 2024) and *Royal Children's Hospital Expansion (Parkville)* (delayed from June 2022 to June 2024).²⁹

DH published details of eight capital projects that were reaching final completion during 2020–21, including *Casey Hospital Expansion* (actual TEI of \$124.6 million), *Austin Health Critical Infrastructure* (actual TEI of \$66.4 million) and *Barwon Health – North* (actual TEI of \$30.6 million).³⁰

FINDING 16: In 2020–21 the total estimated investment of 11 of the Department of Health's capital projects was revised, resulting in a total variance of \$1.4 billion. Six of these 11 projects were revised to include additional funding to commence construction, as the original allocation was only for the planning phase.

FINDING 17: At the end of the 2020–21 there were eight Department of Health capital projects that were reaching completion, including *Casey Hospital Expansion*, and 25 with a revised completion date, including *Meeting Ambulance Response Times*.

²⁴ Department of Treasury and Finance, *2020–21 Financial Report*, October 2021, Melbourne, pp. 148–152 (Committee calculation).

²⁵ Ibid., p. 151.

²⁶ Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 102.

²⁷ Department of Health, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 46–47 (Committee calculation).

²⁸ Ibid. (Committee calculation).

²⁹ Ibid., pp. 48–50.

³⁰ Department of Health, *Department of Health annual report, Capital projects reaching completion – 2020–21 machine readable dataset*, 7 December 2021, <<https://www.health.vic.gov.au/department-of-health-annual-report>> accessed 14 January 2022.

3.3.5 Overall financial performance

Table 3.2 summarises DH's financial performance in 2020–21.

Table 3.2 Department of Health—Summary of Comprehensive Operating Statement, 2020–21

Controlled items	2020–21 Budget	2020–21 Actual	Variance
	(\$million)	(\$million)	(%)
Income from transactions	31,189	31,389	1
Expenses from transactions	31,208	30,681	-2
Net result from transactions	-19	708	n.a.

Source: Department of Health, *Annual Report 2020–21*, Melbourne, 2021, p. 234.

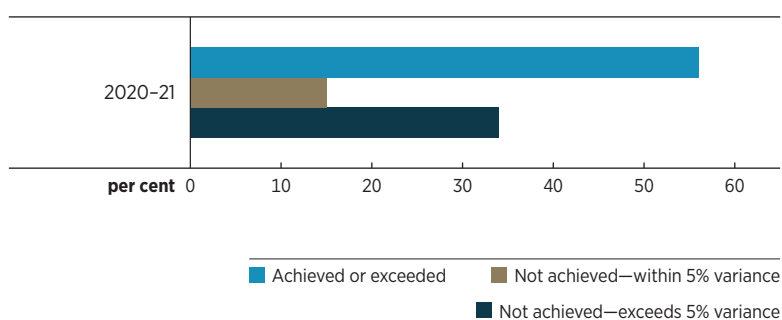
The 2020–21 Budget estimated a \$19 million deficit in 2020–21 for DH. However, DH reported a positive net result from transactions of \$708 million in 2020–21.

FINDING 18: The Department of Health reported a positive net result from transactions of \$708 million in 2020–21, an improvement on the estimated \$19 million deficit outlined in the 2020–21 Budget.

3.4 Performance information

In 2020–21 DH achieved or exceeded 56% of its 174 performance measures and did not achieve 34% of its performance measures exceeding a 5% variance.³¹

Figure 3.2 Department of Health—Performance measurement results, 2020–21



Source: Department of Health, *Annual Report 2020–21*, Melbourne, 2021, pp. 51–67 (Committee calculation).

Several of DH's performance measures relating to patient admissions to elective surgery were not met in 2020–21. DH explained that the COVID-19 pandemic, including restrictions that limited elective surgery in 2020 and 2021, led to the lower than target

³¹ Department of Health, *Annual Report 2020–21*, pp. 51–67 (Committee calculation).

number of patients being treated.³² The 2020–21 Budget introduced an elective surgery blitz which is discussed in more detail in Section 3.5.1.

As Ambulance Victoria (AV) attempted to cope with a surge in demand for ambulance services in 2020–21, ambulance response times continued to worsen.³³ The Committee discussed this issue in detail during the hearings and it is explored further in Section 3.5.3.

‘Women screened for breast cancer by BreastScreen Victoria’ and ‘participation rate of women in target age range screened for breast cancer’ also performed below the target but is explained by disruptions caused by the COVID-19 pandemic.³⁴

Under the Emergency Services sub output, three of four performance measures tracking the timeliness of emergency services were not met. These include ‘emergency patients treated within clinically recommended ‘time to treatment’ (15% below target), ‘emergency patients with a length of stay of less than four hours’ (17.3% below target) and ‘proportion of ambulance patient transfers within 40 minutes’ (17.8% below target).³⁵ The performance measure ‘Emergency patients admitted to a mental health bed within eight hours’ also underperformed in 2020–21 (32% below target).³⁶ DH explained:

This result is due to the increasing trend in the number of people presenting directly to emergency departments and population growth in north west (Melbourne Health) and south east (Monash Health) that is beyond the inpatient capacity of these health services. The Royal Commission into Victoria’s Mental Health System interim report stated that that the increase in mental health-related presentations outstrips both population growth and the growth in emergency departments generally.³⁷

DH explained that this issue is being addressed by the creation of new public health beds and the expression of interest for private beds for public patients as recommended by the Royal Commission.³⁸ DH’s progress on the implementation of recommendations is discussed in Section 3.5.4.

At the hearings DH highlighted the areas where the department performed well, which included the higher number of major trauma patients that received care at major trauma services (6.5% above target), faster treatment for those with a suspected stroke (9.4% above target) and commencement of community-based drug treatment

³² Ibid., pp. 51–52.

³³ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 3; Department of Health, *Annual Report 2020–21*, p. 57.

³⁴ Department of Health, *Annual Report 2020–21*, p. 65.

³⁵ Ibid., pp. 53–54.

³⁶ Ibid., p. 62.

³⁷ Ibid.

³⁸ Ibid.

services (36.4% above target).³⁹ Regarding commencement of community-based drug treatment services, DH explained that the higher result may be because of:

- the introduction of telephone-based client engagement as part of the public health response to COVID-19; and
- increased demand relating to COVID-19 and the deteriorating mental health of young people and Aboriginal communities and their use of alcohol and other drugs.⁴⁰

3.5 Key issues

3.5.1 Health response to the COVID-19 pandemic

Information Technology investment

The 2020–21 Budget allocated \$2.9 billion⁴¹ to DH for the *Coronavirus (COVID-19) health response* initiative in 2020–21.⁴² This included \$1.9 billion funding for DH to design a specific Health System Roadmap and staged response to expand critical care beds across Victoria to meet COVID-19 demand, buy ventilators, equipment and personal protective equipment, and protect the healthcare workforce.⁴³

At the hearings DH advised the Committee of two digital information systems that were developed in 2020–21. Firstly, DH invested in a new contact tracing customer relationship management system named TREVI.⁴⁴ The system enabled DH to contact 99% of COVID-19 positive patients within 24 hours.⁴⁵ DH advised that because of TREVI during the third, fourth and fifth waves of COVID-19 outbreaks close contacts were informed within 72 hours, evidencing a significant improvement since the beginning of the pandemic where information was processed manually.⁴⁶

Secondly, DH invested in a real time intensive care unit (ICU) bed monitoring system named CHRIS.⁴⁷ DH advised that 'CHRIS was funded principally by the Commonwealth Government'.⁴⁸ The system displays available ICU beds in public and private hospitals

³⁹ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing presentation, supplementary evidence received 8 November 2021, p. 4; Department of Health, *Annual Report 2020–21*, pp. 52, 57, 59.

⁴⁰ Department of Health, *Annual Report 2020–21*, p. 59.

⁴¹ This includes Commonwealth funding under the *National Health Reform Agreement* and *National Partnership on COVID-19 Response*. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 64.

⁴² Ibid.

⁴³ Department of Health, *Annual Report 2020–21*, p. 39; Department of Health, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 26.

⁴⁴ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing presentation, p. 6; Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 9.

⁴⁵ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing presentation, p. 6.

⁴⁶ Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, pp. 9, 26.

⁴⁷ Ibid., p. 3.

⁴⁸ Ibid., p. 26.

in real time across the State, allowing Adult Retrieval Victoria and AV to take patients according to the availability of ICU beds.⁴⁹

As a breakdown of the *Coronavirus (COVID-19) health response* initiative was not included in DTF's COVID-19 reporting, the actual costs incurred, and the funding sources used to develop TREVI and CHRIS are unknown. Performance measures to allow evaluation of the effectiveness of the TREVI and CHRIS systems have not yet been set.

FINDING 19: The 2020–21 Budget allocated \$2.9 billion to the Department of Health (DH) for the *Coronavirus (COVID-19) health response* in 2020–21, including \$1.9 billion to build a specific Health System Roadmap. In 2020–21 DH invested in TREVI, a new contact tracing customer relationship management system, which improved COVID-19 close contact notification. DH also developed CHRIS, a system that displays real time information on available intensive care unit beds in Victorian public and private hospitals.

RECOMMENDATION 4: The Department of Health develop performance measures to evaluate the effectiveness of the TREVI and CHRIS systems.

Local public health units

In September 2020 DH created LPHUs to manage local COVID-19 outbreaks and have established nine units to date.⁵⁰ LPHUs are located in regional and suburban communities and their functions include managing end-to-end COVID-19 contact tracing and case and contact follow up and support.⁵¹ In 2020–21 LPHUs identified and managed 18,474 COVID-19 cases, conducted 6.4 million COVID-19 tests and were involved in COVID-19 vaccination community engagement programs.⁵²

FINDING 20: In September 2020 the Department of Health established local public health units (LPHUs). In 2020–21 there were nine LPHUs established to manage local COVID-19 outbreaks. LPHUs identified and managed 18,474 COVID-19 cases, conducted 6.4 million tests and were involved in COVID-19 vaccination community engagement programs.

Intensive care unit beds

To respond to the COVID-19 pandemic, in April 2020 the Victorian Government announced \$1.3 billion in funding to establish an extra 4,000 ICU beds as required.⁵³ At this time the Government estimated there were 450 fully equipped and staffed

⁴⁹ Ibid., pp. 26–27.

⁵⁰ Department of Health, *Annual Report 2020–21*, p. 42; Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing presentation, p. 6.

⁵¹ Department of Health, *Annual Report 2020–21*, p. 42.

⁵² Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing presentation, p. 6.

⁵³ Hon Daniel Andrews MP, *Huge Expansion of Our Health System To Fight Coronavirus*, media release, 1 April 2020.

ICU beds in Victoria's public and private health services.⁵⁴ DH advised that 'as at 20 July 2020, there were 20,000 beds, including nearly 750 dedicated ICU beds, across the public and private health system in Victoria'.⁵⁵

When asked about the outcomes resulting from the \$1.3 billion funding in April 2020, DH advised that the funding consisted of three components:

- purchase of ventilators—DH confirmed that 'just over 4000 ventilators are in [DH's] warehouse'⁵⁶ and that in 2020–21, 931 new ventilators were distributed to 26 health services, bringing the total to 1,700 ventilators across the public health system.⁵⁷
- creation and retention of staff attached to ICU beds—bringing staff from other areas such as nursing and medical registries to staff ICU beds.⁵⁸
- creating physical spaces within the hospital for new ICU beds—such as retooling theatres and theatre waiting areas.⁵⁹

DH advised that the COVID-19 outbreaks in 2020–21 did not require 4,000 ICU beds as well as requisite staff. DH explained that the announcement in April 2020 was to prepare for a surge and only if:

the worst coming to the worst, because under normal events, in theory—and we did not do this in Victoria, but it was done elsewhere in the world. There were obstetricians and gynaecologists being trained in ICU. In an ideal world you would not want an obstetrician looking after you and providing you basic ICU care, but those were the changes that were being made in our workforce to prepare a clinical workforce so that if we needed to, if push came to shove, then we had clinical staff to look after patients.⁶⁰

As at November 2021, there were 1,593 ICU beds in Victoria, a three-fold growth since April 2020.⁶¹ Providing a response to a question taken on notice, DH outlined that 12,532 nurses were enrolled in critical care upskilling training in the past 18 months, of which 10,730 nurses received critical care training in 2020–21.⁶²

⁵⁴ Ibid.

⁵⁵ Parliament of Victoria, *Questions on Notice No 2158*, 27 April 2020, <<https://www.parliament.vic.gov.au/questions-database/details/53/2794>> accessed 15 January 2022.

⁵⁶ Ms Jodie Geissler, Deputy Secretary, Commissioning and System Improvement, Department of Health, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 23.

⁵⁷ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing presentation, p. 7.

⁵⁸ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing, *Transcript of evidence*, p. 5.

⁵⁹ Ibid.

⁶⁰ Ibid., p. 6.

⁶¹ Ms Jodie Geissler, Deputy Secretary, Commissioning and System Improvement, Department of Health, *Transcript of evidence*, p. 5.

⁶² Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing, response to questions on notice, received 15 November 2021, p. 2.

FINDING 21: In April 2020 the Victorian Government announced \$1.3 billion to establish 4,000 intensive care unit (ICU) beds as required. The funding comprised of three elements—purchasing ventilators, creating and retaining staff attached to ICU beds and creating physical spaces within hospitals for new ICU beds.

FINDING 22: At the beginning of the pandemic Victoria had 450 fully equipped and staffed intensive care unit (ICU) beds. As at November 2021 there were 1,593 ICU beds in Victoria, a three-fold growth since April 2020 in order to meet demand. Between May 2020 and November 2021, 12,532 nurses were enrolled in critical care upskilling training of which 10,730 nurses received training in 2020–21 so as to continue to have available clinical staff for any further growth in demand.

Elective surgery blitz

The 2020–21 Budget allocated \$862.8 million in 2020–21 to the *Maintaining hospital capacity* initiative,⁶³ which included \$300 million for an elective surgery blitz.⁶⁴ DH advised that in 2020–21, \$746.4 million was spent on the initiative, 13.5% lower than the budgeted amount.⁶⁵ DH confirmed that this underspend was due to the impact of COVID-19⁶⁶ and that \$41.3 million was spent on an elective surgery blitz in 2020–21.⁶⁷

In 2020–21 there were more than 163,000 patients admitted for elective surgery, 7,500 fewer than 2019–20.⁶⁸ The Committee notes that there were 66,230 patients on the waiting list for elective surgery as at June 2021, slightly higher than the September 2020 quarter (65,683 patients on the waiting list).⁶⁹ However DH advised that in 2020–21 all category 1 elective surgical patients were admitted within the 30-day target.⁷⁰

DH advised that due to public health restrictions, there were limited elective surgeries in 2020 and 2021, leading to less targets achieved as well as lower spending in 2020–21. DH confirmed that the 2020–21 funding for elective surgery has been rolled over to 2021–22.⁷¹

⁶³ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 63.

⁶⁴ Hon Martin Foley MP, Minister for Health, 2020–21 Budget estimates (Health) hearing, Melbourne, 4 December 2020, *Transcript of evidence*, p. 9.

⁶⁵ Department of Health, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 38.

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing presentation, p. 4.

⁶⁹ Victorian Agency for Health Information, *Elective Surgery, 2022*, <<https://vahi.vic.gov.au/visualisation/6336/74a1d9ff-2350-47ab-8744-2cf502072cba>> accessed 15 January 2022.

⁷⁰ Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 3.

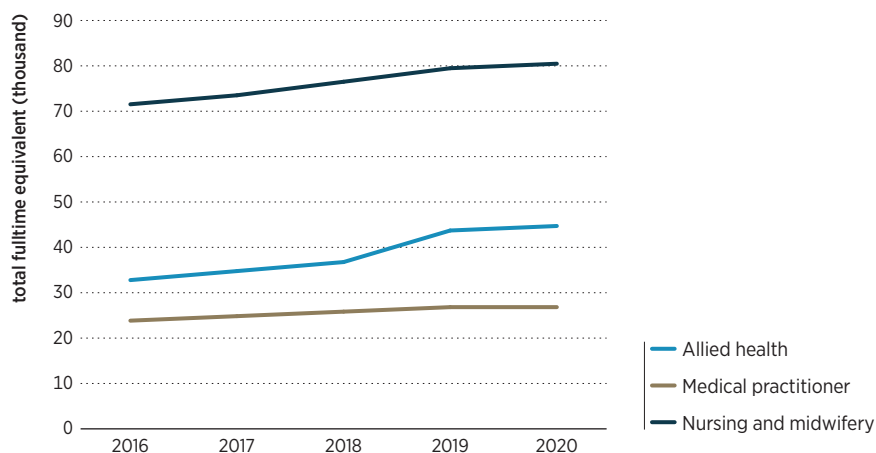
⁷¹ Ms Jodie Geissler, Deputy Secretary, Commissioning and System Improvement, Department of Health, *Transcript of evidence*, p. 20.

FINDING 23: The 2020–21 Budget allocated \$300 million to the elective surgery blitz. \$41.3 million was spent in 2020–21 with more than 163,000 patients admitted for elective surgery. As at June 2021 there were 66,230 patients on the waiting list for elective surgery, slightly higher than the September 2020 quarter. The leftover funding for elective surgeries from 2020–21 will be rolled over to 2021–22.

3.5.2 Healthcare workforce

As a critical response to the COVID-19 pandemic, DH has taken various measures to expand the healthcare workforce. DH stated that clinical and allied health workforces have been deployed to undertake a range of testing and vaccination roles.⁷² Nursing students have also been involved in supporting nursing staff in wards and DH has employed 400 nursing students to provide COVID-19 specific services.⁷³ While describing the constraints in the public health workforce as ‘longstanding and historical’, DH explained that the ‘surge workforce’ has alleviated the pressures on the healthcare workforce, where 7,000 workers have delivered 115,000 shifts during the pandemic.⁷⁴ Figure 3.3 shows the moderate growth in the Victorian health workforce over the past five years by allied health, medical practitioners and nursing and midwifery.

Figure 3.3 Growth in the Victorian health workforce, 2016–2020



Source: Department of Health, *Dashboard, Summary Statistics – Metrics*, 11 October 2021, <<https://hwd.health.gov.au/resources/dashboards/nhwds-summary-metrics.html>> accessed 15 January 2022.

A comparison of Victoria’s health workforce in 2020, against pre-pandemic levels in 2018, shows a 23% growth for allied health, 4% growth for medical practitioners and 5% growth for nursing and midwifery.⁷⁵ While DH’s Annual Report provides high level

⁷² Ibid., p. 15.

⁷³ Ibid.

⁷⁴ Ibid., p. 14.

⁷⁵ Department of Health, *Dashboard, Summary Statistics – Metrics*, 11 October 2021, <<https://hwd.health.gov.au/resources/dashboards/nhwds-summary-metrics.html>> accessed 15 January 2022 (Committee calculation).

workforce data about its employees, it does not provide a breakdown of workforce classifications—such as, public health physicians, allied health workers (including mental health), medical practitioners, nurses, midwives, ICU trained staff.⁷⁶ By comparison, the Department of Education and Training’s Annual Report provides a breakdown of the workforce classifications—allied health employees and nurses.⁷⁷

FINDING 24: The number of allied health workers in Victoria has grown by 23% in 2020 compared to pre-pandemic levels in 2018. Across the same period the growth for medical practitioners was 4% and the growth for nursing and midwifery was 5%.

FINDING 25: While the Department of Health’s Annual Report provides high level workforce data about its employees, it does not provide a breakdown of workforce classifications—such as, public health physicians, allied health workers (including mental health), medical practitioners, nurses, midwives, intensive care unit trained staff.

RECOMMENDATION 5: The Department of Health publish in its next Annual Report a breakdown of its health workforce employees by classification, including public health physician, allied health worker (including mental health), medical practitioner, nurse, midwife and intensive care unit competent.

In discussing the wellbeing of healthcare workers at the hearings, DH advised that the Government allocated \$9.8 million to establish the *Healthcare Worker Infection Prevention and Wellbeing Taskforce* in August 2020.⁷⁸ This includes a series of healthcare worker wellbeing grants programs, mental health first aid training, peer support, and improvements to staff amenities specifically in rural hospitals.⁷⁹

Public health workforce

At the hearings, DH was asked about the continuous investment in training, development, recruitment and retention of multidisciplinary public health staff. DH noted that the pandemic exposed some weaknesses in the public health system and that it is continuously striving for a better health system by building both the infrastructure in Victoria’s public health units and the public health workforce.⁸⁰

⁷⁶ Department of Health, *Annual Report 2020–21*, p. 81.

⁷⁷ Department of Education and Training, *Annual Report 2020–21*, Melbourne, 2021, p. 77.

⁷⁸ Ms Jodie Geissler, Deputy Secretary, Commissioning and System Improvement, Department of Health, *Transcript of evidence*, p. 14; Department of Health, *Annual Report 2020–21*, p. 40.

⁷⁹ Ms Jodie Geissler, Deputy Secretary, Commissioning and System Improvement, Department of Health, *Transcript of evidence*, p. 14.

⁸⁰ Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 12.

DH advised that there are about 300 full-time equivalent public health physicians⁸¹ in Australia and that this was considered ‘manifestly inadequate’.⁸² DH explained that the Australian Health Protection Principal Committee made a position statement which was then endorsed by national cabinet regarding the expansion of the public health workforce.⁸³ DH confirmed that it is currently exploring ways to broaden the public health workforce in consultation with peak bodies, such as the Public Health Association of Australia, the Royal Australasian College of Physicians and the Australasian Faculty of Public Health Medicine.⁸⁴

Victoria has the lowest number of public health physicians per 100,000 people of any state or territory, with only 1.23 public health physicians per 100,000 people—less than half the recommended 2.5 per 100,000 people.⁸⁵ The Victorian Public Health Training Scheme is currently in place, however, DH advised that there is room for the Scheme to be expanded.⁸⁶ The Scheme is constricted as there are few opportunities to work within the Government, medical research and other settings to get the required experience.⁸⁷ While DH expressed their appreciation for the contribution made by infectious disease physicians to support the pandemic response, the department recognised that infectious disease physicians’ competencies are limited to communicable disease or infectious disease and they are not in a position to provide public health responses.

FINDING 26: Victoria has the lowest number of public health physicians per 100,000 people of any state or territory, with only 1.23 public health physicians per 100,000 people. The Department of Health recognises the constraints in the public health workforce and is currently exploring ways to broaden the number of public health physicians in Victoria.

⁸¹ Public health physicians are highly trained public health professionals who have completed medical school, clinical residency, a master’s degree in public health and three years of specialist training. Apart from the medical expertise, public health physicians have an in-depth understanding of the clinical basis of health and disease, but they are also equipped with essential public health skills in research, policy, advocacy and management. The public health physicians therefore bridge the gap between policy makers and clinicians, to ensure that all groups work together to advocate for the long-term health and wellbeing of populations. Source: Australian and New Zealand Journal of Public Health, *Public health physicians: who are they and why we need more of them – especially in Victoria*, 22 March 2021, <<https://onlinelibrary.wiley.com/doi/full/10.1111/1753-6405.13090>> accessed 15 January 2022.

⁸² Professor Brett Sutton, Chief Health Officer, Health Protection, Department of Health, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 12.

⁸³ Ibid.

⁸⁴ Ibid.

⁸⁵ Australian and New Zealand Journal of Public Health, *Public health physicians: who are they and why we need more of them – especially in Victoria*.

⁸⁶ Professor Brett Sutton, Chief Health Officer, Health Protection, Department of Health, *Transcript of evidence*, p. 12.

⁸⁷ Ibid.; Australian and New Zealand Journal of Public Health, *Public health physicians: who are they and why we need more of them – especially in Victoria*.

3.5.3 Ambulance Victoria

The 2020–21 Budget allocated \$64 million in 2020–21 to the *Supporting ambulance services* initiative,⁸⁸ and an additional \$14.8 million was allocated in mid-2020–21 to manage demand from Triple Zero calls.⁸⁹

Three key performance measures relating to the Ambulance Emergency Services output and Emergency Services output have been significantly impacted by COVID-19 and are outlined in Table 3.3. DH explained that despite the public health restrictions that were in place during the reporting period due to COVID-19, the overall demand for ambulance services was substantially above previous years.⁹⁰

Table 3.3 Key performance measures—Ambulance Emergency Services output and Emergency Services output, 2020–21

Performance measure	2020–21 Target (%)	2020–21 Actual (%)	Variance (%)
Proportion of ambulance patient transfers within 40 minutes	90	74	-17.8 ↓
Proportion of emergency (Code 1) incidents responded to within 15 minutes—statewide	85	77.2	-9.2 ↓
Proportion of emergency (Code 1) incidents responded to within 15 minutes in centres with more than 7,500 population	90	82.5	-8.3 ↓

Source: Department of Health, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 3 November 2021, p. 39; Department of Health, *Annual Report 2020–21*, Melbourne, 2021, pp. 54, 57–58.

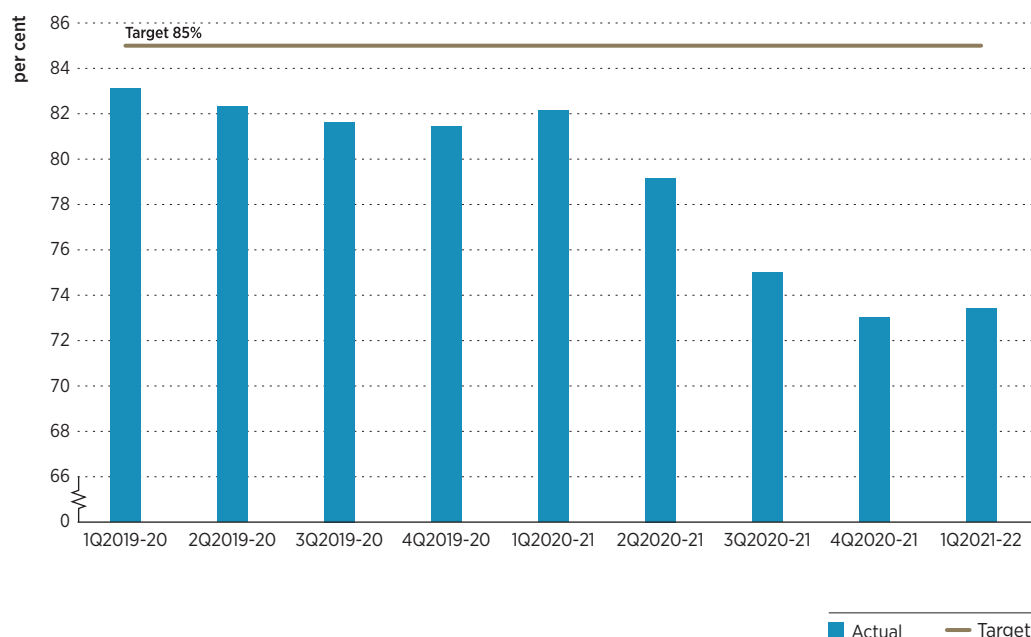
The performance measure focusing on responding to Code 1 incidents within 15 minutes was discussed at length during the hearings. Since 2019–20 AV has performed below the target of 85% and performance has continued to deteriorate since 2020–21, as shown in Figure 3.4.

⁸⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 63.

⁸⁹ Department of Health, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 25; Mr Steve McGhie MP, *Paramedic Boost To Bolster Care And Coverage In Victoria*, media release, 29 January 2021.

⁹⁰ Department of Health, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 39.

Figure 3.4 Proportion of emergency (Code 1) incidents responded to within 15 minutes, 2019–20 to 2021–22



Source: Ambulance Victoria, *Our Performance*, 2022, <<https://www.ambulance.vic.gov.au/about-us/our-performance>> accessed 15 January 2022.

To help address this underperformance, the Government allocated \$470 million over four years in the 2021–22 Budget to the Ambulance Services output.⁹¹ Accepting that the challenges faced by the health system due to COVID-19 were concerning, AV explained that resources have been redirected to attend to the sicker patients while less serious cases have experienced longer waiting times.⁹² AV advised it has invested significantly in 2020–21 in expanding its secondary triage to minimise or avoid fatal incidents.⁹³

AV's 2020–21 Annual Report outlines that the additional government funding in 2020–21 enabled 38 new triage practitioner roles to be filled and the training of 17 internal paramedics. The agency is also looking to recruit a further 29.5 FTE staff.⁹⁴ In 2020–21 AV employed 5,513.2 FTE, 3.8% higher than the 2019–20 levels. This includes 594.3 FTE Mobile Intensive Care Ambulance paramedics.⁹⁵ There were 4,497.2 FTE on road clinical staff employed in 2020–21, which included 1,026 Ambulance Community Officers.⁹⁶ AV's workforce data is shown in Figure 3.5.

⁹¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, 5 October 2021, p. 38.

⁹² Professor Tony Walker, Chief Executive Officer, Ambulance Victoria, 2020–21 Performance and Financial Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 16.

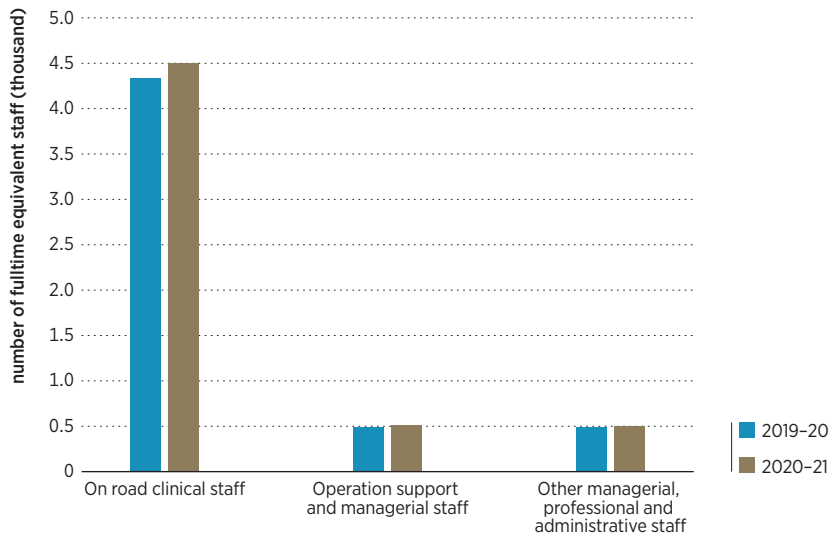
⁹³ *Ibid.*, p. 17.

⁹⁴ Ambulance Victoria, *Annual Report 2020–21*, Melbourne, 2021, p. 17.

⁹⁵ *Ibid.*, p. 40 (Committee calculation).

⁹⁶ *Ibid.*

Figure 3.5 Ambulance Victoria workforce data, 2019–20 vs 2020–21



Source: Ambulance Victoria, *Annual Report 2020–21*, Melbourne, 2021, p. 40.

FINDING 27: The 2020–21 Budget allocated \$64 million in 2020–21 to the *Supporting ambulance services* initiative and an additional \$14.8 million was allocated in mid-2020–21 to manage demand from Triple Zero calls. In 2020–21 Ambulance Victoria (AV) employed 38 new triage practitioners and trained 17 internal paramedics. AV employed 5,513.2 full-time equivalent staff, 3.8% higher than 2019–20 levels.

FINDING 28: Three key performance measures under the Ambulance Emergency Services output and Emergency Services output underperformed in 2020–21. Ambulance Victoria’s target to respond to Code 1 incidents within 15 minutes has continued to deteriorate as the COVID-19 pandemic weighed heavily on the agency’s performance.

3.5.4 Mental health reform

The interim report of the Royal Commission into Victoria’s Mental Health System was published in November 2019.⁹⁷ DH outlined that \$571 million was allocated to implement nine recommendations in the interim report.⁹⁸

One of the largest initiatives in the 2020–21 Budget was *A pathway to more acute mental health beds: Responding to the Royal Commission into Victoria’s Mental Health System interim report*, which allocated \$492.2 million over two years to deliver 144 new

⁹⁷ Department of Health, *Mental Health Reform*, 23 October 2021, <<https://www.health.vic.gov.au/mental-health/mental-health-reform>> accessed 15 January 2022.

⁹⁸ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing presentation, p. 3.

acute public mental health beds.⁹⁹ At the hearings DH advised the Committee that these beds would be delivered in 2022 and that this investment would relieve pressure on emergency departments.¹⁰⁰

Providing an update on the steps taken towards mental health system reform in 2020–21, DH advised:

- six new Hospital Outreach Post-suicidal Engagement sites were established in Shepparton, Epping, Heidelberg, Royal Melbourne Hospital, Mildura and Broadmeadows
- nine beds were delivered by Orygen and Barwon Health, offering home based acute treatment, care and support as part of the *Hospital in the Home* program
- planning for the Aboriginal social and emotional wellbeing centre had commenced.¹⁰¹

In February 2020 Mental Health Reform Victoria (MHRV) was established to lead implementation of the interim report's recommendations.¹⁰² As at 30 June 2021 there were 26.5 FTEs at MHRV.¹⁰³ DH has progressed all nine recommendations made in the interim report, completing the full implementation of one in 2020–21 with the establishment of the Mental Health Implementation Office.¹⁰⁴

FINDING 29: The 2020–21 Budget allocated \$571 million to implement nine recommendations in the interim report of the Royal Commission into Victoria's Mental Health System released in November 2019. Mental Health Reform Victoria was established in February 2020 to lead the implementation of these recommendations. The Department of Health has progressed all nine recommendations, having completed the full implementation of one in 2020–21 with the establishment of the Mental Health Implementation Office.

⁹⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 78; Victorian Health Building Authority, *Mental Health Beds Expansion Program*, 2 December 2021, <<https://www.vhba.vic.gov.au/mental-health/hospital-based-care/mental-health-beds-expansion-project>> accessed 15 January 2022.

¹⁰⁰ Mr Chris Hotham, Deputy Secretary, Health Infrastructure, Department of Health, 2020–21 Performance and Financial Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 24.

¹⁰¹ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Financial and Performance Outcomes hearing presentation, p. 8; Professor Euan Wallace, Secretary, Department of Health, *Transcript of evidence*, p. 4.

¹⁰² Department of Health, *Annual Report 2020–21*, p. 14.

¹⁰³ *Ibid.*, p. 83.

¹⁰⁴ Professor Euan Wallace, Secretary, Department of Health, 2020–21 Performance and Financial Outcomes hearing, response to question on notice (Question 4, Attachment 1), received 16 November 2021, p. 1.

4 Department of Families, Fairness and Housing

4.1 Description of the Department of Families, Fairness and Housing

The Department of Families, Fairness and Housing (DFFH) was established on 1 February 2021.¹

DFFH supports nine ministerial portfolios. Four portfolios were transferred from the former Department of Health and Human Services (DHHS): Child Protection, Prevention of Family Violence, Housing and Disability, Ageing and Carers. The remaining five portfolios were transferred from the Department of Premier and Cabinet (DPC): Multicultural Affairs, Equality, Veterans and the offices for Women and Youth.²

DFFH's four objectives are: Victorians are safe and secure, Victorians have the capabilities to participate, Victorians are connected to culture and community and Engaged citizens.³

4.2 Outcomes achieved

As part of its response to the Committee's questionnaire, DFFH advised that the following five programs delivered the most important outcomes in the community in 2020–21:

- Gender equality programs continued the implementation of Victoria's gender equality strategy, *Safe and Strong*—including delivery of the commitments to women making up 50% or more of appointments to paid public boards and increasing the number of women elected to local government, with 272 women elected to serve on councils, following the 2020 election, representing 43.8% of all councillors.
- The *High-Risk Accommodation Response to COVID-19* program worked to prevent, prepare for, and respond to COVID-19 outbreaks in high-risk accommodation settings (for example, public housing towers), to protect the safety and wellbeing of residents.

¹ Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, p. 12.

² Hon Daniel Andrews MP, *New Departments to Deliver A Healthier, Fairer Victoria*, media release, 30 November 2020.

³ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, pp. 199–200.

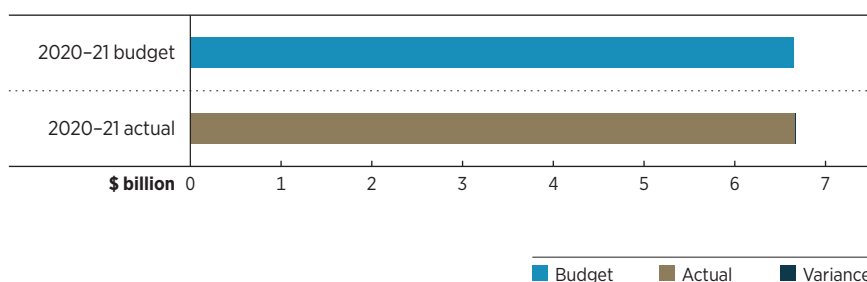
- The *Intensive Family Preservation and Restoration* initiative used an evidence based service model to enable earlier identification of children and families most at risk of family breakdown and increased positive engagement, leading to better outcomes for families and improvements in interagency collaboration.
- The Orange Door network⁴ undertook 8,536 more assessments than their target in 2020–21 and established three additional Orange Door sites, bringing the total number of sites across the State to eight, as at 30 June 2021.
- As part of the *Big Housing Build*, in 2020–21 Homes Victoria commenced and purchased 1,062 dwellings and advanced planning to deliver 5,000 more in 2021–22.⁵

4.3 Financial analysis

4.3.1 Output expenditure

In 2020–21 DFFH’s budget was \$6.7 billion. Actual expenditure for the year was \$6.7 billion, on par with the 2020–21 Budget.⁶ This is displayed in Figure 4.1.

Figure 4.1 Department of Families, Fairness and Housing—Budget vs Actual, 2020–21



Source: Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, pp. 38–52 (Committee calculation).

Table 4.1 shows DFFH’s actual and budget output expenditure by output.

4 Please note The Orange Door is the public branding of Support and Safety Hubs and the terms are used interchangeably. Source: Victorian Government, *The Orange Door service model*, 2020, <<https://www.vic.gov.au/orange-door-service-model>> accessed 3 February 2022; The Orange Door Network provides a free service for adults, children and young people who are experiencing or have experienced family violence and families who need support with the care of children. Source: The Orange Door, *Who is The Orange Door for?*, 2018 <<https://orangedoor.vic.gov.au/what-is-the-orange-door>> accessed 31 January 2022.

5 Department of Families, Fairness and Housing, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 10 November 2021, pp. 11–15.

6 Department of Families, Fairness and Housing, *Annual Report 2020–21*, pp. 38–52 (Committee calculation).

Table 4.1 Department of Families, Fairness and Housing—Expenditure by output, 2020–21

Output	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Child Protection and Family Services	1,679.7	1,715.4	3.0
Housing Assistance	1,416.2	1,366.9	-3.5
Family Violence Service Delivery	439.2	363.2	-17.3
Concessions to Pensioners and Beneficiaries	621.1	637.1	2.6
Disability Services	527.1	556.4	14.2
Victorian Contribution to National Disability Insurance Scheme	1,651.9	1,659.8	0.5
Community Participation	103.3	132.6	28.4
Office for Disability	13.3	9.6	-27.8
Seniors Programs and Participation	24.2	22.6	-6.6
Support to Veterans	9.0	9.4	4.4
LGBTIQ+ Equality Policy and Programs	7.6	11.1	46.1
Women's Policy	37.6	38.8	3.2
Youth	34.7	34.1	-1.7
Multicultural Affairs Policy and Programs	90.6	107	18.1
Total	6,655.5	6,664.0	0.1

Source: Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, pp. 38–52 (Committee calculation).

Notwithstanding DFFH's balanced budget, large overspends were recorded in two of DFFH's outputs in 2020–21:

- LGBTIQ+ Equality Policy and Programs Output—total overspend of 46.1% (\$3.5 million). This was primarily driven by COVID-19 related expenditure, including the *LGBTIQ+ Sector Economic Recovery Grants Program*⁷ which provided \$2 million in 2020–21 to 25 LGBTIQ+ businesses impacted by COVID-19 to continue support to the LGBTIQ+ community, and to support the planning and delivery of Melbourne Pride 2021.⁸
- Community Participation output—total overspend of 28.4% (\$29.3 million). This was primarily driven by expenditure related to COVID-19, including on the Readiness and Response Centre and machinery of government transfers from Department of Health (DH).⁹

7 Ibid., p. 50.

8 Department of Families, Fairness and Housing, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 5.

9 The Readiness and Response Centre brought together readiness and response functions that previously operated discretely across the community services sector, including infection prevention and outbreak preparedness activities. Source: National Disability Service and Department of Health and Human Services, *NDS: Safer and Stronger – Disability Services and COVID-19 webinar*, 4 December 2020, <https://www.nds.org.au/images/resources/2020_12_04-NDS-DHHS-Webinar-11.pdf> accessed 1 February 2022; Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 46.

These overspends were offset by underspends in other outputs in 2020–21, including the Office for Disability output, which recorded a total underspend of 27.8% (\$3.7 million) as a result of the transfer of Disability Liaison Officers to DH because of machinery of government changes.¹⁰ The Family Violence Service Delivery output also recorded a substantial underspend of 17.3% (\$76 million), as some initiatives including the Orange Door initiative were subject to a revised schedule of rollout.¹¹

4.3.2 Revenue and expenses

DFFH's expenses for employee benefits were \$338.5 million in 2020–21, 16.4% higher than the 2020–21 Budget of \$290.9 million.¹² DFFH attributed the overspend to increased expenditure on 'Supported Independent Living and Short-Term Accommodation and Assistance services to the non-government sector'.¹³

In 2020–21 contractors, consultants and labour hire arrangement costs for DFFH, inclusive of DH was \$1.6 billion, 79.5% higher than in 2019–20. DFFH stated this was due to increased demand to support the departments' response to COVID-19 and Victoria's *Big Housing Build* program. As both departments operated a joint financial system through 2020–21, individual costs for each department were not reported.¹⁴

There were 6,270.2 full-time equivalent (FTE) employees at DFFH and Family Safety Victoria (FSV)¹⁵ as at 30 June 2021. DFFH and FSV employed a total of 175.6 FTE executive employees.¹⁶

The Department of Treasury and Finance's (DTF) reporting of COVID-19 related costs states that in 2020–21 DFFH's actual expenditure on COVID-19 response and recovery was \$711.9 million, of which \$280.7 million was for the *Big Housing Build* initiative.¹⁷

In 2020–21, DFFH's output appropriation was \$2.54 billion, only a minor variance of 3.5% to the revised budget estimate of \$2.45 billion.¹⁸

¹⁰ Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 47.

¹¹ Ibid., p. 43.

¹² Department of Families, Fairness and Housing, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 42–43 (Committee calculation).

¹³ Ibid.

¹⁴ Ibid., pp. 53–54.

¹⁵ Family Safety Victoria is an agency of DFFH that was created on 1 July 2017 to drive key elements of Victoria's family violence strategy and coordinate support for families to help them care for children and young people. Source: Victorian Government, *Family Safety Victoria*, 7 February 2022, <<https://www.vic.gov.au/family-safety-victoria>> accessed 8 February 2022.

¹⁶ Department of Families, Fairness and Housing, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 57–58 (Committee calculation).

¹⁷ Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 22 January 2022.

¹⁸ Please note an explanation was not provided as the Committee's questionnaire only asks for variance commentary where the variance is above or below 10%; Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 225.

4.3.3 Overall financial performance

Table 4.2 summarises DFFH's overall financial performance in 2020–21.

Table 4.2 Department of Families, Fairness and Housing—Summary of Comprehensive Operating Statement, 2020–21

Controlled Items	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Income from transactions	2,554	2,627	2.9
Expenses from transactions	2,617	2,624	0.3
Net result from transactions	-63	3	-104.8

Source: Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, p. 225 (Committee calculation).

For 2020–21, DFFH budgeted a net deficit of \$63 million, whereas the actual result for the year was a net \$3 million surplus.¹⁹ The variance between the budget and actual result is mainly related to additional funding via Treasurer's Advances received during 2020–21.²⁰

FINDING 30: The Department of Families, Fairness and Housing reported a positive net result from transactions of \$3 million in 2020–21, an improvement compared to the estimated \$63 million deficit outlined in the 2020–21 Budget.

4.4 Performance information

DFFH achieved 62% of its 114 performance measures in 2020–21.²¹ Measures underperformed against their targets in 2020–21 for a range of reasons including changes in demand, changes to service delivery policy and the impact of COVID-19.²² This saw DFFH not meet 11% of its measures within a 5% variance and not meet 38% of its measures exceeding a 5% variance in 2020–21.²³ This is represented in Figure 4.2.

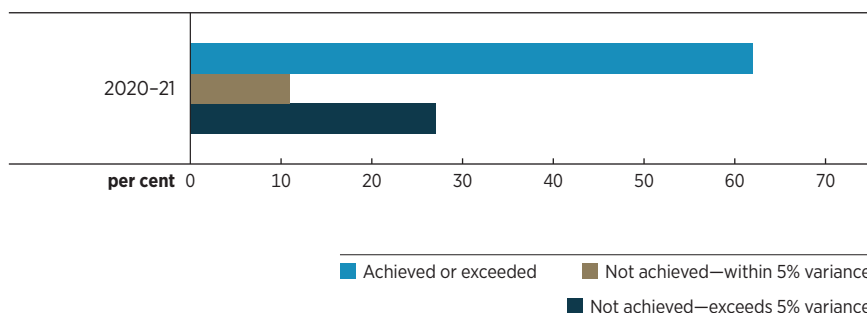
¹⁹ Ibid.

²⁰ Ibid., p. 56.

²¹ Ibid., pp. 38–52 (Committee calculation).

²² Ibid. (Committee calculation).

²³ Ibid. (Committee calculation).

Figure 4.2 Department of Families, Fairness and Housing—Performance measurement results, 2020–21

Source: Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, pp. 38–52 (Committee calculation).

Under the Multicultural Affairs Policy and Programs output, the performance measure ‘proportion of approved grant funding provided to organisations in regional/rural areas’ underperformed in both 2020–21 and 2019–20.²⁴ In 2020–21, 13.6% of funding was allocated to regional and rural areas compared to a target of 20%. In 2019–20 similar results of 13% compared to the target of 20% was achieved.²⁵ In 2020–21 the underperformance was attributed to funding being allocated to areas with higher instances of COVID-19, being metropolitan local government areas. In 2019–20, it was found that there was a low application rate for grant funding from regional and rural areas.²⁶

A similar measure under the LGBTIQ+ Equality Policy and Programs output, ‘proportion of LGBTIQ+ grant program recipients who are located in regional and rural areas’ also underperformed in the 2020–21 year.²⁷ This measure achieved 25.4% compared to a target of 30%.²⁸ DFFH attributed the underperformance to allocation of the *Revitalising the LGBTIQ+ Sector Fund* which mainly supported organisations and businesses located in metropolitan Melbourne.²⁹

In 2020–21 the performance measure ‘annual reporting against the State disability plan within agreed timeframes’ under the Office for Disability, was not met as public reporting on the State disability plan was paused while DFFH focused on the COVID-19 public health response.³⁰ The Committee notes that as of 11 February 2022 the last year of reporting against the State disability plan was 2018, with reporting for 2019 and 2020 yet to be published.³¹

²⁴ Ibid., p. 52; Department of Premier and Cabinet, *Annual Report 2019–20*, Melbourne, 2020, p. 57.

²⁵ Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 52; Department of Premier and Cabinet, *Annual Report 2019–20*, p. 57.

²⁶ Department of Premier and Cabinet, *Annual Report 2019–20*, p. 57.

²⁷ Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 49.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid., p. 47.

³¹ Department of Health & Human Services, *Annual reports, State disability plan 2017–2020, 2022*, <<https://www.statedisabilityplan.vic.gov.au/annual-reports>> accessed 11 February 2022; Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 47.

FINDING 31: In 2020–21 the Department of Families, Fairness and Housing (DFFH) achieved 62% of its 114 performance measures. Where DFFH measures underperformed against their targets in 2020–21, this can be attributed to a range of reasons including changes in demand, changes to service delivery policy and the impact of COVID-19.

4.5 Key issues

4.5.1 Housing

The *Big Housing Build* is a \$5.3 billion initiative that was announced in the 2020–21 Budget.³² \$3.9 billion was allocated to DFFH over 2020–21 to 2023–24, comprising \$3.2 billion in asset funding and \$0.7 billion in output funding.³³ The remaining \$1.4 billion is allocated to DTF’s delivery of the *Big Housing Build: Expanded Social Housing Growth Fund*.³⁴

The *Big Housing Build* under DFFH aims to deliver more than 12,000 new homes in Victoria, including 9,300 social housing properties to replace 1,100 old social housing dwellings and development of 2,900 mainly affordable housing dwellings.³⁵ Homes Victoria was established in November 2020 as a new government agency to deliver the *Big Housing Build* and manage existing public housing.³⁶

Homes Victoria outlined the targets to deliver 12,300 houses over the next four years under the *Big Housing Build* initiative. This is shown in Table 4.3.

Table 4.3 Big Housing Build new home commencements, 2020–21 to 2023–34

Target	2020–21	2021–22	2022–23	2023–24	Total
New home commencements	1,100	5,000	5,000	1,200	12,300

Source: Homes Victoria, *What we are delivering*, 6 January 2021, <<https://www.vic.gov.au/homes-victoria-delivering>> accessed 2 February 2022.

In Victoria, social housing comprises both public and community housing.³⁷ Public housing provides housing to eligible people who are: unemployed, on low incomes, live with a disability or a mental illness, or those who are at risk of homelessness.³⁸

³² Hon Daniel Andrews MP, *Victoria’s Big Housing Build*, media release, 15 November 2020.

³³ The *Big Housing Build* under the Housing Assistance output was initially under DHHS, which was transferred to DFFH under the machinery of government changes in 2020–21. Additionally, DHHS received ongoing capital funding for this initiative and the \$3.2 billion of asset funding represents the four years of funding over 2020–21 to 2023–24. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 64, 78 (Committee calculation).

³⁴ *Ibid.*, p. 137.

³⁵ *Ibid.*, p. 82.

³⁶ Hon Daniel Andrews MP, *Victoria’s Big Housing Build*, media release, 15 November 2020.

³⁷ Victorian Government, *A housing explainer - social housing in Victoria*, 19 August 2021, <<https://www.vic.gov.au/homes-victoria-housing-explainer>> accessed 21 January 2022.

³⁸ *Ibid.*

Community housing dwellings are owned or managed by community housing providers, who deliver housing to Victorians who need support, in partnership with the Government.³⁹ The *Planning and Environment Act 1987* (Vic) defines affordable housing as 'housing including social housing, that is appropriate for the housing needs of very low, low and moderate income households'.⁴⁰

In 2020–21 Homes Victoria commenced delivery of 1,062 housing dwellings, slightly less than its commitment to commence delivery of 1,100 dwellings in the year.⁴¹ DFFH outlined that the dwellings are delivered through a combination of construction and purchasing,⁴² however the number of houses delivered through the different methods was not provided. The Committee notes that the total number of social housing dwellings acquired in 2020–21 was 1,889, 72.2% higher than the 1,097 that were acquired in 2019–20.⁴³

In 2020–21 DFFH's total number of social housing stock increased by 858, bringing the total number of social housing stock to 85,969 as at 30 June 2021, representing a 1% increase from 85,111 as at 30 June 2020.⁴⁴ Movements in social housing stock from 2020 to 2021 are displayed in Table 4.4 below.

Table 4.4 Department of Families, Fairness and Housing—Social housing stock, 2020 and 2021

Program	30 June 2020	30 June 2021	Variance (%)
Total Public Housing	64,359	64,209	-0.2
Total Community Housing	20,752	21,760	4.9
Social Housing Total	85,111	85,969	1.0

Note: Community Housing comprises total Community managed rental housing of 18,738 as at 30 June 2020 and 19,751 as at 30 June 2021 and total Indigenous Community Housing of 2,014 as at 30 June 2020 and 2,009 as at 30 June 2021.

Source: Department of Families, Fairness and Housing, *Annual Report 2020–21, Additional service delivery data, Housing and Homelessness services*, Melbourne, 2021, p. 18 (Committee calculation).

This result meant that DFFH nearly met the 2020–21 target of 86,000 that was set under the Housing Assistance output performance measure 'total number of social housing dwellings'.⁴⁵ In this context, the Committee notes that the target for this performance measure was reduced from 87,749 in 2019–20 to 86,000 in 2020–21,⁴⁶ 'to reflect the demolition and replacement of housing stock, where a temporary

³⁹ Ibid.

⁴⁰ Department of Health and Human Services, *Delivering social housing as an affordable housing contribution*, 7 April 2020, <<https://www.dhhs.vic.gov.au/delivering-social-housing-affordable-housing-contribution>> accessed 1 February 2022.

⁴¹ Department of Families, Fairness and Housing, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 15.

⁴² Ibid.

⁴³ Department of Families, Fairness and Housing, *Annual Report 2020–21, Additional service delivery data, Housing and Homelessness*, Melbourne, 2021, p. 19 (Committee calculation).

⁴⁴ Ibid., p. 18 (Committee calculation).

⁴⁵ Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 41.

⁴⁶ Ibid.; Department of Health and Human Services, *Annual Report 2019–20*, Melbourne, 2020, p. 100.

reduction occurs in 2020–21 ahead of additional housing being added in future years'.⁴⁷ This means that although the target was increased to 87,515 for the 2021–22 year, it remains below the 2019–20 target of 87,749.⁴⁸ The targets for this performance measure from 2019–20 to 2021–22 are presented in Table 4.5.

Table 4.5 Total number of social housing dwellings—targets, 2019–20 to 2021–22

Performance measure	2019–20 target	2020–21 target	2021–22 target
Total number of social housing dwellings	87,749	86,000	87,515

Source: Department of Health and Human Services, *Annual Report 2019–20*, Melbourne, 2020, p. 100; Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, p. 41; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 206.

To allow evaluation of the effectiveness of the *Big Housing Build* initiative, the number of new social housing dwellings that will be added to supply through the initiative should be reflected in the target for the budget paper performance measure 'total number of social housing dwellings'.

FINDING 32: While in 2020–21 the Department of Families, Fairness and Housing commenced delivery of 1,062 social housing dwellings under investment from the *Big Housing Build*, the target for 'total number of social housing dwellings' in 2020–21 was reduced to 86,000 from 87,749 in 2019–20, due to demolition and replacement of housing stock. Despite the reduction being a temporary measure, the target for the 2021–22 year of 87,515 was still below the 2019–20 target of 87,749.

RECOMMENDATION 6: The Department of Families, Fairness and Housing reflect the number of new social housing dwellings that will be delivered under the *Big Housing Build*, in the target set for the budget paper performance measure 'total number of social housing dwellings'.

One of DFFH's performance measures is 'average waiting time for public rental housing for those clients who have received priority access housing allocation or a priority transfer'.⁴⁹ The target for this performance measure has been set at 10.5 months since 2017–18.⁵⁰ DFFH's annual report provided that the average waiting time increased by 0.4 of a month (or approximately 12 days) in 2020–21 to 12.4 months, compared to 12 months in 2019–20.⁵¹ Table 4.6 shows the actual results against this performance measure from 2017–18 to 2020–21.

⁴⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 242; Additional information explaining the change in target was not provided to the Committee in DHHS' response to the Committee's questionnaire for the 2020–21 Budget Estimates. Source: Department of Health and Human Services, *Response to the 2020–21 Budget Estimates General Questionnaire*, received 27 November 2020, p. 78.

⁴⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 206.

⁴⁹ Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 37.

⁵⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2017–18 Service Delivery*, Melbourne, 2017, p. 256.

⁵¹ Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 37.

Table 4.6 Performance measure, ‘average waiting time for public rental housing for those clients who have received priority access housing allocation or a priority transfer’, actual results—2017–18 to 2020–21

Performance measure	Target	2017–18	2018–19	2019–20	2020–21
Average waiting time for public rental housing for those clients who have received priority access housing allocation or a priority transfer	10.5 months	10.5 months ✓	11.6 months ↑	12.0 months ↑	12.4 months ↑

Source: Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, p. 37.

DFFH advised that the 2020–21 result was ‘due to a decrease in tenants moving out of public housing which has provided fewer opportunities to allocate properties to people on the register’.⁵² At the hearings DFFH also explained to the Committee that there are a range of factors that affect waitlists for public housing, making it ‘impossible to model with any real kind of certainty’ when the wait times for public housing will trend downwards, or when the number of people on waiting lists will decrease.⁵³

FINDING 33: In 2020–21 the ‘average waiting time for public rental housing for those clients who have received priority access housing allocation or a priority transfer’ exceeded one year, reporting a 12.4 month wait period. The target for this measure is 10.5 months.

Homelessness

Both the 2020–21 Budget and the 2021–22 Budget included a range of government initiatives to better support the homelessness sector. These include *From Homelessness to a Home (H2H)* and the *Critical additional responses for people experiencing homelessness placed in hotels during the coronavirus (COVID-19) pandemic* program.⁵⁴

The 2020–21 Budget allocated \$84.5 million to the *H2H* initiative for the 2020–21 year.⁵⁵ The initiative aims to help people to move from emergency hotel accommodation that was provided by the Victorian Government to minimise community transmission of COVID-19 into social housing.⁵⁶ *H2H* commenced in February 2021 and by the end of June 2021, 259 people had moved from emergency hotel accommodation into social

⁵² Department of Families, Fairness and Housing, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 79.

⁵³ Mr Ben Rimmer, Associate Secretary, Department of Families, Fairness and Housing, and Chief Executive Officer, Homes Victoria, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 12 November 2021, *Transcript of evidence*, p. 5.

⁵⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 64; Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 46.

⁵⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 64.

⁵⁶ Department of Families, Fairness and Housing, *Annual Report 2020–21, Additional service delivery data, Housing and Homelessness*, p. 7.

housing.⁵⁷ As of 8 November 2021 there were 2,447 people in hotel-based emergency accommodation.⁵⁸

The 2021–22 Budget allocated \$19.5 million for 2020–21 to the *Critical additional responses for people experiencing homelessness placed in hotels during the coronavirus (COVID-19) pandemic* program,⁵⁹ which DFFH noted was funded via a Treasurer’s Advance.⁶⁰ This funding helped provide housing and support exits for people in emergency hotel accommodation to avoid entering into rough sleeping and other forms of homelessness.⁶¹

Notwithstanding the additional funding allocated in the past two budgets to a range of government initiatives to better support the homelessness sector, the number of clients assisted to address and prevent homelessness in 2020–21 decreased to its lowest level in four years.⁶² In 2020–21, there were 105,304 clients assisted to address and prevent homelessness, 14.4% below the target of 123,000.⁶³ The performance measure results for the last four years are shown in Table 4.7.

Table 4.7 Performance measure ‘number of clients assisted to address and prevent homelessness’, actual results—2017–18 to 2020–21

Performance measure	2017–18	2018–19	2019–20	2020–21	Variance 2019–20 to 2020–21
Number of clients assisted to address and prevent homelessness	118,141	112,054	115,168	105,304	-8.6%

Source: Department of Families, Fairness and Housing, *Annual Report 2020–21*, Melbourne, 2021, p. 26 (Committee calculation).

DFFH explained that the ‘2020–21 actual result is lower than the 2020–21 target due to lower than anticipated presentations at homelessness services, as a result of COVID-19 restrictions and the homelessness hotel emergency response’.⁶⁴ During the hearings DFFH suggested that the lower presentations at homelessness services could also be a result of more people being provided with hotel accommodation and advised the Committee that the performance measure does not take into account the number of clients that were provided emergency hotel accommodation.⁶⁵

⁵⁷ Ibid.

⁵⁸ Mr Ben Rimmer, Associate Secretary, Department of Families, Fairness and Housing, and Chief Executive Officer, Homes Victoria, *Transcript of evidence*, p. 5.

⁵⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 46.

⁶⁰ Department of Families, Fairness and Housing, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 20.

⁶¹ Ibid.

⁶² Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 26.

⁶³ Ibid.

⁶⁴ Ibid., p. 40.

⁶⁵ Mr Ben Rimmer, Associate Secretary, Department of Families, Fairness and Housing, and Chief Executive Officer, Homes Victoria, *Transcript of evidence*, p. 24.

FINDING 34: While the 2020–21 and 2021–22 Budgets allocated additional funding to a range of government initiatives to better support the homelessness sector in 2020–21, the number of clients assisted to address and prevent homelessness in 2020–21 was reported as less than the previous four years. This result can largely be explained by lower than expected presentations at homelessness services due to COVID-19 restrictions and the fact that clients assisted into emergency hotel accommodation because of COVID-19 in 2020–21 were accounted for separately.

Family violence—Housing

The 2021–22 Budget allocated \$6 million to the *Family violence refuge response* in 2020–21.⁶⁶ This initiative provides for case management and operational costs associated with two new Aboriginal-managed refuges and 13 redeveloped family violence refuges.⁶⁷

DFFH reported that due to COVID-19 there had been an increased need for homelessness services in 2020–21, noting in particular the increased number of reports of family violence incidents as a result of COVID-19.⁶⁸ DFFH advised there had also been an increased demand for social housing as a large number of Victorians have faced challenges in terms of private income and access to the labour market which was reflected in applications for social housing, including for victim-survivors of family violence.⁶⁹

DFFH's Annual Report also outlined additional complications in providing accommodation for victims of family violence in light of COVID-19 restrictions. For example, refuges that were built to be communal refuges were only able to house single families, to limit the spread of COVID-19.⁷⁰ This led to an underperformance of 19.3% in the performance measure 'number of nights of refuge accommodation provided to victims of family violence' which had a target of 54,109 nights and achieved 43,674 in 2020–21.⁷¹ The 2020–21 result of 43,674 is 5.1% less than the 2019–20 result of 46,039.⁷² Similarly, the performance measure 'number of family violence victims who receive a refuge response' which had a target of 819, achieved a 2020–21 result of 1,061 which is 11.3% lower than the 2019–20 result of 923.⁷³

⁶⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 64.

⁶⁷ *Ibid.*, p. 73.

⁶⁸ Ms Sandy Pitcher, Secretary, Department of Families, Fairness and Housing, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 12 November 2021, *Transcript of evidence*, p. 3.

⁶⁹ Mr Ben Rimmer, Associate Secretary, Department of Families, Fairness and Housing, and Chief Executive Officer, Homes Victoria, *Transcript of evidence*, p. 3.

⁷⁰ Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 41.

⁷¹ *Ibid.*

⁷² Department of Health and Human Services, *Annual Report 2019–20*, p. 101 (Committee calculation).

⁷³ *Ibid.* (Committee calculation); Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 41.

In their response to the Committee's questions on notice, DFFH detailed other accommodation options that were provided by the department in 2020–21 to people experiencing family violence. These included:

- Specialist Family Violence Services, including additional security measures which may be provided, that aim to support family violence victims to stay in their own homes.
- Temporary accommodation which may be provided at motels, with additional Family Violence outreach support.
- Crisis accommodation which may be provided where accommodation at refuges is not suitable.⁷⁴

The *Resource Management Framework* requires that all significant movements between performance measure targets and expected outcomes include a footnote disclosure.⁷⁵ This disclosure is useful in helping readers of annual reports to understand the context of why a department's performance measures performed differently to expected outcomes during the reporting period. To improve on conveying information to the reader, with reference to DFFH's performance measure 'number of nights of refuge accommodation provided to victims of family violence', DFFH consider detailing in its annual report a footnote disclosure or additional commentary, any additional work undertaken by the department to support people seeking refuge as a result of family violence in 2020–21.

FINDING 35: COVID-19 restrictions in 2020–21 meant that family violence refuges that were designed to be communal could only house single families. This resulted in the Department of Families, Fairness and Housing (DFFH) being unable to meet the 2020–21 targets set for the performance measures 'number of nights of refuge accommodation provided to victims of family violence' and 'number of family violence victims who receive a refuge response'. However, DFFH provided a number of alternative accommodation options to people experiencing family violence in 2020–21.

RECOMMENDATION 7: Where the Department of Families, Fairness and Housing is unable to meet performance measure targets under the Housing Assistance output but alternative support options have been facilitated by the department, a footnote disclosure or additional commentary providing this detail be included in its annual report.

⁷⁴ Ms Sandy Pitcher, Secretary, Department of Families, Fairness and Housing, 2020–21 Financial and Performance Outcomes hearings, response to questions on notice received 23 November 2021, p. 18.

⁷⁵ Department of Treasury and Finance, *Resource Management Framework Part 1 of 2 - main document - Effective from 1 July 2021*, Melbourne, 2021, p. 51.

Family Violence—Service Delivery

In 2020–21, DFFH accessed \$8.5 million in Treasurer’s Advances to provide *Further Family Violence measures to respond to COVID-19*, as the Government expected there would be an increase in reporting of family violence incidents as COVID-19 restrictions eased.⁷⁶ DFFH stated there was a ‘strong focus on family violence throughout COVID-19’⁷⁷ due to the challenges arising from social distancing and lockdowns that impacted families.⁷⁸

The performance measure ‘total assessments undertaken at the Support and Safety Hubs’ achieved 31,072 assessments in 2020–21, 37.9% more than the target of 22,536 and 37.9% higher than the 2019–20 result of 22,527.⁷⁹ DFFH attributed the 2020–21 result to increased capacity to undertake assessments from the establishment of three new sites and the expansion of existing sites during the year.⁸⁰

In the 2017–18 Budget \$1.6 billion was allocated for new family violence output initiatives over 2016–17 to 2020–21.⁸¹ Of the \$1.6 billion, \$381.7 million was allocated to *Establishing Support and Safety Hubs* over the five-year period in output funding and another \$66.3 million in asset funding.⁸² These Hubs, also known as the Orange Door network, act as a ‘central point for information, triage and access to services for women and children experiencing family violence’.⁸³ The Orange Door network provides initial support to those in need and can help connect individuals to services such as risk and needs assessments, safety planning and crisis support.⁸⁴

In 2020–21 three Orange Doors were established, bringing the total number to eight as at 30 June 2021.⁸⁵ Seventeen Orange Door locations were recommended to be established by 1 July 2018 by the *2015 Royal Commission into Family Violence* to achieve State-wide coverage, with one in each DFFH geographical area.⁸⁶ The Victorian Government has committed to establishing all 17 locations by the end of 2022.⁸⁷

76 Department of Families, Fairness and Housing, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 22.

77 Ms Sandy Pitcher, Secretary, Department of Families, Fairness and Housing, *Transcript of evidence*, p. 19.

78 Ibid.

79 Assessments involve working with people to identify and support their needs as related to their risk and safety. Assessments includes engagement with the individual and gathering information to understand the situation. Analysis of this information will inform the type of service response required. Source: Victorian Government, *The Orange Door service model – Assessment and Planning*, 20 January 2020, <<https://www.vic.gov.au/orange-door-service-model/assessment-and-planning>> accessed 3 February 2022; Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 42; Department of Health and Human Services, *Annual Report 2019–20*, p. 102 (Committee calculation).

80 Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 42.

81 Department of Treasury and Finance, *Budget Paper No. 3: 2017–18*, pp. 5–6 (Committee calculation).

82 Ibid., pp. 5, 17 (Committee calculation).

83 Ibid., p. 8; Victorian Government, *The Orange Door service model*.

84 Victorian Government, *Family Violence Reform Rolling Action Plan 2020–2023 – The Orange Door Network*, 19 April 2021, <<https://www.vic.gov.au/family-violence-reform-rolling-action-plan-2020-2023/orange-door>> accessed 3 February 2022.

85 Department of Families, Fairness and Housing, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 14.

86 The 17 DFFH areas were previously known as the DHHS areas. Source: Victorian Government, *Family violence recommendations – Support and Safety Hubs in the 17 Department of Health and Human Services regions*, 22 September 2021, <<https://www.vic.gov.au/family-violence-recommendations/support-and-safety-hubs-17-department-health-and-human-services>> accessed 7 February 2022.

87 Ibid.; Royal Commission into Family Violence, *Summary and recommendations*, Melbourne, March 2016, p. 55.

FINDING 36: The Department of Families, Fairness and Housing’s performance measure ‘total assessments undertaken at the Support and Safety Hubs’ achieved 37.9% more than its target for 2020–21 and 37.9% more than the result from 2019–20. In 2020–2021, three Orange Doors were established. More assessments were undertaken in 2020–21 as new sites were established and existing sites were expanded.

4.5.2 Child protection

Several topics relevant to the Child Protection portfolio in 2020–21 were discussed at the hearings, including how:

- service delivery had changed due to COVID-19 public health restrictions
- the child protection workforce had been bolstered
- patterns in deaths of children known to child protection revealed that the biggest increase in cause of death in 2020–21 was Sudden Unexpected Death in Infancy
- in only eight of the 45 deaths of children known to child protection in 2020–21, had a report about the child been received at the time of injury or illness that led to their death, and these children were not previously known to child protection.⁸⁸

The evidence received regarding service delivery and workforce is considered in more detail below.

Service delivery

The 2020–21 Budget provided \$1.4 billion in new initiatives under the Child Protection and Family Services output, with \$456.3 million allocated to the 2020–21 year.⁸⁹ Of the \$456.3 million allocated to 2020–21, \$244.6 million related to the *Coronavirus (COVID-19) social services response*.⁹⁰ This initiative provided funding ‘to support vulnerable Victorians during the coronavirus (COVID-19) pandemic, including for foster and kinship carers’.⁹¹

At the hearings DFFH explained to the Committee that service delivery in child protection had changed due to COVID-19 social distancing restrictions and lockdowns.⁹² Phone calls and videoconferencing were used in lieu of face-to-face service delivery, although face-to-face services continued in some circumstances. Broader government and service agencies continued to be utilised in assisting with child safety. For example,

⁸⁸ Ms Sandy Pitcher, Secretary, Department of Families, Fairness and Housing, *Transcript of evidence*, p. 16.

⁸⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 63.

⁹⁰ The \$224.6 million includes Commonwealth funding received under the *National Partnership on COVID-19 Domestic and Family Violence Responses* and the *National Partnership on COVID-19 Response*. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 63.

⁹¹ *Ibid.*, p. 68.

⁹² Ms Sandy Pitcher, Secretary, Department of Families, Fairness and Housing, *Transcript of evidence*, p. 15.

schools who were aware of issues, community groups and other service providers remained in contact with vulnerable persons throughout the pandemic.⁹³

FINDING 37: The 2020–21 Budget allocated \$456.3 million to the *Coronavirus (COVID-19) social services response* initiative in 2020–21 to support vulnerable Victorians during the year and the Department of Families, Fairness and Housing modified some of its service delivery in child protection to utilise phone and videoconferencing services due to COVID-19 restrictions.

Additional service delivery data published with DFFH's 2020–21 Annual Report outlined that the average rate of cases where a child was awaiting to be allocated to a permanent child protection practitioner was 10.1% in 2020–21.⁹⁴ This is known as an unallocated case. A review of the service delivery data published with DHHS' 2019–20 Annual Report revealed the average rate of unallocated cases was 8.6% in 2019–20.⁹⁵ DFFH explained that the slight increase in the rate of unallocated cases 'may be due to a combination of factors, including the need to ensure resources are allocated to the most urgent cases where children are at highest risk'.⁹⁶

The Committee notes that comparative information for prior years and a commentary relating to the movement of unallocated cases from year to year was not included in the additional service delivery data published with DFFH's 2020–21 Annual Report. This type of reporting on unallocated cases would assist the community to assess the effectiveness of government investment in the child protection space.

FINDING 38: In child protection, an unallocated case is where a child is not allocated to a permanent child protection practitioner. There was an average rate of 10.1% of unallocated cases during 2020–21, an increase from 8.6% in 2019–20. Commentary on this year-on-year percentage increase was not included in the child protection and family services additional service delivery data published with the Department of Families, Fairness and Housing's 2020–21 Annual Report.

RECOMMENDATION 8: The Department of Families, Fairness and Housing consider including in the child protection and family services additional service delivery data published with its Annual Report, the year-on-year results for the average percentage of unallocated cases under the Child Protection and Family Services output and provide commentary to explain any percentage change.

⁹³ Ibid., p. 19.

⁹⁴ Department of Families, Fairness and Housing, *Annual Report 2020–21, Additional service delivery data, Child protection and family services*, Melbourne, 2021, p. 4.

⁹⁵ Ibid.

⁹⁶ Ibid.

Workforce

In 2020–21 funding was allocated to grow the child protection workforce, including \$91.2 million to the *Maintaining the capacity of the children and families system* initiative and \$4.2 million to the *Pathways to employment in growth sectors* initiative.⁹⁷ DFFH's *Child protection workforce strategy 2021–2024* was also released in August 2021 to outline the key actions, priorities and strategies required to build and support the child protection workforce.⁹⁸ DFFH's 2020–21 Annual Report detailed that in 2020–21 there was a 'focus to build and develop the child protection workforce by streamlining recruitment processes for graduates, increasing professional development programs and strengthening partnerships with stakeholders and tertiary education providers'.⁹⁹

At the hearings, DFFH confirmed that the 2020–21 Budget funded 239 new child protection practitioners in 2020–21.¹⁰⁰ DFFH's Annual Report also provided that there were 2,121.1 FTE employees under the department's child protection category in June 2021, slightly up from 2,047.5 FTE in June 2020.¹⁰¹ While this high-level reporting is useful, noting the Government's substantial investment and focus on enhancing the child protection workforce, a breakdown of the workforce—such as child practitioners operating in the areas of foster, residential or kinship care—would assist in understanding how areas of the child protection workforce are changing over time and allow for assessment of the initiatives to grow the child protection workforce and the *Child protection workforce strategy 2021–2024*. By comparison, the Committee notes that the Budget includes performance measures under the Child Protection and Family Services output that report on numbers of children in care disaggregated to the type of care placements they are in, comprising foster, residential and kinship.¹⁰²

FINDING 39: While the Department of Families, Fairness and Housing's 2020–21 Annual Report provides the total number of employees under the department's child protection category, it does not provide a breakdown of the workforce—such as the number of child practitioners nor whether they are operating in foster, residential or kinship care.

RECOMMENDATION 9: The Department of Families, Fairness and Housing consider publishing in its next Annual Report a breakdown of the child protection workforce by classification, including child practitioners working in foster, residential and kinship care.

⁹⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 64, 69.

⁹⁸ Department of Families, Fairness and Housing, *Child protection workforce strategy 2021–24*, Melbourne, 2021, p. 8.

⁹⁹ Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 21.

¹⁰⁰ Work undertaken by child protection practitioners includes 'investigating allegations of abuse and neglect, determining appropriate actions, supporting the child and family through the process, planning for the child's care and wellbeing, and presenting information to court'. Source: Department of Families, Fairness and Housing, *Annual Report 2020–21, Additional service delivery data, Child protection and family services*, p. 4; Ms Sandy Pitcher, Secretary, Department of Families, Fairness and Housing, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 12 November 2021, *Transcript of evidence - amendment*, p. 1.

¹⁰¹ The Child Protection category includes 'all Child Protection classified staff within DFFH, including Family Safety Victoria-funded positions'. Source: Department of Families, Fairness and Housing, *Annual Report 2020–21*, pp. 70–71; Department of Health and Human Services, *Annual Report 2019–20*, p. 123.

¹⁰² Department of Families, Fairness and Housing, *Annual Report 2020–21*, p. 38.

5 Department of Education and Training

5.1 Description of the Department of Education and Training

The Department of Education and Training (DET) is responsible for delivering and regulating state-wide learning and development services to at least one-third of all Victorians across early childhood, school education, and training and skills sectors.¹ DET's objectives are to:

- raise standards of learning and development achieved by Victorians using education, training, and early childhood development services
- increase the number of Victorians actively participating in education, training, and early childhood development services
- increase the contribution that education, training, and early childhood development services make to good health and quality of life for all Victorians, particularly children and young people
- increase the productivity of DET's services.²

5.2 Outcomes achieved

As part of its response to the Committee's questionnaire, DET advised of the five programs that delivered the most important outcomes in the community achieved in 2020–21.³ These programs included:

- *Ready for school: Kinder for every three-year-old* program—the roll out of universal three-year-old kindergarten continued to further local government areas.
- New school construction—the Government continued to plan, progress and complete new school construction, with plans to open 100 new schools between 2019 and 2026.
- *Respectful relationships* initiative—the rollout of the Government's program continued in 2020–21 with more than 1,950 Government, Catholic and independent schools now participating in the initiative.⁴

1 Department of Education and Training, *Annual Report 2020–21*, Melbourne, 2021, p. 7.

2 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 160.

3 Department of Education and Training, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, received 29 October 2021, pp. 11–14.

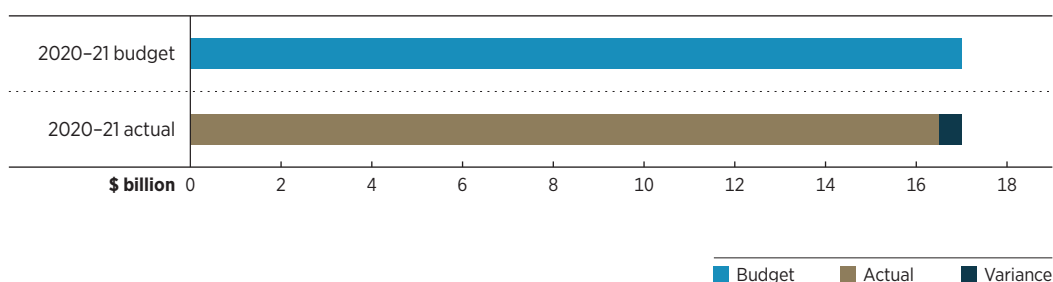
4 Ibid.

5.3 Financial analysis

5.3.1 Output expenditure

In 2020–21 DET's budget was \$17 billion.⁵ Actual expenditure for the year was \$16.6 billion, representing an underspend of 2.7%.⁶ This variance was predominantly driven by a 10.6% or \$295 million underspend in the Training, Higher Education and Workforce Development output.⁷ In 2020–21 DET recorded an underspend in all outputs except for the Support Services Delivery output, which met its budget.⁸

Figure 5.1 Department of Education and Training—Budget vs Actual, 2020–21



Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 161; Department of Education and Training, *Annual Report 2020–21*, Melbourne, 2021, pp. 27–44 (Committee calculation).

Table 5.1 shows DET's budget and expenditure by output in 2020–21.

Table 5.1 Department of Education and Training—Expenditure by output, 2020–21

Output	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Strategy, Review and Regulation	118.4	115.3	-2.6
Early Childhood Education	857.6	822.3	-4.1
School Education—Primary	6,431.3	6,392.9	-0.6
School Education—Secondary	5,158.9	5,133.9	-0.5
Training, Higher Education and Workforce Development	2,796.2	2,501.2	-10.6
Support Services Delivery	387.7	387.7	0.0
Support for Students with Disabilities	1,242.6	1,196.6	-3.7
Total	16,992.7	16,549.9	-3

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 161; Department of Education and Training, *Annual Report 2020–21*, Melbourne, 2021, pp. 27–44 (Committee calculation).

5 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 161.

6 Department of Education and Training, *Annual Report 2020–21*, pp. 27–44 (Committee calculation).

7 Ibid., pp. 40–42 (Committee calculation).

8 Ibid., pp. 27–44.

5.3.2 Revenue and expenses

In 2020–21 DET's actual output appropriations grew by 8.4% from 2019–20 to \$16.1 billion.⁹ DET reported this increase was due to several factors, including enterprise bargaining agreement wage increases, student enrolment growth and new initiatives approved in the 2019–20 Budget.¹⁰

In 2020–21 DET's revenue from the sales of goods and services declined by 16.3% from 2019–20 to \$637 million, reflecting a decreased volume in school and Training and Further Education (TAFE) activities due to the COVID-19 pandemic. The department advised this reduced revenue had a minimal impact as there was a lower volume of educational activities in the financial year, also attributable to the pandemic.¹¹

In 2020–21 DET's employee expenses grew by 6.7% from 2019–20 to \$8.9 billion. This was mainly due to salary increases in line with the Teaching Service and Victorian Public Service enterprise agreements, and salaries for additional teachers and their associated entitlements to support enrolment growth.¹² DET's total full-time equivalent (FTE) employees grew by 4.7% between 2019–20 and 2020–21, with the department employing 73,242.6 FTE staff at the end of 2020–21 financial year.¹³

Between 2019–20 and 2020–21 DET reduced their expenditure on contractors, consultants and labour hire by 8.9% or \$14.4 million to incur only \$147 million.¹⁴ DET advised a significant driver of this expenditure is the need for project based technical specialists to deliver information technology projects and the school infrastructure program.¹⁵

The Department of Treasury and Finance reported that in 2020–21, DET spent just over \$1 billion on COVID-19 response and recovery.¹⁶ DET's expenditure and performance related to COVID-19 is discussed further in Section 5.5.1.

5.3.3 Overall financial performance

Table 5.2 summarises DET's overall financial performance in 2020–21.

⁹ Department of Education and Training, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, p. 72 (Committee calculation).

¹⁰ Ibid.

¹¹ Ibid., p. 73 (Committee calculation).

¹² Ibid., p. 79 (Committee calculation).

¹³ Ibid., p. 110 (Committee calculation).

¹⁴ Ibid., p. 106 (Committee calculation).

¹⁵ Ibid.

¹⁶ Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 18 January 2022.

Table 5.2 Department of Education and Training—Summary of Comprehensive Operating Statement, 2020–21

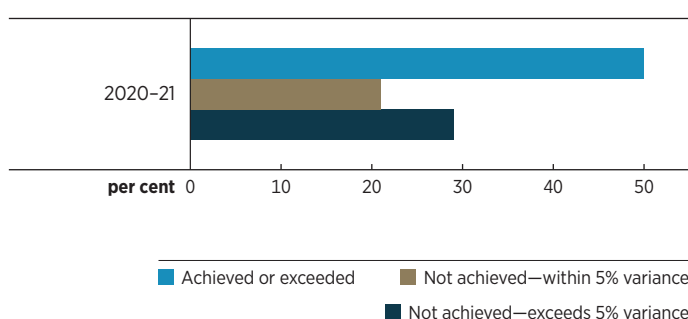
Controlled Items	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Income from transactions	17,400.8	17,179.9	-1
Expenses from transactions	16,992.6	16,549.9	-3
Net result	408.2	629.9	54

Source: Department of Education and Training, *Annual Report 2020–21*, Melbourne, 2021, p. 207.

FINDING 40: The Department of Education and Training’s Comprehensive Operating Statement in 2020–21 reflects a stable position as overall income exceeds expenses.

5.4 Performance information

In 2020–21 DET achieved or exceeded 50% of its 92 performance measures, did not achieve 21% of its measures within a 5% variance and did not achieve 29% exceeding a 5% variance.¹⁷

Figure 5.2 Department of Education and Training—Performance measurement results, 2020–21

Source: Department of Education and Training, *Annual Report 2020–21*, Melbourne, 2021, pp. 27–44 (Committee calculation).

FINDING 41: In 2020–21 the Department of Education and Training achieved or exceeded 50% of its performance measures.

DET’s highest performing output was Strategy, Review and Regulation, which achieved 60% (3 of 5) of its measures,¹⁸ and its lowest performing output was School Education – Secondary, which achieved 39% (9 of 23) of its measures.¹⁹

¹⁷ Department of Education and Training, *Annual Report 2020–21*, pp. 27–44 (Committee calculation).

¹⁸ Ibid. (Committee calculation).

¹⁹ Ibid. (Committee calculation).

5.5 Key issues

5.5.1 Impact of the COVID-19 pandemic

In 2020–21 the COVID-19 pandemic had a continued impact on the education sector in Victoria. According to DET, the department experienced a number of challenges related to the pandemic.²⁰ These included:

- responding to COVID-19 cases in education settings, which continues to involve working through the department’s COVID-19 Incident Coordination and Response Team to support education providers to prevent and respond to COVID-19 cases
- providing remote and flexible learning across the education sector
- restrictions on DET’s international student program
- delivering the Victorian Certificate of Education and the Victorian Certificate of Applied learning in 2020.²¹

COVID-19 expenditure

During 2020–21 DET reported 28 initiatives that formed part of its COVID-19 response.²² Twenty-one of these initiatives were funded through the 2020–21 Budget and expenditure to 30 June 2021 totalled just over \$1 billion.²³ The initiatives included:

- Business continuity grants to the TAFE and training sector—\$285.8 million. This provided revenue to some providers to reduce financial uncertainty.
- University support and economic recovery—\$153.3 million. This supported Victoria’s universities through the Higher Education State Investment fund.
- TAFE and training driving economic recovery—\$152.5 million. This provided funding to meet the anticipated demand for training.²⁴

While DET advised that spending on these initiatives is being tracked internally by relevant business areas, the majority of DET’s on budget COVID-19 initiatives do not have attached performance measures listed in the Budget.²⁵

RECOMMENDATION 10: The Department of Education and Training develop performance measures for its ongoing COVID-19 initiatives, for inclusion in the next Budget.

²⁰ Department of Education and Training, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, pp. 160–163.

²¹ Ibid.

²² Ibid., pp. 83–103.

²³ Ibid., pp. 83–98 (Committee calculation).

²⁴ Ibid., pp. 83–85.

²⁵ Ibid., pp. 83–98, 103.

In 2020–21 DET also had seven off budget COVID-19 initiatives totalling \$85.6 million in expenditure²⁶ which, among other things, funded enhanced school cleaning and the purchase of information and communication technology devices for schools.²⁷ DET advised the Committee that a majority of these initiatives were funded internally by the department, either partially or fully. Where this was not reported it was unclear how DET funded the initiatives.²⁸ In contrast to other departments, DET did not draw Treasurer’s Advances in 2020–21 for COVID-19 initiatives or for any other initiatives.²⁹

FINDING 42: In 2020–21 the Department of Education and Training (DET) spent \$1.1 billion on COVID-19 responses, which were funded through the 2020–21 Budget and internally by the department. In contrast to other departments, DET did not draw Treasurer’s Advances in 2020–21.

Performance measures and service delivery

In 2019–20 DET’s performance was minimally impacted by the COVID-19 pandemic, with only two performance measures not meeting targets as a result of the pandemic.³⁰ This changed significantly in 2020–21. Of the 46 measures not met by DET in 2020–21, 23 were impacted wholly or partly by the pandemic³¹ with ‘changes to service delivery’ because of COVID-19 affecting ‘some processes and data collections’.³²

The Committee identified trends in the performance measures that failed to meet their targets. A number of audits and inspections were not undertaken in registered training organisations (RTOs), government schools and kindergartens due to the pandemic,³³ including:

- number of RTO quality audits and school reviews undertaken annually, which recorded a -23.5% variance³⁴
- proportion of approved eligible services assessed and rated, which recorded a -75% variance³⁵
- average number of inspections per service, which recorded a -31.8% variance.³⁶

²⁶ Ibid., pp. 99–103 (Committee calculation).

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid., pp. 18–32.

³⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, May 2021, p. 46.

³¹ Department of Education and Training, *Annual Report 2020–21*, pp. 27–44 (Committee calculation).

³² Ibid., p. 14.

³³ Ibid., pp. 27–44.

³⁴ Ibid., p. 27.

³⁵ Ibid., p. 29.

³⁶ Ibid.

FINDING 43: In 2020–21 the Department of Education and Training was unable to undertake a number of audits and inspections of registered training organisations and early childhood education facilities due to the COVID-19 pandemic.

In its *Report on the 2019–20 Financial and Performance Outcomes*, the Committee identified that DET had not met its targets for ‘average days lost due to absence’ of primary and secondary school students in each year level for the past three years, and that performance was declining.³⁷ In 2020–21 DET was able to improve on and meet set targets for all year levels subject to this measure.³⁸ DET reported this was due to fewer absences for illness and family holidays, owing to remote learning reducing absences.³⁹

However, the result was the inverse for Aboriginal students. For Aboriginal students between Prep and Year 6 and between Years 7 to 12, the target for ‘average days lost due to absence’ was not met and performance was poorer than in 2019–20.⁴⁰ DET reasoned that this outcome was likely due to the impact of the COVID-19 pandemic and remote and flexible learning,⁴¹ demonstrating that some students benefited from remote learning while others did not.

DET recognised that such a result suggests Aboriginal students and families were more likely to experience vulnerability during the pandemic, which impacted school attendance. In response DET deployed additional Koorie engagement workers and Multicultural Education Aides to support engagement.⁴²

FINDING 44: The performance outcome for ‘average days lost due to absence’ improved overall for primary and secondary school students in 2020–21 yet worsened for Aboriginal students. While these outcomes demonstrate the inequitable impacts of the COVID-19 pandemic and remote learning on Aboriginal primary and secondary school students, the Department of Education and Training are taking steps to address this.

³⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, pp. 50–51.

³⁸ Department of Education and Training, *Annual Report 2020–21*, pp. 21, 32, 37.

³⁹ Ibid.

⁴⁰ Ibid., pp. 32, 37.

⁴¹ Ibid.

⁴² Department of Education and Training, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, pp. 148, 151.

5.5.2 School student academic achievement

The National Assessment Program – Literacy and Numeracy (NAPLAN)⁴³ was cancelled in 2020 due to the pandemic, which limited the ability to identify the academic impacts of remote and flexible learning on Victorian students.⁴⁴ However, NAPLAN was held in 2021, allowing for comparison between 2019 and 2021 results.⁴⁵

During the hearings DET told the Committee that the preliminary NAPLAN results for Victoria did not demonstrate a detrimental impact to academic achievement and progress between 2019 and 2021.⁴⁶ Victoria also recorded high results compared to other states and territories across a majority of NAPLAN testing areas.⁴⁷ The results for Victoria showed no statistically significant negative changes between 2019 and 2021.⁴⁸

Table 5.3 National Assessment Program – Literacy and Numeracy—Victorian students at or above the National Minimum Standard—2019 and 2021

	Year	At or above National Minimum Standard ^a (%)	At or above National Minimum Standard (%)
		2019	2021
Reading	3	96.6	96.6
	5	95.9	96.3
	7	95.7	95.7
	9	92.4	91.5
Writing	3	96.6	97.7 ^b
	5	95.3	96.0
	7	92.6	92.7
	9	85.8	85.0
Spelling	3	94.7	94.7
	5	95.1	94.9
	7	93.9	94.7
	9	92.5	91.3

⁴³ NAPLAN is an annual assessment of students in years 3, 5, 7 and 9 and is held nationwide. NAPLAN results allow parents/carers and educators to see how students are progressing in literacy and numeracy over time – individually, as part of their school community, and against national standards. Source: National Assessment Program, *NAPLAN*, 2016, <<https://www.nap.edu.au/naplan>> accessed 14 January 2022.

⁴⁴ Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government's response to the COVID-19 pandemic*, February 2021, p. 221.

⁴⁵ Australian Curriculum, Assessment and Reporting Authority, *Release of NAPLAN national report 2021*, media release, 15 December 2021.

⁴⁶ Dr David Howes PSM, Deputy Secretary, Schools and Regional Services, Department of Education and Training, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 10 November 2021, *Transcript of evidence*, p. 22.

⁴⁷ Ms Jenny Atta PSM, Secretary, Department of Education and Training, 2020–21 Financial and Performance Outcomes hearing presentation, supplementary evidence received 10 November 2021, p. 9.

⁴⁸ Australian Curriculum, Assessment and Reporting Authority, *Release of NAPLAN national report 2021*.

	Year	At or above National Minimum Standard ^a (%)	At or above National Minimum Standard (%)
		2019	2021
Grammar & punctuation	3	96.0	95.4
	5	94.3	96.0 ^b
	7	93.8	92.7
	9	90.4	89.9
Numeracy	3	96.4	95.9
	5	96.4	96.2
	7	95.7	95.0
	9	96.2	95.5

- a. The NAPLAN national minimum standards (NMS) describe the skills and understandings students can generally demonstrate at their particular year of schooling, in a specific subject area or domain. Students who are below the NMS have not achieved the learning outcomes expected for their year level.
- b. Statistically significant gain.

Source: National Assessment Program, *Standards*, 2016, <<https://www.nap.edu.au/results-and-reports/how-to-interpret/standards>> accessed 14 January 2021; National Assessment Program, *Time Series*, 2021, <<https://reports.acara.edu.au/Home/TimeSeries>> accessed 14 January 2021.

FINDING 45: There were no statistically significant negative changes to Victorian student's National Assessment Program – Literacy and Numeracy (NAPLAN) test results between 2019 and 2021. The NAPLAN test was cancelled in 2020 due to the COVID-19 pandemic.

As discussed during the hearings, NAPLAN results show academic skills for Victorian students as a group, focused on literacy and numeracy. The Australian Curriculum, Assessment and Reporting Authority (ACARA) have noted that between 2019 and 2021 the gap between NAPLAN results for high and low socio-educational groups widened, but further analysis was needed to determine whether this was related to the COVID-19 pandemic or part of a long-term national trend.⁴⁹

In the context of the 2021 NAPLAN results and alternate ways in which the department and schools were monitoring achievement during the COVID-19 pandemic, DET spoke about the *Tutor Learning Initiative*.⁵⁰ The initiative received \$219.9 million for government schools and \$30 million for non-government schools in the 2020–21 Budget.⁵¹

As at 30 June 2021, 6,050 tutors were employed in schools to deliver small group learning support to students who were most impacted by the interruption to face to face learning.⁵² Approximately 126,000 students had been supported by tutors by

⁴⁹ Australian Curriculum, Assessment and Reporting Authority, *Release of NAPLAN national report 2021*.

⁵⁰ Dr David Howes PSM, Deputy Secretary, Schools and Regional Services, Department of Education and Training, *Transcript of evidence*, p. 23.

⁵¹ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 27–28.

⁵² Ibid., p. 35; Ms Jenny Atta PSM, Department of Education and Training, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 10 November 2021, *Transcript of evidence* p. 3.

the end of the 2020–21 financial year in government and non-government schools, approximately 74,000 below the 200,000 students expected to be supported by the program.⁵³ The Committee reported in its *Inquiry into the COVID-19 Pandemic* that DET estimated 200,000 students, or a fifth of Victorian students, would need support to catch up after remote learning.⁵⁴ The Government has announced the program will continue to the end of 2022.⁵⁵

FINDING 46: By 30 June 2021, 6,050 tutors had been deployed, and approximately 126,000 students had been supported, as part of the *Tutor Learning Initiative* which will continue to the end of 2022. The Department of Education and Training estimated 200,000 students would need support to catch up after remote learning.

DET advised the Committee that the program intended to ‘close the gap’ in education for students on an individual basis and was being evaluated by Deloitte Access Economics, which would increase understanding of how student learning, engagement and attendance is tracking.⁵⁶

RECOMMENDATION 11: The Department of Education and Training provide the Public Accounts and Estimates Committee with the Deloitte Access Economics evaluation of the *Tutor Learning Initiative* when available.

5.5.3 Mental health programs in primary and secondary schools

The Government provided \$28.5 million over two years for youth mental health support in the 2020–21 Budget.⁵⁷ The funding allowed for the expansion of existing mental health and wellbeing supports in schools including the Navigator program,⁵⁸ LOOKOUT,⁵⁹ Headspace mental health training, *Mental health practitioners in secondary schools* and *Mental health in primary schools* programs.⁶⁰

The *Mental health practitioners in secondary schools* and *Mental health in primary schools* programs were discussed at length during the hearings, with a focus on the

53 Hon Daniel Andrews MP, *Thousands of Tutors to Bring Students Up to Speed*, media release, 13 October 2020; Department of Education and Training, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, pp. 86, 90.

54 Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government’s response to the COVID-19 pandemic*, pp. 220–221.

55 Hon James Merlino MP, *Tutor Program to Continue in Victorian Schools*, media release, 4 October 2021.

56 Dr David Howes PSM, Deputy Secretary, Schools and Regional Services, Department of Education and Training, *Transcript of evidence*, p. 23.

57 Ms Jenny Atta PSM, Secretary, Department of Education and Training, *Transcript of evidence*, p. 3; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 28.

58 The Navigator program supports disengaged young people to return to education and learning. Source: Department of Education and Training, *The Navigator program*, 2019, <<https://www.education.vic.gov.au/school/teachers/behaviour/engagement/Pages/navigator.aspx>> accessed 14 January 2022.

59 The LOOKOUT program aims to improve the education outcomes for school aged children in out-of-home care. Source: The Sector, *Vic Government Announces LOOKOUT Program Expansion*, 8 October 2018, <<https://thesector.com.au/2018/10/08/vic-government-announces-lookout-program-expansion>> accessed 14 January 2022.

60 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 36.

rollout of the programs and how they had assisted students during the COVID-19 pandemic.

During the hearings DET advised that the *Mental health in primary schools* program was developed with the Murdoch Children's Research Institute and focuses on prevention rather than post-mention or interventionist approaches. DET explained that it is a key mental health program for primary schools and was expanded to an additional 26 schools in 2020–21, partly in response to the pandemic.⁶¹

When asked how many primary school aged students sought mental health support during 2020–21, DET advised that as support is focused on prevention and early intervention that is often delivered to groups of students, the number of individual consultations for primary school students were not reported.⁶²

FINDING 47: As mental health support for students is focused on prevention and early intervention that is often delivered to groups, the Department of Education and Training does not report on how many primary school students access mental health support through their schools or how many students are reached through the *Mental health in primary schools* program.

The *Youth mental health support* program delivered as part of the 2020–21 Budget also included an extension of the *Mental health practitioners in secondary schools* program to 82 specialist schools with secondary school aged students.⁶³ Beginning in Term 3 2019 the program provides funding for all government secondary schools to employ a mental health practitioner (MHP).⁶⁴ By Term 4 2021 all schools had received funding for the program.⁶⁵

During the hearings the Committee requested data on the number of students who received mental health support through this program in 2020–21. Support includes student counselling, interventions and activities such as family support and referral to specialist services.⁶⁶ DET advised 23,975 MHP consultations were provided to approximately 5,300 students (Table 5.4).⁶⁷

⁶¹ Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education and Training, Financial and Performance Outcomes hearing, Melbourne, 10 November 2021, *Transcript of evidence*, p. 20; Ms Jenny Atta PSM, Secretary, Department of Education and Training, *Transcript of evidence*, p. 3.

⁶² Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education and Training, Financial and Performance Outcomes hearing, response to questions on notice, received 18 November 2021, p. 1.

⁶³ Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education and Training, *Transcript of evidence*, p. 4.

⁶⁴ Department of Education and Training, *Mental health practitioners in secondary schools*, 5 October 2021, <<https://www.education.vic.gov.au/school/teachers/health/mentalhealth/Pages/mental-health-practitioners-secondary.aspx>> accessed 14 January 2022.

⁶⁵ Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education and Training, *Transcript of evidence*, p. 21.

⁶⁶ Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education and Training, response to questions on notice, p. 1.

⁶⁷ Ibid.

Table 5.4 Number of students receiving support from a mental health practitioner by region, 2020–21

Region	Number of students receiving support (rounded)
North Eastern Victoria ^a	400
North Western Victoria	1,700
South Eastern Victoria	1,450
South Western Victoria	1,750
Total	5,300

a. North Eastern Victoria region implementation occurred later in the rollout which is reflected in the student intervention figures.

Source: Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education and Training, Financial and Performance Outcomes hearing, response to questions on notice, received 18 November 2021, p. 1.

FINDING 48: In 2020–21 mental health practitioners employed in secondary schools provided over 23,000 consultations to 5,300 students as part of the *Mental health practitioners in secondary schools* program.

DET also advised that an evaluation of the *Mental health practitioners in secondary schools* program was currently underway, to be completed in 2022.⁶⁸ The evaluation had already found that recruitment had been a key implementation challenge, which was being addressed by the placement of mental health coordinators in schools to support them through the recruitment of MHPs.⁶⁹

RECOMMENDATION 12: The Department of Education and Training provide the Public Accounts and Estimates Committee with the evaluation of the *Mental health practitioners in secondary schools* when it is completed.

Student mental health and wellbeing is a focus of the department as evidenced by its numerous programs in this area and the funding committed in the 2021–22 Budget to acquit several of the recommendations from the Royal Commission into Victoria's Mental Health System.⁷⁰

This focus is also reflected in the department's overall objectives, which include wellbeing with a strong focus on mental health.⁷¹ Most of the indicators against the wellbeing objective are associated with student behavioural issues and how connected

68 Department of Education and Training, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, p. 133; Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education and Training, *Transcript of evidence*, p. 21.

69 Mr Stephen Fraser, Deputy Secretary, School Education Programs and Support, Department of Education and Training, *Transcript of evidence*, p. 21.

70 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 48.

71 Department of Education and Training, *Annual Report 2020–21*, p. 22.

and safe students feel at school.⁷² There are two performance measures associated with the LOOKOUT and Navigator programs,⁷³ however performance measures associated with the *Mental health practitioners in secondary schools* and the *Mental health in primary schools* initiatives have not yet been developed.

The Committee has previously recommended DET establish effective mechanisms to quantify the level of access to MHP services and outcomes for students accessing this service. DET supported the recommendation in part, stating quantifying outcomes was difficult due to confidentiality constraints.⁷⁴ However, performance measures with targets related to the number of sessions undertaken, students consulted and/or measures related to school or teacher satisfaction with the *Mental health practitioners in secondary schools* and the *Mental health in primary schools* initiatives could be considered.

RECOMMENDATION 13: The Department of Education and Training develop comprehensive quantity and quality performance measures related to its mental health and wellbeing programs, including the *Mental health practitioners in secondary schools* and the *Mental health in primary schools* programs.

5.5.4 Vocational and Educational Training completions, commencements and quality

In its *Report on the 2019–20 Financial and Performance Outcomes* the Committee noted a decline over a number of years in Vocational and Educational Training (VET) course completions and Certificate III or above completions.⁷⁵ This trend has continued in 2020, with VET course completions dropping from 94,200 in 2019 to 71,600 in 2020; and Certificate III or above completions dropping from 71,600 in 2019 to 53,800 in 2020.⁷⁶

The Committee asked the department about this decline in completions during the hearings and DET advised that the COVID-19 pandemic was a key contributor.⁷⁷ DET explained that the pandemic effected the ability of learners to undertake the practical elements of their training, such as onsite assessments which are not available during periods of remote learning. In some cases, jobsites were not accessible to learners due to health orders resulting in closures.⁷⁸ However DET also noted that continuing enrolments had increased, suggesting completions may rise in coming years.⁷⁹

⁷² Ibid., p. 24–25.

⁷³ Ibid., p. 39.

⁷⁴ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2019–20 Financial and Performance Outcomes*, 30 November 2021, p. 15.

⁷⁵ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, p. 5.

⁷⁶ Department of Education and Training, *Annual Report 2020–21*, p. 18.

⁷⁷ Ms Jenny Atta PSM, Secretary, Department of Education and Training, *Transcript of evidence*, p. 7.

⁷⁸ Dr Simon Booth, Executive Director, Tertiary Education Policy and Performance, Department of Education and Training, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 10 November 2021, *Transcript of evidence*, p. 7.

⁷⁹ Ibid.

Several other areas related to the VET sector underperformed in 2020–21, largely due to the impacts of the pandemic. Overall student commencements declined in 2020–21.⁸⁰ This was reflected by several performance measures which were not met including:

- number of government-subsidised course enrolments (performance variation of 6.4%)
- number of government-subsidised apprenticeship course enrolments (performance variation of 5.5%)
- number of government-subsidised course enrolments by students eligible for a fee concession (performance variation of 17.1%).⁸¹

While completions and commencements declined, indicators related to the quality of VET training increased or remained stable in 2020–21. Over the last several years improving the quality and outcomes of VET training has been a priority for the Victorian Government and the department. This is evidenced by the Skills First sector-wide training reforms, implemented in 2017 to protect the interests of students, support improved training quality and create stronger links between training and job outcomes.⁸²

Several performance measures associated with the quality of, and student and employer satisfaction with, VET training are shown below (Table 5.5). In general quality and satisfaction have been increasing since 2017.

Table 5.5 Vocational and Educational Training performance measures—quality and satisfaction, 2017–18 to 2020–21

Performance measure		2017–18	2018–19	2019–20	2020–21	Change from 2017–18 to 2020–21 (%)
Proportion of employers of apprentices and trainees who are satisfied with training	Target	76.5	76.5	77.6	77.6	+2.3
	Actual	76.8	77.6	78.5	79.1	
Proportion of VET completers who are satisfied with their training	Target	83.7	83.7	84.6	84.6	+2.7
	Actual	84	84.6	85.3	86.7	
Proportion of VET completers with an improved employment status after training	Target	51.8	51.8	51.8	51.8	+8.3
	Actual	47.1	51.4	50.1	55.4	
Proportion of VET completers who achieved their main reason for training	Target	78.7	78.7	83.4	83.4	+3.1
	Actual	82	83.4	83.5	85.1	

Source: Department of Treasury and Finance, *Departmental Performance Measures – Department of Education and Training*, 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departamental-statements>> accessed 14 January 2022.

⁸⁰ Ibid.; Department of Education and Training, *Annual Report 2020–21*, p. 22.

⁸¹ Department of Education and Training, *Annual Report 2020–21*, pp. 40–41.

⁸² Ibid., p. 20; Department of Education and Training, *Skills First: Real training for real jobs*, Melbourne, 2016, p. 3.

FINDING 49: Vocational and Educational Training (VET) course commencements and completions declined overall in 2020–21. These declines were largely related to travel restrictions, business constraints and training limitations due to the COVID-19 pandemic. Performance measures associated with quality of VET training remained stable or increased in 2020–21.

Enhancing TAFE and training for economic recovery

An important area of the 2020–21 Budget was funding for the TAFE and training sectors to stimulate economic recovery and train and retrain Victorians to find secure work during the COVID-19 pandemic.⁸³ Supporting people into work through training was a significant part of the ‘Jobs Plan’ of 2020–21, which laid out the Government’s strategy and targets for job creation during the COVID-19 pandemic.⁸⁴

The 2020–21 Budget invested \$1 billion in the sector for a number of programs and initiatives, including initiatives to grow apprenticeships, expand opportunities for apprentices and trainees on *Big Build* projects, retrain workers into high-priority industries and to support women, young people, migrants and vulnerable Victorians into TAFE and training.⁸⁵ Overall the 2020–21 Budget funded 80,000 extra training places over four years, 60,000 of which were to be offered as Free TAFE places.⁸⁶

Included in this investment was the *TAFE and training driving economic recovery* initiative, which was implemented to support subsidised training places and Free TAFE in priority areas, while adding more courses to the Free TAFE course list.⁸⁷ This initiative was put in place to respond to anticipated demand from students to undertake training to enhance their skills and employment opportunities in the context of the pandemic.⁸⁸

The data available on the outcomes achieved as a result of the increased funding in the sector is varied. DET’s annual report advised government subsidised course enrolments fell by over 30,000 between 2019–20 and 2020–21.⁸⁹ However, government subsidised course enrolments in the TAFE Network exceeded DET’s target in 2020–21 but were below the 2019–20 outcome by almost 10,000.⁹⁰ As discussed above commencements in training and TAFE declined in 2020–21, which could suggest there was less demand than expected.

⁸³ Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 14; Department of Treasury and Finance, *Victorian Budget 2020–21: Jobs Plan*, Melbourne, 2020, pp. 1, 2.

⁸⁴ Department of Treasury and Finance, *Victorian Budget 2020–21: Jobs Plan*, pp. 1, 2.

⁸⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 38–39; Department of Treasury and Finance, *Budget Paper No. 2: 2020–21*, p. 14.

⁸⁶ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2020, p. 95.

⁸⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 39.

⁸⁸ Ibid.

⁸⁹ Department of Treasury and Finance, *Departmental Performance Measures – Department of Education and Training, 2021*, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 14 January 2022.

⁹⁰ Ibid.

Data available for the uptake of Free TAFE suggests this area is performing marginally better. DET advised compared to 2018, in 2020 more people overall were enrolled in Free TAFE, and more women, people with a disability, regional and unemployed Victorians were taking Free TAFE courses.⁹¹ However, in 2020–21 around 30,000 students commenced a Free TAFE program, which is comparable to the 25,000 who commenced in the 6 month period, 1 January 2019 and 1 June 2019.⁹² While 47,400 were enrolled in Free TAFE at the end of December 2020, updated data shows this declined to 41,415 by 1 June 2021.⁹³ The most recent data on the training market suggests that compared to the first half of 2020, the first half of 2021 shows recovery and growth in government-funded training.⁹⁴

In terms of the outcomes and potential economic benefits of TAFE, 87% of government subsidised enrolments related to qualifications that 'lead directly to Victorian jobs and economic growth'.⁹⁵ It is unclear what assessment criteria or methodology is used by DET to calculate this figure.

In terms of employment outcomes for students, DET has one performance measure—proportion of VET completers with an improved employment status after training. While performance against this measure improved in 2020–21 it shows that only just over half (55.4%) of students who completed a VET course had an improved employment status.⁹⁶

As the \$1 billion invested in training and TAFE in the 2020–21 Budget is spread out over four years for a number of individual initiatives,⁹⁷ further economic and employment benefits as a result of this funding will likely be realised in coming years.

RECOMMENDATION 14: The Department of Education and Training provide further information regarding the outcomes of the \$1 billion investment in Training and Further Education (TAFE) and training in the next Budget and its next annual report, including the number of enrolments in Free TAFE priority courses, course completions and the employment outcomes achieved.

91 Ms Jenny Atta PSM, Secretary, Department of Education and Training, 2020–21 Financial and Performance Outcomes hearing presentation, p. 11.

92 Department of Education and Training, *Annual Report 2020–21*, p. iii; Department of Education and Training, *Skills First*, 11 October 2019, <<https://www.education.vic.gov.au/training/providers/funding/Pages/skillsfirst.aspx>> accessed 14 January 2022.

93 Department of Education and Training, *Training Market Highlights Half-Year 2021*, Melbourne, 2021, p. 1; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, p. 11.

94 Department of Education and Training, *Training Market Highlights Half-Year 2021*, p. 1.

95 Department of Education and Training, *Annual Report 2020–21*, p. iii.

96 Department of Treasury and Finance, *Departmental Performance Measures – Department of Education and Training*.

97 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 28.

RECOMMENDATION 15: The Department of Education and Training (DET) provide to the Committee the assessment criteria or methodology used by DET to calculate the outcomes and potential economic benefits of Training and Further Education (TAFE) courses. This should include how many TAFE enrolments and/or completions lead directly to a job, how many of these jobs were in priority industries and how this translates into economic growth for the State.

6 Department of Transport

6.1 Description of the Department of Transport

The Department of Transport's (DoT) mission is to meet the aspirations of Victorians for an integrated transport system that contributes to an inclusive, prosperous and environmentally responsible state.¹ The departmental objectives are to deliver:

- reliable and people-focused transport services
- safe and well-regulated transport services
- investments that achieve social and economic benefits
- sustainably managed fish and boating resources.²

DoT supports the ministerial portfolios of Transport Infrastructure, Public Transport, Roads and Road Safety, Ports and Freight and Fishing and Boating.³

6.2 Outcomes achieved

In response to the Committee's questionnaire, DoT advised of five programs it delivered in 2020–21 that achieved the most important outcomes in the community,⁴ including:

- Victoria's Big Build and other major projects—outcomes included 16 capital projects that reached practical completion, created jobs, and stimulated the economy.
- Public transport—all modes exceeded the punctuality target and customer satisfaction increased across most modes. DoT also provided new trams, trains and more accessible bus services.
- Roads and road safety—increased safety and accessibility for drivers, cyclists and pedestrians. Through the Smarter Roads program DoT provided new closed circuit television (CCTV) cameras, wireless traffic sensors and visual message boards with live travel time information which gave people more visibility of the road network.⁵

1 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 337.

2 Ibid., pp. 337–338.

3 Ibid., p. 337.

4 Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, pp. 10–15.

5 Ibid., p. 14; Department of Transport, *Annual Report 2020–21*, Melbourne, 2021, p. 145.

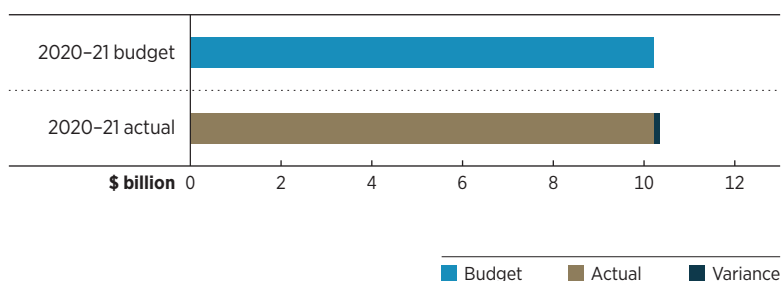
6.3 Financial analysis

6.3.1 Output expenditure

In 2020–21 DoT's budget was \$10.2 billion in output expenditure while actual expenditure was \$10.3 billion.⁶ This minor variance was mainly driven by underspends in the Road Operations – Road Safety output (-16.8%) and the Regulation of Commercial Passenger Vehicle Services output (-17.9%), which were partially offset by an overspend in the Transport Infrastructure output (20%).⁷

Figure 6.1 shows DoT's output expenditure variance in 2020–21.

Figure 6.1 Department of Transport—Budget vs Actual, 2020–21



Source: Department of Transport, *Annual Report 2020–21*, Melbourne, 2021, pp. 154–170 (Committee calculation).

Table 6.1 shows DoT's expenditure by output in 2020–21.

Table 6.1 Department of Transport—Expenditure by output, 2020–21

Output	2020–21 Target	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Bus Services – Metropolitan	803.3	790.9	-1.5
Bus Services – Regional	151.0	154.7	2.5
Bus Services – Statewide	319.5	293.0	-8.3
Road Operations – Road Network Performance	1,783.1	1,766.8	-0.9
Road Operations – Road Safety	118.0	98.2	-16.8
Train Services – Metropolitan	2,490.2	2,534.7	1.8
Train Services – Regional	1,394.9	1,392.6	-0.2
Train Services – Statewide	270.0	277.4	2.7
Tram Services	1,006.9	1,017.2	1.0
Regulation of Commercial Passenger Vehicle Services	129.6	106.4	-17.9

⁶ Ibid., pp. 154–170 (Committee calculation).

⁷ Ibid. (Committee calculation).

Output	2020–21 Target	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Transport Safety and Security	28.8	31.0	7.6
Ports and Freight	95.0	89.8	-5.5
Road Asset Management	807.4	822.5	1.9
Transport Infrastructure	754.4	905.4	20.0
Sustainably Managed Fish and Boating Resources	70.6	64.7	-8.4
Total	10,222.7	10,345.3	1.2

Source: Department of Transport, *Annual Report 2020–21*, Melbourne, 2021, pp. 154–170 (Committee calculation).

6.3.2 Revenue and expenses

Revenue

In 2020–21 DoT's actual output appropriation was \$8.5 billion, 1.9% higher than the budgeted \$8.4 billion,⁸ and 13.2% higher than the 2019–20 actual.⁹ DoT explained that the higher variances in both instances were due to additional funding received as part of the Government's continuing response to COVID-19.¹⁰

DoT's sale of goods and services was \$121 million in 2020–21, 46.7% lower than the budgeted \$227 million,¹¹ and 62.1% lower than 2019–20.¹² Sale of goods and services were impacted by reduced farebox revenue¹³ because of COVID-19 impacts on public transport patronage.¹⁴

Expenses

In 2020–21 DoT's employee benefits were \$662 million, 11.1% higher compared to the 2020–21 Budget.¹⁵ This was explained by the release of additional funding to deliver the State's capital program and reclassification of costs from operating expenses to employee benefits.¹⁶ In 2020–21 DoT employed 4,501.5 full-time equivalent staff, an increase of 17.5% from 2019–20 levels.¹⁷

⁸ Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 85 (Committee calculation).

⁹ Ibid., p. 83 (Committee calculation).

¹⁰ Ibid., pp. 83, 85.

¹¹ Ibid., p. 85 (Committee calculation).

¹² Ibid., p. 83 (Committee calculation).

¹³ Farebox revenue is the total value of cash, tickets and pass receipts given by passengers as payment for public transit rides.

¹⁴ Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 83, 85.

¹⁵ Ibid., p. 89 (Committee calculation).

¹⁶ Ibid.

¹⁷ Department of Transport, *Annual Report 2020–21*, pp. 176–177 (Committee calculation).

The department incurred \$36.6 million in 2020–21 engaging consultants, a 43% increase compared to 2019–20.¹⁸ DoT explained that there were significant new consultant engagements in 2020–21 which included an assessment of rail assets, strategic advice on the *Suburban Rail Loop* project and the implementation of the Major Transport Infrastructure Authority’s information and communications technology program.¹⁹ DoT incurred \$798.5 million in 2020–21 engaging contractors and labour hire, a 20% increase compared to 2019–20.²⁰ This increase was driven by new engagements relating to the implementation of a new information technology system and accessing technical advice on the *Suburban Rail Loop* project.²¹

DoT’s COVID-19 response and recovery expenses totalled \$872.4 million in 2020–21.²² The *Public transport COVID-19 response* initiative, which totalled \$431.8 million, was the largest contributor to this expense. This initiative is discussed in detail at Section 6.5.1.

6.3.3 Capital expenditure

The 2020–21 Budget allocated \$874.8 million in new investment to DoT, bringing the department’s total capital program to \$46.9 billion in 2020–21.²³ DoT’s capital program is the largest capital program in the general government sector (GGS).²⁴

DoT identified 39 capital projects with a revised total estimated investment (TEI) that varied by at least 5% or \$50 million from the TEI originally announced.²⁵ The TEI of seven of the 39 capital projects were revised downward, while 32 were revised upward.²⁶ The net increase in the cost of capital projects totals \$8.5 billion.²⁷

Transport infrastructure projects relating to rail and road upgrades and enhancing train services drove the cost increases. The number of projects according to transport infrastructure type and the cost changes are shown in Figure 6.2.

¹⁸ Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 101 (Committee calculation).

¹⁹ Ibid.

²⁰ Ibid., p. 102 (Committee calculation).

²¹ Ibid.

²² Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 24 January 2022.

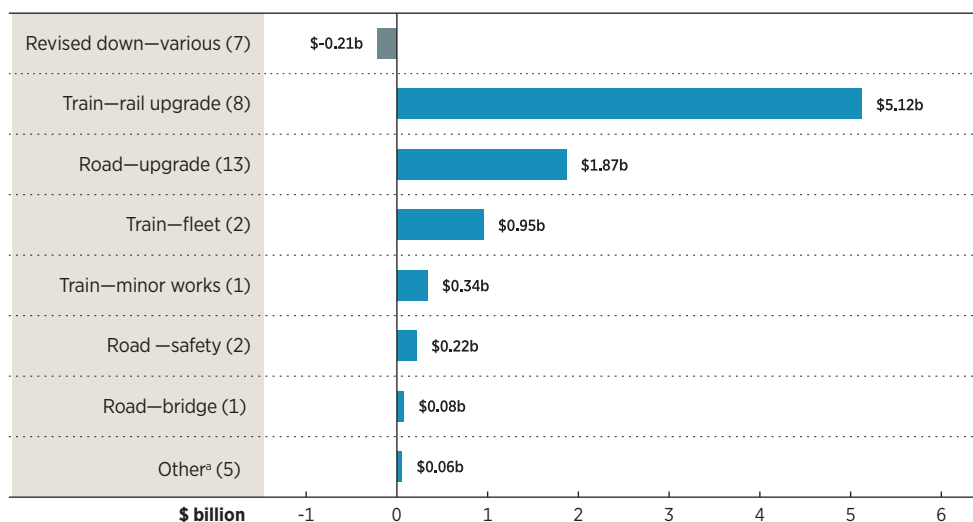
²³ Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 102.

²⁴ Ibid.

²⁵ Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 35–42 (Committee calculation).

²⁶ Ibid. (Committee calculation).

²⁷ Figures may not add due to rounding. Source: Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 35–42 (Committee calculation).

Figure 6.2 Transport infrastructure projects with cost changes, 2020–21

a. Other includes: Network performance (2), Bus – upgrade (1), Public transport – all (1) and Active transport (1).

Note: Grey bar indicates a revision downward in total estimated investment. Figures may not add due to rounding.

Source: Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, pp. 35–42 (Committee calculation).

The five projects with the largest cost increase as of 2020–21 are listed in Table 6.2, along with the initial TEI as at the announcement of each of the projects.

Table 6.2 Department of Transport top five projects with the largest revision to total estimated investment (TEI), 2020–21

Project	Initial TEI (\$ million)	Revised TEI (\$ million)	Variance (\$ million)
Suburban Rail Loop Initial and Early Works (metro various)	250	2,360	2,110
Metro Tunnel (metropolitan various) ^a	11,000	12,255	1,255
High Capacity Metro Trains (metropolitan various)	1,301	2,243	942
Regional Rail Revival - Waurin Ponds Track Duplication - Stage 2 (regional various)	2	899	897
Level Crossing Removal Program (metropolitan various) ^a	6,000	6,759	759

a. The department listed Metro Tunnel's TEI at announcement as \$9–11 billion and the Level Crossing Removal program's TEI at announcement was \$5–6 billion. The Committee considered the highest amount of the range to calculate the variance.

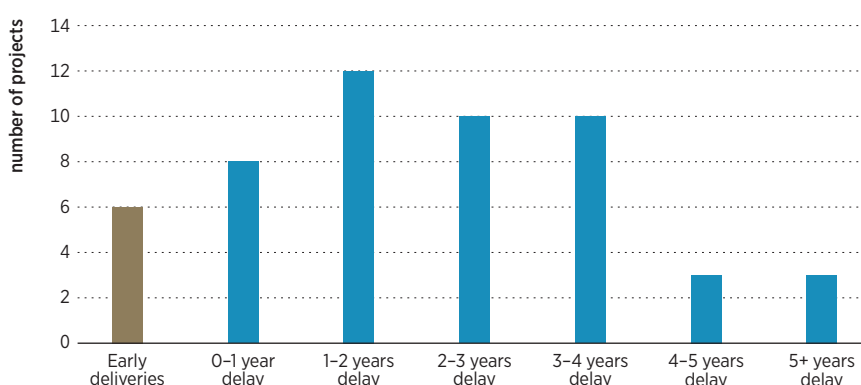
Source: Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, pp. 35–42 (Committee calculation).

FINDING 50: The Department of Transport revised the total estimated investment of 39 capital projects in 2020–21. Seven of these projects were revised downward and 32 were revised upward. The net increase in the cost of capital projects totals \$8.5 billion.

In the context of project timelines, the original completion dates for 52 capital projects were revised in 2020–21. DoT identified six capital projects that would be delivered prior to the original completion date and 46 that were experiencing delays.²⁸ The projects that will be delivered early included the *Metro Tunnel* project—expected delivery in quarter 2, 2025–26 (originally expected in 2026)²⁹ and *Mordialloc Freeway (Braeside)*—expected delivery in quarter 2, 2021–22 (originally expected quarter 4, 2022–23).³⁰

Figure 6.3 shows the number of transport infrastructure capital projects with revised timelines in 2020–21.

Figure 6.3 Number of transport infrastructure capital projects with revised timeframes, 2020–21



Note: Brown bar indicates six projects that are being delivered ahead of time.

Source: Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, pp. 43–49 (Committee calculation).

At the 2020–21 Budget Estimates hearings, increased costs and changes to delivery times for transport infrastructure capital projects was discussed. The Committee was advised that increased costs are quite common when delivering large scale transport infrastructure projects.³¹ As discussed in Chapter 2, the Victorian Government’s net debt has experienced continuous growth since 1993 and one of the key drivers of GGS net debt has been funding the State’s capital program. While the Committee acknowledges that increased costs and changes to delivery times for transport infrastructure projects can occur, noting the continuous growth in net debt, careful and disciplined planning of such projects is of particular importance.

FINDING 51: In 2020–21 the Department of Transport (DoT) revised the original completion dates of 52 capital projects. DoT identified six capital projects that would be delivered prior to the original completion date and 46 that were experiencing delays.

²⁸ Ibid., pp. 43–49.

²⁹ Ibid., p. 48.

³⁰ Ibid., p. 44.

³¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, 1 April 2021, p. 115.

6.3.4 Overall financial performance

Table 6.3 summarises DoT’s overall financial performance in 2020–21.

Table 6.3 Department of Transport—Summary of Comprehensive Operating Statement, 2020–21

Controlled items	2020–21 Budget	2020–21 Actual	Variance
	(\$million)	(\$million)	(%)
Income from transactions	9,934.5	10,127.2	1.9
Expenses from transactions	10,222.7	10,345.4	1.2
Net result from transactions	-288.3	-218.2	-24.3

Source: Department of Transport, *Annual Report 2020–21*, Melbourne, 2021, p. 191

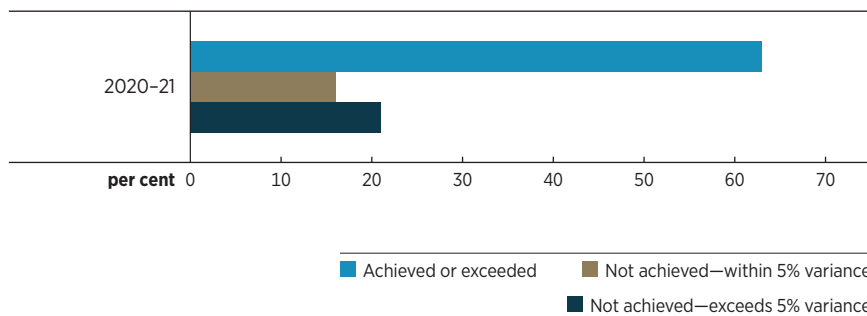
The 2020–21 Budget estimated a \$288 million deficit for DoT in 2020–21. However, DoT’s actual deficit was \$218.2 million, a 24.3% improvement from the budgeted figure.

FINDING 52: The 2020–21 Budget estimated a \$288 million deficit for the Department of Transport in 2020–21. However, the actual deficit was \$218.2 million, 24.3% lower than forecast.

6.4 Performance information

In 2020–21 DoT achieved or exceeded 63% of its 169 performance measures and did not achieve 21% of its measures exceeding a 5% variance.³²

Figure 6.4 Department of Transport - Performance measurement results, 2020–21



Source: Department of Transport, *Annual Report 2020–21*, Melbourne, 2021, pp. 154–170 (Committee calculation).

FINDING 53: In 2020–21 the Department of Transport achieved or exceeded 63% of its 169 performance measures and did not meet 21% of its measures exceeding a 5% variance.

³² Department of Transport, *Annual Report 2020–21*, pp. 154–170 (Committee calculation)

6.5 Key issues

6.5.1 Public transport network

The 2020–21 Budget allocated \$438.1 million in 2020–21 to the *Public transport coronavirus (COVID-19) response* initiative.³³ DoT outlined that \$431.8 million of this allocation was actually spent in 2020–21.³⁴ The 2021–22 Budget further allocated \$296.2 million to the *Coronavirus (COVID-19) impacts on the transport network* initiative for 2020–21, of which DoT spent \$277 million.³⁵ The total budget allocation to address the impacts of COVID-19 on the public transport network therefore totalled \$734.3 million, of which \$708.8 million was spent in 2020–21.

DoT's COVID-19 response included:

- developing *RideSpace*—an online tool that provides real time information about how busy or quiet metropolitan services, stations and platforms are
- a significant timetable change since the opening of the City Loop to add 280 metropolitan services and 170 regional services
- an enhanced cleaning regime, vaccination of frontline staff and the introduction of more than 500 hand sanitising stations
- the rollout of quick response (QR) codes at key locations across the network, including tram stops and stations as well as the rollout of QR codes across 35,000 rideshare vehicles and taxis overseen by the Commercial Passenger Vehicles Victoria³⁶
- conveying messages about cleaning and encouraging face mask compliance on public transport and the registration of mykiss to enable contact tracing.³⁷

FINDING 54: The Department of Transport received \$734.3 million in 2020–21 to address the impacts of COVID-19 on the public transport network of which it spent \$708.8 million, including to develop a *RideSpace* app, make a significant timetable change, increase cleaning protocols, and rollout quick response (QR) codes at key locations across the network.

In 2020–21 DoT performed higher than target for service punctuality in all modes of public transport which includes bus, train and trams.³⁸ DoT also recorded a higher than target customer satisfaction index for all public transport modes except regional

³³ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 127.

³⁴ Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 90.

³⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, p. 107; Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 90–91.

³⁶ Commercial Passenger Vehicles Victoria (CPVV) is part of Victoria's transport portfolio, led by the Department of Transport, Victoria. CPVV is an independent statutory authority. Source: Commercial Passenger Vehicles Victoria, *Annual Report 2020–21*, Melbourne, 2021, p. 12.

³⁷ Department of Transport, *Annual Report 2020–21*, p. 13.

³⁸ *Ibid.*, pp. 154–155, 158–159, 161.

bus services, where it fell short by only 0.8% in meeting the customer satisfaction target.³⁹ Notwithstanding these results, the Committee notes that some specific bus, train and tram routes experienced reliability issues in 2020–21.

During 2020–21 patronage dropped across all modes of transport, while the actual output costs for the transport network remained relatively on par with the budget allocation. The patronage levels and the actual output allocations by transport mode are detailed in Table 6.4.

Table 6.4 Patronage levels and the output costs of transport modes, 2020–21

Performance measure	Number of passengers carried			Total cost (\$ million)		
	Target	Actual	Variance	Target	Actual	Variance
	(\$ million)	(\$ million)	(%)	(\$ million)	(\$ million)	(%)
Train services—metropolitan	249.7	81.7	-67.3 ↓	2,490.2	2,534.7	1.8 ↑
Train services—regional	24.4	9	-63.1 ↓	1,394.9	1,392.6	-0.2 ↓
Tram services	208.1	60.2	-71.1 ↓	1,006.9	1,017.2	1.0 ↑
Bus services—metropolitan	121.8	58.6	-51.9 ↓	803.3	790.9	-1.5 ↓
Bus services—regional	14.3	8.4	-41.3 ↓	151.0	154.7	2.5 ↑

Source: Department of Transport, *Annual Report 2020–21*, Melbourne, 2021, pp. 154–155, 158–159, 161.

FINDING 55: The Department of Transport met the targets measuring punctuality for all public transport modes in 2020–21. The customer satisfaction index of the public transport network met the targets for all service modes apart from regional bus services, which was marginally (0.8%) lower than the target.

FINDING 56: While patronage levels in all transport modes dropped significantly in 2020–21, the actual output costs of bus, train and tram services remained on par with the 2020–21 Budget allocation.

The additional funding of \$296.2 million provided to the department in the 2021–22 Budget for the *Coronavirus (COVID-19) impacts on the transport network* initiative, included the funds required to offset the impacts of lower farebox revenue to service providers.⁴⁰ In 2020–21 DoT made \$2.8 billion in payments to public transport service providers.⁴¹ In its *Report on the 2019–20 financial and performance outcomes*, the Committee recommended that DoT disclose any additional amount

³⁹ Ibid., pp. 147, 154–155, 158–159, 161.

⁴⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 108; Department of Transport, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 18.

⁴¹ Department of Transport, *Annual Report 2020–21*, p. 50.

paid to public transport service providers due to the COVID-19 pandemic, which was supported-in-principle by the Government.⁴²

FINDING 57: The Department of Transport received \$734.3 million in 2020–21 of which \$296.2 million was allocated in the 2021–22 Budget as additional funding to address the COVID-19 impacts on the public transport network. This included funds to offset the impacts of lower farebox revenue for public transport service providers.

Regional train services

In November 2018 the Victorian Government announced a \$340 million investment to build 54 VLocity train carriages. This will result in up to 18 new three-car trains to be added to V/Line (the regional rail network) by 2021.⁴³ V/Line is the fastest growing regional railway operator in Australia with the number of passengers having increased from 13 million in 2014 to about 23 million in 2019, prior to the pandemic.⁴⁴

This investment announcement, which appears as *Additional VLocity trains (regional various)* in the budget papers, is estimated to be completed in quarter 3, 2023–24.⁴⁵ At the end of 2020–21, \$127.3 million had been spent on the program.⁴⁶ During the hearings, DoT advised that 32 out of 54 VLocity carriages have been manufactured and 15 are remaining, with estimated delivery by the end of 2022.⁴⁷ In terms of the 54 carriage (18 trains) order, three three-carriage trains have been delivered, with 15 more three-carriage trains to be delivered.⁴⁸

FINDING 58: In November 2018 the Victorian Government allocated \$340 million to build 54 VLocity train carriages to make up 18 new three-car trains in the regional train network, V/Line. As at the end of 2020–21, 32 out of 54 VLocity carriages have been manufactured while 15 are remaining. In terms of the 18 new trains, three three-carriage trains have been delivered and 15 three-carriage trains remain to be delivered.

During the hearings the *Warrnambool line upgrade* was discussed. This project will deliver a fifth weekday return service between Warrnambool and Melbourne and aims to improve safety and reliability and allow modern VLocity trains to travel on the line.⁴⁹ The project is to be delivered in two stages as detailed in Table 6.5.

⁴² Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Government Responses to the Recommendations of Public Accounts and Estimates Committee's Report on the 2019–20 Finance and Performance Outcomes*, 30 November 2021, p. 6.

⁴³ Hon Daniel Andrews MP, *Bigger, better trains for our busiest regional lines*, 14 November 2018, media release.

⁴⁴ Hon Ben Carroll MP, *Helping V/Line deliver better regional services*, 16 June 2021, media release; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 348.

⁴⁵ Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 State Capital Program*, Melbourne, 2021, p. 194.

⁴⁶ Ibid.

⁴⁷ Mr William Tieppo, Deputy Secretary, Network Design and Integration, Department of Transport, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 10 November 2021, *Transcript Amendment*, p. 1.

⁴⁸ Ibid., p. 2 (Committee calculation).

⁴⁹ Victoria's Big Build, *Warrnambool line upgrade, About the project*, 24 January 2022, <<https://bigbuild.vic.gov.au/projects/warrnambool-line-upgrade/about>> accessed 24 January 2022.

Table 6.5 Warrnambool line upgrade project details

Project name	Budget year	Total estimated investment (TEI)	Estimated completion date	Description
Stage 1				
Warrnambool line upgrade (regional various)	2018–19	Tbc	Tbc	Stage 1 includes: <ul style="list-style-type: none"> building a new crossing loop at Boorcan
Warrnambool line upgrade (regional various)	2019–20	\$114,000	Quarter 4 2021–22	<ul style="list-style-type: none"> signalling upgrades between Waurn Ponds and Warrnambool level crossing upgrades (now completed). TEI includes \$104 million of Commonwealth funding.
Stage 2				
Regional Rail Revival – Warrnambool line upgrade – Stage 2 (regional various)	2021–22	\$260,000	Quarter 1 2024–25	Stage 2 includes: <ul style="list-style-type: none"> upgrades to train detection technology at 50 public level crossings a stabling upgrade at Warrnambool Station. Initiative funded in the 2020–21 Budget. TEI includes \$208 million of Commonwealth funding.

Source: Department of Treasury and Finance, *Budget Paper No. 4: 2018–19 State Capital Program*, Melbourne, 2018, p. 137; Department of Treasury and Finance, *Budget Paper No. 4: 2019–20 State Capital Program*, Melbourne, 2019, p. 161; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 State Capital Program*, Melbourne, 2021, p. 198; Victoria's Big Build, *Warrnambool line upgrade, About the project*, 24 January 2022, <<https://bigbuild.vic.gov.au/projects/warrnambool-line-upgrade/about>> accessed 24 January 2022; Mr William Tieppo, Deputy Secretary, Network Design and Integration, Department of Transport, 2020–21 Performance and Financial Outcomes hearing, response to question on notice (1. DoT QoN), received on 19 November 2021, p. 1.

DoT advised that 'the new crossing loop at Boorcan and a fifth weekday return service between Warrnambool and Melbourne will come into operation following the completion of signalling and commissioning works'.⁵⁰ DoT also explained that there had been delays in complex signalling design caused by COVID-19 restrictions, including remote working arrangements and availability of specialist resources. DoT noted that due to these delays, the implementation of the fifth weekday return service is estimated to be delivered in mid-to-late 2022.⁵¹

FINDING 59: It is estimated that the *Warrnambool line upgrade*, announced in 2018–19, will deliver a fifth weekday return service between Warrnambool and Melbourne in mid-to-late 2022. The project also involves building a new crossing loop and signalling and level crossing upgrade.

⁵⁰ Mr William Tieppo, Deputy Secretary, Network Design and Integration, Department of Transport, 2020–21 Performance and Financial Outcomes hearing, response to question on notice (1. DoT QoN), received on 19 November 2021, p. 1.

⁵¹ Ibid.

The *Shepparton line upgrade* capital project was also discussed in detail at the hearings. The project will be delivered in three stages, with Stage 1 already completed.⁵² Stage 1 included, 'a stabling upgrade at Shepparton Station, 10 extra train services a week between Melbourne and Shepparton, [and] 29 extra [bus] coaches between Shepparton and Seymour'.⁵³

The *Shepparton line upgrade – Stage 2* project was introduced in 2018–19 with a TEI of \$312.9 million and an estimated completion date of quarter 4, 2021–22.⁵⁴ Stage 2 involves platform extensions, a crossing loop extension, 59 level crossing upgrades, 'stabling to house VLocity trains' and a business case to finalise the scope and costs for delivering nine return services a day between Shepparton and Melbourne.⁵⁵ The 2021–22 Budget revised the project's TEI marginally to \$314.1 million, with a revised completion date of quarter 2, 2022–23.⁵⁶

The 2020–21 Budget funded the *Shepparton line upgrade – Stage 3* with a TEI of \$400 million and an estimated completion date of quarter 4, 2023–24.⁵⁷ Stage 3 involves signalling and track upgrades between Seymour and Shepparton to enable nine weekday return services, expanding stabling for VLocity trains and extensions to a crossing loop.⁵⁸ When asked about the delivery date of the nine return services to Shepparton, DoT advised that this will be delivered upon the completion of Stage 3 in late 2023. The upgrade 'will allow trains to travel up to 130km/h and enable the nine return services to and from Melbourne every weekday'.⁵⁹

FINDING 60: The *Shepparton line upgrade* project was announced in 2018–19 and will be delivered in three stages. Stage 1 has been completed and Stage 2 has a revised estimated completion date of 2022–23. The 2020–21 Budget funded Stage 3 of the project with a total estimated investment of \$400 million and a completion date of 2023–24. The delivery of nine return services to Shepparton from Melbourne every weekday, which forms part of this project, is expected to be delivered in late 2023.

52 Victoria's Big Build, *Shepparton Line Upgrade*, 4 January 2022, <<https://bigbuild.vic.gov.au/projects/shepparton-line-upgrade>> accessed 24 January 2022.

53 Victoria's Big Build, *Shepparton Line Upgrade, Stage 1: Complete*, 4 January 2022, <<https://bigbuild.vic.gov.au/projects/shepparton-line-upgrade/construction/stage-1>> accessed 24 January 2022.

54 Department of Treasury and Finance, *Budget Paper No. 4: 2018–19 State Capital Program*, Melbourne, 2018, p. 135.

55 Victoria's Big Build, *Shepparton Line Upgrade, Stage 2: In progress*, 6 August 2021, <<https://bigbuild.vic.gov.au/projects/shepparton-line-upgrade/construction/stage-2>> accessed 24 January 2022.

56 Department of Treasury and Finance, *Budget Paper No. 4: 2021–22 State Capital Program*, Melbourne, p. 197.

57 TEI includes \$320 million of Commonwealth funding. Source: Department of Treasury and Finance, *Budget Paper No. 4: 2021–22*, p. 198.

58 Victoria's Big Build, *Shepparton Line Upgrade, Stage 3: In progress*, 4 January 2022, <<https://bigbuild.vic.gov.au/projects/shepparton-line-upgrade/construction/stage-3>> accessed 24 January 2022.

59 Mr Paul Younis, Secretary, Department of Transport, 2020–21 Performance and Financial Outcomes hearing, response to question on notice (2. DoT QoN), received on 19 November 2021, p. 1.

Tram network

The 2020–21 Budget allocated \$1.5 billion to the *Next Generation Trams* capital program which will deliver 100 next generation trams.⁶⁰ The trams will be rolled out from 2025 and will retire the old high-floor trams, improving the accessibility to trams.⁶¹ The project is estimated to include 65% of local content⁶² and the contract to build the new trams is to be awarded following an evaluation process in early 2022.⁶³

FINDING 61: The 2020–21 Budget allocated \$1.5 billion to the *Next Generation Trams* capital program which will deliver 100 next generation trams. The new trams will enhance accessibility in the tram network. The Department of Transport is currently in the preliminary stages of the project—evaluating a suitable manufacturer of trams. There are currently no performance measures to monitor the progress of this project.

RECOMMENDATION 16: The Department of Transport develop quantity and timeliness performance measures to monitor the progress of the *Next Generation Trams* capital program.

In Melbourne there are about 1,700 tram stops of which more than 420 are accessible.⁶⁴ The Committee's *Report on the 2020–21 Budget Estimates* noted that DoT is at a risk of not meeting the required tram compliance for accessibility by 31 December 2032.⁶⁵ DoT revised the target for the performance measure 'level access tram stop upgraded' from 16 in 2019–20 to two in 2020–21. While DoT achieved this target in 2020–21, historically the department has not met its targets for upgrading tram stops, with a total of 33 tram stops being upgraded to improve accessibility in the past five years. The target and actual number of tram stops upgraded from 2016–17 to 2020–21 is shown in Figure 6.5.

60 Department of Treasury and Finance, *Budget Paper No. 4: 2021–22*, p. 196; Department of Transport, *Next Generation Trams*, 2022, <<https://transport.vic.gov.au/our-transport-future/our-projects/new-and-upgraded-trains-and-trams/next-generation-trams>> accessed 24 January 2022.

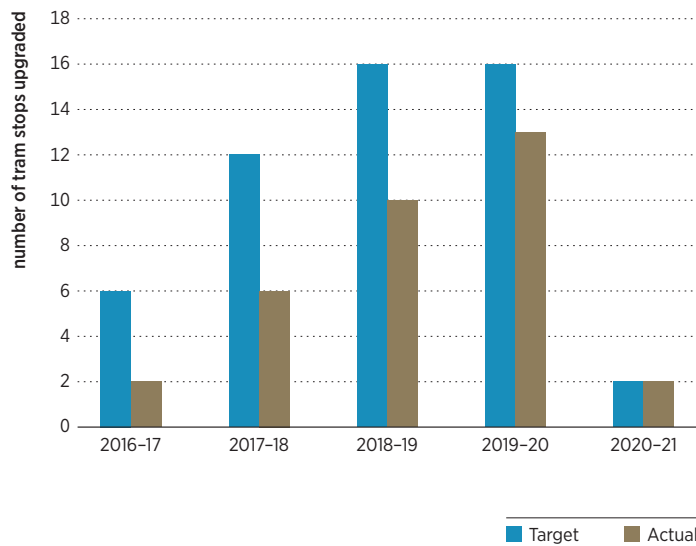
61 Department of Transport, *Next Generation Trams*.

62 Local content requirements are government policies that require firms to use domestically-manufactured goods or domestically-supplied services in order to operate in an economy. Source: Organisation for Economic Co-operation and Development, *Local content requirements impact the global economy*, <<https://www.oecd.org/trade/topics/local-content-requirements>> accessed 27 January 2022; Victorian Government Solicitor's Office, *Government buyers, are you up to speed on the new Local Jobs First Policy?*, *New Policy Overview*, 9 January 2019, <<http://blog.vgso.vic.gov.au/2019/01/government-buyers-are-you-up-to-speed.html>> accessed 27 January 2022.

63 Department of Transport, *Next Generation Trams*.

64 Yarra Trams, *Facts & figures*, <<https://yarratrams.com.au/facts-figures>> accessed 24 January 2022.

65 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, p. 125.

Figure 6.5 Level access tram stop upgraded, target vs actual, 2016–17 to 2020–21

Source: Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2016–17*, Melbourne, 2017, p. 228; Department of Economic Development, Jobs, Transport and Resources, *Annual Report 2017–18*, Melbourne, 2018, p. 24; Department of Transport, *Annual Report 2018–19*, Melbourne, 2019, p. 179; Department of Transport, *Annual Report 2019–20*, Melbourne, 2020, p. 208; Department of Transport, *Annual Report 2020–21*, Melbourne, 2021, p. 161.

FINDING 62: In Melbourne there are about 1,700 tram stops of which more than 420 are accessible. The target for the Department of Transport's (DoT) performance measure 'level access tram stop upgraded' was revised from 16 in 2019–20 to two in 2020–21. DoT achieved the 2020–21 target and over the past five years it has upgraded 33 tram stops to improve accessibility.

6.5.2 New road safety strategy

The 2021–22 Budget introduced a new capital project, *Road Safety Strategy*, which has a TEI of \$330.1 million over five years, with \$226.4 million allocated for 2020–21.⁶⁶ The funding will deliver initiatives under the:

- *Victorian Road Safety Strategy 2021–2030* (Strategy) which aims to halve road deaths by 2030 and eliminate road deaths by 2050⁶⁷ and
- *Road Safety Action Plan 2021–2023* (Action Plan) which aims to drive down road trauma and reduce the incidence of serious injury resulting from road crashes.⁶⁸

⁶⁶ TEI includes \$183.3 million of Commonwealth funding and funding from the Transport Accident Commission. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2021–22*, p. 113; Department of Treasury and Finance, *Budget Paper No. 4: 2021–22*, p. 98.

⁶⁷ Department of Transport, *Annual Report 2020–21*, p. 24; Department of Transport, *Road safety*, 23 May 2021, <<https://transport.vic.gov.au/getting-around/roads/safer-roads-in-our-hands>> accessed 24 January 2022.

⁶⁸ Department of Transport, *Annual Report 2020–21*, p. 24; Department of Transport, *Road safety*; Transport Accident Commission, *Victorian Road Safety Strategy 2021–2030*, <<https://www.tac.vic.gov.au/road-safety/victorian-road-safety-strategy/victorian-road-safety-strategy-2021-2030>> accessed 25 January 2022.

Outlining the elements of the capital project at the hearings, DoT advised that the Action Plan will be delivered in partnership with the Road Safety Partners of Victoria.⁶⁹ These include DoT, Victoria Police, the Transport Accident Commission (TAC), the Department of Justice and Community Safety and the Department of Health.⁷⁰

The project includes an infrastructure spend to improve the quality of roads, in particular across the regional network, and investments in enforcement with Victoria Police.⁷¹ DoT stated that the Strategy is a high priority initiative for both the department and TAC as ‘far too many people still get killed on Victoria’s roads’.⁷²

Despite reduced traffic as a result of COVID-19 public health restrictions, Victoria recorded 239 lives lost in 2021, up by 13.3% compared to 2020.⁷³ The Government stated statistics in 2020 indicated poor and high-risk driver behaviour led to fatal consequences. DoT advised that in 2020 enforcement agencies have reported a surge in ‘high-range speeding during coronavirus restrictions, with drink and drug driving, illegal phone use, fatigue and lack of seatbelts also significant contributors to road trauma’.⁷⁴

TAC identified drink driving as one of the key causes of road trauma in Victoria that accounted for 19% of fatalities on the state’s roads in the past five years.⁷⁵ Under the Strategy TAC will undertake research on passive alcohol sensor (PAS) technology which is fitted to a vehicle. PAS automatically analyses a driver’s breath for alcohol.⁷⁶ TAC has formed a partnership with the Driver Alcohol Detection System for Safety Research Program in the United States and will develop plans for a fleet trial.⁷⁷ This is one of the key initiatives under the Strategy.⁷⁸

To reduce the number of lives lost on roads, DoT outlined that the Action Plan includes upgrades to the road network, messaging and communication relating to drink driving and encouraging people to purchase safer cars depending on affordability. The department explained that part of the Action Plan is to encourage the public to purchase vehicles with side-curtain airbags.⁷⁹

69 Mr Joe Calafiore, Chief Executive Officer, Transport Accident Commission, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 10 November 2021, *Transcript of evidence*, p. 9; Department of Transport, *Annual Report 2020–21*, p. 24; Department of Transport, *Road safety*.

70 Department of Transport, *Road safety*.

71 Mr Joe Calafiore, Chief Executive Officer, Transport Accident Commission, *Transcript of evidence*, p. 9.

72 Ibid.

73 Transport Accident Commission, *Lives Lost – Annual, Calendar year to midnight 31 December 2021*, <<https://www.tac.vic.gov.au/road-safety/statistics/lives-lost-annual>> accessed 24 January 2022.

74 Hon Ben Carroll MP, *Lower road toll no comfort to 213 families*, 1 January 2021, media release.

75 Mr Joe Calafiore, Chief Executive Officer, Transport Accident Commission, *Transcript of evidence*, p. 9; Transport Accident Commission, *Australian-leading technology to help end drink driving*, <<https://www.tac.vic.gov.au/about-the-tac/media-and-events/news-and-events/2021/australian-leading-technology-to-help-end-drink-driving>> accessed 24 January 2022.

76 Transport Accident Commission, *Australian-leading technology to help end drink driving*.

77 Ibid.

78 Ibid.

79 Mr Joe Calafiore, Chief Executive Officer, Transport Accident Commission, *Transcript of evidence*, pp. 9–10.

During the hearings DoT emphasised that measures taken under the Strategy are evidence based, providing examples such as:

- TAC's \$8 million research program with the Monash University Accident Research Centre⁸⁰ which consisted of two projects 'Development and validation of policy tool to reduce crashes, claims and claim costs' and 'Evaluation of the safety benefits of semi- and fully automated vehicles'⁸¹
- various programs delivered to ensure safer driver behaviour, including the *Provisional licence program (L2P program)* which provided 3,700 learners with driving experience and the *Road Smart* program which provides free education to help prepare beginner drivers (year 10 students) to drive safely.⁸²

Notwithstanding the positive initiatives introduced to improve the safety of the road network, the performance measures under the Road operations – Road Safety output do not measure the effectiveness of the investment in the new capital project, *Road Safety Strategy*, which seeks to implement the Strategy and the Action Plan.

The Committee acknowledges that developing performance measures and targets for road safety is difficult. However, noting that road safety management and project development have increasingly become data-driven and evidence-based, the Committee considers that good quality data in this space could assist DoT to prioritise investment and evaluate the best methods for improving road safety.

FINDING 63: While Victoria recorded 239 lives lost in 2021, up by 13.3% compared to 2020, the Department of Transport and the Transport Accident Commission are taking steps to address this, including upgrading the road network and research-led programs that enhance safer driver behaviour.

FINDING 64: The 2021–22 Budget introduced a new capital project, *Road Safety Strategy*, with a total estimated investment of \$330.1 million. The funding will deliver initiatives under the *Victorian Road Safety Strategy 2021–2030* which aims to halve road deaths by 2030 and eliminate road deaths by 2050; and the *Road Safety Action Plan 2021–2023* which aims to drive down road trauma and reduce the incidence of serious injury resulting from road crashes.

FINDING 65: The Department of Transport's performance measures under the Road operations – Road Safety output do not measure the effectiveness of the new capital project, *Road Safety Strategy*.

⁸⁰ Ibid., p. 10.

⁸¹ Monash University, *Accident Research Centre, Transport Accident Commission (TAC)*, 2022, <<https://www.monash.edu/muarc?a=1485400>> accessed 24 January 2022.

⁸² The program educates Year 10 students on driving safely. Source: Mr Paul Younis, Secretary, Department of Transport, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 10 November 2021, *Transcript of evidence*, p. 10; Vic Roads, *Road Smart*, 20 December 2017, <https://www.vicroads.vic.gov.au/safety-and-road-rules/road-safety-education/secondary-schools/road-smart> accessed 24 January 2022.

RECOMMENDATION 17: The Department of Transport develop performance measures to monitor the effectiveness and outcomes achieved by the investment in the *Road Safety Strategy* capital project.

7 Department of Justice and Community Safety

7.1 Description of the Department of Justice and Community Safety

The Department of Justice and Community Safety (DJCS) leads the delivery of justice and community safety services in Victoria by providing policy and organisational management. DJCS manages the development and implementation of a range of laws, regulations and policy areas across its portfolios and ensures all elements of the justice and community safety system are working efficiently and effectively.¹

In 2020–21 DJCS supported eight ministerial portfolios: Attorney-General, Corrections, Youth Justice, Victim Support, Crime Prevention, Workplace Safety, Police and Emergency Services and Consumer Affairs, Gaming and Liquor Regulation.²

DJCS' objectives are:

- ensuring community safety through policing, law enforcement and prevention activities
- reducing the impact of, and consequences from, natural disasters and other emergencies on people, infrastructure, the economy and the environment
- effective management of prisoners and offenders and provision of opportunities for rehabilitation and reparation
- effective supervision of children and young people through the provision of youth justice
- provision and access to a fair and accessible justice system that supports confidence in the Victorian community
- protecting Victorians with equal opportunities, secure identities, information freedoms and privacy rights
- promoting a fair marketplace for Victorian consumers and businesses with responsible and sustainable liquor and gambling sectors.³

1 Department of Justice and Community Safety, *Annual Report 2020–21*, Melbourne, 2021, p. 4.

2 Ibid.

3 Department of Treasury and Finance, *Budget Paper No: 3 2020–21 Service Delivery*, Melbourne, 2020, pp. 285–286.

7.2 Outcomes achieved

In response to the Committee’s questionnaire DJCS outlined five of its programs that delivered the most important outcomes in the community in 2020–21. The programs identified included:

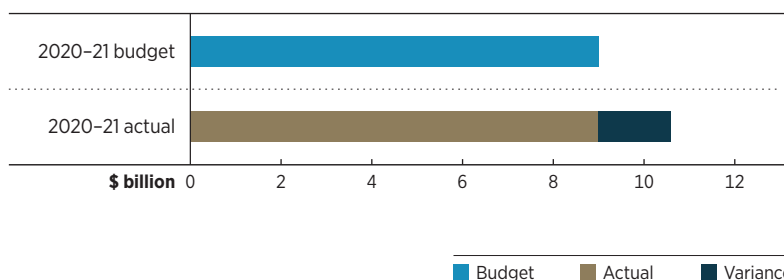
- Several COVID-19 responses, such as the response in the prison and youth justice systems which resulted in no transmission of COVID-19 in custodial facilities, the *Residential Tenancies Dispute Resolution Scheme* which resulted in 72,000 reduced rent agreements for tenants and the COVID-19 accommodation program administered by COVID-19 Quarantine Victoria (CQV) which limited COVID-19 transmission to protect the community.
- Emergency management planning reform to establish a new framework for emergency management planning at state, regional and municipal levels.
- Supporting Aboriginal people in contact with the justice system through prevention and early intervention programs and the provision of legal and community supports.⁴

7.3 Financial analysis

7.3.1 Output expenditure

In 2020–21 DJCS’ budget was \$8.9 billion.⁵ DJCS recorded a significant variance in actual expenditure of \$10.6 billion, or 17.9% higher than the 2020–21 Budget.⁶

Figure 7.1 Department of Justice and Community Safety—Budget vs Actual, 2020–21



Source: Department of Treasury and Finance, *Budget Paper No: 3 2020–21 Service Delivery*, Melbourne, 2020, p. 288; Department of Justice and Community Safety, *Annual Report 2020–21*, Melbourne, 2021, pp. 113–137 (Committee calculation).

Table 7.1 illustrates DJCS’ expenditure by output and the variance between the 2020–21 Budget and actual expenditure.

4 Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 1 November 2021, pp. 25–29.

5 Department of Treasury and Finance, *Budget Paper No: 3 2020–21*, p. 288.

6 Department of Justice and Community Safety, *Annual Report 2020–21*, pp. 113–137 (Committee calculation).

Table 7.1 Department of Justice and Community Safety—Expenditure by output, 2020–21

Output	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Policing and Crime Prevention	3,793.9	4,107.0	8.3
Crime Prevention, Fines and Enforcement	277.7	299.6	7.9
Emergency Management Capability	1,662.4	2296	38.1
Community-Based Offender Supervision	309.0	285.4	-7.6
Prisoner Supervision and Support	1,641.2	1,708.8	4.1
Youth Justice Community-Based Services	62.9	69.2	10.0
Youth Justice Custodial Services	233.0	245.2	5.2
Public Prosecutions and Legal Assistance	347.1	342.3	-1.4
Justice Policy, Services and Law Reform	237	255.8	7.9
Protection of Vulnerable People, Human Rights and Victim Support	99.6	647.5	550.1
Protection of Children and Personal Identity	47.5	52.6	10.7
Public Sector Information Management, Privacy and Integrity	16.8	15.4	-8.3
Regulation of the Victorian Consumer Marketplace	149	147.7	-0.9
Gambling and Liquor Regulation	76.7	88.1	14.9
Total	8,953.8	10,560.6	17.9

Source: Department of Treasury and Finance, *Budget Paper No: 3 2020–21 Service Delivery*, Melbourne, 2020, p. 288; Department of Justice and Community Safety, *Annual Report 2020–21*, Melbourne, 2021, pp. 113–175 (Committee calculation).

The variance between the 2020–21 Budget and actual was driven by large overspends in two of DJCS' outputs:

- Protection of Vulnerable People, Human Rights and Victim Support—total overspend of 550% (\$547.9 million). This variance was due to funding provided to support the WorkSafe scheme after the 2020–21 Budget.⁷
- Emergency Management Capability—total overspend of 38.1% (\$633.6 million). This variance was due to the establishment of CQV, the *High-Risk Industries – Engagement and Enforcement Operation* initiative⁸ and emergency management sector reform.⁹

7 Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 44; Department of Justice and Community Safety, *Annual Report 2020–21*, p. 131.

8 The *High-Risk Industries – Engagement and Enforcement Operation* was initiated to ensure that industries are compliant with the Chief Health Officer's directions and public health restrictions related to COVID-19. Source: Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 123–124.

9 Department of Justice and Community Safety, *Annual Report 2020–21*, p. 118.

FINDING 66: In 2020–21 the Department of Justice and Community Safety exceeded its budget by 17.9%. This variance was predominantly driven by large overspends in the Protection of Vulnerable People, Human Rights and Victim Support and Emergency Management Capability outputs. The variances related to providing unbudgeted funding to WorkSafe Victoria and the COVID-19 pandemic response.

COVID-19 expenditure

DJCS advised the Committee of 26 programs and initiatives related to the COVID-19 pandemic for which they were responsible in 2020–21.¹⁰ Thirteen were on budget initiatives totalling \$192.2 million.¹¹ The on budget initiatives with the highest expenditure were *Corrections and Youth Justice COVID-19 response* (\$97.9 million) and *Victoria Police's COVID-19 response* (\$38.9 million).¹² Both initiatives also received emergency funding through Treasurer's Advance in 2020–21.¹³

DJCS had 13 off budget COVID-19 initiatives in 2020–21, totalling \$817.8 million.¹⁴ Funding was received from several sources including Treasurer's Advance, the Commonwealth and other departments.¹⁵ Three of the 13 off budget initiatives were listed as 'unfunded' with no further information.¹⁶

The highest off budget expenditure for COVID-19 response related initiatives was for the establishment of CQV (\$635.6 million) (discussed further in Section 7.5.1) and *Victoria Police COVID-19 response* (\$78.8 million).¹⁷ In its 2020–21 Annual Report DJCS reported COVID-19 programs had a significant impact on expenses, adding \$860.5 million overall.¹⁸

The Department of Treasury and Finance reported that in 2020–21, DJCS expended \$1 billion dollars on its COVID-19 response,¹⁹ 79% (\$810 million) of which utilised emergency funding.²⁰

FINDING 67: The cost to the Department of Justice and Community Safety of its COVID-19 response in 2020–21 was \$1 billion. 79% of this amount utilised emergency funding.

¹⁰ This includes programs related to Victoria Police and WorkSafe. Source: Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 111–132.

¹¹ Ibid., pp. 111–132 (Committee calculation).

¹² Ibid., pp. 111, 122.

¹³ Ibid., pp. 41, 111, 122.

¹⁴ Ibid., pp. 111–132 (Committee calculation).

¹⁵ Ibid.

¹⁶ Ibid., p. 130.

¹⁷ Ibid., pp. 123, 132.

¹⁸ Department of Justice and Community Safety, *Annual Report 2020–21*, p. 68.

¹⁹ This figure differs to what was reported by DJCS in the Committee's departmental questionnaire. The Committee was unable to reconcile the difference in amounts given. Source: Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 18 November 2021.

²⁰ Department of Treasury and Finance, *2020–21 State Financial Report*, Melbourne, 2021, p. 152 (Committee calculation).

DJCS and Victoria Police advised that most budgetary control and reporting measures implemented to track the effectiveness of COVID-19 initiatives were internal.²¹ A majority of COVID-19 initiatives listed by the department did not include associated performance measures or public accountability measures.²² Noting the large amount of funding expended on such initiatives, the Committee considers it important that the department publicly report on their outcomes.

RECOMMENDATION 18: The Department of Justice and Community Safety develop budget paper performance measures for any COVID-19 initiatives to be included in the next Budget.

RECOMMENDATION 19: The Department of Justice and Community Safety include performance and outcome information regarding COVID-19 initiatives beginning in 2020–21 and lapsing in 2021–22 in its next Annual Report.

7.3.2 Revenue and expenses

DJCS' output appropriations grew by 24.8% in 2020–21 compared to 2019–20, to \$10.4 billion.²³ The year over year increase is attributable to new and additional funding for the same initiatives that drove the variance in the department's expenditure, as outlined above.²⁴ DJCS reported increased revenue was driven by:

- New and additional funding received for initiatives in response to the COVID-19 pandemic, such as establishing CQV, the *High-Risk Industries – Engagement and Enforcement Operation* initiative, the Corrections and Youth Justice COVID-19 response.
- New and additional funding received for other initiatives, such as support to the WorkCover scheme and the Fire Services Reform package, among others.²⁵

DJCS' employee expenses grew by 18.3% in 2020–21 compared to 2019–20, to \$4.8 billion.²⁶ By way of comparison, between 2018–19 and 2019–20 DJCS' employee expenses grew by 9%.²⁷ DJCS explained the growth in 2020–21 was due to new and additional expenditure incurred for initiatives in response to the COVID-19 pandemic,

21 Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 133.

22 Ibid., pp. 111–133 (Committee calculation).

23 Ibid., p. 98 (Committee calculation).

24 Ibid.

25 Ibid., pp. 98–102.

26 Ibid., p. 106 (Committee calculation).

27 Parliament of Victoria, Public Account and Estimates Committee, *Inquiry into the 2019–20 Financial and Performance Outcomes*, May 2021, p. 81.

including the operation of CQV. Additional staffing costs were also incurred for initiatives approved during the 2020–21 Budget.²⁸

In the 2020–21 financial year DJCS' full-time equivalent (FTE) staff number grew by 35% to almost 15,000,²⁹ while executive staff across four classifications also grew by 52%.³⁰

In 2020–21 DJCS spent \$19.7 million on contractors, 7.9% lower than 2019–20,³¹ and \$9.9 million on consulting, 120% higher than 2019–20. DJCS attributed the increase in consulting expenditure to the establishment of CQV and new initiatives such as the emergency management sector reform, implementation of reviews and inquiries and the corrections system capacity initiative.³²

FINDING 68: In 2020–21 the Department of Justice and Community Safety's expenditure, revenue and expenses including employee expenses were significantly impacted by the need to source additional funding post-budget for initiatives that responded to the COVID-19 pandemic.

FINDING 69: In 2020–21 the Department of Justice and Community Safety's full-time equivalent employee count grew by 35% in comparison to 2019–20. The department's number of executive staff grew by 52% across four classifications.

7.3.3 Overall financial performance

Table 7.2 summarises DJCS' financial performance in 2020–21.

Table 7.2 Department of Justice and Community Safety—Summary of Comprehensive Operating Statement, 2020–21

Controlled Items	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Income from transactions	8,946	10,645	19
Expenses from transactions	8,954	10,564	18
Net result	-8	81	n.a.

Source: Department of Justice and Community Safety, *Annual Report 2020–21*, Melbourne, 2021, p. 107 (Committee calculation).

²⁸ Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 106.

²⁹ Ibid., p. 148 (Committee calculation).

³⁰ Ibid., p. 147 (Committee calculation).

³¹ Ibid., p. 139 (Committee calculation).

³² Ibid., p. 140 (Committee calculation).

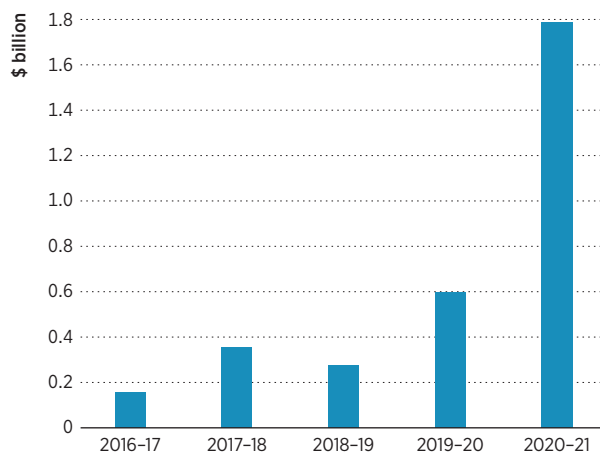
In 2020–21 DJCS forecast a negative net result (net deficit) of \$8 million but reported an actual positive net result of \$81 million,³³ causing a significant variance between the budget and actual income and expenses from transactions, at 19% and 18% respectively.³⁴

7.3.4 Treasurer’s Advances

In 2020–21 DJCS received a significant amount in Treasurer’s Advances. DJCS received \$1.8 billion or 22% of all Treasurer’s Advances provided to all government departments in the financial year.³⁵ This amount was second only to the Department of Transport, who received \$2.6 billion. The *2020–21 State Financial Report* outlined that DJCS received \$978.8 million for initiatives not associated with the COVID-19 pandemic, and \$809.6 million for initiatives attributable to COVID-19.³⁶

DJCS’ reliance on such emergency funding has increased year on year since 2018–19, with 2020–21 representing a large increase in Treasurer’s Advance funding accessed by the department (Figure 7.2).

Figure 7.2 Department of Justice and Community Safety—Treasurer’s Advance funding received 2016–17 to 2020–21



Source: Department of Treasury and Finance, *2020–21 State Financial Report*, Melbourne, 2021, pp. 148–152; Department of Treasury and Finance, *2019–20 State Financial Report*, Melbourne, 2020, pp. 164, 166; Department of Treasury and Finance, *2018–19 State Financial Report*, Melbourne, 2019, p. 126; Department of Treasury and Finance, *2017–18 State Financial Report*, Melbourne, 2018, pp. 126–127; Department of Treasury and Finance, *2016–17 State Financial Report*, Melbourne, 2017, p. 127.

³³ Department of Justice and Community Safety, *Annual Report 2020–21*, p. 107.

³⁴ Ibid. (Committee calculation).

³⁵ The figures for Treasurer’s Advances reported in the 2020–21 State Financial Report and in the department’s response to the Committee’s questionnaire differ. The Committee has opted to use the figures in the 2020–21 State Financial report in Section 7.3.4 for consistency. Source: Department of Treasury and Finance, *2020–21 State Financial Report*, pp. 148–152 (Committee calculation).

³⁶ Ibid.

DJCS reports on the amount of Treasurer’s Advance funding received throughout the financial year in its annual report but does not outline the basis (how and why the claims were deemed ‘urgent and unforeseen’) for additional funding.³⁷

Victoria Police also received significant budget supplementation through Treasurer’s Advances over the last four years (from 2017–18 to 2020–21) as shown in Table 7.3.

Table 7.3 Department of Justice and Community Safety—Treasurer’s Advance funding received by Victoria Police, 2017–18 to 2020–21

Year	Name	Amount received (\$ million)
2017–18	Support for police operations	31.1
2018–19	Support for police operations	63.8
2019–20	Support Victoria Police’s operations	121.3
2020–21	Support to Victoria Police’s operations and resources	174.7

Source: Department of Treasury and Finance, *2020–21 State Financial Report*, Melbourne, 2021, p. 148; Department of Treasury and Finance, *2019–20 State Financial Report*, Melbourne, 2020, p. 164; Department of Treasury and Finance, *2018–19 State Financial Report*, Melbourne, 2019, p. 126; Department of Treasury and Finance, *2017–18 State Financial Report*, Melbourne, 2018, p. 126; Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 1 November 2021, p. 33; 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. 41, 57.

The Victorian Auditor-General’s Office (VAGO) has noted that at times the Treasurer’s Advances that DJCS has received and provided to Victoria Police have not met the requirement of being ‘unforeseen’.

WorkSafe Victoria

In June 2021 DJCS provided \$550 million in additional funding to WorkSafe Victoria through Treasurer’s Advance funding as a capital injection. According to DJCS, these funds were provided due to the significant financial pressure facing the scheme due to several factors, including the length of claims and the COVID-19 pandemic.³⁸

In 2019–20 and 2020–21 WorkSafe recorded an over \$3 billion and \$539 million deficit respectively.³⁹ In both its 2020–21 and 2019–20 Reports on the Annual Financial Report of the State of Victoria VAGO highlighted outstanding insurance claim liabilities and the increase in liabilities associated with WorkSafe as an emerging financial risk to the State.⁴⁰

³⁷ Department of Justice and Community Safety, *Annual Report 2020–21*, p. 65; Department of Treasury and Finance, *The Resource Management Framework: Part 1 of 2*, Melbourne, May 2020, p. 73.

³⁸ Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 44.

³⁹ WorkSafe Victoria, *Annual Report 2021*, Melbourne, 2021, pp. 10, 61.

⁴⁰ Victorian Auditor General’s Office, *Auditor-General’s Report on the Annual Financial Report of the State of Victoria: 2020–21*, Melbourne, November 2021, pp. 3–4.

As reported in the 2020–21 Budget Estimates inquiry, the Minister for Workplace Safety advised the Committee that they were satisfied with the scheme’s insurance funding ratio (IFR) and the overall financial viability of WorkSafe.⁴¹ However, the Committee notes that a VAGO review of the scheme in 2020–21 considered that its financial trajectory is unsustainable.⁴² The scheme’s IFR was 118% at 30 June 2021, however since the IFR is a reflection of assets divided by its liabilities, the Treasurer’s Advance received would have impacted this ratio.⁴³

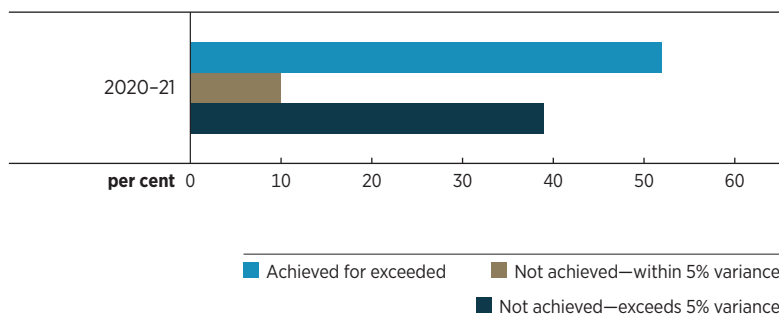
The Committee notes that WorkSafe generates most of its own income, through premium and investment income.⁴⁴ It is a statutory authority that is not obliged to report on its performance through the Budget and did not receive any funding through the Budget in 2020–21.⁴⁵ As such, Parliamentary oversight on the \$550 million in Treasurer’s Advance funding is limited.

FINDING 70: In 2020–21 WorkSafe Victoria received \$550 million in Treasurer’s Advance funding to provide short term financial support.

7.4 Performance information

In 2020–21 DJCS achieved or exceeded 52% of its 176 performance measures published in its 2020–21 Annual Report. The department failed to meet 10% of its measures within a 5% variance and did not meet 39% of its measures exceeding a 5% variance.

Figure 7.3 Department of Justice and Community Safety—Performance measurement results, 2020–21



Source: Department of Justice and Community Safety, *Annual Report 2020–21*, Melbourne, 2021, pp. 113–137 (Committee calculation).

⁴¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, p. 152.

⁴² Victorian Auditor General’s Office, *Auditor-General’s Report on the Annual Financial Report of the State of Victoria: 2020–21*, pp. 3–4.

⁴³ Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 144.

⁴⁴ WorkSafe Victoria, *Annual Report 2021*, p. 69.

⁴⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 104–114.

A number of DJCS outputs recorded poor performance in 2020–21, with only three outputs achieving or exceeding over 50% of their measures.⁴⁶ The outputs with the lowest performance were Prisoner Supervision and Support (69% of all measures not met), Crime Prevention, Fines and Enforcement, Community-Based Offender Supervision and Gambling and Liquor Regulation (67% of all measures not met).⁴⁷

FINDING 71: In 2020–21 the Department of Justice and Community Safety achieved or exceeded 52% of its performance measures.

7.5 Key issues

7.5.1 COVID-19 Quarantine Victoria

On 1 December 2020 the administrative office of CQV was established within DJCS. CQV was created to manage the quarantining of individuals to minimise the potential spread of COVID-19 in the community. CQV has several responsibilities including running a hotel quarantine program for international arrivals, international aircrew and freight airline members, frontline worker accommodation and emergency accommodation for people required to quarantine or isolate.⁴⁸

In its 2020–21 Annual Report DJCS listed some of CQV’s achievements in 2020–21, including:

- quarantining 38,690 people to 30 June 2021
- development of ventilation standards for hotel quarantine
- training and testing in N95 mask fitting for all frontline staff
- a mandatory vaccine program for all frontline staff.⁴⁹

As discussed above the establishment and running of CQV was funded solely by \$635.8 million in Treasurer’s Advance funding.⁵⁰ Over half of this amount (\$357 million) is attributable to employee expenses for the program.⁵¹ In December 2020 the department reported CQV had approximately 1,500 staff in total, which grew to just over 3,000 FTE by 30 June 2021.⁵²

⁴⁶ Department of Justice and Community Safety, *Annual Report 2020–21*, pp. 113–137 (Committee calculation).

⁴⁷ Ibid.

⁴⁸ Ibid., p. 18.

⁴⁹ Ibid.; Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 4, 40.

⁵⁰ A component of this funding was for capital works (\$0.6 million). Source: Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 40, 123.

⁵¹ Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, 2020–21 Financial and Performance Outcomes hearing, response to questions on notice, received 19 November 2021, p. 4.

⁵² Total staff numbers and full-time equivalent numbers represent two different measures of employee numbers. Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, p. 149; Department of Justice and Community Safety, *Annual Report 2020–21*, p. 159.

FINDING 72: The cost of COVID-19 Quarantine Victoria (CQV) in 2020–21 was \$635.8 million, a majority of which was attributable to employee expenses. From May 2020 to June 2021 CQV staff grew from 1,500 staff to over 3,000 full-time equivalent staff.

The establishment and operation of CQV had a significant impact on DJCS' expenses in 2020–21, especially on employee benefit expense, output appropriations and operating expenses.⁵³ DJCS provided the Committee with a breakdown of employee benefit expense for 2020–21 in the Reducing the Impact of Emergencies output, which includes CQV (Table 7.4). Employee expenses for the output grew by 775% from 2019–20. CQV's \$357 million in employee expenses was the main contributor to the increase, contributing 91%.⁵⁴

Table 7.4 Department of Justice and Community Safety—Movement in employee benefit expense—Reducing the Impact of Emergencies output, 2020–21

Agency	2019–20 Actual (\$ million)	2020–21 Actual (\$ million)	Variance (\$ million)	30 June 2020 Full-time equivalent employees	30 June 2021 Full-time equivalent employees
State Control Centre	4.164	6.509	2.346	14.3	30
COVID-19 Quarantine Victoria	-	357.001	357.001	-	3,058.5
Operation High Risk Industries – Engagement and Enforcement	-	6.472	6.472	-	71.4
Bushfire Recovery Victoria	-	17.669	17.669	-	122.5
Inspector General Emergency Management	4.054	5.050	0.996	33.6	32.8
Emergency Management Victoria and corporate allocation	42.350	49.848	7.499	n.a.	n.a.
Total	50.567	442.549	391.982	n.a.	n.a.

Note: Employee benefits for Emergency Services Organisations including the Country Fire Authority, Fire Rescue Victoria, Victoria State Emergency Service and the Emergency Services Telecommunications Authority are reported in their respective annual reports. Payments from DJCS to these organisations are captured within the department's grant expense.

Source: Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, 2020–21 Financial and Performance Outcomes hearing, response to questions on notice, received 19 November 2021, p. 4.

FINDING 73: In 2020–21 the employee expenses for the Reducing the Impact of Emergencies output grew by 775%. COVID-19 Quarantine Victoria's staffing costs accounted for 91% of this increase.

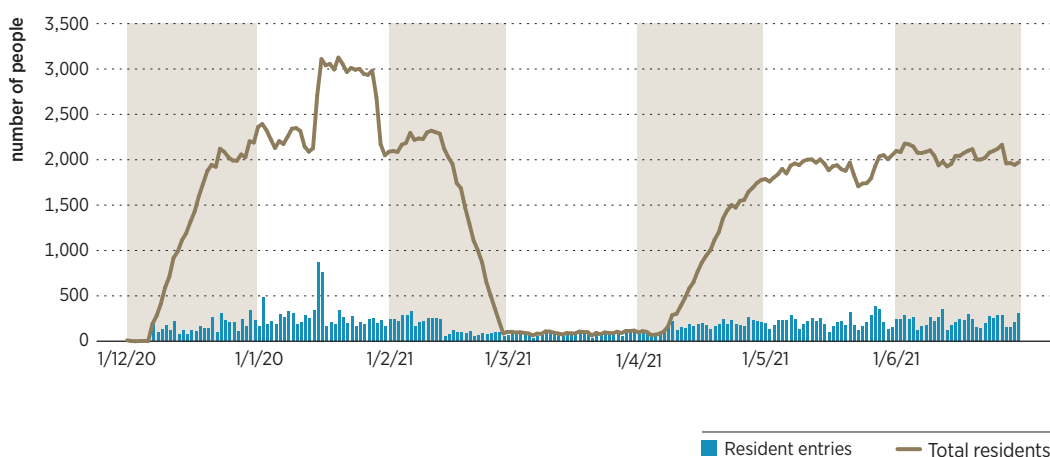
⁵³ Department of Justice and Community Safety, *Annual Report 2020–21*, p. 159.

⁵⁴ Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, response to questions on notice, p. 4 (Committee calculation).

DJCS' 2020–21 annual report contains minimal information about the actual performance of CQV. There is also little public information available regarding the performance of the program. The number of individuals staying in hotel quarantine has fluctuated significantly over 2020–21⁵⁵ but there is no publicly available ongoing data to demonstrate CQV's workload over time⁵⁶—an important factor in considering employee expenses.

DJCS provided the Committee with data showing the number of people entering quarantine and the total number of individuals in quarantine between December 2020 and June 2021, which demonstrates the fluctuation of these numbers (Figure 7.4). Between March and April 2021 the number of individuals in CQV quarantine dropped drastically.⁵⁷ As noted above, the number of CQV employees approximately doubled during this time.⁵⁸

Figure 7.4 COVID-19 Quarantine Victoria—number of entries and total number of individuals in quarantine per day, 1 December 2020 to 30 June 2021



Source: Department of Justice and Community Safety, correspondence received 7 December 2021.

In its *Report on the 2021–22 Budget Estimates* the Committee recommended the Government include estimates costs for COVID-19 related quarantine in the 2022–23 Budget.⁵⁹ The Government is required to respond to the Committee's report before 5 April 2022.⁶⁰

⁵⁵ Hon James Merlino MP, *Delivering a Safe and Secure Quarantine System*, media release, 25 March 2021.

⁵⁶ State Government of Victoria, *COVID-19 Accommodation Program Data*, 7 December 2021, <<https://www.coronavirus.vic.gov.au/covid-19-accommodation-program-data>> accessed 7 December 2021.

⁵⁷ Department of Justice and Community Safety, supplementary evidence received 7 December 2021.

⁵⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, p. 149; Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 147.

⁵⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, p. 68.

⁶⁰ It is noted that the Government tabled its response in March 2022. Source: Parliament of Victoria, *Public Accounts and Estimates Committee – Inquiry into the 2021–22 Budget Estimates*, 7 October 2021, <<https://www.parliament.vic.gov.au/paec/inquiries/article/4699>> accessed 31 January 2022.

FINDING 74: While COVID-19 Quarantine Victoria cost \$635.8 million in 2020–21, public information or reporting on the program’s performance is limited and does not include data to show how many individuals have been in quarantine per day on an ongoing basis.

RECOMMENDATION 20: The Department of Justice and Community Safety, in collaboration with the Department of Treasury and Finance, develop appropriate performance measures for COVID-19 quarantine facilities for inclusion in the next Budget.

7.5.2 Emergency Services Telecommunications Authority

The Emergency Services Telecommunications Authority (ESTA) is a Victorian statutory authority which provides 24-hour emergency call-taking and dispatch services for police, fire, ambulance and Victoria State Emergency Service. ESTA also provides operational communications support to these emergency services.⁶¹

During the hearings DJCS provided information to the Committee regarding a number of aspects of ESTA’s performance in 2020–21.⁶² Specifically, the department discussed the performance of ESTA during the COVID-19 pandemic in the context of several reports on ESTA.⁶³ These reports outlined concerns about call-taking system outages, investigations into three deaths after long call wait times, issues with understaffing and the exponential increases in ESTA’s workload due to the pandemic.⁶⁴

DJCS advised ESTA had seen a ‘massive’ increase in demand during the COVID-19 pandemic.⁶⁵ In 2020–21 ESTA received a record 2.8 million calls in total, a 1.2% increase on 2019–20 figures.⁶⁶

Paired with this increase in demand was a decrease in performance, specifically around critical ambulance call-answer speeds.⁶⁷ Of a target of 90% of ambulance calls answered within five seconds, the result in 2020–21 was 87.7%—a decrease of 5.9% from the previous year.⁶⁸ While of a target of 90% for dispatch for code one events, the result in 2020–21 was 86.2%, which represented an increase in performance from 2019–20.⁶⁹ ESTA stated community demand for ambulances after the easing of COVID-19 restrictions contributed significantly to a decline in performance.⁷⁰

⁶¹ Emergency Services Telecommunications Authority, *Annual Report 2020–21*, Melbourne, 2021, p. 8.

⁶² Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 9 November 2021, *Transcript of evidence*, pp. 7, 8, 32.

⁶³ *Ibid.*, p. 7.

⁶⁴ Public Accounts and Estimates Committee, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 9 November 2021, *Transcript of evidence*, pp. 8, 34.

⁶⁵ Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, *Transcript of evidence*, p. 7.

⁶⁶ Emergency Services Telecommunications Authority, *Annual Report 2020–21*, p. 10

⁶⁷ *Ibid.*, pp. 11, 115–116.

⁶⁸ *Ibid.*, pp. 115–116.

⁶⁹ *Ibid.*

⁷⁰ *Ibid.*, pp. 10–11.

Table 7.5 shows the number of calls answered for Ambulance Victoria by ESTA over the last five years.

Table 7.5 Emergency Services Telecommunications Authority—Calls answered for Ambulance Victoria

Year	Calls answered	Growth year over year (%)	Four-year growth (%)
2016–17	914,453	2.3	0.4
2017–18	945,757	3.4	3.8
2018–19	979,379	3.6	11.4
2019–20	1,009,047	3.0	12.9
2020–21	1,074,839	6.5	17.5

Source: Emergency Services Telecommunications Authority, *Annual Report 2019–20*, Melbourne, 2020, p. 109; Emergency Services Telecommunications Authority, *Annual Report 2020–21*, Melbourne, 2021, pp. 105, 113, 218–19; Emergency Services Telecommunications Authority, *Annual Report 2017–18*, Melbourne, 2018, p. 101; Emergency Services Telecommunications Authority, *Annual Report 2016–17*, Melbourne, 2017, p. 8.

FINDING 75: During 2020–21 the Emergency Services Telecommunications Authority did not meet its performance targets in relation to ambulance call-answer and dispatch times. The performance of call answer times dropped by 5.9% compared to 2019–20. This decline in performance relates to increased demand after the easing of COVID-19 restrictions.

FINDING 76: The number of calls answered for Ambulance Victoria and the number of calls overall to the Emergency Services Telecommunications Authority have grown steadily over the last five years.

DJCS told the Committee of the preparatory work undertaken by the ESTA Board in 2020–21 in relation to expected increases in demand due to the pandemic. This included work in planning and understanding how increases would impact ESTA’s work, looking to other jurisdictions on how to better respond and using the media to encourage Victorians not to call 000 unless it is an emergency.⁷¹

Computer aided dispatch system

In 2020–21 ESTA was provided \$42 million in output and \$9.9 million in asset funding for its continued operation and to update its computer aided dispatch (CAD) system to support the Triple Zero service.⁷² Of this funding, \$8.8 million in output and \$9.9 million in asset was specifically distributed to update ESTA’s CAD system.⁷³

⁷¹ Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, *Transcript of evidence*, p. 7.

⁷² Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 104, 106, 113.

⁷³ Mr Andrew Crisp, Emergency Management Commissioner, Department of Justice and Community Safety, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 9 November 2021, *Transcript of evidence*, p. 33.

The Emergency Management Commissioner advised ESTA's CAD system required updating due to the 'fragility of the previous system'.⁷⁴ The Commissioner told the Committee in November 2020 the new system was deployed, while the next two phases would see a redundancy system put in place for use during system outages and would bolster system maintenance and cybersecurity controls.⁷⁵ However, DJCS also reported that the completion date for the project had been delayed for one year due to COVID-19 impacts.⁷⁶

The Committee was unable to access further information regarding the implementation of ESTA's CAD system.

FINDING 77: In 2020–21 the Emergency Services Telecommunications Authority was provided \$18.7 million to upgrade its computer aided dispatch (CAD) system, which had experienced major issues including outages in previous years. While the new CAD system has been deployed, technical issues with the new system are ongoing.

On 8 October 2021 the Government announced it had commissioned a review of ESTA, to be led by former Chief Commissioner of Police Graham Ashton.⁷⁷ DJCS advised there would be a focus on meeting and consulting with the ESTA workforce, members of the public and industrial partners. The review will focus on governance, peaks in demand, the training needed for ESTA staff and whether there are any streamlining or efficiency opportunities in the current call-taking and dispatch process.⁷⁸ The Emergency Management Commissioner added that during the review, ESTA's role in managing network and hardware contracts and whether this was still appropriate would be considered.⁷⁹

7.5.3 Prisoner Supervision and Support output

During 2020–21 the Prisoner Supervision and Support output was the least performing output of the department, meeting 31% of its measures. Eight of the 11 measures not met were impacted by the COVID-19 pandemic.⁸⁰ Of these eight measures, five were not met as a result of the average number of individuals in corrections facilities each day being under the expected target—conversely, a positive result.⁸¹

⁷⁴ Ibid.

⁷⁵ Ibid.; Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 66.

⁷⁶ Department of Justice and Community Safety, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 66.

⁷⁷ Hon Jaclyn Symes MLC, *Former Police Chief to Head Up Review of ESTA Capabilities*, media release, 8 October 2021.

⁷⁸ Ms Rebecca Falkingham, Secretary, Department of Justice and Community Safety, *Transcript of evidence*, p. 8.

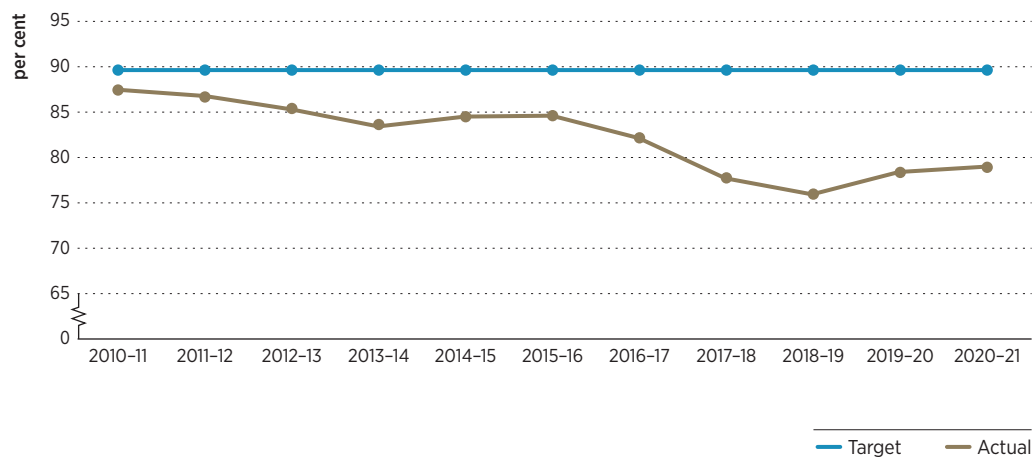
⁷⁹ Mr Andrew Crisp, Emergency Management Commissioner, Department of Justice and Community Safety, *Transcript of evidence*, p. 8.

⁸⁰ Department of Justice and Community Safety, *Annual Report 2020–21*, p. 121 (Committee calculation).

⁸¹ Ibid.

Corrections Victoria operates 11 prisons across Victoria. A further three are privately operated and there is one transition centre.⁸² All facilities have several service delivery outcomes (SDOs) and associated benchmarks that measure prison performance.⁸³ Not all SDOs are common across all facilities. The measure ‘proportion of benchmark measures in prison services agreements achieved’ is an aggregated outcome of SDOs achieved across all facilities.⁸⁴ The ‘proportion of benchmark measures in prison services agreements achieved’ performance measure was not met in 2020–21 and has not been met over the last 10 years as shown in Figure 7.5.

Figure 7.5 Proportion of benchmark measures in prison services agreements achieved, 2010–11 to 2020–21



Source: Department of Treasury and Finance, *Departmental Statements – Departmental performance measures*, 1 September 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 7 December 2021.

FINDING 78: The performance measure ‘proportion of benchmark measures in prison service agreements achieved’ has not been met and has been trending downwards since 2010–11.

Each SDO measures areas of achievement across Victoria’s prisons and includes significant areas such as prisoner safety, security, health and welfare. SDO’s include assaults on staff or other persons, out of cell hours, number of unnatural deaths, self-harm, assault on prisoners by staff or other prisoners, at-risk assessments and participation in education and offending behaviour programs.⁸⁵ Aggregate results for each prison for the last two financial years are shown below.

⁸² Corrections, Prisons and Parole, *Prisons*, 18 February 2021, <<https://www.corrections.vic.gov.au/prisons>> accessed 7 December 2021.
⁸³ Ms Larissa Strong, Acting Corrections Commissioner, Department of Justice and Community Safety, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 9 November 2021, *Transcript of evidence*, p. 14; Victorian Auditor General’s Office, *Safety and Cost Effectiveness of Private Prisons*, Melbourne, 2018, p. 8.
⁸⁴ Ms Larissa Strong, Acting Corrections Commissioner, Department of Justice and Community Safety, 2020–21 Financial and Performance Outcomes hearing, response to questions on notice, received 19 November 2021, pp. 5–6.
⁸⁵ Ibid.

Table 7.6 Service delivery outcomes (SDOs) achieved—aggregate by facility

Prison	Aggregate performance of prison: SDO benchmarks passed (%)		
	2019–20 end year	To 31 May 2021	2020–21 end year
Barwon	68.4	73.7	84.2
Dame Phyllis Frost Centre	75.0	78.9	75.0
Melbourne Assessment Prison	68.8	80.0	68.8
Metropolitan Remand Centre	61.1	70.6	61.1
Port Phillip Prison	80.0	78.9	75.0
Hopkins Correctional Centre	73.7	83.3	73.7
Fulham Correctional Centre	94.4	94.4	94.4
Loddon Prison Precinct	72.2	88.2	77.8
Marngoneet Correctional Centre	78.9	77.8	68.4
Karreenga	84.2	94.4	89.5
Ravenhall Correctional Centre	57.9	78.9	73.7
Middleton	94.4	82.4	77.8
Beechworth Correctional Centre	83.3	94.1	77.8
Dhurringile Prison	83.3	94.1	83.3
Langi Kal Kal Prison	83.3	93.8	83.3
Tarrengower Prison	83.3	100.0	88.2
Judy Lazarus Transition Centre	100.0	100.0	100.0
Total	78.6	82.2	79.2

Source: Corrections, Prisons and Parole, *Prisons*, 18 February 2021, <<https://www.corrections.vic.gov.au/prisons>> accessed 7 December 2021; Ms Larissa Strong, Acting Corrections Commissioner, Department of Justice and Community Safety, 2020–21 Financial and Performance Outcomes hearing, response to questions on notice, received 19 November 2021, pp. 5–6; Hon Natalie Hutchins MP, Minister for Corrections, 2021–22 Budget Estimates (Corrections) hearing, response to questions on notice, received 16 July 2021, pp. 10–11; Ms Larissa Strong, Acting Corrections Commissioner, Department of Justice and Community Safety, 2019–20 Financial and Performance Outcomes hearing, response to questions on notice, received 5 March 2021, p. 5.

Performance on this basis varies greatly. For example, Ravenhall Correctional Centre was the least performing in 2019–20 but improved greatly in 2020–21. For both years the Metropolitan Remand Centre was one of the least performing. There is no clear pattern of performance between the privately operated and public prisons from the available data.

On why the performance measure was not met, DJCS cited COVID-19 as a factor which limited the ability of prisons and providers to deliver services.⁸⁶ DJCS also stated that an increased remand population and significant prisoner turnover was a factor.⁸⁷ However,

⁸⁶ Department of Justice and Community Safety, *Annual Report 2020–21*, p. 121.

⁸⁷ *Ibid.*; Ms Larissa Strong, Acting Corrections Commissioner, Department of Justice and Community Safety, response to questions on notice, p. 5.

during the COVID-19 pandemic prisoner numbers have been lower than their historic highs of 2018–19.⁸⁸ The same factors were cited in 2019–20.⁸⁹

The performance of Victoria’s prisons is important for several reasons, including the cost of operating prisons and the significant investment in new prisons. In 2020–21 the department spent \$1.6 billion on its Prisoner Supervision and Support output.⁹⁰ Over the last 10 years, the cost of the output has more than doubled, while the average benchmark performance measure has either declined or stayed relatively the same.⁹¹

Victoria’s prison population has also almost doubled over the last 10 years.⁹² As prisoner turnover and a growth in the remand population are factors in reduced performance, this may suggest Victoria’s prison facilities are struggling to manage the number of prisoners across the system and the type of imprisonment the system has trended towards—that is, short-term remandees.

Overall this has an impact on DJCS’ stated purpose for the output, which includes effective management and services to provide opportunities for rehabilitation and repatriation.⁹³

88 Corrections, Prisons and Parole, *Monthly prisoner and offender statistics 2014–15 to 2020–21: 2020–21 and 2019–20*, August 2021, <<https://www.corrections.vic.gov.au/monthly-prisoner-and-offender-statistics-2014-15-to-2020-21>> accessed 7 December 2021.

89 Department of Justice and Community Safety, *Annual Report 2019–20*, Melbourne, 2020, p. 130.

90 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 288.

91 Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, p. 65.

92 Ibid.

93 Department of Justice and Community Safety, *Annual Report 2020–21*, p. 119.

8

Department of Jobs, Precincts and Regions

8.1 Description of the Department of Jobs, Precincts and Regions

The Department of Jobs, Precincts and Regions (DJPR) focuses on ‘Victoria’s economic recovery and growth and ensuring it benefits all Victorians’.¹ This means maintaining and creating jobs for more people and building thriving and inclusive places, regions and communities.²

DJPR is responsible for 15 portfolios: Industry Support and Recovery; Business Precincts; Trade; Tourism, Sport and Major Events; Racing; Creative Industries; Suburban Development; Local Government; Employment; Innovation, Medical Research and the Digital Economy; Small Business; Community Sport; Regional Development; Agriculture; and Resources.³

Machinery of government changes that took effect as of 1 July 2020 include:

- Local Government Victoria transferred to DJPR from the Department of Environment, Land, Water and Planning (DELWP)
- Place Based Reform transferred to DJPR from the Department of Premier and Cabinet (DPC)
- Medical Research transferred to DJPR from the Department of Health (DH)
- Priority Precincts being divided between DJPR and the Department of Transport.⁴

8.2 Outcomes achieved

In response to the Committee’s questionnaire, DJPR outlined the following five programs that delivered the most important outcomes in the community in 2020–21:

- The Business Support Fund—delivered more than 184,000 grants to support small and medium sized businesses, valued at \$1.8 billion⁵
- The Working for Victoria program—placed more than 13,500 people into jobs⁶

1 Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, Melbourne, 2021, p. 4.

2 *ibid.*

3 *ibid.*, p. 8.

4 *ibid.*, p. 5.

5 Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 5 November 2021, p. 28.

6 *ibid.*, p. 29.

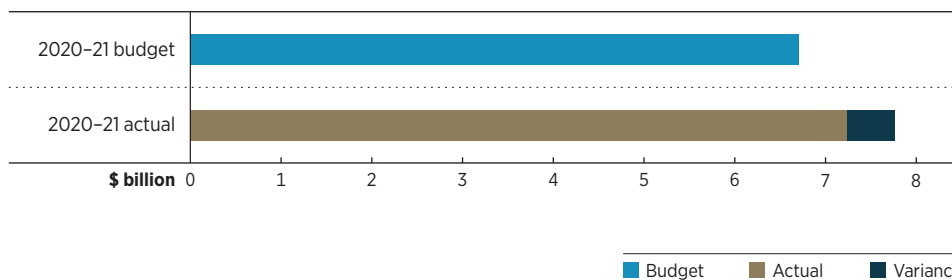
- The Community Sports Infrastructure Stimulus Program—assisted with delivery of community sport and recreation infrastructure for 70 projects, valued at \$178 million⁷
- The Suburban Revitalisation Program—through Suburban Revitalisation Boards, the Neighbourhood Activity Centre Renewal Fund and revitalisation investment improved economic and social prosperity in Melbourne’s suburbs, supporting 114 initiatives valued at over \$72 million⁸
- The Seasonal Workforce Program—provided a coordinated response to seasonal workforce shortage issues due to COVID-19 restrictions.⁹

8.3 Financial analysis

8.3.1 Output expenditure

In 2020–21 DJPR’s budget was \$6.7 billion.¹⁰ Actual expenditure for the year was \$7.2 billion, representing a 7.8% variance.¹¹ Figure 8.1 shows the difference between the budget and actual output expenditure.

Figure 8.1 Department of Jobs, Precincts and Regions—Budget vs Actual, 2020–21



Source: Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, Melbourne, 2021, p. 248 (Committee calculation).

Table 8.1 shows DJPR’s actual and budget output expenditure by output.

⁷ Ibid.

⁸ Ibid., p. 30.

⁹ Ibid., pp. 30–31.

¹⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 255.

¹¹ Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, p. 248 (Committee calculation).

Table 8.1 Department of Jobs, Precincts and Regions—Expenditure by output, 2020–21

Output	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Jobs	2,897.5	2,874.9	0.8
Industry, Innovation, Medical Research and Small Business	507.8	1,104.2	117.4
Trade and Global Engagement	106.1	99.6	-6.1
Business Precincts	24.4	28.0	14.8
Local Government and Suburban Development	178.6	189.8	6.3
Regional Development	539.9	541.9	0.4
Creative Industries Access, Development and Innovation	78.7	95.1	20.8
Creative Industries Portfolio Agencies	463.2	438.3	-5.4
Cultural Infrastructure and Facilities	139.1	123.8	-11.0
Sport, Recreation and Racing	779.4	685.4	-12.1
Tourism and Major Events	355.6	390.3	9.8
Agriculture	564.2	586.8	4.0
Resources	73.2	74.6	1.9
Total	6,707.7	7,232.7	8.0

Source: Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, Melbourne, 2021, pp. 191–243 (Committee calculation); Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 255.

Of DJPR’s 13 outputs, the biggest variance was in the Industry, Innovation, Medical Research and Small Business output, which had an overspend of 117% compared to the 2020–21 Budget. Overspends were also recorded in the Creative Industries Access, Development and Innovation output (21%) and the Business Precincts output (15%).¹²

DJPR stated that expenditure in the Industry, Innovation, Medical Research and Small Business output was higher than budget due to the *Circuit Breaker Support Package* and *Victoria’s Digital Future Now* initiative, and programs moving to this output from the Jobs output.¹³ \$430.9 million was spent on the *Circuit Breaker Support Package* in 2020–21, to provide support to businesses impacted by COVID-19.¹⁴

¹² Ibid., pp. 191–243 (Committee calculation).

¹³ Ibid., p. 197.

¹⁴ Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 94.

DJPR stated that expenditure in the Creative Industries Access, Development and Innovation output was higher than budget due to the *Creative Industries Survival Package*.¹⁵ \$7.9 million was spent on the *Creative Industries Survival Package* in 2020–21.¹⁶

Expenditure in the Business Precincts output was higher than budget as funding was reclassified from asset to output funding.¹⁷

8.3.2 Expenses

\$5.6 billion grants and other transfers expenses was incurred by DJPR in 2020–21, representing an increase of 196.8% from 2019–20.¹⁸ DJPR stated that the increase is due to additional expenditure incurred in response to the impacts of COVID-19, which included the *Business Support Fund* and the *Business Cost Assistance* program that provided funding to the private sector, individuals, households and local government.¹⁹

In 2020–21 DJPR's employee expenses were \$647 million, compared to a budget of \$590 million, representing a variance of 9.7%.²⁰ Employee expenses were also 17.9% higher in 2020–21 compared to 2019–20.²¹ DJPR outlined that both the overspend to budget and year over year increase were mainly driven by the department's increased support in response to COVID-19. In addition, machinery of government changes resulted in an increase in headcount with the transfer of employees from Local Government Victoria (DELWP), Medical Research (DH) and Service System Reforms (DPC) to DJPR.²²

In 2020–21 DJPR's consulting expenses were \$36.9 million, 57% higher than 2019–20. DJPR stated this was to deliver COVID-19 priorities.²³ Consultancy reporting is provided in detail by DJPR in an appendix to the 2020–21 Annual Report on DJPR's website.²⁴ Compared to 2019–20 contractor expenses in 2020–21 declined by 9.5% to \$79.6 million and labour hire costs also decreased by 23.3% to \$16.5 million.²⁵

15 Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, p. 224.

16 Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 105.

17 Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, p. 208.

18 Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 63.

19 Ibid.

20 Ibid., p. 64 (Committee calculation).

21 Ibid., p. 63 (Committee calculation).

22 Ibid., pp. 63–64.

23 Ibid., p. 111 (Committee calculation).

24 Department of Jobs, Precincts and Regions, *Annual Report 2020–21: Appendix 8 Consultancy Expenditure*, Melbourne, 2021; Department of Jobs, Precincts and Regions, *Annual reports, 2021*, <<https://djpr.vic.gov.au/about-us/publications/annual-reports>> accessed 23 December 2021.

25 Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 111 (Committee calculation).

COVID-19 expenditure

DJPR's COVID-19 expenses were the largest out of all departments and agencies in 2020–21, totalling \$4.5 billion on COVID-19 response and recovery.²⁶ In DJPR's response to the Committee's questionnaire, DJPR stated a total of \$3.9 billion was spent on interventions or to cover expenses related to COVID-19 responses for the 2020–21 financial year, of which \$1.3 billion were off budget initiatives.²⁷

8.3.3 Treasurer's Advances

In 2020–21 DJPR accessed \$1.0 billion through Treasurer's Advances, of which \$896.6 million was attributable to COVID-19 expenditure.²⁸ \$342.2 million was accessed to fund the *Circuit Breaker Business Support Package – May 2021* initiative and this accounted for the largest draw down of Treasurer's Advances attributable to DJPR's COVID-19 expenses.²⁹

8.3.4 Revenue

In 2020–21 DJPR's output appropriation was \$6.9 billion, 8.8% higher than the 2020–21 Budget and 127% higher than the 2019–20 actual.³⁰ The increase in output appropriations was mainly due to additional funding allocated to respond to the impacts of COVID-19.³¹

Sale of goods and services was \$57 million in 2020–21, 50% lower than the 2020–21 Budget and 55.2% lower than the 2019–20 actual.³² This was because Creative Victoria portfolio agencies experienced low patronage due to COVID-19 restrictions.³³

8.3.5 Overall financial performance

Table 8.2 summarises DJPR's financial performance in 2020–21.

²⁶ Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 22 November 2021.

²⁷ Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 93, 106 (Committee calculation).

²⁸ The Committee notes that the Department of Jobs, Precincts and Region's questionnaire responses outlines that \$826.1 million was accessed via Treasurer's Advances. Source: Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 42; Department of Treasury and Finance, *2020–21 Financial Report*, 2021, Melbourne, pp. 148, 151 (Committee calculation).

²⁹ Department of Treasury and Finance, *2020–21 Financial Report*, October 2021, Melbourne, p. 151.

³⁰ Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 58, 61 (Committee calculation).

³¹ Ibid.

³² Ibid., pp. 59, 61 (Committee calculation).

³³ Ibid., p. 59.

Table 8.2 Department of Jobs, Precincts and Regions—Summary of Comprehensive Operating Statement, 2020–21

Controlled items	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Income from transactions	6,554	7,230	10
Expenses from transactions	6,708	7,233	8
Net result from transactions	-153	-3	-98

Source: Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, Melbourne, 2021, p. 248.

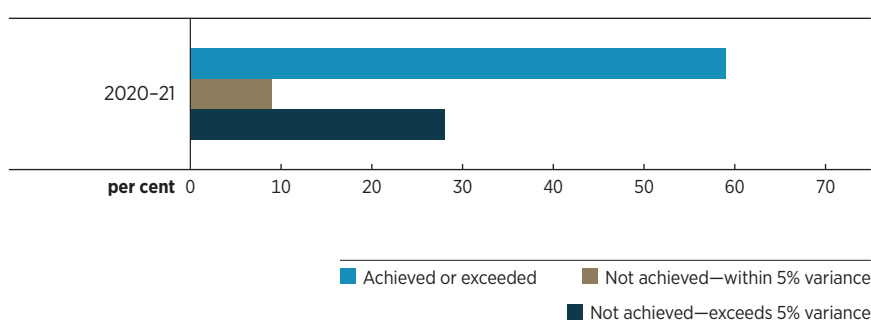
DJPR budgeted a net deficit of \$153 million for 2020–21.³⁴ Increased appropriations were provided to DJPR to cover the increased expenses, reducing the actual net deficit from \$153 million to \$3 million.³⁵

FINDING 79: The Department of Jobs, Precincts and Regions' expenses exceeded income in 2020–21, resulting in a net result deficit from transactions of \$3 million, which represents a substantial improvement compared to the budgeted net result deficit of \$153 million.

8.4 Performance information

DJPR achieved 59% of its 189 performance measures in 2020–21.³⁶ This compares to a 62% achievement rate in 2019–20.³⁷

In 2020–21 DJPR failed to meet 9% of its measures within a 5% variance and 28% of its measures exceeding a 5% variance.³⁸

Figure 8.2 Department of Jobs, Precincts and Regions—Performance measurement results, 2020–21

Source: Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, Melbourne, 2021, pp. 191–243 (Committee calculation).

³⁴ Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, p. 248.

³⁵ Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 58, 63–64.

³⁶ Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, pp. 191–243 (Committee calculation).

³⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, May 2021, p. 121.

³⁸ Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, pp. 191–243 (Committee calculation).

FINDING 80: In 2020–21 the Department of Jobs, Precincts and Regions achieved 59% of its 189 performance measures, compared to 62% achieved in 2019–20.

8.5 Key issues

8.5.1 Grants

According to the DJPR's Annual Report \$4.6 billion in grants and related assistance were provided to organisations and individuals in 2020–21, including grants in response to the COVID-19 pandemic.³⁹ While the specific amount relating to COVID-19 grants is not detailed, \$1.8 billion or 39.8% of DJPR's grants in 2020–21 related to the *Business Support Fund*.⁴⁰

DJPR's grants and related assistance expense of \$4.6 billion in 2020–21, compares to \$1.4 billion in 2019–20 and \$0.6 billion in 2018–19.⁴¹ This represents an increase of 666% in grants and related assistance expenses in 2020–21 compared to 2018–19.⁴²

FINDING 81: The Department of Jobs, Precincts and Regions provided grants and related assistance of \$4.6 billion in 2020–21, \$1.4 billion in 2019–20 and \$0.6 million in 2018–19. This represents an increase of 666% in 2020–21 compared to pre-COVID-19 expenditure in 2018–19.

DJPR reports \$1.8 billion was spent on multiple rounds of the *Business Support Fund* in 2020–21,⁴³ whereas DTF's collation of COVID-19 related spending reports \$1.9 billion was spent on *Business Support* and \$37.3 million was spent on the *Business Support Fund* in 2020–21.⁴⁴

Whilst having different ways of reporting on financial information is reasonable, to enhance reporting on grant expenditure, DJPR should detail the method of collating information. For example, it would be helpful to explain any discretionary judgments made or systems used in collecting information, to better understand the figures reported on.

³⁹ Ibid., p. 302.

⁴⁰ Ibid. (Committee calculation).

⁴¹ Ibid.; Department of Jobs, Precincts and Regions, *Annual Report 2019–20*, Melbourne, 2020, p. 282; Department of Jobs, Precincts and Regions, *Annual Report 2018–19*, Melbourne, 2019, p. 254.

⁴² Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, p. 302; Department of Jobs, Precincts and Regions, *Annual Report 2018–19*, p. 254 (Committee calculation).

⁴³ Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, p. 302; Department of Jobs, Precincts and Regions, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 66, 67, 95, 96.

⁴⁴ Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 22 November 2021.

FINDING 82: The Department of Treasury and Finance’s reporting on COVID-19 shows that \$1.9 billion was spent on *Business Support* and \$37.3 million was spent on the *Business Support Fund* in 2020–21, while the Department of Jobs, Precincts and Region’s Annual Report states \$1.8 billion was spent on multiple rounds of the *Business Support Fund* in 2020–21.

RECOMMENDATION 21: To increase the usefulness of financial information reported on, the Department of Treasury and Finance and the Department of Jobs, Precincts and Regions include notes to detail the basis of any calculations and discretionary judgments made in the process of reporting on grant programs.

DJPR’s 2020–21 Annual Report presented a write off of \$1.4 million due to amounts ‘paid in error to *Business Support* grant applicants, as there is little likelihood of recovery and a return of funds would result in financial hardship for applicants and their businesses in light of the impact of COVID-19 restrictions’.⁴⁵ This is reported under ex-gratia expenses as a ‘Forgiveness or waiver of liability’.⁴⁶ DJPR’s 2020–21 Annual Report does not detail how this amount was calculated, for example the extent of the sampling size or whether further waivers are anticipated. The write off represents 0.08% of the \$1.84 billion paid during the year for the *Business Support Fund*.⁴⁷

FINDING 83: \$1.4 million was written off by the Department of Jobs, Precincts in 2020–21 as grants paid in error to *Business Support* applicants that will not be recovered. While the write off represents only 0.08% of the *Business Support Fund* grant expense in 2020–21, it is unclear how the write off amount was calculated.

Reporting of Business Support grants

In the Committee’s *Report on the 2020–21 Budget Estimates*, it was recommended the Victorian Government provide details on:

COVID-19 related support packages including budgeted allocation, actual amount expended, administration cost (including as a percentage of total funds), the number of beneficiaries and outcomes achieved through the support package to enhance the legitimacy of the support packages announced.⁴⁸

The Government’s response to this recommendation referred to the release of DTF’s report on COVID-19 expenditure for the financial year, however this report only covers

⁴⁵ Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, p. 165.

⁴⁶ Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against the entity. Source: Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, p. 165.

⁴⁷ *Ibid.*, pp. 165, 302 (Committee calculation).

⁴⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, p. 249.

actual expenditure. The remaining aspects of the Committee's recommendation were not addressed.⁴⁹

In regards to COVID-19 related grants, there have been many funding announcements made⁵⁰ involving a large amount of small payments⁵¹ and extensions to grants that cover multiple financial years and use similar names. The combination of these factors make it difficult to understand the financial impact of Government spending and to assess the benefit received by the community.

Evaluation of Business Support grants

A key function of the Committee is to review the outcomes achieved from Government expenditure. As there is a lack of authoritative, summary information on the Victorian Government's COVID-19 support, the Committee is interested in how evaluation for COVID-19 grant initiatives, such as the *Business Support Fund*, will be performed. In addition to support provided by the Victorian Government, businesses were also supported by Commonwealth Government payments and leniency in treatment of debt by banks.

Movements in the number of operating businesses in Victoria can provide insight into how well businesses survived the impacts of COVID-19. This can be approximated using Australian Bureau of Statistics data on business entries and exits. The ABS reports there was a net 2.5% increase in business entries and exits in Victoria in 2020–21, compared to a 3% increase in 2019–20.⁵² Whilst this shows a slight decrease in 2020–21, the results are comparable. In addition, in examining Victorian business' access to grants, approximately 16% of businesses in Victoria accessed *Business Support 2* grant funding in 2020–21.⁵³

RECOMMENDATION 22: The Department of Jobs, Precincts and Regions publish in the department's annual report the actual grant expense incurred against its budget for each COVID-19 related support grant program announced and whether additional support was required, and the total number of recipients of each support grant program.

⁴⁹ Government of Victoria, *Response to the Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2020–21 Budget Estimates*, 28 October 2021, p. 20.

⁵⁰ Mr Simon Phemister, Secretary, Department of Jobs, Precincts and Regions, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 9 November 2021, *Transcript of evidence*, p. 2.

⁵¹ Data is provided for the period until 3 November 2021. Source: Mr Simon Phemister, Secretary, Department of Jobs, Precincts and Regions, *Transcript of evidence*, p. 9.

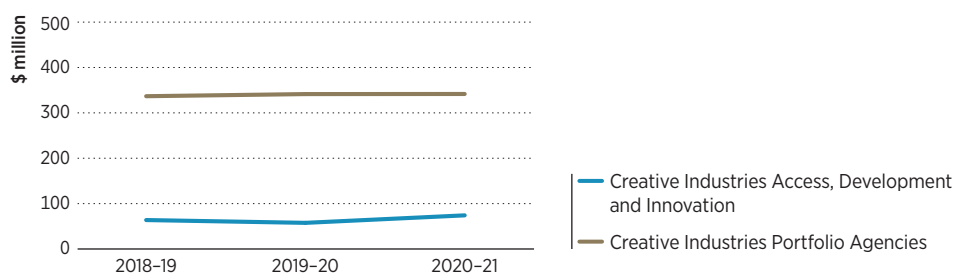
⁵² This data is to be interpreted with caution. Current year data (2020–21) has not yet been seasonally adjusted and changes to industries included in counts has changed from last year. Source: Australian Bureau of Statistics, *Counts of Australian Businesses, including Entries and Exits, Australia, July 2016 - June 2020, July 2017 - June 2021*, <<https://www.abs.gov.au/statistics/economy/business-indicators/counts-australian-businesses-including-entries-and-exits/latest-release>> accessed 28 November 2021 (Committee calculation).

⁵³ 108,265 grants were paid under the *Business Support Fund 2* and the number of businesses in Victoria at the end of 2019–20 was 660,214. Source: Department of Jobs, Precincts and Regions, *Response to the 2021–22 Budget Estimates General Questionnaire*, received 3 June 2021, p. 14; Australian Bureau of Statistics, *Counts of Australian Businesses, including Entries and Exits, Australia, July 2016 - June 2020*, <<https://www.abs.gov.au/statistics/economy/business-indicators/counts-australian-businesses-including-entries-and-exits/latest-release>> accessed 28 November 2021.

Creative Industries

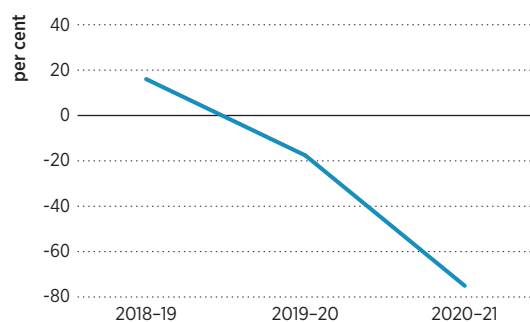
Victoria's Creative Industries experienced a challenging year in 2020–21 due to COVID-19 restrictions. Since 2018–19 costs for the Creative Industries' outputs⁵⁴ remained relatively stable but attendance at Creative Industries' centres declined. This is reflected in Figures 8.3 and 8.4.

Figure 8.3 Creative Industries—Output costs, 2018–19 to 2020–21



Source: Department of Jobs, Precincts and Regions, *Annual Report 2018–19*, Melbourne, 2019, pp. 189–191; Department of Jobs, Precincts and Regions, *Annual Report 2019–20*, Melbourne, 2020, pp. 207–209; Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, Melbourne, 2021, pp. 223–225.

Figure 8.4 Creative Industries—Achievement of attendance performance measures, 2018–19 to 2020–21



Source: Department of Jobs, Precincts and Regions, *Annual Report 2018–19*, Melbourne, 2019, pp. 189–191; Department of Jobs, Precincts and Regions, *Annual Report 2019–20*, Melbourne, 2020, pp. 207–209; Department of Jobs, Precincts and Regions, *Annual Report 2020–21*, Melbourne, 2021, pp. 223–225.

Creative Industries' output costs in 2020–21 remained at similar levels to prior years due to maintaining the staffing complement, and 'restart planning', which was explained as ensuring institutions or venues are prepared for safe restart in future financial years when restrictions are eased.⁵⁵

FINDING 84: While Creative Industries' output costs have remained stable from 2018–19 to 2020–21, performance measures reflecting attendance have substantially declined over this period. The Department of Jobs, Precincts and Regions have maintained Creative Industries staff levels over the shutdown period and have been working to ensure Creative Industries' centres were preparing for a safe restart when the economy opens.

⁵⁴ Comprises Creative Industries Access, Development and Innovation and Creative Industries Portfolio Agencies.

⁵⁵ Mr Simon Phemister, Secretary, Department of Jobs, Precincts and Regions, *Transcript of evidence*, p. 13.

8.5.2 Employment initiatives

Two major employment initiatives in 2020–21 were *Jobs for Victoria: Our plan to maximise jobs and help Victorians into work (Jobs for Victoria)* and *Working for Victoria*. Funding for these initiatives is detailed in Table 8.3 below.

Table 8.3 Department of Jobs, Precincts and Regions—2020–21 employment initiatives

Initiative	March 2020	2020–21 Budget
Working for Victoria	\$500 million announcement (\$115 million provided via Treasurer’s Advance funding) as a part of the <i>Economic Survival Package</i>	\$87.5 million
Jobs for Victoria	n.a.	\$619.4 million over 2020–21 to 2023–24 (\$151.3 million allocated to 2020–21)

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 83; Department of Jobs, Precincts and Regions, *Response to the 2020–21 Budget Estimates General Questionnaire*, received 30 November 2020, p. 104; Hon Daniel Andrews MP, *Economic Survival Package To Support Businesses And Jobs*, media release, 21 March 2020.

The *Working for Victoria* initiative assisted jobseekers, including those who lost jobs due to COVID-19, to find employment, provides online training courses and an online job search service.⁵⁶

Jobs for Victoria comprises two aspects—firstly to provide support to assist jobseekers through expanded Jobs Victoria services including providing job mentors and advocates, career counsellors, an online jobs platform and helpline. Secondly, the initiative provides employers with subsidies to encourage employment, with \$150 million allocated to subsidies for employment of women, including \$50 million for older women.⁵⁷

In March 2020 when Victoria was first affected by Stage 1 COVID-19 restrictions, the Government responded quickly to support employment opportunities by establishing the *Working for Victoria* fund.⁵⁸ The Government also demonstrated policy responsiveness in creating the *Jobs for Victoria* initiative to focus on supporting different cohorts to find employment including women, who were disproportionately affected by COVID-19 in the labour market.⁵⁹

FINDING 85: The *Working for Victoria* initiative was allocated \$500 million in March 2020. Funding was sourced off budget through Treasurer’s Advances and on budget as a new initiative over the 2019–20 and 2020–21 years.

⁵⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 94.

⁵⁷ Mr Simon Phemister, Secretary, Department of Jobs, Precincts and Regions, 2020–21 Financial and Performance Outcomes hearings, response to questions on notice received 23 November 2021, p. 18; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 94.

⁵⁸ Hon Daniel Andrews MP, *Economic Survival Package To Support Businesses And Jobs*, media release, 21 March 2020; Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government’s response to the COVID19 pandemic*, February 2021, p. 253.

⁵⁹ Department of Treasury and Finance, *Budget Paper No. 2: 2020–21 Strategy and Outlook*, Melbourne, 2020, p. 43.

RECOMMENDATION 23: The Department of Jobs, Precincts and Regions provide summary financial information, including the funding allocated and the actual expenditure incurred, for the employment initiatives *Working for Victoria* and *Jobs for Victoria: Our plan to maximise jobs and help Victorians into work* in its next annual report.

8.5.3 Latrobe Valley region

In 2016 the Government committed \$266 million to the *Latrobe Valley Assistance Package* (the Package) following the closure of Hazelwood power station in the Latrobe Valley.⁶⁰ The Latrobe Valley Authority (LVA) was also established at a cost of \$20 million over 2016 to 2020, to assist with managing the Package.⁶¹ In 2020 LVA was extended for a further two years until 2021, at an average cost of \$13 million per year.⁶² In March 2021, the Yallourn power station in the Latrobe Valley announced its closure in 2028, four years earlier than scheduled.⁶³ In response to the closure of Yallourn, a Yallourn Workers Transition and Support service will be established within the LVA.⁶⁴

As a part of the Package, in 2018 the Government committed to establishing an electric vehicle manufacturing plant in partnership with an Australian based firm, SEA Electric.⁶⁵ SEA Electric reported that production was expected to start in approximately 2019 and create 500 jobs.⁶⁶ In 2019 the Government indicated the plant would go ahead, with reports of potential site locations, the planning of Electric Vehicle TAFE courses and outcome measures for assessing progress to achieving the expected benefits of the manufacturing plant.⁶⁷

The partnership agreement required SEA Electric to complete certain tasks to receive milestone payments from the Government, such as entering into a construction contract for the facility. As the company faced private financing issues it could not complete the required tasks and the Government was unable to continue to make milestone payments.⁶⁸ In 2021 it was confirmed that SEA Electric had sought to terminate the grant offered but DJPR advised the Committee that the termination had not been finalised.⁶⁹

⁶⁰ Department of Treasury and Finance, *Budget Update 2016–17*, Melbourne, 2016, pp. 2, 109.

⁶¹ Ibid., p. 109.

⁶² Hon Jaclyn Symes MLC, Minister for Regional Development, 2020–21 Budget Estimates hearing (Regional development), Melbourne, 18 December 2020, *Transcript of evidence*, p. 5.

⁶³ Energy Australia, *EnergyAustralia powers ahead with energy transition*, 2021, <<https://www.energyaustralia.com.au/about-us/media/news/energyaustralia-powers-ahead-energy-transition>> accessed 1 December 2021.

⁶⁴ Hon Lily D'Ambrosio MP, *Statement From The Minister For Energy*, media release, 10 March 2021.

⁶⁵ Hon Daniel Andrews MP, *Electrifying boost to jobs in the Latrobe valley*, media release, 30 October 2018; The amount of the agreement was not made public. Source: SEA Electric, *Electric vehicles set to bring hundreds of jobs to Victoria's Latrobe Valley*, 31 October 2018, <<https://www.sea-electric.com/electric-vehicles-set-to-bring-hundreds-of-jobs-to-victorias-latrobe-valley>> accessed 2 December 2021.

⁶⁶ Ibid.

⁶⁷ Latrobe Valley Authority, *Latrobe Valley Community Report November 2016–2019*, Melbourne, December 2019, p. 9; Department of Treasury and Finance, *Budget Paper No. 3: 2019–20 Service Delivery*, Melbourne, 2019, p. 243.

⁶⁸ Hon Jaclyn Symes, MLC, Minister for Regional Development, 2020–21 Budget Estimates hearing (Regional development), Melbourne, 18 December 2020, *Transcript of evidence*, p. 10.

⁶⁹ Ms Beth Jones, Deputy Secretary, Rural and Regional Victoria, Department of Jobs, Precincts and Regions, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 9 November 2021, *Transcript of evidence*, pp. 4–5; Mr Simon Phemister, Secretary, Department of Jobs, Precincts and Regions, *Transcript of evidence*, p. 6.

FINDING 86: In 2018, the Government committed to establishing an Electric Vehicle manufacturing plant in partnership with a private company in the Latrobe Valley to assist with job losses experienced in the area due to the closure of power stations. In 2021 the private company sought to terminate the agreement but the termination has not been finalised.

Employment in the Latrobe Valley

The unemployment rate in the Latrobe Valley from 2013 to 2021 is displayed in Figure 8.5 below.

Figure 8.5 Latrobe Valley region—unemployment rate, 2013 to 2021



Source: Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Table 16*, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>> accessed 14 December 2021.

Over the last seven years (from 2013 to 2021), unemployment in the Latrobe Valley was at its highest in 2016, decreasing to a low of 2% in 2019. Recently, the unemployment rate has started to trend upwards from 5% in April 2021, to 7% in October 2021.⁷⁰ This increase coincides with a seven day lockdown in the City of Latrobe that commenced in September 2021.⁷¹

This analysis is further supported by employed persons data in the Latrobe Valley, represented in Figure 8.6.

⁷⁰ Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Table 16*, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>> accessed 14 December 2021.

⁷¹ Professor Ben Cowie, Acting Chief Health Officer, *City of Latrobe to enter seven day lockdown tonight - 28 September 2021*, media release, 28 September 2021.

Figure 8.6 Latrobe Valley region—Employed persons (thousands), 2013 to 2021

Source: Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Table 16*, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>> accessed 14 December 2021.

The number of employed persons in the Latrobe Valley experienced a trough of 112,700 people in May 2016. While employment has on average trended upwards over this seven year period, recently employment has dropped, with 135,800 people employed in June 2021, compared to 115,900 in October 2021.⁷²

In response to concerns about jobs in the Latrobe Valley due to closure of power stations, the Victorian Government has assisted with creating alternate employment opportunities. For example, a regional hub for Victorian Public Sector workers has been established⁷³ and subsidies have been provided to hire retrenched workers from Hazelwood or unemployed persons who live in the Latrobe Valley.⁷⁴

Over the last seven years, data on unemployment rates and employed persons has varied, with unemployment fluctuating between 2% and 11%, and employed persons fluctuating between 110,000 and 140,000. Although there has not been a sharp, consistent decline in unemployment, more recently in 2021, there are data trends that suggest the unemployment rate is increasing and employed persons are decreasing,⁷⁵ suggesting a need for ongoing Government support to improve employment outcomes in the Latrobe Valley region.

At the 2020–21 Budget Estimates hearings the Minister for Regional Development advised the Committee that the LVA was extended for two years in the 2020–21 Budget.⁷⁶

72 Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Table 16*, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>> accessed 14 December 2021. For reference, Latrobe Valley's population increased by approximately 10% over 2013 to 2020, in comparison, Victoria's population increased by 14% over this time. Source: Australian Bureau of Statistics, *Regional population, Table 2. Estimated resident population, Statistical Areas Level 2, Victoria, 2013–14 and 2019–20* <<https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>> accessed 14 December 2021, Australian Bureau of Statistics, *National, state and territory population, 2013–14 and 2019–20* <<https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release>> accessed 14 December 2021 (Committee calculation).

73 Hon Wade Noonan MP, *New GovHub Creates A Jobs Boost For The Valley*, media release, 4 May 2017.

74 State Revenue Office, *Back to Work*, 2021, <<https://www.sro.vic.gov.au/backtowork>> accessed 14 December 2021.

75 Australian Bureau of Statistics, *Labour Force, Australia, Detailed, Table 16*, <<https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>> accessed 14 December 2021.

76 Hon Jaclyn Symes, MLC, Minister for Regional Development, 2020–21 Budget Estimates hearing (Regional development), Melbourne, 18 December 2020, *Transcript of evidence*, p. 5.

The Committee notes that the LVA published the *Latrobe Valley Community Report* which reported on community outcomes achieved over the three year period, 2016–2019.⁷⁷

FINDING 87: Following the closure of power stations in the Latrobe Valley in 2016, employment numbers and the unemployment rate had stabilised and improved until 2020. However, in 2021 employment numbers and the unemployment rate trended unfavourably, in line with lockdowns experienced over the period.

FINDING 88: Government support for employment in the Latrobe Valley included establishment of a regional Victorian Government Hub and the provision of subsidies to employers of retrenched workers or unemployed persons who reside in the area.

⁷⁷ Latrobe Valley Authority, *Latrobe Valley Community Report – Transitioning to a strong future, November 2016 – November 2019*, Morwell, 2019.

9 Department of Environment, Land, Water and Planning

9.1 Description of the Department of Environment, Land, Water and Planning

The Department of Environment, Land, Water and Planning (DELWP) brings together Victoria's climate change, biodiversity protection, resource recovery, water, energy, land management, planning and forest and fire management functions.¹

DELWP's mission is to shape and support liveable, inclusive and sustainable communities and thriving natural environments across Victoria.² DELWP supports the ministerial portfolios of Energy, Environment and Climate Change, Solar Homes, Water and Planning.³

9.2 Outcomes achieved

The Committee asked DELWP to outline five programs that delivered the most important outcomes in the community in 2020–21.⁴ The programs identified by DELWP included:

- Bushfire recovery—After the extensive 2019–20 bushfires DELWP worked to undertake recovery efforts and improve long-term resilience. This included re-establishing damaged areas of threatened flora and fauna, financial support to bushfire affected communities and repairing vital infrastructure.
- COVIDSafe management of public land—DELWP worked with relevant agencies and organisations to provide a consistent and coordinated approach to COVIDSafe management of public lands, waterways and spaces during the 2020–21 summer.
- Recycling Victoria—DELWP reported several milestones achieved in 2020–21 in relation to the *Recycling Victoria* program including the announcement of a container deposit scheme model⁵ and the release of the draft state-wide kerbside transition plan.⁶

¹ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, Melbourne, 2021, p. 11.

² Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 184.

³ Ibid.

⁴ Department of Environment, Land, Water and Planning, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, received 29 October 2021, pp. 8–15.

⁵ The Victorian Government is introducing a container deposit scheme to increase beverage container recycling and reduce litter. The scheme works by including the recycling cost in the retail price of the beverage. When the empty can, carton or bottle is returned to a collection point, a 10 cent cash refund can be collected. Source: Engage Victoria, *Victoria's container deposit scheme (CDS)*, 2022, <<https://engage.vic.gov.au/container-deposit-scheme>> accessed 4 February 2022.

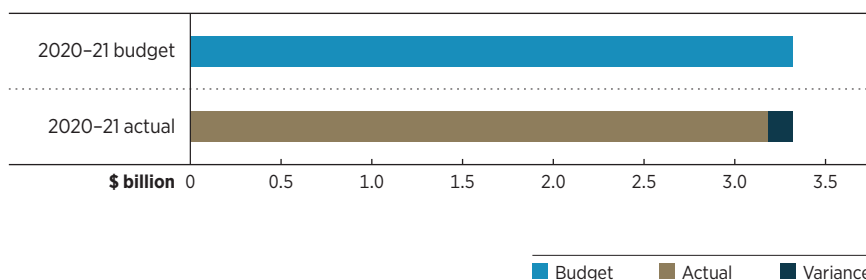
⁶ Department of Environment, Land, Water and Planning, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, pp. 8–15, 26.

9.3 Financial analysis

9.3.1 Output expenditure

In 2020–21 DELWP’s budget was \$3.3 billion.⁷ Actual expenditure for the year was \$3.2 billion, representing a 4% (\$133.8 million) underspend compared to the budget.⁸ This is shown in Figure 9.1.

Figure 9.1 Department of Environment, Land, Water and Planning—Budget vs Actual, 2020–21



Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 187; Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, Melbourne, 2021, pp. 29–76 (Committee calculation).

The 2020–21 result was driven by large underspends over a number of outputs, as shown in Table 9.1 below.

Table 9.1 Department of Environment, Land, Water and Planning—Expenditure by output, 2020–21

Output	2020–21 Budget (\$ million)	2020–21 Actual (\$ million)	Variance (%)
Climate Change	42.9	35.7	-16.8
Environment and Biodiversity	186.1	187.6	0.8
Statutory Activities and Environment Protection	272.7	271.3	-0.5
Waste and Recycling	58.3	25	-57.1
Energy	337	457.2	35.7
Solar Homes	424.4	234.9	-44.7
Land Use Victoria	263.4	250.6	-4.9
Management of Public Land and Forests	319.2	356.2	11.6
Parks Victoria	191.7	165.7	-13.6
Effective Water Management and Supply	328.8	334.2	1.6

⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 187.

⁸ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, pp. 29–76 (Committee calculation).

Output	2020–21 Budget (\$ million)	2020–21 Actual (\$ million)	Variance (%)
Planning, Building and Heritage	450.9	350.9	-22.2
Fire and Emergency Management	445.1	517.4	16.2
Total	3,320.5	3,186.7	-4.0

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 187; Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, pp. 29–76 (Committee calculation).

The Waste and Recycling output recorded an underspend of 57.1%, which DELWP explained was primarily due to a rephase of funding for the *Recycling Victoria* initiative.⁹ The Solar Homes output also recorded an underspend of 44.7%, which DELWP explained was primarily due to a rephase of funding for a number of initiatives.¹⁰

COVID-19 expenditure

DELWP advised the Committee of 19 initiatives related to the COVID-19 pandemic for which they were responsible in 2020–21.¹¹ Fifteen were funded through the 2020–21 Budget, totalling \$248 million in expenditure at 30 June 2021.¹² A further four were funded through Treasurer’s Advances, totalling \$41.1 million.¹³

DELWP’s off budget COVID-19 initiatives included:

- Financial support for portfolio entities—\$31.3 million. DELWP provided financial support to portfolio entities including Zoos Victoria and alpine resort management boards, whose revenue was impacted by COVID-19 health directions.
- DELWP COVID-19 support—\$8 million. Funding was provided for Forest Fire Management Victoria personnel to assist Victoria Police with border enforcement checkpoints. Further resources were also deployed to assist the Department of Health in managing COVID-19 telephone enquiries.¹⁴

FINDING 89: In 2020–21 the Department of Environment, Land, Water and Planning spent \$289.1 million on COVID-19 responses. \$41.1 million of this amount utilised Treasurer’s Advances.

⁹ Ibid., p. 38 (Committee calculation).

¹⁰ Ibid., p. 47 (Committee calculation).

¹¹ Department of Environment, Land, Water and Planning, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, pp. 49–62 (Committee calculation).

¹² Ibid. (Committee calculation).

¹³ Ibid., pp. 49–62 (Committee calculation).

¹⁴ Ibid., pp. 59–61.

9.3.2 Revenue and expenses

In 2020–21 DELWP's actual output appropriation was \$2.4 billion, 16.8% higher than the 2019–20 amount of \$2.3 billion.¹⁵ The department reported this increase was primarily attributable to funding received for several areas and initiatives, such as energy, solar, cladding rectification and the *Power Saving bonus*.¹⁶

From 2019–20 to 2020–21 DELWP saw a growth of 284.6% in grant revenue, from \$26 million to \$100 million.¹⁷ This growth was attributable to grants received for the *Bushfire recovery* program, increased grants received from other State government departments and further funding from the Commonwealth Government for the Goulburn Murray Water Connections irrigation infrastructure project.¹⁸

DELWP's employee benefits remained relatively stable in 2020–21 at \$630 million, an increase of 7.1% from 2019–20.¹⁹ The department also reported its full-time equivalent employee (FTE) number grew by a marginal amount in the 2020–21 financial year to 4,869, representing 7.5% growth from 2019–20 or 340 FTE positions.²⁰

9.3.3 Overall financial performance

Table 9.2 summarises DELWP's financial performance in 2020–21. While overall DELWP's expenses exceeded income by \$32 million, the department performed better than its budgeted outcome of a negative net result of \$349 million.²¹

Table 9.2 Department of Environment, Land, Water and Planning—Summary of Comprehensive Operating Statement, 2020–21

Controlled items	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Income from transactions	2,971	3,155	6.2
Expenses from transactions	3,320	3,187	-4.0
Net result	-349	-32	-90.8

Source: Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, Melbourne, 2021, pp. 327–328.

¹⁵ Ibid., p. 42 (Committee calculation).

¹⁶ Ibid.; The *Power Saving Bonus* is a one-off \$250 payment to help eligible Victorian households cover the cost of their energy bills. Source: Victorian State Government, *Victorian Energy Compare, \$250 Power Saving Bonus Program – FAQs*, <<https://compare.energy.vic.gov.au/psb-faq> accessed 10 February 2022> accessed 10 February 2022.

¹⁷ Department of Environment, Land, Water and Planning, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, pp. 43–44 (Committee calculation).

¹⁸ Ibid.

¹⁹ Ibid., p. 47 (Committee calculation).

²⁰ Ibid., p. 70 (Committee calculation).

²¹ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, pp. 327–328.

FINDING 90: The Department of Environment, Land, Water and Planning reported a negative net result from transactions of \$32 million. This was an improvement on the estimated \$349 million deficit outlined in the 2020–21 Budget.

9.3.4 Water corporations

Victoria has 18 water corporations that are divided into three different cohorts; metropolitan, regional and rural.²² Water corporations are accountable to the Minister for Water and provide a range of services including:

- the supply of drinking and recycled water and the removal and treatment of sewage and trade waste—known as urban water services
- water delivery for irrigation, domestic and stock purposes, drainage and salinity mitigation—known as rural water services.²³

Water corporations also operate and maintain infrastructure that enables them to fulfil their responsibilities.²⁴

In 2020–21 Greater Western Water was established, integrating Western Water and City West Water. DELWP advised the integration will address immediate and long-term financial pressures and increased demand for infrastructure and services in the region.²⁵

The Committee requested information from eight water corporations. The below section summarises the performance of these water corporations.

Metropolitan water corporations

In 2020–21 the four metropolitan water corporations who provided information to the Committee²⁶ reported a stable financial position with income exceeding expenses.²⁷

In 2020–21 Melbourne Water improved its non-financial performance reporting but was unable to meet its targets for ‘net tonnes CO2 equivalent’ and ‘% reduction in flood effects achieved by projects in delivery by Melbourne Water’ for the second year in a row.²⁸ Melbourne Water advised that between 2019–20 and 2020–21 it had reduced its

22 Department of Environment, Land, Water and Planning, *Victorian Water Corporations*, 13 September 2021, <<https://www.water.vic.gov.au/water-industry-and-customers/victorian-water-corporations>> accessed 31 January 2022.

23 Ibid.

24 Ibid.

25 Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, p. 59.

26 This included Melbourne Water, City West Water, South East Water and Yarra Valley Water.

27 Melbourne Water, *Annual Report 2020–21*, Melbourne, 2021, p. 73; City West Water, *Annual Report 2020–21*, Footscray, 2021, p. 64; South East Water, *Annual Report 2020–21*, Frankston, 2021, p. 84; Yarra Valley Water, *Annual Report 2020–21*, Mitcham, 2021, p. 110.

28 Melbourne Water, *Annual Report 2020–21*, p. 138; Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2019–20 Financial and Performance Outcomes*, May 2021, p. 111.

CO2 emissions but had failed to meet its target, adding it is still on track to meet its CO2 reduction targets by 2025.²⁹

City West Water recorded a significant variance in its performance measure ‘number of complaints per 1,000 customers’ in 2020–21, underperforming compared to its target by 114.3%. City West Water advised this outcome was due to an increase in complaints regarding water discolouration and sediment deposits, which they were working to rectify.³⁰

Regional water corporations

In 2020–21 the two regional water corporations that provided information to the Committee, Barwon Region Water Corporation and Lower Murray Urban and Rural Water Corporation, reported a stable financial position with income exceeding expenses.³¹

Lower Murray Urban and Rural Water performed well in all areas except against its environmental performance indicators. The corporation did not meet any of its targets in this area, including targets for CO2 emissions and volume of effluent re-used.³²

Rural water corporations

The two rural water corporations who provided information to the Committee were Gippsland and Southern Rural Water and Goulburn Murray Rural Water.

In 2020–21 Gippsland and Southern Rural Water recorded a negative net result of \$7.3 million due to expenses exceeding revenue.³³

Goulburn Murray Rural Water also recorded a negative net result in 2020–21 of \$93 million after income tax expense.³⁴ Goulburn Murray Rural Water also did not meet its targets for three of its performance indicators associated with water supply deliveries, water share applications and groundwater supply.³⁵

Both corporations stated that negative net results are due to depreciation expenses that are not covered in the regulatory pricing and revenue-setting regime.³⁶

²⁹ Melbourne Water, *Annual Report 2020–21*, p. 138.

³⁰ City West Water, *Annual Report 2020–21*, p. 60.

³¹ Barwon Water, *Annual Report 2020–21*, Geelong, 2021, p. 89; Lower Murray Water, *Annual Report 2020–21*, Mildura, 2021, p. 83.

³² Effluent refers to wastewater after it has been treated. Source: Lower Murray Water, *Annual Report 2020–21*, pp. 72–77; WaterNSW, *What is wastewater?*, 2022, <<https://www.waternsw.com.au/water-uality/catchment/living/wastewater/what-is>> accessed 9 February 2022.

³³ Southern Rural Water, *Annual Report 2020–21*, Maffra, 2021, p. 85.

³⁴ Goulburn Murray Water, *Annual Report 2020–21*, Tatura, 2021, p. 73.

³⁵ *Ibid.*, p. 39.

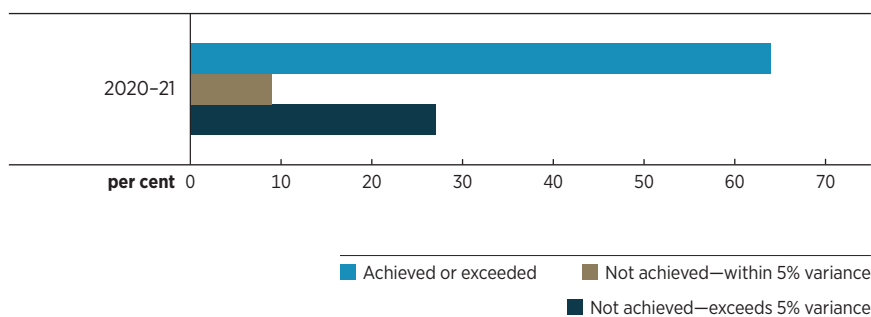
³⁶ *Ibid.*, p. 73; Southern Rural Water, *Annual Report 2020–21*, p. 85.

9.4 Performance information

In 2020–21 DELWP achieved or exceeded 64% of its 137 performance measures.³⁷ The Committee notes the department met or exceeded 71% of its measures in 2019–20, 75% of its measures in 2018–19 and 83% of its measures in 2017–18.³⁸

Of the performance measures not met in 2020–21, 43% were not met wholly or partly due to impacts associated with the COVID-19 pandemic and health restrictions.³⁹ The Solar Homes output achieved or exceeded two of seven, or 29% of its performance measures.⁴⁰ This is discussed further in Section 9.5.2.

Figure 9.2 Department of Environment, Land, Water and Planning—Performance measurement results, 2020–21



Source: Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, Melbourne, 2021, pp. 29–76 (Committee calculation).

Several performance measures were not met in both 2019–20 and 2020–21, including:

- Hectares of revegetation in priority locations for habitat connectivity.
- Building audits undertaken by the Victorian Building Authority to identify use of non-compliant cladding materials.
- Median number of days taken by the department to assess a planning scheme amendment.⁴¹

FINDING 91: The Department of Environment, Land, Water and Planning achieved 64% of its performance measures in 2020–21. Several measures were impacted by COVID-19 health restrictions.

³⁷ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, pp. 29–76 (Committee calculation).

³⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2019–20 Financial and Performance Outcomes*, p. 107.

³⁹ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, pp. 29–76 (Committee calculation).

⁴⁰ *Ibid.*, pp. 46–47 (Committee calculation).

⁴¹ *Ibid.*, pp. 29–76; Department of Environment, Land, Water and Planning, *Annual Report 2019–20*, October 2020, Melbourne, pp. 36–82.

9.5 Key issues

9.5.1 Climate change

At the hearings DELWP highlighted its achievements in 2020–21 associated with climate change.⁴² In 2020–21 DELWP released Victoria's *Climate Change Strategy*. The Strategy sets a plan with associated targets about how the Government will achieve net-zero emissions by 2050. The targets are based on reducing greenhouse gas emissions from 2005 levels by 28–33% by 2025 and 45–50% by 2030.⁴³

In its *Report on the 2021–22 Budget Estimates*, the Committee outlined that Victoria is among a small number of jurisdictions globally who have outlined a plan to reach net zero emissions by 2050 in an effort to limit global warming.⁴⁴ DELWP advised the Committee that some targets set in the Strategy had already been achieved and exceeded. For example, against the target of reducing emissions by 15–20% from 2005 levels by the year 2020, the most recent data shows reductions of 24.8% in 2019.⁴⁵

Five-year pledges

During 2020–21 DELWP developed five-year pledges for seven sectors to cut emissions and a whole of government pledge applying to Victorian Government organisations.⁴⁶ DELWP outlined the sectors involved in the pledges and several of the targets associated with the pledges, including:

- Energy sector—a 2030 commitment that 50% of Victoria's electricity will come from renewable energy sources
- Transport sector—a target for 50% of all light vehicle sales in 2030 to be from zero-emission vehicles
- Land use change and forestry sector—from 2030 commercial native timber harvesting in Victoria's state forests will cease, with funding provided to restore land and plant millions of trees over 6,000 hectares
- Agriculture sector—funding provided to support Victorian farmers to reduce emissions and respond to climate change

⁴² Mr John Bradley, Secretary, Department of Environment, Land, Water and Planning, *2020–21 Financial and Performance Outcomes presentation*, supplementary evidence, received 12 November 2021, p. 5.

⁴³ Department of Environment, Land, Water and Planning, *Victoria's Climate Change Strategy*, 22 October 2021, <<https://www.climatechange.vic.gov.au/victorias-climate-change-strategy>> accessed 31 January 2022.

⁴⁴ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, October 2021, pp. 116–117.

⁴⁵ Ms Karen Lau, Deputy Secretary, Environment and Climate Change, Department of Environment, Land, Water and Planning, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 12 November 2021, *Transcript of evidence*, p. 22.

⁴⁶ Ibid.; Mr John Bradley, Secretary, Department of Environment, Land, Water and Planning, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 12 November 2021, *Transcript of evidence*, pp. 21–22.

- Waste sector—an investment by government to transform waste and recycling in Victoria which will halve the amount of organic waste going to landfill by 2030
- Industrial processes and product use sector—commits the government to work with industry to reduce leaks of greenhouse gases from commercial refrigerators and air conditioning.⁴⁷

The six sector pledges have been made for the 2021 to 2025 period, with new pledges to be made every five years.⁴⁸ It is noted that some of the pledges have specific actions and targets tied to certain dates, such as the transport pledge,⁴⁹ and others outline an overall strategy, like the agriculture pledge.⁵⁰ While details regarding targets and dates for achieving sector pledges are included in various documents that also provide information about the sector as a whole and government funding to reduce emissions in that sector,⁵¹ neither DELWP's annual report nor the Victorian Government's website dedicated to climate change policy⁵² includes:

- the targets associated with the sector pledges
- the quarter and year when these targets will be reached and
- information regarding progress towards the outlined targets.⁵³

The whole of government pledge also contains targets that apply to all Victorian government organisations. Targets include 100% renewable energy use by all organisations by 2025 and all new public transport to be zero emissions by 2025.⁵⁴

RECOMMENDATION 24: The Department of Environment, Land, Water and Planning publish the targets, expected dates of achievement and progress information on its six sector-wide and whole of government pledges.

⁴⁷ Ibid.

⁴⁸ Department of Environment, Land, Water and Planning, *Victorian Government action on climate change*, 2022, <<https://www.climatechange.vic.gov.au/victorian-government-action-on-climate-change>> accessed 4 February 2022.

⁴⁹ Department of Environment, Land, Water and Planning, *Transport sector emissions reduction pledge*, 2021, <https://www.climatechange.vic.gov.au/_data/assets/pdf_file/0030/522795/Transport-sector-pledge-full-colour.pdf> accessed 4 February 2022, p. 3.

⁵⁰ Department of Environment, Land, Water and Planning, *Agriculture sector emissions reduction pledge*, 2021, <https://www.climatechange.vic.gov.au/_data/assets/pdf_file/0028/522766/Agriculture-sector-pledge-full-colour.pdf> accessed 4 February 2022, p. 4.

⁵¹ Department of Environment, Land, Water and Planning, *Victorian Government action on climate change: Victoria's emissions reduction pledges*, 2022, <<https://www.climatechange.vic.gov.au/victorian-government-action-on-climate-change>> accessed 4 February 2022.

⁵² The website address for the Department of Environment, Land, Water and Planning's Climate Change website is <https://www.climatechange.vic.gov.au/>. The full pledges are published at the following source: Department of Environment, Land, Water and Planning, *Victorian Government action on climate change: Victoria's emissions reduction pledges*, 2022, <<https://www.climatechange.vic.gov.au/victorian-government-action-on-climate-change>> accessed 4 February 2022.

⁵³ Department of Environment, Land, Water and Planning, *Victorian Government action on climate change: Victoria's emissions reduction pledges*.

⁵⁴ Ms Karen Lau, Deputy Secretary, Environment and Climate Change, Department of Environment, Land, Water and Planning, *Transcript of evidence*, p. 22.

Performance measures

While DELWP has continued its development of strong climate change policy in 2020–21, most of the strategies and targets under the policy are not tracked through budget paper performance measures.⁵⁵

In this context, the Committee notes that DELWP’s budget paper performance measures for the Climate change output do not appear to be linked to the Government’s significant work in this area. For example, some of the performance measures for this output are the participation of the *ResourceSmart Schools* program and stakeholder satisfaction with engagement in policy projects.⁵⁶

The Committee notes that DELWP’s website includes relevant results and targets related to climate change and reducing emissions for the years 2020–21 and 2021–22.⁵⁷ The outcome measures published on this website provide useful measurements of how the Government and DELWP are progressing toward reducing greenhouse gas emissions and embedding climate change in Government decision making and operations.⁵⁸

The publication of this data serves as an example of how DELWP could create meaningful performance measures to demonstrate the achievement of the defined steps towards realising the targets set in the *Climate Change Strategy* and the five-year pledges. Considering the significance of climate change, the inclusion of such performance measures would enhance the ability of the Parliament and the public to understand the outcomes achieved by DELWP’s work in this area.

RECOMMENDATION 25: The Department of Environment, Land, Water and Planning develop appropriate performance measures for the Climate Change output, including measures relating to the targets set in the *Climate Change Strategy* and the sector and whole of government five-year pledges developed in 2020–21.

9.5.2 Solar Homes

In 2020–21 the *Solar Homes* program was expanded, with \$195.3 million provided to deliver additional rebates to eligible households. As part of this funding Solar Victoria expanded the solar panel rebate and loans scheme to eligible small businesses.⁵⁹

⁵⁵ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, p. 29.

⁵⁶ Ibid.

⁵⁷ Department of Environment, Land, Water and Planning, *Net-zero emissions, climate-ready economy and community, 2022*, <<https://www.delwp.vic.gov.au/corporate-plan/zero-emission-climate-ready-economy-and-community>> accessed 4 February 2022.

⁵⁸ Ibid.

⁵⁹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, p. 196; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 53.

During the hearings the outcomes delivered by the *Solar Homes* program in 2020–21 were discussed at length. DELWP provided an update on some of the outcomes the program had provided since its inception and how it is addressing identified gaps in reporting. DELWP advised that it had finalised its first monitoring, evaluation and learning (MEL) framework for the *Solar Homes* program in December 2020, with the framework to be independently evaluated in 2022.⁶⁰

The MEL framework includes four key outcomes:

- job creation—5,000 new jobs in the solar industry
- reduction in average household electricity bills—an expected annual average saving of \$890 after installing solar photovoltaic (PV) panels
- reduction in Victoria's carbon emissions—by 4 million tonnes a year
- energy generation—generation of 12.5% of Victoria's 40% target for renewable energy by 2025.⁶¹

DELWP advised the Committee that in 2020–21 alone, 4,000 new jobs had been created under the program.⁶²

Regarding reducing consumer's electricity bills, the Committee notes that an independent study found the average annual electrical bill saving was \$1,073 per household.⁶³ The study was conducted using approximated reference retail electricity prices and estimated solar generations on a number of assumptions, not actual consumer power bills.⁶⁴

Emissions were reduced by 360,000 tonnes of CO₂ in 2020–21 due to the *Solar Homes* program.⁶⁵ The Committee was not provided with information regarding how this reduction contributes to the Government's overall emissions reduction targets. Between 2018 and March 2021 the program had reduced electricity sector emissions by 750,000 tonnes of CO₂ in total.⁶⁶ The Committee notes that these reductions are in relation to the National Electricity Market and are not specific to Victoria, which DELWP has advised it plans to report on in the future.⁶⁷

⁶⁰ Mr Stan Krpan, Chief Executive Office, Solar Victoria, Department of Environment, Land, Water and Planning, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 12 November 2021, *Transcript of evidence*, p. 24; Victorian Auditor-General's Office, *Delivering the Solar Homes Program*, Melbourne, June 2021, p. 28.

⁶¹ Victorian Auditor-General's Office, *Delivering the Solar Homes Program*, p. 44; Mr Stan Krpan, Chief Executive Office, Solar Victoria, Department of Environment, Land, Water and Planning, *Transcript of evidence*, p. 25; Solar Victoria, *Solar Homes Program reporting*, 18 January 2022, <<https://www.solar.vic.gov.au/solar-homes-program-reporting>> accessed 31 January 2022.

⁶² Mr Stan Krpan, Chief Executive Office, Solar Victoria, Department of Environment, Land, Water and Planning, *Transcript of evidence*, p. 25.

⁶³ Victorian Auditor-General's Office, *Delivering the Solar Homes Program*, pp. 43, 45.

⁶⁴ Ibid.

⁶⁵ Mr John Bradley, Secretary, Department of Environment, Land, Water and Planning, *2020–21 Financial and Performance Outcomes presentation*, p. 7.

⁶⁶ Solar Victoria, *Solar Homes Program reporting*.

⁶⁷ Victorian Auditor-General's Office, *Delivering the Solar Homes Program*, p. 10.

792,000 megawatt hours of solar PV generation capacity was installed in 2020–21.⁶⁸ The amount of energy generation that solar PV panels installed as part of the program contributed to Victoria's renewable energy targets has not yet been reported for 2020–21. However, in 2019–20 the *Solar Homes* program contributed 2.2% of Victoria's 2025 renewable energy target.⁶⁹

In terms of publicly available performance information regarding the program, DELWP has developed performance measures and Solar Victoria publishes some data associated with the MEL framework on its website, some of which demonstrate outcomes for the life of the program.⁷⁰

The Committee has previously recommended that DELWP develop performance measures to quantify the effect of the *Solar Homes* program on Victoria's energy use and carbon emissions.⁷¹ The Government response to this recommendation is due in April 2022.⁷² In July 2020 the Committee also tabled a report that recommended DELWP create performance measures related to the number of jobs created through the program and the contribution to renewable energy generation.⁷³ In its response, DELWP supported the recommendation in principle and stated it would assess 'a number of relevant performance measures for inclusion in future reports'.⁷⁴

The Committee notes DELWP has not yet developed performance measures related to job creation, energy generation or carbon reduction directly related to the *Solar Homes* program.⁷⁵ To better understand the outcomes of the *Solar Homes* program and in addition to new performance measures, DELWP should publish the outcomes achieved under the MEL framework each financial year.

FINDING 92: In 2020–21 the *Solar Homes* program resulted in the reduction of CO₂ emissions by 360,000 tonnes, the installation of 792,000 megawatt hours of energy generation capacity and the creation of 4,000 jobs in the solar industry.

RECOMMENDATION 26: The Department of Environment, Land, Water and Planning and Solar Victoria consider publishing the outcomes against the *Solar Homes* program's established monitoring, evaluation and learning framework each financial year.

⁶⁸ Mr John Bradley, Secretary, Department of Environment, Land, Water and Planning, *2020–21 Financial and Performance Outcomes presentation*, p. 7.

⁶⁹ Solar Victoria, *Solar Homes Program reporting*.

⁷⁰ Ibid.

⁷¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2021–22 Budget Estimates*, pp. 121–122.

⁷² It is noted that the Government tabled its response in March 2022. Source: Parliament of Victoria, *Public Accounts and Estimates Committee – Inquiry into the 2021–22 Budget Estimates*, 7 October 2021, <<https://www.parliament.vic.gov.au/paec/inquiries/article/4699>> accessed 31 January 2022.

⁷³ Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2017–18 and 2018–19 Financial and Performance Outcomes*, July 2020, p. 139.

⁷⁴ Ibid., p. 18.

⁷⁵ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, pp. 46–47.

Performance measures

In 2020–21 the Solar Homes output achieved two of its seven performance measures. The two measures achieved related to audits of installations and the number of weeks taken to process applications.⁷⁶

At the hearings DELWP advised the Committee that the COVID-19 pandemic had impacted Solar Victoria's ability to deliver the *Solar Homes* program to households.⁷⁷ DELWP did not meet any of its targets related to the number of applications approved for solar PV for owner-occupier and rental households, solar PV for small businesses, home battery or solar hot water rebates in 2020–21.⁷⁸ Approved applications for solar PV rebates for owner-occupied and rental households and applications for home battery rebates, improved on 2019–20 results but approved applications for solar hot water rebates declined.⁷⁹ This is demonstrated in Table 9.3.

Table 9.3 Department of Environment, Land Water and Planning performance measures—Solar Homes applications approved, 2019–20 and 2020–21

Performance measure	2019–20 target	2019–20 outcome	2020–21 target	2020–21 outcome	2020–21 Target vs Actual (%)	Year on year change (%)
Applications for Solar PV rebates for owner-occupied and rental households approved	42,000	54,675	65,420	61,473	-6.0 ↓	12.4 ↑
Applications for home battery rebates approved	1,000	970	7,000	2,841	-59.4 ↓	192.9 ↑
Applications for solar hot water rebates approved	6,000	1,107	6,000	639	-89.4 ↓	-42.3 ↓
Applications for Solar PV rebates for small businesses approved	n.a.	n.a.	5,000	373	-92.5 ↓	n.a.

Source: Department of Treasury and Finance, *Departmental performance measures*, 1 September 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 4 February 2022; Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, Melbourne, 2021, pp. 46–47 (Committee calculation).

In its Annual Report DELWP explained that the targets for the applications approved under the Solar Homes output were not met for reasons, including:

- a large number of applications had been pre-approved but not included in the 2020–21 data
- demand for both home batteries and solar hot water systems was lower than expected.⁸⁰

⁷⁶ Ibid., pp. 46–47.

⁷⁷ Mr John Bradley, Secretary, Department of Environment, Land, Water and Planning, *Transcript of evidence*, p. 3.

⁷⁸ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, p. 46.

⁷⁹ Ibid.; Department of Treasury and Finance, *Departmental Performance Measures*, 1 September 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/departmental-statements>> accessed 31 January 2022.

⁸⁰ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, p. 46.

The Committee notes that in 2020–21, 2,841 applications for home battery rebates were approved compared to a target of 7,000, while 639 applications for solar hot water systems were approved compared to a target of 6,000.⁸¹

DELWP's Annual Report explains that it is currently reviewing the solar hot water rebate program to facilitate the uptake of rebates.⁸²

FINDING 93: In 2020–21 the Department of Environment, Land, Water and Planning met two of its seven performance measures related to the Solar Homes output. Most of the measures not met related to the target number of applications approved for solar photovoltaic (PV), solar PV for small businesses, home battery and solar hot water rebates. Home battery and solar hot water targets were not met due to a lower than expected demand for rebates.

RECOMMENDATION 27: The Department of Environment, Land, Water and Planning review its performance measure targets for the number of home battery and solar hot water system applications approved each year to ensure they remain relevant and appropriately challenging.

9.5.3 Desalinated water

Several elements relating to orders placed by the Victorian Government in 2020–21 from the Victorian Desalination Plant (VDP) were discussed at the hearings.

In 2020–21, the Victorian Government ordered, and the VDP delivered, 125 gigalitres (GL) of desalinated water.⁸³ On 31 March 2021 the Minister for Water announced that the Government had placed a further order for 125GL of desalinated water to be delivered in 2021–22 and a non-binding forecast for orders for the same amount in 2022–23 and 2023–24.⁸⁴

In 2020–21 Melbourne's water storage levels fluctuated between 63–74%, growing to almost 90% by December 2021.⁸⁵ In its Water Outlook report for 2022, Melbourne Water advised that while current high water storage levels are due to the contribution of water from the VDP,⁸⁶ without this extra water, it was predicted that Melbourne's water storage levels would be around 68% at the end of 2021.⁸⁷ Melbourne's water storage levels over the last five years are demonstrated in Figure 9.3.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Ibid., p. 228; Mr John Bradley, Secretary, Department of Environment, Land, Water and Planning, *Transcript of evidence*, p. 6.

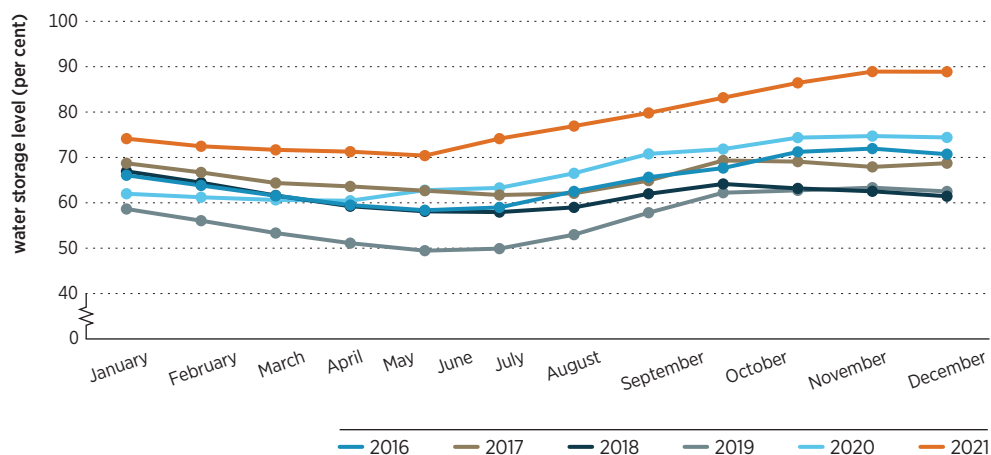
⁸⁴ Department of Environment, Land, Water and Planning, *Annual Report 2020–21*, p. 228.

⁸⁵ Melbourne Water, *Historical water storage levels, 2022*, <<https://www.melbournewater.com.au/water-data-and-education/water-storage-levels>> accessed 31 January 2022.

⁸⁶ Melbourne Water, *Water Outlook*, 6 December 2021, <<https://www.melbournewater.com.au/about/strategies-and-reports/water-outlook>> accessed 31 January 2022.

⁸⁷ Ibid.; Melbourne Water, *Melbourne's Water Outlook 2022*, Melbourne, 2021.

Figure 9.3 Melbourne Water storage levels, 2016–2021



Source: Melbourne Water, *Historical water storage levels, 2022*, <<https://www.melbournewater.com.au/water-data-and-education/water-storage-levels>> accessed 31 January 2022.

In consideration of the water storage levels at the end of 2021, the Committee asked DELWP about whether the future orders from VDP for 2022–23 and 2023–24 would be made. DELWP advised that the Government’s forward-estimated orders were non-binding and that Melbourne Water undertakes a modelling process each year that takes into account five principles to determine whether an order from VDP is needed. DELWP explained that after this process is completed, Melbourne Water then makes a recommendation to the Minister for Water about what the next order should be.⁸⁸

In responding to questions about what water storage level would be required to eliminate the need for the Government to require an order from VDP, DELWP informed the Committee that there was still capacity in the system and the strategy was to build water reserves.⁸⁹

DELWP noted that water supplied from VDP covers a demand deficit present in Melbourne’s water system and that each year, demand outstrips natural rainfall by 70GL.⁹⁰ In making the order of 125GL from VDP in March 2021, several other reasons were outlined for why the order was required, including that drier conditions were expected in future years which could deplete storages.⁹¹ Melbourne Water’s Water Outlook for 2022 also noted a likely rise in extreme weather events and increased likelihood of drought which can cause storage levels to fall, as can adverse weather events such as storms and bushfires.⁹²

⁸⁸ Ms Helen Vaughan, Deputy Secretary, Water and Catchments, Department of Environment, Land, Water and Planning, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 12 November 2021, *Transcript of evidence*, p. 4.

⁸⁹ Ibid.

⁹⁰ Ibid.; Melbourne Water, *Desalination Order to Secure Our Water Supply for 2021*, 31 March 2021, <<https://www.melbournewater.com.au/water-data-and-education/news/desalination-order-secure-our-water-supply-2021>> accessed 31 January 2022.

⁹¹ Ibid.

⁹² Department of Environment, Land, Water and Planning, *Positive short-term water outlook for Victoria*, 1 December 2021, <<https://www.water.vic.gov.au/media-releases/2021/positive-short-term-water-outlook-for-victoria>> accessed 31 January 2022.

During the hearings the Committee discussed the potential risks of high-water storages and desalinated water adding to already high storages, including the risk of water spill from already full dams. DELWP advised the Committee that in Victoria's water grid, water can be moved to and from different storages to ensure management of the system and to avoid spills.⁹³ DELWP also confirmed that at the time of determining advice on an order from VDP, Melbourne Water also includes probability of spills in its modelling.⁹⁴

One of the key principles on which Melbourne Water bases its desalinated water order advice is customer impacts. In this area, Melbourne Water endeavours to minimise the impact on retailers' customers' bills while providing security of supply through its water order advice.⁹⁵ DELWP advised the Committee that as a result of the order made in March 2021, a typical bill for Victorian consumers would grow by \$31 per annum.⁹⁶ However, after a process of regulatory adjustments, actual annual household bills were expected to fall by \$6 per annum in 2020–21 compared to 2019–20. This amount is to be confirmed by the Essential Services Commission in an upcoming report.⁹⁷

FINDING 94: The Victorian Government ordered 125 gigalitres of desalinated water from the Victorian Desalination Plant for the 2020–21 and 2021–22 financial years. Notwithstanding the 2021–22 order, actual annual household bills are expected to fall by \$6 per annum after regulatory adjustments.

93 Ms Helen Vaughan, Deputy Secretary, Water and Catchments, Department of Environment, Land, Water and Planning, *Transcript of evidence*, p. 5.

94 Mr John Bradley, Secretary, Department of Environment, Land, Water and Planning, *Transcript of evidence*, p. 6.

95 Melbourne Water, *2021–22 Desalinated Water Order Advice*, Melbourne, 2020, p. 9.

96 Ms Helen Vaughan, Deputy Secretary, Water and Catchments, Department of Environment, Land, Water and Planning, *Transcript of evidence*, p. 5.

97 Ibid.

10 Department of Premier and Cabinet

10.1 Description of the Department of Premier and Cabinet

The Department of Premier and Cabinet's (DPC) mission is to support the people of Victoria by:

- helping government achieve its strategic objectives
- providing leadership to the public sector to improve its effectiveness
- promoting collaboration across government to drive performance and improve outcomes.¹

DPC's four objectives are: strong policy outcomes, engaged citizens, professional public administration and a high performing DPC.²

DPC supports the portfolios of Premier, Government Services, Industrial Relations and Aboriginal Affairs.³

Changes to DPC's structure during 2020–21 included:

- On 1 July 2020, Bushfire Recovery Victoria was transferred from DPC to the Department of Justice and Community Safety and the Service Systems Reform branch was transferred from DPC to the Department of Jobs, Precincts and Regions.
- On 1 August 2020, Cenitex⁴ was transferred from the Department of Treasury and Finance to DPC.
- On 1 February 2021, DPC's portfolios under the Fairer Victoria group were transferred to the Department of Families, Fairness and Housing (DFFH). This comprises the portfolios of Equality, Multicultural Affairs, Prevention of Family Violence, Veterans, Women and Youth.⁵

1 Department of Premier and Cabinet, *Annual Report 2020–21*, Melbourne, 2021, p. 6.

2 Ibid., p. 7.

3 Ibid., pp. 8–9.

4 Cenitex is an IT provider that provides support and technology solutions for our customers to deliver vital services for all Victorians. Source: Cenitex, *Cenitex*, <<https://www.cenitex.vic.gov.au>> accessed 8 February 2022.

5 Department of Premier and Cabinet, *Annual Report 2020–21*, p. 12.

10.2 Outcomes achieved

In response to the Committee's questionnaire, DPC outlined the following five programs that delivered the most important outcomes in the community in 2020–21:

- The InsightsVictoria⁶ platform enhanced the Victorian Government's crisis and recovery decision making by bringing together and presenting COVID-19 related data from across the Victorian Government and other sources.
- The Victorian Jobs and Investment Fund facilitated \$380 million of new investment and created 2,569 jobs.
- The Digital Visitation Register project developed the free quick response (QR) code check in service that provided workplaces and businesses with a solution to support compliance with public health directions and established the application programming interface connection for secure sharing of check in data to government contact tracers.
- The Standard User Experience Framework developed a standardised guide for government entities that manage human-centred design projects to ensure consistent execution of customer engagement and user experience.⁷ Seventy-four government entities are using the Framework.
- The Treaty Process was advanced by work with the First Peoples' Assembly of Victoria to progress treaty negotiations.⁸

10.3 Financial analysis

10.3.1 Output expenditure

DPC's output expenditure for 2020–21 was \$546.5 million, compared to a budget of \$570.2 million, representing an underspend of \$23.7 million or 4%.⁹

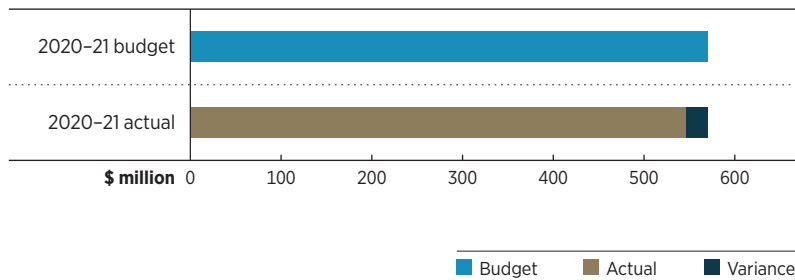
Figure 10.1 shows DPC's output expenditure variance in 2020–21.

⁶ InsightVictoria (Victorian Centre for Data Insights) works with departments and agencies across the Victorian public sector to address data and analytics challenges. Source: Department of Premier and Cabinet, *Strategy - Victorian Centre for Data Insights*, October 2019, p. 3.

⁷ Human-Centred Design Playbook is an online practical guide for public servants who are designing, procuring, or managing human-centred design project. Source: Department of Premier and Cabinet, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, p. 12.

⁸ Ibid., pp. 10–13.

⁹ Department of Premier and Cabinet, *Annual Report 2020–21*, pp. 43–57 (Committee calculation).

Figure 10.1 Department of Premier and Cabinet—Budget vs Actual, 2020–21

Source: Department of Premier and Cabinet, *Annual Report 2020–21*, Melbourne, 2021, pp. 43–57 (Committee calculation).

Table 10.1 shows DPC’s expenditure by output in 2020–21.

Table 10.1 Department of Premier and Cabinet—Expenditure by output, 2020–21

Output	2020–21 Target	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Government-wide Leadership, Reform and Implementation	154.4	102.6	-33.5
Strategic Advice and Government Support	119.2	129.1	8.3
Digital Government and Communications	70.9	81.3	14.7
Office of the Victorian Government Architect	1.2	1.2	0.0
Industrial Relations	20.7	20.2	-2.4
Aboriginal Policy and Strengthening Aboriginal Cultural Heritage and Communities	77.0	77.8	1.0
Advice and Support to the Governor	16.7	16.7	0.0
Chief Parliamentary Counsel Services	6.6	7.3	10.6
Management of Victoria’s Public Records	17.4	18	3.4
Public Administration Advice and Support	9.7	14.7	51.5
State Electoral Roll and Electoral Events	76.4	77.6	1.6
Total	570.2	546.5	-4.2

Source: Department of Premier and Cabinet, *Annual Report 2020–21*, Melbourne, 2021, pp. 43–57 (Committee calculation).

DPC’s underspend was mainly driven by the Government-wide Leadership, Reform and Implementation output, which recorded a negative variance of 33.5% (\$102.6 million) compared to the 2020–21 Budget. This was due to COVID-19 related expenditure being lower than expected, funding for the Premier’s *Jobs and Investment Fund* being rephased to 2021–22 and the *Jobs and Skills Exchange* (JSE) platform being transferred to the Public Administration Advice and Support output. These underspends were partially offset by expenses relating to the *Breakthrough Victoria Fund* and *InsightsVictoria*.¹⁰

¹⁰ Ibid., p. 44.

The Committee notes that while the Public Administration Advice and Support output recorded a large overspend of 51.5% (\$14.7 million) compared to the 2020–21 Budget, this was because the JSE platform as well as the Victorian Independent Remuneration Tribunal were transferred into this output.¹¹

10.3.2 Revenue and expenses

Revenue

DPC's output appropriation was \$531.9 million in 2020–21, down 22.7% from \$688.3 million in 2019–20. This decrease was explained by functions being transferred out of DPC to other departments, mostly DFFH, in 2020–21.¹²

Sale of goods and services increased to \$177.6 million in 2020–21, up 148.7% from \$71.4 million in 2019–20. This increase was attributed to the provision of Cenitex's services.¹³

Other income¹⁴ increased significantly from \$7.7 million in 2019–20 to \$119.1 million in 2020–21. This additional revenue was due to increased 'licence regulatory and licence fee collections' by the Labour Hire Licencing Authority and increased levy contributions to the Portable Long Service Leave Authority by employers.¹⁵

Expenses

DPC's expenses for employee benefits were \$372.4 million in 2020–21, up 9.9% from \$338.9 million in 2019–20.¹⁶ This increase was due to the transfer of Cenitex to DPC on 1 August 2020.¹⁷ The number of full-time equivalent employees (FTE) in DPC increased by 22.1% to 2,084.8 in 2020–21, compared to 1,706.8 in 2019–20.¹⁸ The number of FTE executive employees decreased by 21.9% to 104.5 in 2020–21, compared to 133.8 in 2019–20.¹⁹

Other expenses²⁰ for DPC were \$370.1 million in 2020–21, up 40.5% from \$263.4 million in 2019–20, due to increased information technology expenses relating to Cenitex.²¹

¹¹ Ibid., p. 56.

¹² Department of Premier and Cabinet, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 38 (Committee calculation).

¹³ Ibid., p. 39 (Committee calculation).

¹⁴ Other income arises from trust fund income, sponsorship income, and resources free of charge, and other miscellaneous income and recovery of transaction costs. Source: Department of Premier and Cabinet, *Annual Report 2020–21*, p. 67.

¹⁵ Department of Premier and Cabinet, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 40.

¹⁶ Ibid., p. 43.

¹⁷ Ibid., pp. 43–44.

¹⁸ Ibid., p. 66 (Committee calculation).

¹⁹ Ibid. (Committee calculation).

²⁰ For DPC, other expenses generally represent the day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred. Source: Department of Premier and Cabinet, *Annual Report 2020–21*, p. 72.

²¹ Department of Premier and Cabinet, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 43–44 (Committee calculation).

DPC's grants expense was \$115 million in 2020–21, down 50.3% from \$231.3 million in 2019–20. The lower result in 2020–21 was primarily due to transfers of functions for major grant program activities from DPC to DFFH and greater grant program activity in 2019–20 related to bushfire recovery.²²

Contractors, consultants and labour-hire costs for DPC were \$75 million in 2020–21, down 36.9% from \$119 million in 2019–20.²³ DPC explained that this decrease was 'mainly due to business areas transferred out because of administrative restructures'.²⁴

DPC spent \$106.6 million on COVID-19 related expenditure in 2020–21, of which \$21.7 million funded the Victorian Government's *Communications campaign* as part of its ongoing response to the COVID-19 pandemic.²⁵

10.3.3 Overall financial performance

Table 10.2 summarises DPC's financial performance in 2020–21.

Table 10.2 Department of Premier and Cabinet—Summary of Comprehensive Operating Statement, 2020–21

Controlled Items	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Income from transactions	897.4	932.6	3.9
Expenses from transactions	897.0	917.6	2.3
Net result from transactions	0.4	15.0	n.a.

Source: Department of Premier and Cabinet, *Annual Report 2020–21*, Melbourne, 2021, p. 113.

While overall DPC's expenses exceeded income by \$15 million, the department performed better than its budgeted outcome of a negative net result of \$0.4 million.²⁶

FINDING 95: The Department of Premier and Cabinet's income exceeded expenses in 2020–21, which led to a net result from transactions surplus of \$15 million. This was an improvement on the estimated \$0.4 million deficit outlined in the 2020–21 Budget.

²² Ibid., p. 43 (Committee calculation).

²³ Ibid., p. 64 (Committee calculation).

²⁴ Ibid., p. 64.

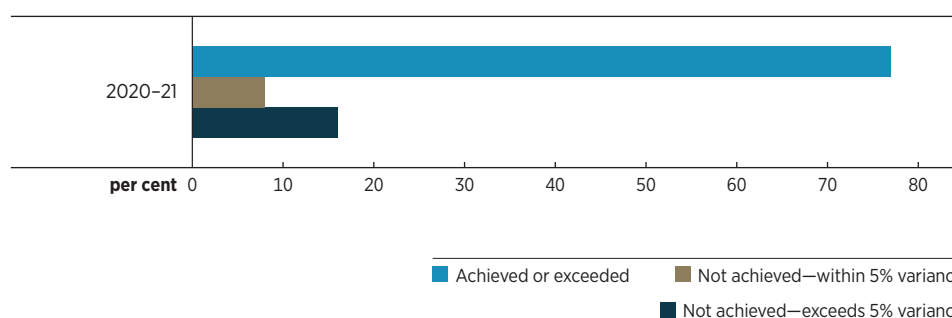
²⁵ Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 22 January 2022; Department of Premier and Cabinet, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 45–46.

²⁶ Department of Premier and Cabinet, *Annual Report 2020–21*, p. 113.

10.4 Performance information

In 2020–21, DPC achieved or exceeded 73% of its performance measures, slightly down on the 81% it achieved or exceeded in 2019–20. The Committee notes that DPC have consistently achieved a high percentage of their performance measure targets, despite the challenges of COVID-19, and in 2019–20 when Victoria was affected by bushfires.²⁷

Figure 10.2 Department of Premier and Cabinet—Performance measurement results, 2020–21



Source: Department of Premier and Cabinet, *Annual Report 2020–21*, Melbourne, 2021, pp. 43–57 (Committee calculation).

The 2020–21 Budget introduced three new performance measures relevant to the JSE initiative to reflect the Government’s \$9 million investment over 2020–21 and 2021–22²⁸ in the platform:

- ‘satisfaction with response to user queries on the JSE platform’ overperformed with 91% satisfaction reported in 2020–21 compared to a target of 80%²⁹
- ‘number of engagement and promotion activities undertaken by the JSE’ underperformed with 12 activities undertaken in 2020–21 compared to a target of 20³⁰
- ‘percentage of Victorian Public Service (VPS) jobs advertised through the JSE’ underperformed with 88.2% of VPS jobs advertised through the JSE in 2020–21 compared to a target of 90%.³¹

In its response to the Committee’s questionnaire, DPC recognised JSE as one of its least performing programs in 2020–21, explaining that it was impacted by COVID-19 ‘with a proportion of the VPS workforce moving to remote working’.³² DPC also advised that during 2020–21 JSE’s focus shifted away from promotional activities to support the VPS with surge requirements, workforce change and mobility and career transitions.³³

²⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, May 2021, p. 153.

²⁸ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, pp. 115, 321 (Committee calculation).

²⁹ Department of Premier and Cabinet, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 17; Department of Premier and Cabinet, *Annual Report 2020–21*, p. 44.

³⁰ Department of Premier and Cabinet, *Annual Report 2019–20*, Melbourne, 2020, p. 44.

³¹ *Ibid.*, p. 43.

³² Department of Premier and Cabinet, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 17.

³³ *Ibid.*

In this context, the Committee notes that in addition to enhancing the mobility and development opportunities for the VPS, the 2020–21 Budget outlined that an aim of the JSE was to ‘reduce labour hire usage and consultancy expenditure’.³⁴

The Committee notes the following two performance measures under the Aboriginal Policy and Strengthening Aboriginal Cultural Heritage and Communities output that did not meet their target by over 40% in 2020–21:

- ‘funding of activities to support Traditional Owner self-determination in accordance with Scheme design’ that achieved 20% in 2020–21 compared to a target of 100%. DPC explained the funding of activities was ‘significantly impacted by the uncertainty created by COVID-19 restrictions’.³⁵
- ‘Traditional Owner Nation-Building Support payments made according to milestones’ that achieved 53% in 2020–21 compared to a target of 100%. DPC outlined this result was caused by a project initiation delay that resulted in the planned grant milestones being unable to be accommodated in the 2020–21 year and deferred to 2021–22.³⁶

FINDING 96: In 2020–21 the Department of Premier and Cabinet (DPC) achieved 73% of its performance measures. In 2019–20, DPC achieved 81% of its performance measures. DPC has consistently achieved a high percentage of their performance measure targets despite the challenges of COVID-19 and the Victorian bushfires in 2019–20.

FINDING 97: During 2020–21 the focus of the *Jobs and Skills Exchange* (JSE) platform shifted away from promotional activities to support the Victorian Public Service (VPS) with surge requirements, workforce change and mobility and career transitions. In addition to enhancing the mobility and development opportunities for the VPS, the 2020–21 Budget stated that an aim of the JSE was to ‘reduce labour hire usage and consultancy expenditure’.

RECOMMENDATION 28: The Department of Premier and Cabinet develop a performance measure under the Public Administration Advice and Support output to assess the *Jobs and Skills Exchange* platform’s impact on reducing labour hire usage and consultancy expenditure.

³⁴ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 119.

³⁵ Department of Premier and Cabinet, *Annual Report 2020–21*, p. 52.

³⁶ Ibid.; Department of Premier and Cabinet, *Annual Report 2019–20*, p. 51.

10.5 Key issues

10.5.1 Aboriginal affairs

The 2020–21 Budget allocated \$105.7 million to new initiatives under the Whole of Government – Aboriginal Affairs output in 2020–21.³⁷ This included \$10 million in 2020–21 to establish the *Coronavirus Aboriginal Community Response and Recovery Fund* which contributed to DPC’s Aboriginal Policy and Strengthening Aboriginal Cultural Heritage and Communities output.³⁸ This Fund was established to ensure Aboriginal communities were ‘resourced to develop local, place-based responses to COVID-19 impacts’³⁹ and formed part of a broader \$22.6 million package that also contributed to the Department of Health’s Community Health Care output and DFFH’s Housing output.⁴⁰

At the hearings, DPC advised the Committee that the Fund focussed on four key areas: ‘emergency relief, outreach and brokerage, social and emotional wellbeing, and cultural strengthening’.⁴¹ Eighty one Aboriginal Victorians, Aboriginal organisations and Traditional Owner Groups across the State were awarded monies through the Fund.⁴² DPC explained that one of the differences with the administration of this Fund was that ‘Aboriginal organisations were able to be involved in a really self-determined way with recommending particular initiatives for support’.⁴³ DPC’s Annual Report stated that the fund adopted a ‘rigorous, self-determined assessment process that involved relevant departments responsible for administering the funding; Aboriginal Community Controlled Organisation members of the former COVID-19 Aboriginal Community Taskforce; and the Minister for Aboriginal Affairs’.⁴⁴

The Committee notes that DPC engaged an Aboriginal owned consultancy, Inside Policy, to evaluate the Fund by the end of 2021.⁴⁵ DPC advised that the evaluation will ‘[d]ocument lessons learnt’ and ‘inform future government responses to challenges faced by Aboriginal Victorians’.⁴⁶

³⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 10.

³⁸ Ibid., pp. 10, 13; Mr Jeremi Moule, Secretary, Department of Premier and Cabinet, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 11 November 2021, *Transcript of evidence*, p. 3.

³⁹ Department of Premier and Cabinet, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 56.

⁴⁰ *Support for Victoria’s Aboriginal community during the coronavirus (COVID-19) response and recovery phase*. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 10, 13.

⁴¹ Ms Elly Patira, Deputy Secretary, First Peoples–State Relations, Department of Premier and Cabinet, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 11 November 2021, *Transcript of evidence*, p. 12.

⁴² Department of Premier and Cabinet, *Annual Report 2020–21*, p. 22.

⁴³ Ms Elly Patira, Deputy Secretary, First Peoples–State Relations, Department of Premier and Cabinet, *Transcript of evidence*, p. 12.

⁴⁴ Department of Premier and Cabinet, *Annual Report 2020–21*, p. 22.

⁴⁵ Ibid.

⁴⁶ Department of Premier and Cabinet, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 82–83.

An evaluation of this nature and its findings is beneficial not only to the departments responsible for administering the subject Fund, but also to the Government and the community more broadly. Sharing lessons learnt and good practices to employ to improve the future application and management of funding and policy to address challenges faced by Aboriginal Victorians would maximise the potential benefits.

FINDING 98: In 2020–21, \$10 million was allocated to the *Coronavirus Aboriginal Community Response and Recovery Fund*. Following a self-determined assessment process 81 Aboriginal Victorians, Aboriginal organisations and Traditional Owner Groups across the State were awarded monies through the Fund.

FINDING 99: In 2020–21 the Department of Premier and Cabinet engaged an Aboriginal organisation to evaluate the *Coronavirus Aboriginal Community Response and Recovery Fund*, document the lessons learnt from administering the Fund and inform future government responses to challenges faced by Aboriginal Victorians.

RECOMMENDATION 29: The Department of Premier and Cabinet consider publishing the findings of the evaluation of the *Coronavirus Aboriginal Community Response and Recovery Fund*.

10.5.2 Digital Victoria

Digital Victoria was established in April 2021.⁴⁷ Its role is to ‘streamline and accelerate digital transformation across government,’⁴⁸ and among other things, lead the delivery of the *Digital Strategy 2021–26*.⁴⁹ The 2020–21 Budget allocated \$195.9 million over 2020–21 to 2023–24 to Digital Victoria, comprising \$156.1 million in output funding and \$39.8 million in capital funding.⁵⁰

At the hearings, DPC advised the Committee about the important part Digital Victoria had played in the response to COVID-19, including co-ordinating the development of the Victorian Government’s QR code system.⁵¹ In this context, the *Digital Strategy 2021–26* also noted how the widespread reliance on technology during COVID-19 had highlighted that digital infrastructure is essential to providing government services and supporting business operations and the economy.⁵²

While the Victorian Government continues to invest in Digital Victoria and develop strong digital infrastructure policy through its *Digital Strategy 2021–26*, performance

⁴⁷ Mr Jeremi Moule, Secretary, Department of Premier and Cabinet, *Transcript of evidence*, p. 3.

⁴⁸ Ibid.

⁴⁹ Victorian Government, *A future ready Victoria - Victorian Government Digital Strategy 2021–2026*, Melbourne, October 2021, p. 4.

⁵⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 115, 126 (Committee calculation).

⁵¹ Mr Jeremi Moule, Secretary, Department of Premier and Cabinet, *Transcript of evidence*, pp. 3–4.

⁵² Victorian Government, *A future ready Victoria - Victorian Government Digital Strategy 2021–2026*, Melbourne, October 2021, p. 8.

measures under DPC's Digital Government and Communications Output do not appear to capture this significant work. The Committee notes that Victoria's *Digital Strategy 2021–26* provides three digital pathways, each with specified outcomes to guide progress toward the strategy's implementation.⁵³ For example, under the pathway 'Establishing digital platforms' the Strategy lists the following outcomes:

- Government has fully digitised its services and is known as a reliable and trusted provider
- Information and assistance is fairer and accessible via inclusive, self-service platforms which the Victorian public sector can manage and improve
- Businesses across Victoria are supported to build foundational digital capabilities.⁵⁴

The inclusion of meaningful performance measures that demonstrate Digital Victoria's progress towards the outcomes articulated in the *Digital Strategy 2021–26* would enhance the ability of the Parliament and the public to understand the effectiveness of DPC's work in this area.

FINDING 100: The Digital Victoria entity was established in April 2021 to oversee the Government's digital transformation agenda, and among other things, lead the delivery of the Government's *Digital Strategy 2021–26*. The 2020–21 Budget allocated \$195.9 million over 2020–21 to 2023–24 to Digital Victoria, comprising, \$156.1 million in output funding and \$39.8 million in capital funding.

RECOMMENDATION 30: The Department of Premier and Cabinet develop performance measures for the Digital Government and Communications Output that capture the importance of Digital Victoria's work and enable assessment of the progress made toward the outcomes specified in the Government's *Digital Strategy 2021–26*.

10.5.3 Service Victoria

The Victorian Government's digital service delivery entity, Service Victoria, was established in 2015. Service Victoria was allocated \$40.4 million in the 2020–21 Budget⁵⁵ and \$66.9 million in the 2021–22 Budget.⁵⁶ This brings the total investment in Service Victoria from 2015–16 to 2022–23 to \$264.2 million.⁵⁷

⁵³ Ibid., p. 20.

⁵⁴ Ibid. p. 21.

⁵⁵ \$25.6 million over three years under output funding and \$14.8 million in asset funding. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 115, 126 (Committee calculation).

⁵⁶ Funds are allocated to Service Victoria through the *Enhancing customer experience with more digital services for Victorians* initiative, with \$16.2 million allocated to asset funding and \$50.7 million to output funding. Source: Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, pp. 102, 103, 106.

⁵⁷ Comprises \$156.9 million as at 30 June 2020, \$40.4 million and \$66.9 million. Source: Victorian Auditor-General's Office, *Service Victoria—Digital Delivery of Government Services*, Melbourne, March 2021, p. 2 (Committee calculation).

The Government's continued investment in Service Victoria stresses the importance of its role, especially in Victoria's COVID-19 response.⁵⁸ For example, Service Victoria was able to provide digital solutions via online platforms during the pandemic to enable QR code check-ins, border permits, tourism vouchers and business grant applications for outdoor dining.⁵⁹ At the hearings DPC advised that '[i]n 2021 more than 146 million customers used the service to check in, and the Service Victoria mobile app was downloaded over 4 million times'.⁶⁰

The Committee notes that one performance measure under the Digital Government and Communications output relates to Service Victoria—'overall satisfaction of customers transacting on Service Victoria's digital customer platform'.⁶¹ In 2020–21, Service Victoria exceeded the 95% target for this performance measure, achieving a result of 96%.⁶²

Given the expansion and importance of the government services delivered by Service Victoria to the community, the Committee considers it important that targeted qualitative performance measures be developed to provide a more meaningful assessment of the digital services that Service Victoria provides.

DPC has supported for inclusion in the 2022–23 Budget, a series of quantitative related performance measures for Service Victoria.

FINDING 101: From 2015–16 to 2022–23 the Victorian Government has invested \$264.2 million in Service Victoria. This included \$107.3 million in the 2020–21 and 2021–22 Budgets which highlights the expansion and importance of the digital government services that are being delivered by Service Victoria to the community.

FINDING 102: One performance measure under the Department of Premier and Cabinet's Digital government and communications output relates to Service Victoria, however, further quantity related performance measures for Service Victoria will be included in the 2022–23 Budget.

RECOMMENDATION 31: The Department of Premier and Cabinet develop targeted qualitative budget paper performance measures to provide a meaningful assessment of the different digital services and processes for which Service Victoria is responsible.

⁵⁸ Mr Michael McNamara, Chief Executive Officer, Digital Victoria, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 11 November 2021, *Transcript of evidence*, p. 22.

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Department of Premier and Cabinet, *Annual Report 2020–21*, p. 46.

⁶² Ibid.

11 Court Services Victoria

11.1 Description of Court Services Victoria

Court Services Victoria (CSV) is an independent statutory body that provides administrative services to support Victoria's Supreme, County, Magistrates', Children's and Coroner's Courts, the Victorian Civil and Administrative Tribunal (VCAT), the Judicial College of Victoria and the Judicial Commission of Victoria.¹

CSV's activities serve the Victorian community through the efficient and effective delivery of court and tribunal services, thereby 'supporting Victoria's system of responsible government and rule of law'.²

CSV is part of the ministerial portfolio of the Attorney-General and its objective is the fair, timely and efficient dispensing of justice.³

11.2 Outcomes achieved

In response to the Committee's questionnaire CSV outlined five of its programs that delivered the most important outcomes in the community throughout 2020–21. The majority of the programs identified focussed on CSV's achievements in continuing to deliver justice services during the COVID-19 pandemic through:

- remote hearings and online services in accordance with public health directions in 2020–21
- making COVIDSafe physical changes to the County Court building and in several regional courts to enable jury trials to recommence in COVIDSafe ways
- reducing the need for physical attendances and the transportation of people on remand or in custody to deliver justice and address pending caseloads
- introducing an extensive range of hygiene and physical distancing measures across all CSV locations to protect the health and safety of all court users and staff.⁴

CSV also identified the provision of culturally appropriate Koori Court services under the *Aboriginal self-determination and participation program* as delivering important outcomes in the community in 2020–21.⁵ CSV explained that in 2020–21 Elders and

1 Court Services Victoria, *Annual Report 2020–21*, Melbourne, 2021, p. 86.

2 Ibid., p. 6.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 398.

4 Court Services Victoria, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, pp. 6–10.

5 Ibid., p. 9.

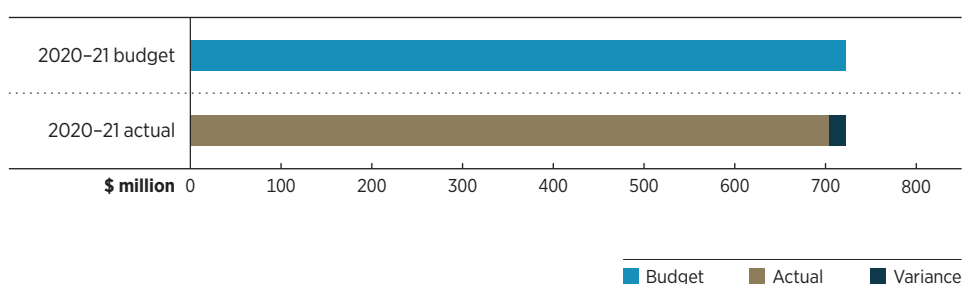
Respected Persons participated virtually in remote Koori Court hearings and the implementation of Aboriginal Justice Agreement 4 initiatives continued.⁶

11.3 Financial analysis

11.3.1 Output expenditure

CSV's actual expenditure for 2020–21 was \$704.3 million, 2.5% less than the budget of \$722.7 million.⁷ Figure 11.1 shows the difference between the budget and actual output expenditure.

Figure 11.1 Court Services Victoria—Budget vs actual, 2020–21



Source: Court Services Victoria, *Annual Report 2020–21*, Melbourne, 2021, p. 39 (Committee calculation).

11.3.2 Revenue and expenses

CSV's output appropriations for 2020–21 was \$518 million, 1% higher than the budget of \$513 million.⁸

CSV's employee expenses in 2020–21 increased by 7.2% from 2019–20 to \$404 million.⁹ CSV explained that the additional expenditure assisted with delivery of court services through the challenges of operating during the COVID-19 pandemic.¹⁰ CSV's employees increased by 210.1 full-time equivalent (FTE) employees as at 30 June 2021 compared to 30 June 2020, representing a 9.3% increase. CSV's executive staff also increased by 4.8 FTE across this period, representing a 24% increase.¹¹

In 2020–21, CSV spent a total \$39.4 million on COVID-19 related expenditure. \$28.8 million was spent on *Court response to COVID-19*.¹² CSV explained that this

⁶ Ibid.

⁷ Court Services Victoria, *Annual Report 2020–21*, p. 39 (Committee calculation).

⁸ Court Services Victoria, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 25 (Committee calculation).

⁹ Ibid., p. 26 (Committee calculation).

¹⁰ Ibid, p. 26.

¹¹ Ibid., p. 35 (Committee calculation).

¹² Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 22 November 2021.

spending assisted in ensuring that 'Victoria's courts and VCAT continue to operate effectively and efficiently during the COVID-19 pandemic'.¹³

In 2020–21 CSV incurred contractor, consultant and labour hire costs of \$40.3 million, 6.6% higher than the \$37.8 million incurred in 2019–20. CSV stated that specialist consultant services were required to respond urgently to the impacts of COVID-19 and to implement 2019–20 budget initiatives including the *Courts case management system*, *Wyndham and Bendigo Law Courts* and the *Specialist family violence integrated court response*.¹⁴

11.3.3 Overall financial performance

Table 11.1 summarises CSV's financial performance in 2020–21.

Table 11.1 Court Services Victoria—Summary of Comprehensive Operating Statement, 2020–21

Controlled items	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Income from transactions	723	712	-1.5
Expenses from transactions	723	711	-1.7
Net result	0	1	n.a.

Source: Court Services Victoria, *Annual Report 2020–21*, Melbourne, 2021, p. 82; Department of Treasury and Finance, *Budget Paper No. 5: 2021–22 Statement of Finances*, Melbourne, 2021, p. 160.

FINDING 103: Court Services Victoria's Comprehensive Operating Statement in 2020–21 reflects a stable financial position as overall income exceeds expenses.

11.4 Performance information

CSV has one output, Courts, that has 39 performance measures.¹⁵ In 2020–21, CSV met 34% of its performance measure targets. Of the performance measures not achieved, 18% were within a 5% variance and 47% exceeded a 5% variance.¹⁶ In 2019–20, CSV achieved 31% of performance measures and out of those unmet, 26% were within a 5% variance and 44% exceeded a 5% variance.¹⁷ The results for 2020–21 are displayed in Figure 11.2.

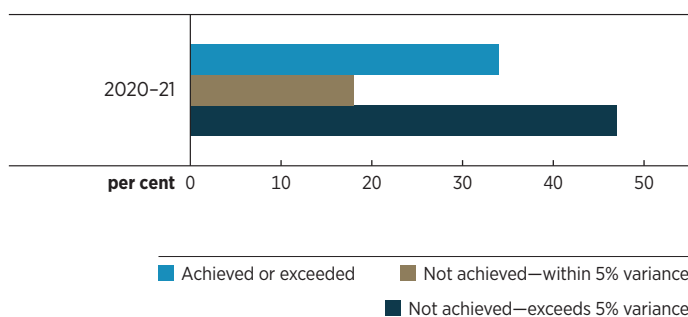
¹³ Court Services Victoria, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 28.

¹⁴ *Ibid.*, p. 32 (Committee calculation).

¹⁵ Court Services Victoria, *Annual Report 2020–21*, pp. 35–39 (Committee calculation).

¹⁶ One performance measure, 'court file integrity in the Coroners Court – availability, accuracy and completeness' was unable to be measured as the new electronic file management system was unable to be audited. Source: Court Services Victoria, *Annual Report 2020–21*, pp. 35–39 (Committee calculation).

¹⁷ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, May 2021, p. 138.

Figure 11.2 Court Services Victoria—Performance measurement results, 2020–21

Source: Court Services Victoria, *Annual Report 2020–21*, Melbourne, 2021, pp. 35–39 (Committee calculation).

FINDING 104: In 2020–21 Court Services Victoria met 34% of its performance measure targets, up from 31% in 2019–20.

Previous Committee reports noted there is a need for improved performance measures and that CSV will review its performance measures to better align with its objectives and improve on budget paper objective indicators.¹⁸ Noting that such a review will require extensive consultation, CSV stated that it will only take place after it has cleared pending caseloads resulting from the COVID-19 pandemic.¹⁹ The Committee notes that to date new performance measures have not been made available.

11.5 Key issues

The Committee identified the following key issues from its review of CSV’s 2020–21 Annual Report, CSV’s response to the Committee’s 2020–21 Financial and Performance Outcomes questionnaire and the public hearings.

11.5.1 Pending matters

Pending matters are matters or cases that have commenced being considered but are not yet finalised.²⁰ Previous Committee reports have noted the increase in pending matters in the Victorian court system.²¹ An update on the number of pending matters in Victorian courts and tribunals is provided in Table 11.2.

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Victorian Civil and Administrative Tribunal, *Annual Report 2019–20*, Melbourne, 2020, p. 89.

²¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government’s Response to the COVID-19 Pandemic: Interim Report*, August 2020, pp. 139–140; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2020–21 Budget Estimates*, April 2021, pp. 231–233; Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 Financial and Performance Outcomes*, pp. 141–147.

Table 11.2 Pending matters in Victorian courts and tribunals as at 30 June 2019, 2020 and 2021

Court/tribunal	Pending matters 30 June 2019 (number)	Pending matters 30 June 2020 (number)	Pending matters 30 June 2021 (number)	Change from 2020 to 2021 (%)
Supreme Court—Civil	4,753	4,688	4,910	5
Supreme Court—Criminal	312	274	359	31
County Court—Civil	6,811	7,098	7,266	2
County Court—Criminal	1,401	1,360	3,165	133
Magistrates' Court—Civil ^a	15,600	19,801	26,015	31
Magistrates' Court—Criminal	73,373	93,536	101,787	9
Children's Court—Civil	6,735	13,803	7,826	-43
Children's Court—Criminal	2,607	5,358	4,644	-13
Coroners Court	4,215	4,595	5,189	13
Victorian Civil and Administrative Tribunal	9,653	14,656	27,848	90

a. This figure includes Family Violence Intervention Orders.

Source: Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2019–20 Financial and Performance Outcomes*, p. 143; Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, 2020–21 Financial and Performance Outcomes hearings, response to questions on notice received 18 November 2021, pp. 1–2 (Committee calculation).

While the Children's Court experienced a reduction in pending matters in the year to 30 June 2021, all other jurisdictions experienced an increase in 2020–21 compared to 2019–20. While some changes are minimal, for example a 2% increase in pending Civil matters in the County Court, some are larger with pending Criminal matters in the County Court experiencing a 133% increase.²²

Some of the issues faced by CSV because of the COVID-19 pandemic include being unable to support jury trials, which were suspended when the pandemic started in March 2020 and did not resume until November 2020.²³ The Committee notes that juries are required in every Supreme and County Court criminal trial, and in some civil cases.

FINDING 105: Except for the Children's Court, all other courts in Victoria had an increase in the number of pending matters as at 30 June 2021 compared to 30 June 2020.

Case clearance rates are calculated as the number of matters disposed divided by the number of matters initiated in the financial year.²⁴ Targets for case clearance rates in Victorian courts and tribunals are 100% and actual performance is presented in Table 11.3 and Figure 11.3.

²² Ibid., p. 143; Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, 2020–21 Financial and Performance Outcomes hearings, response to questions on notice received 18 November 2021, pp. 1–2 (Committee calculation).

²³ Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 9 November 2021, *Transcript of evidence*, p. 5.

²⁴ Court Services Victoria, *Annual Report 2020–21*, p. 39.

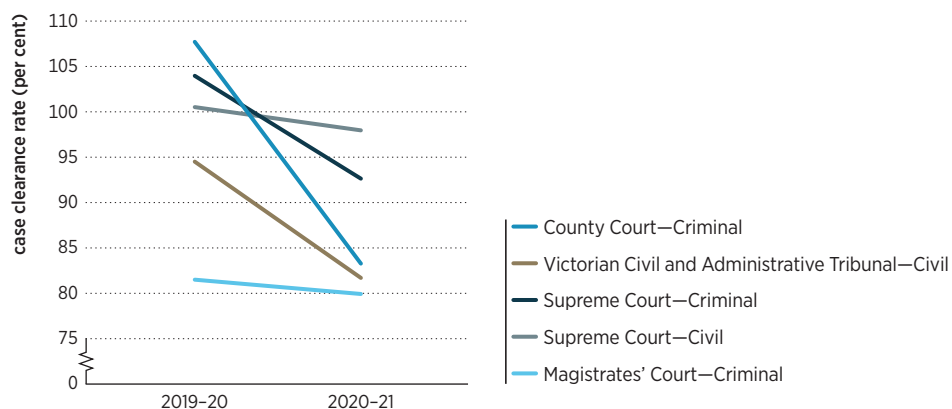
Table 11.3 Case clearance rate in Victorian courts and tribunals as at 30 June 2019, 2020 and 2021

Court/tribunal	Case clearance rate 2018-19 (%)	Case clearance rate 2019-20 (%)	Case clearance rate 2020-21 (%)	Change from 2020 to 2021 (%)
Supreme Court—Civil	100	100.9	98.3	-2.6
Supreme Court—Criminal	93.2	104.4	92.9	-11.5
County Court—Civil	95.4	89.1	94.6	5.5
County Court—Criminal	99.4	108.2	83.4	-24.8
Magistrates’ Court—Civil	93.0	80.2	87.4	7.2
Magistrates’ Court—Criminal	97.0	81.6	80.0	-1.6
Children’s Court—Family Division	87	87.7	103	15.3
Magistrates’ and Children’s Courts—Family Violence intervention orders	96	79.9	84.0	4.1
Children’s Court—Criminal	100	79.0	107.2	28.2
Coroners Court	89	93.0	93.4	0.4
Victorian Civil and Administrative Tribunal—Civil	97	94.8	81.8	-13.0

Source: Court Services Victoria, *Annual Report 2020-21*, Melbourne, 2021, pp. 36-37; Court Services Victoria, *Annual Report 2019-20*, Melbourne, 2020, pp. 31-32; pp. 36-37; Court Services Victoria, *Annual Report 2018-19*, Melbourne, 2019, pp. 29-30 (Committee calculation).

Table 11.3 shows that the highest clearance rates in 2020-21 were found in the Children’s Court, in criminal matters disposed and in their Family Division; and that case clearance rates dropped in 2020-21 compared to 2019-20 for the Supreme Court—civil and criminal matters, County Court and Magistrate’s Court—criminal matters and VCAT.

Figure 11.3 Case clearance rates in Victorian Courts and tribunals, 2019-20 to 2020-21



Source: Court Services Victoria, *Annual Report 2020-21*, Melbourne, 2021, pp. 36-37; Court Services Victoria, *Annual Report 2019-20*, Melbourne, 2020, pp. 31-32; pp. 36-37; Court Services Victoria, *Annual Report 2018-19*, Melbourne, 2019, pp. 29-30.

Figure 11.3 shows Victorian Courts by type of matter and tribunals that have experienced the largest decrease in case clearance rates from 2019–20 to 2020–21. Criminal matters in the County Court experienced the largest drop in the case clearance rate of 24.8% from 2019–20 to 2020–21, followed by VCAT’s Civil division that experienced a drop of 13%.²⁵

FINDING 106: The Children’s Court had the highest case clearance rates of all Victorian Courts. Criminal matters disposed of in the County Court experienced the largest drop in case clearance rates of 25% from 2019–20 to 2020–21, followed by the Victorian Civil and Administrative Tribunal’s Civil division that experienced a drop of 13%.

11.5.2 Initiatives to improve processing of pending matters

CSV has implemented a range of initiatives and projects to improve the timeliness of processing matters. These are explored below.

Justice Recovery

The *Justice Recovery* initiative was introduced in the 2021–22 Budget and allocated \$10.4 million in asset funding and \$0.2 million in output funding to CSV in 2020–21.²⁶ Of the total \$10.6 million allocation, \$7.1 million was utilised during the year in output funding and \$0.2 million in asset funding. The \$7.1 million was funded through a Treasurer’s Advance.²⁷ During 2020–21 this initiative:

- assisted 9,500 listings to be heard online at the Magistrates’ Court and 18,200 at the Children’s Court
- facilitated resources for the large-scale investigation into aged care resident deaths by the State Coroner
- provided funds for VCAT to utilise a surge workforce to hear Guardianship List matters.²⁸

Additional COVID-19 related initiatives to assist with clearing pending caseloads in the 2020–21 year are detailed in Table 11.4.

²⁵ Ibid., pp. 36–37; Court Services Victoria, *Annual Report 2019–20*, Melbourne, 2020, pp. 31–32; pp. 36–37; Court Services Victoria, *Annual Report 2018–19*, Melbourne, 2019, pp. 29–30.

²⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2021–22 Service Delivery*, Melbourne, 2021, pp. 133, 137.

²⁷ Court Services Victoria, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 13, 20.

²⁸ Ibid., pp. 4, 5.

Table 11.4 COVID-19 related initiatives to assist with clearing pending caseloads in 2020–21

Initiative	Expenditure 2020–21	Budget allocation for 2020–21, from 2020–21 Budget	Objective
Court response to coronavirus (COVID-19)	\$17.4 million	\$8.2 million output appropriation \$12.5 million asset appropriation Total \$20.7 million	To ensure Courts can operate during the COVID-19 pandemic including: <ul style="list-style-type: none"> developing physical distancing infrastructure to allow in-person hearings upgrading technology at the County Court to allow witnesses to appear remotely providing an Online Magistrates' Court program to allow the Magistrates' Court to hear matters remotely.
Victorian Civil and Administrative Tribunal remote hearing services	\$8.6 million	\$0.8 million output appropriation \$9.9 million asset appropriation Total \$10.7 million	To enable VCAT to upgrade their IT services in order to hear matters remotely.
Online Courts Pilot	\$2.1 million	\$0.6 million output appropriation \$2.0 million asset appropriation Total \$2.6 million	To reduce backlog of hearings through an online pilot to hear more complex matters.
Justice Recovery Plan	\$7.1 million	Off budget funding	To deliver Magistrates' Court, Children's Court and VCAT remote hearing services as part of Courts' response to COVID-19.

Source: Court Services Victoria, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, pp. 28–29; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2021, pp. 146, 148, 149 (Committee calculation).

CSV spent a total of \$35.2 million on COVID-19 related initiatives to assist with clearing pending caseloads in the 2020–21 year.²⁹ While the COVID-19 initiatives have achieved positive outcomes in 2020–21, particularly in allowing cases to be heard remotely, it is anticipated that these facilities will continue to be utilised in 2021–22 and future years to further assist in reducing the backlog of matters to be heard.

FINDING 107: In 2020–21 Court Services Victoria spent \$35.2 million on COVID-19 related initiatives focussed on improving the ability for cases to be heard remotely and clearing pending caseloads. These initiatives achieved positive outcomes in 2020–21 and it is anticipated that they will continue in future years to assist in increasing processing timeliness in the Victorian Court system.

Online courts services

As highlighted above the shift to online court services has improved the courts' ability to process the backlog of cases to be heard. Other benefits include greater flexibility and access to justice for those with responsibilities or impediments that make attending

²⁹ Court Services Victoria, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, pp. 28–29 (Committee calculation).

court challenging.³⁰ However, previous Committee reports have noted that some regional areas were unable to accommodate the audio-visual link required to facilitate online hearings.³¹ The Committee notes that this could be of concern if parties in remote areas without access to internet are not able to complete trials that would otherwise be available to those in metropolitan Melbourne.

Data to demonstrate how many hearings or matters progressed online is not available.³² Reporting the number and types of proceedings that are progressed online compared to those that are held in person, as well as information about whether the parties participating were located in rural, regional or metropolitan areas would provide valuable insights into the future utility of online court services.

FINDING 108: Online court services have improved the ability of Victorian courts to process the backlog of cases and increased flexibility and access to justice for those with responsibilities or impediments that make attending court challenging.

RECOMMENDATION 32: Court Services Victoria include information about the number and type of court proceedings that progressed online compared to in person, and details about whether the parties participating were located in rural, regional or metropolitan areas, in their annual report.

At the hearings CSV explained that there had been an acceleration of online court hearings over the last six months. In this context, CSV mentioned some initiatives that had been put in place to ensure that vulnerable people's hearings are priority matters, which included bringing forward matters where people are on remand.³³ The Committee notes that the number of prisoners at the Melbourne Remand Centre was 750 as at 31 July 2021, an increase of 51 from the 99 as at 31 July 2020.³⁴

FINDING 109: The number of prisoners at the Melbourne Remand Centre increased from 699 as at 31 July 2020 to 750 as at 31 July 2021. One of the measures taken by Court Services Victoria to ensure that vulnerable people's hearings are priority matters is to bring forward matters where people are on remand.

³⁰ Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government's response to the COVID-19 pandemic*, February 2021, p. 278.

³¹ Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the Victorian Government's response to the COVID-19 pandemic: Interim report*, p. 139.

³² Ibid.

³³ Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, *Transcript of evidence*, p. 3.

³⁴ Corrections Victoria, *Monthly prisoner and offender statistics 2020–21, 2021*, <<https://www.corrections.vic.gov.au/monthly-prisoner-and-offender-statistics>> accessed 27 December 2021.

Physical court space and judicial appointments

At the hearings CSV acknowledged that the constraints on clearing backlogs is likely a combination of the availability of physical court space, judges and staff.³⁵

Regarding physical court space, CSV is building a new Court facility in Wyndham, with a total estimated investment of \$271.1 million.³⁶ This new court, labelled a headquarter court, 'will provide a full range of specialist court programs and services including hearing rooms, mediation suites and a specialist family violence court'.³⁷ Additionally part of the \$12.5 million asset appropriation for *Court response to coronavirus (COVID-19)* in 2020–21,³⁸ was allocated to build 'physical distancing infrastructure across the court network, to enable in-person hearings to resume safely'.³⁹

Regarding judicial and statutory appointments, the number of additional appointments in 2020–21, in excess of retirements and resignations is detailed in Table 11.5 below. Judicial Registrars have different roles depending on the court jurisdiction and can assist in managing administrative and judicial aspects of hearings. In some cases, judicial registrars can make judicial decisions to address procedural or substantive issues in a matter before the commencement of a trial.⁴⁰

Table 11.5 Additional judicial and statutory appointments made in 2020–21

Jurisdiction	Number of additional appointments	Notes
Supreme Court	Nil	n.a.
County Court	Nil	n.a.
Magistrates' Court	5 Judicial Registrars	5 Magistrates were appointed in September 2021
Children's Court	4 Judicial Registrars	n.a.
Coroner's Court	3 Coroners	n.a.
VCAT	Nil	VCAT experienced 19 VCAT members resigning or retiring in the year, with one new appointment made

Note: Only additional appointments included. Judicial Registrars, as defined by the Supreme Court, assist judges and associate judges in managing their workload in an efficient way.

Source: Supreme Court Victoria, *Judicial Registrars*, 2021, <<https://www.supremecourt.vic.gov.au/about-the-court/our-judiciary/judicial-registrars>> accessed 26 December 2021; Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, 2020–21 Financial and Performance Outcomes hearings, response to questions on notice received 18 November 2021, p. 5.

³⁵ Ms Louise Anderson, Chief Executive Officer, Court Services Victoria, *Transcript of evidence*, p. 3.

³⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 148.

³⁷ *Ibid.*

³⁸ *Ibid.*

³⁹ *Ibid.*

⁴⁰ County Court of Victoria, *Registrars and Judicial Registrars*, (n.d.), <<https://www.countycourt.vic.gov.au/files/documents/2018-08/factsheet-11-registrars-and-judicial-registrars.pdf>> accessed 17 January 2022, p. 1.

FINDING 110: In 2020–21 the Magistrates’ Court appointed five additional judicial registrars, the Children’s Court appointed four additional judicial registrars and the Coroner’s Court appointed three additional coroners.

12 Department of Treasury and Finance

12.1 Description of the Department of Treasury and Finance

The Department of Treasury and Finance's (DTF) mission is to provide economic, commercial, financial and resource management advice to help the Victorian Government deliver its policies.¹ DTF supports the ministerial portfolios of the Treasurer, Minister for Economic Development, Assistant Treasurer, and Minister for Regulatory Reform.²

The department's objectives are to:

- optimise Victoria's fiscal resources
- strengthen Victoria's economic performance
- improve on how the Government manages its balance sheet, commercial activities and public sector infrastructure
- deliver efficient whole of government common services.³

12.2 Outcomes achieved

In response to the Committee's questionnaire DTF outlined five of its programs that delivered the most important outcomes in the community in 2020–21:

- Delivering the 2020–21 Budget released in November 2020 and 2021–22 Budget in May 2021. As part of the 2020–21 Budget a revised four step Fiscal Strategy was released to support the Government's response to the COVID-19 pandemic and to support economic recovery. This was retained in the 2021–22 Budget.
- Developing economic stimulus and relief packages to support Victorian businesses and households.
- Supporting delivery of social infrastructure projects including the *Big Housing Build* and the new Footscray Hospital. DTF provided commercial and financial advice to the new Footscray Hospital and coordinated the \$2.7 billion *Building Works* package.

1 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 361.

2 Ibid.

3 Ibid.

- Completing 400 COVID-19 related bio-cleans over 610,000 square metres of office space by the Shared Service Provider⁴ since 4 March 2020. DTF responded to requests for COVID-19 incident response cleans in Shared Service Provider managed premises, which experienced a surge in May 2021 corresponding to community outbreaks of COVID-19.
- Supporting the Victorian Government Purchasing Board in expanding the goods and services supply policy framework to an additional 125 agencies.⁵

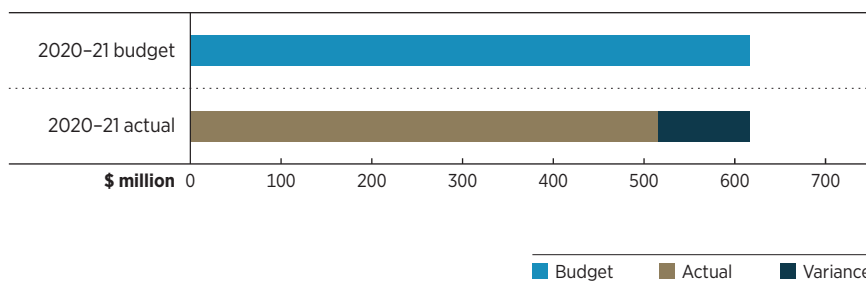
12.3 Financial analysis

12.3.1 Output expenditure

In 2020–21 DTF’s budget was \$617 million, while actual expenditure for the year was \$516 million.⁶ The underspend was mainly driven by the Invest Victoria output, which spent 60.8% less than the budgeted \$137.4 million.⁷ DTF’s 2020–21 Annual Report states that this was due to delays in a range of grant programs as a result of the COVID-19 pandemic and related economic conditions.⁸ The Economic and Policy output also spent 20.7% less than the budgeted \$66.6 million due to timeframe adjustments in the *Regulatory Reform* program.⁹

Figure 12.1 shows the output expenditure variances.

Figure 12.1 Department of Treasury and Finance—Budget vs Actual, 2020–21



Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 361; Department of Treasury and Finance, *Annual Report 2020–21*, Melbourne, 2021, pp. 20–30 (Committee calculation).

4 Shared Service Provider delivers strategic and operational office accommodation management, library and car pool services to Victorian Government departments and agencies. Source: Victorian Government, *Shared Service Provider*, 30 September 2021, <<https://www.ssp.vic.gov.au>> accessed 17 December 2021.

5 Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, pp. 8–10.

6 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 361; Department of Treasury and Finance, *Annual Report 2020–21*, Melbourne, 2021, pp. 20–30 (Committee calculation).

7 Department of Treasury and Finance, *Annual Report 2020–21*, p. 26 (Committee calculation).

8 Ibid.

9 Ibid., p. 24.

Table 12.1 shows DTF's expenditure by output in 2020–21.

Table 12.1 Department of Treasury and Finance—Expenditure by output, 2020–21

Output	2020–21 Target	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Budget and Financial Advice	32.8	36.9	12.5
Revenue Management and Administrative Services to Government	147.5	145.2	-1.6
Economic and Policy Advice	66.6	52.8	-20.7
Economic Regulatory Services	31.7	32.3	1.9
Invest Victoria	137.4	53.8	-60.8
Commercial and Infrastructure Advice	96.3	92.3	-4.2
Infrastructure Victoria	9.9	9.5	-4.0
Services to Government	94.7	92.8	-2.0

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 361; Department of Treasury and Finance, *Annual Report 2020–21*, Melbourne, 2021, pp. 20–30.

12.3.2 Revenue and expenses

Revenue

The total income from transactions in 2020–21 was \$616.6 million, 14% less than the budgeted income of \$718.8 million.¹⁰ The actual output appropriation in 2020–21 was \$506.2 million, 20% less than the budgeted \$633.1 million.¹¹ DTF explained that this variance was largely due to Invest Victoria's capacity to meet contractual commitments and pursue new investment attraction activities, which were impacted by COVID-19 related global economic conditions.¹²

Grant revenue in 2020–21 was \$29 million, 70% higher than the budgeted \$17 million.¹³ DTF outlined that the variance was due to additional funding received from the Department of Education and Training for Invest Victoria to support the University of Melbourne and Illumina Genomics Hub project.¹⁴

¹⁰ Ibid., p. 34.

¹¹ Ibid. (Committee calculation).

¹² Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, p. 38.

¹³ Ibid., p. 37.

¹⁴ Ibid.

Expenses

DTF's total expenses from transactions in 2020–21 were \$582.2 million, 96% less than the budgeted expenditure of \$678.2 million.¹⁵ This underspend was driven by lower grants and other transfers, which incurred only \$63.1 million compared to the budgeted \$142.2 million.¹⁶ DTF stated that the variance was due to a delay in grant transfers relating to the regulatory reform initiative and grants administered by Invest Victoria.¹⁷

Employee benefits expenses in 2020–21 were \$238.7 million, 5% higher than the budgeted expenditure of \$228.1 million.¹⁸ In 2020–21 DTF employed 844 employees (headcount) in total, this represents 812 full-time equivalent employees (FTE), 4.9% higher than the previous year.¹⁹ Of DTF's FTE, 114 were senior employees, representing a 12% increase in senior employees from the previous year.²⁰

In 2020–21 DTF incurred expenses of: \$24.4 million employing consultants, 3% higher than 2019–20; and \$26.1 million engaging consultants, 7% higher than 2019–20.²¹

In 2020–21 DTF's COVID-19 expenditure was \$1.0 billion, which was largely made up of \$336.6 million toward the *Big Housing Build: Land transfer duty waiver for residential property transactions of up to \$1 million*.²² The other initiatives that drove the department's COVID-19 expenditure included *Payroll relief for small and medium businesses* at \$284.4 million and *Land tax relief for landlords and tenants* at \$247.5 million.²³

12.3.3 Treasurer's Advances

In 2020–21 DTF accessed \$922.8 million in Treasurer's Advances of which \$59.2 million (6.4%) was attributable to COVID-19 initiatives.²⁴

The *Big Housing Build: Expanded Social Housing Growth Fund* received the largest portion of DTF's total Treasurer's Advances, with an allocation of \$846 million.²⁵ The Committee notes that the 2020–21 Budget also allocated \$845 million to the same initiative.²⁶ It is unclear why funding for this initiative was provided as a Treasurer's Advance rather than normal appropriation funding.

¹⁵ Department of Treasury and Finance, *Annual Report 2020–21*, p. 34.

¹⁶ Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 42.

¹⁷ Ibid.

¹⁸ Department of Treasury and Finance, *Annual Report 2020–21*, pp. 118–119 (Committee calculation).

¹⁹ Ibid., p. 119 (Committee calculation).

²⁰ Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 56.

²¹ Ibid.

²² Department of Treasury and Finance, *Coronavirus (COVID-19) Reporting*, 20 October 2021, <<https://www.dtf.vic.gov.au/state-financial-data-sets/coronavirus-covid-19-reporting>> accessed 3 December 2021 (Committee calculation).

²³ Ibid.

²⁴ Department of Treasury and Finance, *2020–21 Financial Report*, October 2021, Melbourne, pp. 148–152 (Committee calculation).

²⁵ Ibid., p. 150 (Committee calculation).

²⁶ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 137.

FINDING 111: The Department of Treasury and Finance accessed \$922.8 million in Treasurer’s Advances in 2020–21. \$59.2 million was attributable to COVID-19 initiatives.

FINDING 112: The *Big Housing Build: Expanded Social Housing Growth Fund* received the largest portion of the Department of Treasury and Finance’s total Treasurer’s Advances, with an allocation of \$846 million. The 2020–21 Budget also allocated \$845 million in 2020–21 for the initiative.

RECOMMENDATION 33: When Treasurer’s Advances are used to fund budget initiatives rather than normal appropriation funding, the Department of Treasury and Finance provide the reasons for providing funding in that way in the Financial Report.

12.3.4 Overall financial performance

Table 12.2 summarises DTF’s financial performance in 2020–21.

Table 12.2 Department of Treasury and Finance—Summary of Comprehensive Operating Statement, 2020–21

Controlled items	2020–21 Budget	2020–21 Actual	Variance
	(\$ million)	(\$ million)	(%)
Income from transactions	718.8	616.6	-14.2
Expenses from transactions	678.2	582.2	-14.2
Net result from transactions	40.6	34.4	-15.3

Source: Department of Treasury and Finance, *Annual Report 2020–21*, Melbourne, 2021, p. 34.

FINDING 113: The Department of Treasury and Finance’s Comprehensive Operating Statement in 2020–21 reflects a stable position as overall income exceeds expenses.

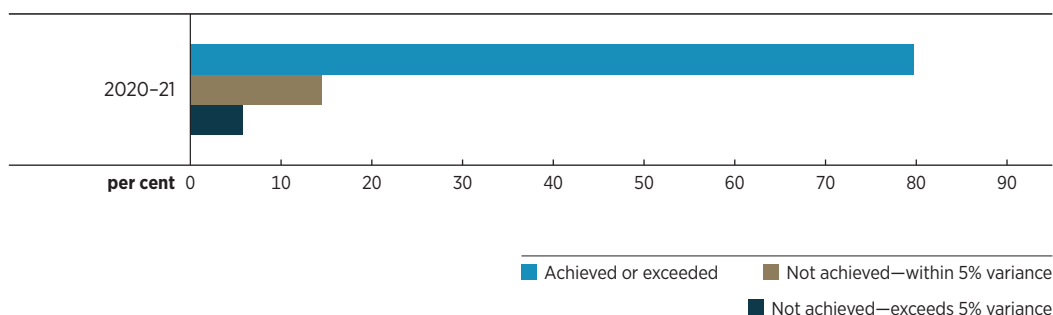
12.4 Performance information

DTF achieved or exceeded 80% of its 69 performance measures in 2020–21.²⁷ This compares to a 72% achieved or exceeded rate in 2019–20.²⁸

²⁷ Department of Treasury and Finance, *Annual Report 2020–21*, pp. 19–31 (Committee calculation).

²⁸ Parliament of Victoria, Public Accounts and Estimates Committee, *Report on the 2019–20 financial and performance outcomes*, May 2021, p. 175.

Figure 12.2 Department of Treasury and Finance—Performance measurement results, 2020–21



Department of Treasury and Finance, *Annual Report 2020–21*, Melbourne, 2021, pp. 19–31 (Committee calculation).

The Committee notes the following two performance measures under the Revenue Management and Administrative Services to Government output that did not meet their 2020–21 target by over 10%:

- ‘Compliance revenue assessed meets target performance’ had a target of 95% of which 81% was achieved.²⁹ DTF stated that the revenue from compliance programs was lower in 2020–21 as less debts were pursued due to COVID-19, in an effort to reduce impacts on business.³⁰
- ‘Ratio of outstanding debt to total revenue (monthly average)’ had a target of less than 2% of which the actual was 3.24%.³¹ DTF outlined several factors to explain this result, including: granting of payment deferrals and extensions, land tax relief applications, temporary suspension of debt activities including reminder letters, legal action and external debt collection, reduced payment capacity of taxpayers, and carry over of debt from 2019 land tax assessments.³²

FINDING 114: The Department of Treasury and Finance achieved or exceeded 80% of its performance measures in 2020–21.

FINDING 115: In 2020–21 the ‘ratio of outstanding debt to total revenue (monthly average)’ was 3.24% compared to a target of less than 2%.

²⁹ Department of Treasury and Finance, *Annual Report 2020–21*, p. 22.

³⁰ Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 74.

³¹ *Ibid.*, p. 75.

³² *Ibid.*

12.5 Key issues

12.5.1 Social Housing Growth Fund

The 2020–21 Budget allocated \$845 million in 2020–21 and \$535 million in 2021–22 to the *Big Housing Build: Expanded Social Housing Growth Fund*.³³ The fund is jointly administered by the Minister for Housing and the Treasurer.³⁴ Partnering with the community housing sector, the fund will deliver up to 4,200 new social housing dwellings to provide accommodation for some of the most vulnerable Victorians and is a component of the \$5.3 billion *Big Housing Build* package.³⁵ In addition to bolstering the supply of social housing, this initiative was the Government's key investment announced in 2020–21 to stimulate the economy by creating jobs.³⁶

At the hearing, DTF explained that the up to \$1.4 billion in the Social Housing Growth Fund will:

deliver up to 4247 new social housing dwellings in total across Victoria ... Those include 25 per cent of the program budget being allocated to regional Victoria, 10 per cent of the dwellings housing Aboriginal Victorians and 2000 dwellings for Victorians living with a mental illness as well.³⁷

Providing an update on the initiative, DTF advised that the first allocation of funds to community housing projects was completed in 2020–21.³⁸ The first round of grants includes 89 projects which will deliver 2,352 homes and create 9,090 jobs.³⁹ Construction was scheduled to commence in 2021.⁴⁰

Table 12.3 shows the number of dwellings by region, estimated number of jobs created and government funding.

³³ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 137.

³⁴ Victorian Government, *Social Housing Growth Fund*, 19 October 2021, <<https://www.vic.gov.au/social-housing-growth-fund>> accessed 8 December 2021.

³⁵ Hon Daniel Andrews MP, *Victoria's Big Housing Build*, media release, 15 November 2020.

³⁶ Ibid.; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 138; Hon Tim Pallas MP, Treasurer, 2020–21 Budget estimates (Treasurer) hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 35.

³⁷ Mr Chris Barrett, Deputy Secretary, Economic Division, Department of Treasury and Finance, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 26 (Committee calculation).

³⁸ Ibid.; Hon Richard Wynne MP, *Building New Homes For More Victorians*, media release, 9 September 2021.

³⁹ Victorian Government, *Social Housing Growth Fund*, 19 October 2021, <<https://www.vic.gov.au/social-housing-growth-fund>> accessed 8 December 2021.

⁴⁰ Ibid.

Table 12.3 Big Housing Build: Expanded Social Housing Growth Fund, round 1 planned outcomes

Region	Homes	Jobs created	Government funding (\$ million)
Metro	1,720	7,119	576.8
Regional	583	1,819	148.2
TBC	49	152	13.7
Total	2,352	9,090	738.8

Source: Victorian Government, *Social Housing Growth Fund*, 19 October 2021, <<https://www.vic.gov.au/social-housing-growth-fund>> accessed 8 December 2021.

FINDING 116: The 2020–21 Budget allocated \$845 million in 2020–21 to the *Big Housing Build: Expanded Social Housing Growth Fund*. The Department of Treasury and Finance has completed the first round of grants of \$738.8 million in 2020–21. There are 89 projects, which will deliver 2,352 homes (583 in regional Victoria) and create an estimated 9,090 jobs.

DTF highlighted that regional housing affordability is critical and informed the Committee that the department is in the process of receiving requests for proposals for the regional round of funds in October 2021, closing in February 2022.⁴¹ The allocation of funds focusing on providing homes for Aboriginal Victorians will be open in the December quarter of 2021, while the round of funds to develop homes for those experiencing mental illness is to be opened in early 2022.⁴²

In its *Report on the 2020–21 Budget Estimates* the Committee recommended that DTF establish performance measures for the *Big Housing Build* initiative. The Government's response received on 28 October 2021 indicated that DTF, along with other departments involved in the initiative, support the recommendation.

FINDING 117: In October 2021 the Department of Treasury and Finance was receiving requests for proposals to develop houses in regional Victoria under the *Big Housing Build: Expanded Social Housing Growth Fund* initiative. The funding round to deliver homes for Aboriginal Victorians opened in the December quarter of 2021, while the mental health supported housing round of funds will open in early 2022.

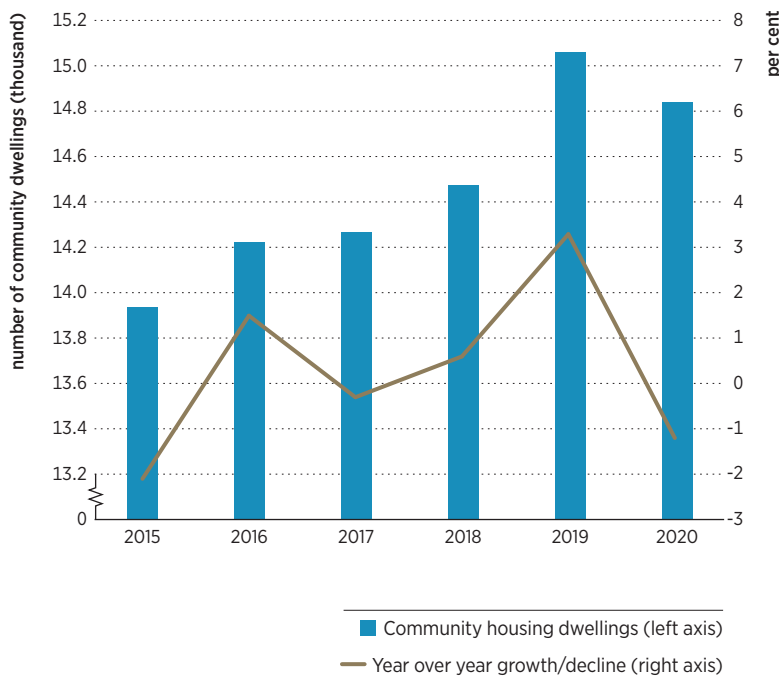
FINDING 118: There are currently no performance measures outlined in the annual reports or budget papers for the *Big Housing Build: Expanded Social Housing Growth Fund*. The Department of Treasury and Finance supported the Committee's previous recommendation to develop performance measures for the *Big Housing Build* initiative.

⁴¹ Mr Chris Barrett, Deputy Secretary, Economic Division, Department of Treasury and Finance, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 26; Victorian Government, *Social Housing Growth Fund*, 19 October 2021, <<https://www.vic.gov.au/social-housing-growth-fund>> accessed 8 December 2021.

⁴² Mr Chris Barrett, Deputy Secretary, Economic Division, Department of Treasury and Finance, *Transcript of evidence*, p. 26.

The latest available data on social housing that is published in the Australian Institute of Health and Welfare’s Report indicates that as 30 June 2020, there were about 14,850 community housing dwellings in Victoria, representing 18% of the total social housing stock.⁴³ Social housing stock comprises of public housing, state owned and managed Indigenous housing, community housing and Indigenous community housing.⁴⁴ Community housing dwellings declined by 1.5% in 2020 compared to 2019. The number of community housing dwellings and the growth/decline in community housing in Victoria from 2015 to 2020 is shown in Figure 12.1.

Figure 12.3 Community housing dwellings in Victoria, 2015–2020



Source: Australian Institute of Health and Welfare, *Housing assistance in Australia 2021: Social housing dwellings*, 30 June 2021, <<https://www.aihw.gov.au/reports-data/health-welfare-services/housing-assistance/data>> accessed 9 December 2021 (Committee calculation).

The Committee considers that the publication of the actual number of community housing dwellings delivered under the *Social Housing Growth Fund* would enhance the ability to measure the effectiveness of the fund.

RECOMMENDATION 34: To the extent that it is practicable, the Department of Treasury and Finance publish in future annual reports the total number of community housing dwellings at the end of each financial year, as well as the actual number of community housing dwellings delivered through the *Social Housing Growth Fund*.

⁴³ Australian Institute of Health and Welfare, *Housing assistance in Australia 2021: Social housing dwellings*, 30 June 2021, <<https://www.aihw.gov.au/reports-data/health-welfare-services/housing-assistance/data>> accessed 9 December 2021 (Committee calculation).

⁴⁴ Ibid.

12.5.2 Revenue measures fuelling the property market

DTF identified ‘developing economic stimulus and relief packages to support Victorian businesses and households’ as one of the programs that delivered the most important outcomes achieved by the department in 2020–21.⁴⁵ This included the development of various measures to support Victorians by providing relief across revenue sources such as payroll tax, land transfer duty and land tax.⁴⁶

As discussed in Chapter 2 one of the main drivers for the increase in general government sector revenue in 2020–21 compared to 2019–20 was the stronger than anticipated recovery in the Victorian property market, resulting in higher land transfer duty.⁴⁷ At the hearing, DTF provided evidence about the revenue measures available to purchase residential properties in Victoria.⁴⁸ These included:

- the *Big Housing Build: Land transfer duty waiver for residential property transactions of up to \$1 million* that was part of the Economic Support and Recovery revenue initiatives in the 2020–21 Budget.⁴⁹ This measure offered a land transfer duty waiver of 50% for residential properties with a value of up to \$1 million, which resulted in \$336.6 million revenue forgone in 2020–21, compared to the estimated \$125.9 million.⁵⁰ DTF explained this occurred due to a ‘higher than expected number of property transactions, due to the strong recovery in property market conditions after the easing of public health restrictions in late 2020’.⁵¹
- the abolished land transfer duty for first home buyers for purchases below \$600,000;⁵² and the first home buyer duty exemption or concession that provides a one off duty exemption on a property up to \$600,000 and a concession rate applies to those properties that value from \$600,001 to \$750,000.⁵³ In 2020–21 DTF outlined that ‘there were 54,000 transactions by first home buyers who received either the exemption or the concession, or both’. DTF advised that it is a difficult task to accurately estimate the revenue forgone as a result of these measures, however, estimated that the combined impact of forgone revenue for both the exemption and concession was approximately \$900 million in 2020–21.⁵⁴

45 Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 9.

46 Department of Treasury and Finance, *Annual Report 2020–21*, p. 15.

47 Department of Treasury and Finance, *2020–21 Financial Report*, p. 2.

48 Mr David Martine, Secretary, Department of Treasury and Finance, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 31.

49 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 150, 153.

50 Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 31; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 150.

51 Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 92.

52 Hon Daniel Andrews MP, *Stamp Duty Abolished For First Home Buyers Under \$600,000*, 5 March 2017, media release.

53 Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 31; State Revenue Office Victoria, *First Home Owner*, 12 October 2021, <<https://www.sro.vic.gov.au/first-home-owner>> accessed 13 December 2021.

54 Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 31.

- the *First Home Owner Grant* scheme under which the Victorian Government gives a \$10,000 grant to first home buyers purchasing or building a new home valued up to \$750,000.⁵⁵ In 2021 there were just under 21,000 first home buyer grants approved at a cost of \$271 million.⁵⁶

At the hearing, DTF advised the Committee that:

when you add ... both the tax concessions on stamp duty and the first home owner grant, you are probably looking at getting close to \$1.2 billion of support to first home buyers in 2020–21.⁵⁷

In its response to the Committee's questionnaire, DTF also stated that the *Support for households and businesses: Extend the regional First Home Owner Grant* saw \$43.8 million in revenue forgone in 2020–21, compared to the estimated \$23.6 million, due to the strong property market conditions.⁵⁸

FINDING 119: As part of the Economic Support and Recovery revenue initiatives the Government introduced the *Land transfer duty waiver for residential property transactions of up to \$1 million* initiative. In 2020–21 \$336.6 million in revenue was forgone compared to the estimated \$125.9 million, due to the strong recovery in the property market.

FINDING 120: While the Department of Treasury and Finance cannot actually measure the revenue forgone from initiatives such as the first home buyer duty exemption or concessions, the department estimates that approximately \$900 million in revenue was forgone in 2020–21.

FINDING 121: In 2020–21 the Department of Treasury and Finance provided \$1.2 billion worth of support to first home buyers in Victoria through grants, tax waivers and concessions on transfer duty.

Big Housing Build: Victorian Homebuyer Fund

The 2020–21 Budget allocated \$500 million in total estimated investment (TEI) to the *Big Housing Build: Victorian Homebuyer Fund*.⁵⁹ The fund also allocated \$66.8 million in output funding over the four years from 2020–21 to 2023–24.⁶⁰ The funding profile outlined in the 2020–21 Budget is shown in Table 12.4.

⁵⁵ State Revenue Office Victoria, *First Home Owner*, 12 October 2021, <<https://www.sro.vic.gov.au/first-home-owner>> accessed 13 December 2021; Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 31.

⁵⁶ Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 31.

⁵⁷ \$900 million + \$271 million = \$1.9 billion. Source: Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 31.

⁵⁸ Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 91.

⁵⁹ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 141.

⁶⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 137 (Committee calculation).

Table 12.4 Big Housing Build: Victorian Homebuyer Fund, 2020–21 Budget

Funding type	2020–21 (\$ million)	2021–22 (\$ million)	2022–23 (\$ million)	2023–24 (\$ million)	Total or TEI (\$ million)
Output	16.7	16.7	16.7	16.7	66.8
Asset	50.0	75.0	75.0	100.0	500.0 ^a
Total	66.7	91.7	91.7	116.7	566.8

a. The TEI includes funding beyond 2023–24.

Source: Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, pp. 137, 141 (Committee calculation).

The fund will contribute to the property purchase price in exchange for a proportionate equity interest in the property.⁶¹ There are several criteria to be eligible to access the fund which include:

- individuals earn \$125,000 or less per annum, joint applicants earn \$200,000 or less per annum
- applicants be an Australian or New Zealand citizen, or permanent Australian resident
- have the required minimum deposit (at least 5% or 3.5% depending on the circumstances) for the property price
- the purchased property must be in Victoria
- the property purchase price must not exceed \$950,000 for greater Melbourne or Geelong or \$600,000 for regional Victoria.⁶²

In 2020–21 the actual expenditure of the fund was \$2.3 million.⁶³ The Committee notes that the actual expense was funded via a Treasurer's Advance. While DTF's response to the questionnaire states that there was no budget funding allocated to the initiative,⁶⁴ the Committee notes that the 2020–21 Budget included output funding of \$16.7 million in 2020–21 as outlined in Table 12.4.⁶⁵ It is unclear if expenditure from the fund was \$2.3 million, as opposed to the allocated \$16.7 million, and why the expense was funded through a Treasurer's Advance rather than normal appropriation funding.

The Committee notes that the *Victorian Homebuyer Fund* was launched on 8 October 2021, in the 2021–22 financial year. In its response to the Committee's questionnaire, DTF has stated that performance measures relating to the fund will be developed and included in the 2022–23 Budget.⁶⁶

⁶¹ Ibid., p. 141.

⁶² Mr David Martine, Secretary, Department of Treasury and Finance, *Transcript of evidence*, p. 32; State Revenue Office Victoria, *Homebuyer Fund*, 16 November 2021, <<https://www.sro.vic.gov.au/homebuyer>> accessed 13 December 2021.

⁶³ Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 46.

⁶⁴ Ibid., p. 13.

⁶⁵ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 137.

⁶⁶ Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 46.

FINDING 122: The 2020–21 Budget allocated \$500 million in total estimated investment and \$66.7 million in output funding to the *Big Housing Build: Victorian Homebuyer Fund*, which was launched on 8 October 2021. The Department of Treasury and Finance will introduce performance measures relating to the fund in the 2022–23 Budget.

FINDING 123: In 2020–21 the actual expenditure of the *Victorian Homebuyer Fund* was \$2.3 million compared to the estimated \$16.7 million allocated in the 2020–21 Budget.

12.5.3 Other revenue initiatives, 2020–21 Budget

The 2020–21 Budget introduced a range of revenue initiatives where it estimated to forgo \$1.3 billion in revenue as COVID-19 tax relief measures and economic support and recovery.⁶⁷ A further \$7.3 million in tax reliefs were also introduced in 2019–20 to assist Victorian communities affected by bushfires.⁶⁸

The following revenue initiatives were the five largest measures with a combined value of \$1.2 billion estimated to be forgone in 2020–21:

- Support for households and businesses: Payroll tax relief for small and medium businesses—\$327.0 million
- Support for households and businesses: Targeted JobKeeper exemption from payroll tax—\$205.3 million
- Support for landlords and tenants: Land tax relief—\$299.3 million
- Big Housing Build: Land transfer duty waiver for residential property transactions of up to \$1 million—\$125.9 million (discussed in Section 12.5.2)
- New jobs tax credit—\$224.6 million.⁶⁹

DTF did not provide the actual revenue foregone for the initiative *Support for households and businesses: Targeted JobKeeper exemption from payroll tax*. Regarding *New jobs tax credit*, DTF mentioned that jobs tax credits will be paid to businesses in 2021–22 after reconciliation of annual returns.⁷⁰

In the department's response to the questionnaire, DTF outlined the actual revenue forgone for initiatives that had a measured revenue impact and where the variance was

⁶⁷ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 150.

⁶⁸ *Ibid.*, p. 8.

⁶⁹ *Ibid.*, pp. 150–155.

⁷⁰ All businesses registered for payroll conduct a reconciliation via the Payroll Tax Express platform at the end of each financial year. Source: State Revenue Office Victoria, *Lodge your annual reconciliation (e-AR)*, 1 September 2021, <<https://www.sro.vic.gov.au/annualreconciliation>> accessed 23 December 2021; Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 93.

more than \$100 million or had a variance of 10% between the 2020–21 Budget estimates and the actual results.⁷¹ This is outlined in Table 12.5.

Table 12.5 Revenue initiatives, 2020–21 Budget vs Actuals

Initiative	2020–21 Budget estimate	2020–21 Actual	Variance	Variance explanation
	(\$ million)	(\$ million)	(\$ million)	
Supporting business to relocate, expand and recover in bushfire-affected areas	(2.0)	(3.4)	(1.4) ↑	The variance is primarily attributable to the number of transactions eligible for this grant being higher than expected.
Tax relief for communities affected by the bushfires	(1.1)	(0.6)	0.5 ↓	The variance can be attributable to a difference in the take-up of the support compared to the expectation.
Support for households and businesses: Commercial passenger vehicle services levy waiver	(8.3)	(5.8)	2.5 ↓	The number of trips for the June 2020 quarter was lower than anticipated due to the COVID-19 pandemic.
Support for households and businesses: Congestion levy waiver	(30.0)	(26.3)	3.7 ↓	The number of leviable parking spaces in 2020–21 was less than anticipated.
Support for households and businesses: Liquor licence renewal fee waivers	(19.3)	(21.3)	(2.0) ↑	The number of licensees eligible for a renewal fee waiver due to the COVID-19 pandemic were higher than anticipated.
Support for households and businesses: Payroll tax relief for small and medium businesses	(327.8)	(284.4)	43.4 ↓	The value of waivers and refunds provided to businesses in 2020–21 was less than estimated. The total cost of waivers (\$957 million) was within 5% of the 2020–21 Budget estimate (\$1,005 million) with \$672.6 million previously recognised in 2019–20.
Support for landlords and tenants: Land tax relief	(299.3)	(247.5) ^a	51.8 ↓	The take up of land waivers related to 2020 and the initial 2021 land tax relief was lower than estimated at the 2020–21 Budget.
Supporting businesses to open, relocate and expand in regional Victoria	(3.9)	(16.4)	(12.5) ↑	The variance is primarily attributable to the average value of the concession for each eligible transaction being greater than expected.

a. The State has recognised land tax relief of \$247 million to eligible landowners in 2020–21, including further 2021 land tax relief announced as part of the reintroduced Commercial Tenancy Relief Scheme. This is in addition to relief provided during the 2019–20 financial year.

Source: Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, received 29 October 2021, pp. 91–93 (Committee calculation).

⁷¹ Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 93.

FINDING 124: The *Support for households and businesses: Payroll tax relief for small and medium businesses* initiative in 2020–21 was estimated to provide \$327.8 million in tax relief while the actual relief provided was \$284.4 million. The *Support for landlords and tenants: Land tax relief* initiative was estimated to provide \$299.3 million in tax relief while the actual relief provided was \$247.5 million.

12.5.4 Victorian Government Purchasing Board expansion

The Victorian Government Purchasing Board (VGPB) sets the policies that govern procurement of non-construction goods and services across all Victorian government departments and specified entities.⁷²

In 2020–21 the VGPB collected procurement data from the nine Victorian Government departments, Cenitex, the Major Transport Infrastructure Authority and Victoria Police, and reported that in 2020–21, 1,231 procurement contracts with a total value of \$2.8 billion were approved.⁷³ In 2020–21 the Victorian Government spent \$24.8 billion on goods and services and \$15 billion on public construction and infrastructure.⁷⁴

During 2020–21 DTF undertook significant work to prepare for the expansion of VGPB supply policies to apply to all agencies under the *Financial Management Act 1994* (Vic).⁷⁵ This expansion is to ensure better procurement practices and greater consistency across government⁷⁶ and was recognised as one of the programs that delivered the most important outcomes achieved by DTF in 2020–21.⁷⁷

Previously there were 35 agencies that followed the VGPB's procurement policies. However, the expansion brought in about 125 further agencies from 1 July 2021, totalling 160 agencies.⁷⁸ DTF advised that the State of Victoria has significant control over 271 controlled entities under 12 parent entities. These entities may include additional consolidated entities.⁷⁹ The Committee notes that the expansion therefore applies to about 60% of State controlled entities.

When asked about the benefits of the VGPB expansion, DTF mentioned that the program will create greater consistency in procurement policies and practices and enhance oversight and accountability of public expenditure. The expansion program

⁷² Buying for Victoria, *Victorian Government Purchasing Board*, 16 June 2020, <<https://www.buyingfor.vic.gov.au/victorian-government-purchasing-board-vgpb>> accessed 13 December 2021.

⁷³ Only accounts for contract values greater than \$100,000. Source: Victorian Government Purchasing Board, *Annual Report 2020–21*, Melbourne, 2021, p. 37.

⁷⁴ Mr David Martine, Secretary, Department of Treasury and Finance, 2020–21 Financial and performance outcomes hearing, response to questions on notice, received 17 November 2021, p. 16.

⁷⁵ Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, p. 9.

⁷⁶ Buying for Victoria, *Victorian Government Purchasing Board expansion*.

⁷⁷ Department of Treasury and Finance, *Response to the 2020–21 Financial and Performance Outcomes General Questionnaire*, pp. 9–10.

⁷⁸ Buying for Victoria, *Victorian Government Purchasing Board expansion*.

⁷⁹ Mr David Martine, Secretary, Department of Treasury and Finance, response to questions on notice, p. 14.

could also lead to greater aggregation of spending through State Purchase Contracts (SPCs).⁸⁰

In 2020–21 DTF managed 17 SPCs with a total value of \$1.2 billion. Providing measurable benefits of the expansion program, DTF advised the Committee that: ‘2020–21 benefits delivered as a percentage of the \$1.2 billion expenditure by agencies under DTF managed state purchase contracts, including reduced and avoided costs was 6.3%’.⁸¹ DTF expects that these benefits will increase as the VGPB expansion progresses.⁸²

DTF advised the Committee that there will be a range of benefits to suppliers, including regional businesses through the expansion program. The program will assist small, medium, and local businesses by providing simpler and more consistent tender processes.⁸³

The Committee considers the VGPB expansion to be a positive initiative that will enhance consistency in procurement practices across government agencies.

FINDING 125: In 2020–21 the Department of Treasury and Finance worked on the expansion of the Victorian Government Purchasing Board (VGPB) supply policies to all agencies. Previously 35 agencies followed the VGPB’s procurement policies and from 1 July 2021, 125 agencies are within the VGPB remit.

FINDING 126: Procurement data collected by the Victorian Government Purchasing Board from the nine Victorian Government departments, Cenitex, the Major Transport Infrastructure Authority and Victoria Police, demonstrated that in 2020–21, 1,231 procurement contracts with a value of \$2.8 billion were approved. The Department of Treasury and Finance managed 17 state purchase contracts with a value of \$1.2 billion.

⁸⁰ Ibid., p. 18.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Ibid.

13 Parliament

13.1 Description of Parliament

The Parliament of Victoria is an independent body that, through its elected representatives, is accountable to the Victorian community for the provision and conduct of representative government in the interests of Victorians.¹

The Parliament of Victoria comprises three departments—the Department of Parliamentary Services (DPS), the Legislative Assembly and the Legislative Council. DPS is responsible for the provision of infrastructure resources and support services to Members of Parliament and the Parliamentary departments of the Legislative Council and Legislative Assembly.²

The departments of the Parliament of Victoria aim to:

- support members to fulfil their roles
- protect the independence and integrity of Parliament
- inform and engage with the community
- engage with Victoria's First People and
- ensure the organisational resilience and efficiency of Parliament.³

The Victorian Auditor-General's Office (VAGO), the Parliamentary Budget Office (PBO) and a number of Victoria's integrity agencies are included in the Budget as outputs within the Parliament of Victoria.⁴ Each produce their own annual reports and for the purpose of this report this chapter focusses only on Parliament's four outputs that are referred to as the Parliamentary Departments.

13.2 Challenges

In response to the Committee's questionnaire the Parliamentary Departments did not identify programs that delivered the most important outcomes to the Victorian community in 2020–21, as the Parliamentary Departments are not service delivery departments.⁵ However, five main challenges were identified, including:

1 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21 Service Delivery*, Melbourne, 2020, p. 380.

2 Department of Parliamentary Services, *Annual Report 2020–21*, Melbourne, 2021, p. 7.

3 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 381.

4 *Ibid.*, pp. 380–381.

5 Parliamentary Departments, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, received 29 October 2021, p. 6.

- responding to the COVID-19 pandemic, which among other things involved maintaining and enhancing remote work capability, supporting Members of Parliament (MPs) and electorate officers (EOs) and facilitating arrangements for sittings of Parliament in a COVID-19 environment
- an increased cyber security threat and higher information and communication technology costs
- physical security at the Parliamentary precinct and electorate offices, which was responded to with security upgrades and a security audit.⁶

13.3 Financial analysis

13.3.1 Output expenditure

The 2020–21 Budget allocated \$214.1 million across Parliament’s four outputs in 2020–21.⁷ Actual expenditure for the year was \$199.3 million, representing an underspend of 7% (\$14.8 million),⁸ compared to an underspend of 5.3% in 2019–20.⁹ The 2020–21 result was driven by underspends in the Legislative Assembly (14.3%), Legislative Council (14.9%) and Parliamentary Services (3.5%) outputs.¹⁰

During the hearings the Clerk of the Legislative Council explained that the variances between amounts appropriated in the 2020–21 Budget and spent over the financial year across Parliament’s four outputs were largely due to:

- COVID-19 affecting levels of business and
- late funding approvals for initiatives taking place in 2020–21.¹¹

Parliament’s fourth output—Parliamentary Investigatory Committees—met its \$5.5 million allocation and was the only output that did not receive an increase in funding in the 2020–21 Budget.¹²

6 Parliamentary Departments, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, received 29 October 2021, pp. 38–39.

7 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 384.

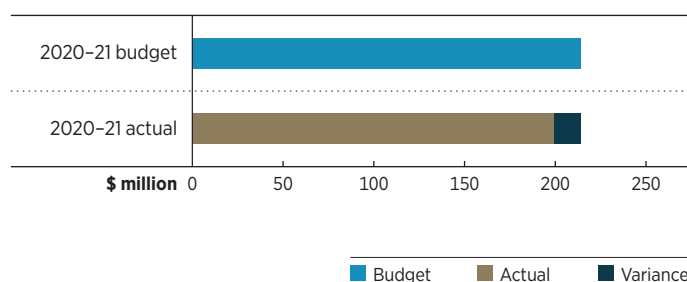
8 Department of Parliamentary Services, *Annual Report 2020–21*, pp. 24–27 (Committee calculation).

9 Parliament of Victoria, Public Accounts and Estimates Committee, *Inquiry into the 2019–20 Financial and Performance Outcomes*, May 2021, p. 180 (Committee calculation).

10 Department of Parliamentary Services, *Annual Report 2020–21*, pp. 24–27 (Committee calculation).

11 Mr Andrew Young, Clerk of the Legislative Council, Department of the Legislative Council, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 1.

12 Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 384; Department of Parliamentary Services, *Annual Report 2020–21*, p. 27.

Figure 13.1 Parliament—Output expenditure, Budget vs Actual, 2020–21

Source: Department of Parliamentary Services, *Annual Report 2020–21*, Melbourne, 2021, pp. 24–27 (Committee calculation).

FINDING 127: The Parliamentary Departments recorded an underspend in comparison to their budget in both 2019–20 and 2020–21. In 2020–21 an underspend of \$14.8 million was recorded.

13.3.2 Revenue and expenses

In 2020–21 Parliament reported minimal variances in revenue and expenses.¹³ Output appropriations grew by 7% to \$154.4 million.¹⁴ Revenue from Parliament refreshment rooms and gift shop sales declined by 85%, from \$1.3 million in 2019–20 to \$0.2 million in 2020–21.¹⁵ Parliament explained the decline in revenue was due to the cancellation of catered events as a result of the COVID-19 pandemic.¹⁶

In 2020–21 Parliament’s employee expenses grew by 4% to \$119.2 million, compared to \$114.2 million in 2019–20.¹⁷ Higher expenditure in the ‘Parliament refreshment rooms and gift shop’ category was also recorded due to the implementation of the *Charity Meals* program during the COVID-19 pandemic.¹⁸ Expenses in this category grew by 43% from 2019–20 levels to \$4.3 million.¹⁹

13.3.3 Overall financial performance

Table 13.1 summarises Parliament’s financial performance in 2020–21. The 2020–21 Statement of Finances budget paper includes the operating performance of the Parliament, VAGO, the PBO and three of Victoria’s integrity agencies, however the financial information and net result for each organisation is not disaggregated.²⁰

¹³ Ibid., pp. 20, 22.

¹⁴ Ibid., p. 20 (Committee calculation).

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid., p. 22 (Committee calculation).

¹⁸ Ibid., p. 22.

¹⁹ Ibid., p. 22 (Committee calculation).

²⁰ Department of Treasury and Finance, *Budget paper No. 5: 2020–21 Statement of Finances*, Melbourne, 2020, pp. 139–141.

For this reason the Committee was unable to determine the budgeted figures for Parliament.

Table 13.1 Parliament—Summary of Comprehensive Operating Statement, 2020–21

Controlled items	2020–21 Budget	2020–21 Actual
	(\$ million)	(\$ million)
Income from transactions	n.a	200
Expenses from transactions	n.a	188
Net result	-	12

Source: Department of Parliamentary Services, *Annual Report 2020–21*, Melbourne, 2021, p. 87.

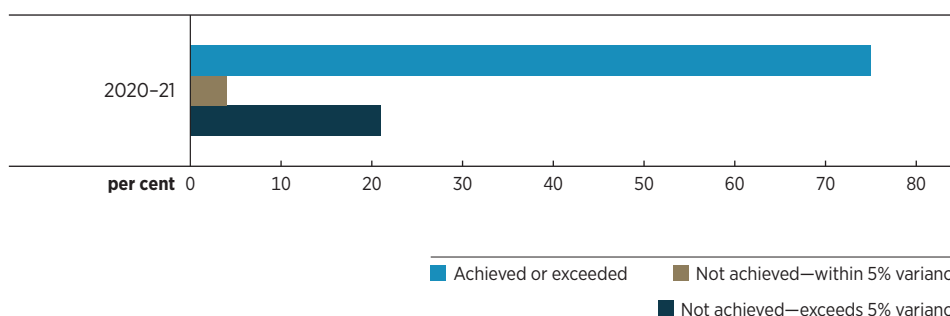
FINDING 128: The operating performance of Parliament reflects a stable position as overall income exceeds expenses.

RECOMMENDATION 35: The Department of Parliamentary Services publish a comprehensive statement to include budget and actual figures in their next annual report and on an ongoing basis.

13.4 Performance information

In 2020–21 Parliament achieved or exceeded 97% (32 of 33) of its performance measures.²¹ The single performance measure not achieved was ‘Regional visits to schools to conduct Parliamentary role plays’ under the Legislative Assembly output.²² The Department of the Legislative Assembly explained that due to COVID-19 restrictions during the financial year only one regional visit was possible from a target of five.²³

Figure 13.2 Parliament—Performance measurement results, 2020–21



Source: Department of Parliamentary Services, *Annual Report 2020–21*, Melbourne, 2021, pp. 24–27 (Committee calculation).

²¹ Department of Parliamentary Services, *Annual Report 2020–21*, pp. 24–27.

²² Ibid., p. 25.

²³ Department of the Legislative Assembly, *Annual Report 2020–21*, Melbourne, 2021, p. 44.

FINDING 129: In 2020–21 Parliament achieved or exceeded 32 of its 33 performance measures (97%). The performance measure that was not met was impacted by COVID-19 restrictions.

13.5 Key issues

13.5.1 Charity Meals program

As indicated in the Committee’s questionnaire, in the 2020–21 Budget DPS received funding for only one initiative associated with the COVID-19 pandemic. The *Charity Meals* program received \$3.8 million of funding in 2020–21, of which \$3.6 million (95%) was spent.²⁴ The program ran for 14 months from March 2020 to July 2021 and was funded in its first four months by a surplus of DPS’ funding resulting from reduced activities due to the COVID-19 pandemic.²⁵

Through this program DPS established an immediate emergency food service and partnered with eight charitable organisations to provide food to homeless and vulnerable Victorians impacted by the COVID-19 pandemic.²⁶ The principle outcome of the program was the preparation, packaging and distribution of over 1.5 million meal items to Victoria’s homeless and disadvantaged communities.²⁷ DPS clarified that one prepared meal could be made of two to three meal items, while also reporting that at its peak, the program was producing between 7,000-8,000 meals per week.²⁸

The *Charity Meals* program provided a number of benefits including:

- continuing the employment of casual hospitality staff at Parliament
- continued support of suppliers
- support to charity partners who were experiencing a decline in donations and an increase in need from clients during the COVID-19 pandemic
- meeting a key strategic objective of Parliament—engagement with the community.²⁹

²⁴ Parliamentary Departments, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, pp. 5, 24.

²⁵ Mr Peter Lochert, Secretary, Department of Parliamentary Services, 2020–21 Financial and Performance Outcomes hearing, Melbourne, 8 November 2021, *Transcript of evidence*, p. 3; Parliamentary Departments, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, p. 24.

²⁶ Parliamentary Departments, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, p. 5; Mr Peter Lochert, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 6.

²⁷ Parliamentary Departments, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, p. 5.

²⁸ Mr Peter Lochert, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 5; Parliamentary Departments, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, p. 6.

²⁹ Mr Peter Lochert, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 6; Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, p. 142; Department of Parliamentary Services, *Annual Report 2020–21*, p. 10.

DPS reported the program as a major achievement and a ‘great positive in an otherwise subdued year’.³⁰

FINDING 130: In 2020–21 Parliament ran the *Charity Meals* program, providing over 1.5 million meal items through charity partners to Victoria’s homeless and disadvantaged communities. The program was a major achievement for Parliament in 2020–21.

13.5.2 Increased security incidents

In both the Committee’s questionnaire and in the DPS 2020–21 Annual Report, increased security incidents affecting staff and MPs was highlighted as a core challenge.³¹ During the hearing Parliament highlighted that there had been a significant rise in security incidents at electorate offices, from 107 incidences in 2019–20 to 205 in 2020–21—representing a 92% increase.³² The Committee also notes that there was a significant rise in security incidents at Ministerial Offices during this period to 112 in 2020–21—representing a 124% increase compared to the previous year.³³

The Secretary of DPS also highlighted that the threats and type of security incidents experienced had increased in intensity and become more ‘extreme’ in 2020–21 compared to previous years.³⁴ While DPS had focused on the Parliamentary precinct as the site for potential security incidents in previous years, more incidents were now taking place at electorate offices.³⁵ The DPS Annual Report suggests many security incidents were linked to the COVID-19 pandemic and associated health restrictions, with MPs being targeted by individuals opposing lockdowns and restrictions.³⁶ Politically motivated attacks involving property damage were also noted in 2020–21.³⁷

During 2020–21 DPS initiated an expanded mental health and wellbeing program and established a new work health and safety unit primarily as a response to the effects of the COVID-19 pandemic.³⁸

³⁰ Mr Peter Lochert, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 5; Department of Parliamentary Services, *Annual Report 2020–21*, p. 4.

³¹ Parliamentary Departments, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, p. 38; Department of Parliamentary Services, *Annual Report 2020–21*, p. 20.

³² Parliamentary Departments, *2020–21 Financial and Performance Outcomes presentation*, supplementary evidence, received 8 November 2021, p. 11.

³³ Department of Parliamentary Services, *Annual Report 2020–21*, p. 20; Department of Parliamentary Services, supplementary evidence received 3 December 2021.

³⁴ Mr Peter Lochert, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 11.

³⁵ *Ibid.*, pp. 9, 12.

³⁶ Department of Parliamentary Services, *Annual Report 2020–21*, p. 9.

³⁷ Mr Peter Lochert, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 10.

³⁸ Department of Parliamentary Services, *Annual Report 2020–21*, p. 4.

FINDING 131: Between 2019–20 and 2020–21 security incidents increased by 92% at electorate offices and 124% at Ministerial Offices. Security incidents escalated in nature and were often linked to the effects of the COVID-19 pandemic and associated health restrictions in 2020–21.

FINDING 132: In 2020–21 the Department of Parliamentary Services established a mental health and wellbeing program and a new work health and safety unit, primarily in response to the COVID-19 pandemic.

RECOMMENDATION 36: The Department of Parliamentary Services review whether its current mental health and wellbeing programs and work health and safety unit provide sufficient support for staff.

DPS provides security at the Parliamentary precinct and is responsible for the facilities, resources and equipment associated with electorate offices. A strategic priority of DPS is to provide functional, safe and secure electorate offices.³⁹ As such, DPS has taken several steps to increase its security ability and the security of electorate offices in 2020–21. These have included:

- the *Electorate office safety and security upgrades* initiative that received \$6.4 million in output and \$12.4 million in asset funding over four years in the 2020–21 Budget. This funding will provide for the rollout of new electorate office and COVID-19 safety standards. All electorate office security systems will also be serviced⁴⁰
- the continued design and installation of contemporary security upgrades for electorate offices. Thirty-five new security overlays were provided and training was also given to electorate office staff in 2020–21⁴¹
- in November 2020 Ernst and Young completed an internal audit of Parliament’s protective security to upgrade Parliament’s security capability. Work was undertaken to implement the recommendations of the audit in 2021⁴²
- employment of a new chief security officer to uplift security capability⁴³
- a number of actions involving MPs, including proactive contact from security advisors and training and briefings on security strategies.⁴⁴

³⁹ Ibid., p. 30.

⁴⁰ Department of Treasury and Finance, *Budget Paper No. 3: 2020–21*, pp. 142, 144.

⁴¹ Department of Parliamentary Services, *Annual Report 2020–21*, p. 20; Mr Peter Lochert, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 4.

⁴² Mr Peter Lochert, Secretary, Department of Parliamentary Services, *Transcript of evidence*, p. 9.

⁴³ Ibid., pp. 11–12.

⁴⁴ Ibid.

FINDING 133: In 2020–21 the Department of Parliamentary Services has undertaken several projects and initiatives in order to assess Parliament’s protective security, upgrade security in electorate offices and provide training, resources and education on security to Members of Parliament, Electorate Officers and staff.

13.5.3 Sittings of Parliament during the COVID-19 pandemic

A significant challenge for the Legislative Council and Legislatively Assembly during 2020–21 was making the required changes and facilitating procedural arrangements to allow for sittings of Parliament to continue, while reducing the possible transmission of COVID-19 and following public health restrictions.⁴⁵

During 2020–21 a number of changes were made to the planned sitting weeks of both Houses based on public health advice. In August 2020 the Legislative Council sat for two days and postponed two weeks of planned sittings, while the scheduled sittings of the Legislative Assembly did not proceed.⁴⁶ However, both Houses made significant changes to allow for sittings during September 2020. These included for the:

- Legislative Council—multiple changes to start times and sitting days, temporary orders to use the galleries of the chamber so members could be appropriately distanced, a temporary change to divisions to allow members to stand in their place rather than move to either side of the chamber to signify their vote.⁴⁷
- Legislative Assembly—the installation of perspex screens in the House, staff division into two teams working alternate weeks, reduced members in the Chamber, reduced sitting hours and scheduled cleaning breaks. To comply with physical distancing requirements, members voted in groups and when not present for a division, could register their opinion in writing.⁴⁸

In 2020 the Victorian Legislative Assembly allowed members to participate remotely on most items of business, excluding voting and being counted for the purposes of a quorum.⁴⁹ The Department of the Legislative Assembly facilitated this process and Members participated remotely in Parliamentary sittings on 14 occasions in 2020–21.⁵⁰ The Legislative Council also agreed to allow Members to participate remotely in September 2021.

⁴⁵ Parliamentary Departments, *Response to the 2020–21 Financial and Performance Outcomes Questionnaire*, p. 38; Department of the Legislative Council, *Annual Report 2020–21*, Melbourne, 2021, pp. 10–11; Department of the Legislative Assembly, *Annual Report 2020–21*, pp. 7–8.

⁴⁶ Department of the Legislative Council, *Annual Report 2020–21*, p. 11; Department of the Legislative Assembly, *Annual Report 2020–21*, p. 7.

⁴⁷ Department of the Legislative Council, *Annual Report 2020–21*, p. 11–12.

⁴⁸ Department of the Legislative Assembly, *Annual Report 2020–21*, p. 7.

⁴⁹ *Ibid.*, p. 9.

⁵⁰ *Ibid.*

In 2020–21 the Legislative Council was able to sit for more days and more hours than in 2019–20, noting that the average sitting day was shorter.⁵¹ The Legislative Assembly also sat for more days and more hours than the previous year.⁵²

FINDING 134: The Parliamentary Departments instituted a number of changes to allow for COVIDSafe sittings during 2020–21. Both the Legislative Council and Legislative Assembly sat for a greater number of days and hours in 2020–21 compared to 2019–20.

**Adopted by the Public Accounts and Estimates Committee
Parliament of Victoria, East Melbourne
24 March 2022**

51 Department of the Legislative Council, *Annual Report 2020–21*, p. 10.

52 Department of the Legislative Assembly, *Annual Report 2020–21*, p. 5; Department of the Legislative Assembly, *Annual Report 2019–20*, Melbourne, 2020, p. 6.

