

**IN THE MATTER OF THE ROYAL COMMISSION  
INTO FAMILY VIOLENCE**

**STATEMENT OF MELISSA ANNE SKILBECK**

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I, MELISSA ANNE SKILBECK, Deputy Secretary, Budget and Finance Division, Department of Treasury and Finance, SAY AS FOLLOWS:

1. I am a Deputy Secretary of the Department of Treasury and Finance (**DTF**) with responsibility for the Budget and Finance Division. In this role, I provide advice to the Treasurer and the Minister for Finance on the State's fiscal resources, financial management, consolidated reporting and wages policy.
2. I also have certain powers and functions under legislation, including powers delegated by the Minister for Finance, pursuant to section 7 of the *Financial Management Act 1994* (Vic) (**FM Act**), to direct public bodies and officers in respect of certain matters pursuant to sections 8, 50 and 51 of the FM Act.
3. Prior to August 2012, I was the Deputy Secretary of Resource Management Reform and have led the Secretariat for the Independent Review of State Finances, supporting the Victorian Government appointed Panel. Prior to re-joining the public service in February 2011, I consulted for Australian governments, regulators and government businesses on public policy and administration as a director of the Allen Consulting Group and as a partner in the economics and strategic advisory practice of Deloitte.
4. I have a Bachelor of Commerce (Honours in Economics) from the University of Melbourne, and am a Victorian Fellow of the Institute of Public Administration Australia.

5. I have received a notice from the Royal Commission into Family Violence pursuant to s 17(1)(d) of the *Inquiries Act 2014* (Vic) requiring me to attend and give evidence at the Royal Commission and to provide a witness statement.

## SCOPE OF STATEMENT

6. In this statement, I respond to a request by the Royal Commission for information regarding Modules 4 and 5 (What should the system look like and how should it be funded?). I understand the Royal Commission has a number of specific questions about current government funding processes and practices and how they apply to family violence related services and programs, for example:
  - 6.1. What are the current funding sources for family violence related initiatives (e.g. Housing/Homelessness, Alcohol and Drugs, Mental Health)?
  - 6.2. What is government 'buying' (in respect of family violence related initiatives), and how does it know what it is buying? How does the current *buying* enhance or detract from *outcomes*?
  - 6.3. Is there a need for a family violence budget output across (or within each) Government Department, to permit both visibility and the enforcement of performance measures?
  - 6.4. How might the use of government funding of non-government services be improved, and how can long term and ongoing funding for programs be ensured (including innovative programs)?
7. These questions raise a number of issues, which have been the subject of discussion and evidence at the Secretarial Roundtable Discussion held by the Commission on 6 October 2015, in which I participated. In this statement, I propose to assist the Commission further by:
  - 7.1. firstly, providing a short explanation of the Victorian government's financial management and performance framework (in particular, how funding is allocated to Departments and agencies, how Departments spend and report the use of funds on service delivery, and the purpose of Departmental objectives, indicators, outputs and performance measures);

- 7.2. secondly, explaining what funds are allocated to services and programs that are relevant to family violence, and how (i.e. through which outputs) they are allocated and accounted for; and
  - 7.3. thirdly, making some summary observations on how various features of the existing financial management and performance framework might be utilized differently, or more extensively, to better co-ordinate and target funding towards family violence related objectives.
8. When considering how a system that responds to family violence should be funded, it is important to understand that a key objective of the government's financial management and performance framework is that it provide for strong ministerial *accountability* to Parliament for money spent and services delivered. At the same time it must also preserve sufficient *flexibility* for Departments and agencies in managing their global budgets so that they can plan, manage and deliver services in ways that allow them to adjust to operational pressures and respond to market circumstances. Flexibility also encourages Departments to obtain the best value from the expenditure of public money and to respond to changing and urgent circumstances. Any reform of the way family violence services are funded must ensure that there remain robust mechanisms for ensuring that there is accountability to Parliament for funds spent for the purposes intended by Parliament. As I explain below, the existing features of the current system are sufficiently flexible to permit adjustments that focus more explicit attention on family violence.

## **FINANCIAL MANAGEMENT AND PERFORMANCE FRAMEWORK**

- 9. A key role of Government is to provide essential goods and services to the community. To provide these goods and services, Government collects and spends public monies, and to ensure accountability and transparency to the public for the use of public monies, there are defined budgeting, financial management and reporting accountability processes.
- 10. The Victorian Government is responsible under s 23C of the FM Act for establishing and maintaining 'a budgeting and reporting framework that is consistent with the principles of sound financial management'. The State's annual budget process is the means by which the Government makes resource allocation decisions and obtains Parliamentary authority to allocate public money to its policy priorities

through each of the Departments. The annual budget sets out what the Government intends to achieve over the forthcoming financial year and how resource allocation decisions will deliver the Government's priorities.

11. While the *Constitution Act 1975* (Vic) provides broad powers for Government to use public monies, specific laws govern the use of those monies and the accountability processes that Government is obliged to satisfy. Primarily, these laws are the FM Act, the *Audit Act 1994* (Vic) and the Annual Appropriation Acts.
12. In accordance with these laws, Victoria has a system whereby responsibility is devolved to individual portfolio Ministers and Departments to manage a global budget that is designed around the delivery of certain agreed 'outputs', which in turn are aligned to Departmental 'objectives'. It is important to understand the function of these concepts, and their associated 'indicators' and 'performance measures', within the existing financial management framework.

***Departmental objectives, indicators, outputs and performance measures***

13. **Departmental objectives (introduced 2011-12 Budget)**  
Departmental objectives are the impacts a Department seeks to have in delivering outputs. Objectives are intended to be achieved over a number of years, are results based, and reflect the extent of a Department's service delivery ambitions over the forward estimates period (being the upcoming financial year or budget year, and the three years following).
14. **Objective indicators (introduced 2013-14 Budget)**  
Departmental objective indicators are data that demonstrates progress towards the achievement of Departmental objectives. Indicators provide evidence to support measurement and management of performance.
15. **Outputs (introduced 1997-98 Budget)**  
Outputs are the final products, or goods and services produced or delivered by, or on behalf of, a Department or public body and include products and services delivered to the community (e.g. education, health services), or products and services provided to other Departments (e.g. services provided by the Victorian Public Sector Commission to support the public sector).

16. **Output performance measures (Introduced 1997-98 Budget)**

Finally, output performance measures specify a Department's expected service delivery performance. They are used to demonstrate the efficiency and effectiveness of output delivery (quantity, quality and timeliness) and the achievement of value for money (cost). As such they must be selected on the basis of their capacity to measure the extent and standard of output delivery.

17. By way of example, I provide with this statement a description of the objectives, indicators, outputs and performance measures for the Department of Health and Human Services (see **Attachment MS-1**). Attachment MS-1 is the Department's performance statement for the 2015-16 Budget. The Department's objectives and indicators are described at pages 218 – 220 (being an extract from Budget Paper No. 3), and its outputs and related performance measures are identified at pages 225 – 265.

18. The key role of outputs and their performance measures is to acquit appropriation on an annual basis, which is the fundamental financial accountability mechanism to Parliament. As such, outputs should be the responsibility of one Minister.

19. By comparison, 'outcomes' provide a clear message regarding Government priorities and a strategic direction for policy development and the provision of services. Outcomes are rarely achieved in a single year. Indeed, they are more often likely to be achieved over the medium to long term. Therefore, it is vital that outcomes be established at a level above accountability for individual outputs, noting also that outcomes can be the responsibility of multiple Ministers.

20. As I have stated, individual Ministers and Departments are responsible for managing a global Departmental budget, which includes setting, and then delivering against, the performance measures related to each of their Departmental outputs. It is the government's priorities (both short and long term) that drive the setting of Departmental objectives. Outputs are then designed and funded to deliver the goods and services required to achieve the government's priorities. Where a priority, such as family violence, impacts on the service delivery focus of multiple Departments, those Departments are able to plan and shape their objectives and associated outputs, together with relevant indicators and output performance measures, to give effect to that priority.

21. Through the annual budget process, government specifies the agreed standard of service delivery (performance measures) for each Department's outputs for that coming year. These are then documented in Budget Paper No. 3, which publishes performance statements for each Department detailing the cost of delivering each output and the Parliamentary appropriations and other income sources generated to meet those costs (allowing, for example, for appropriations carried over from previous years).
22. Included within the appropriations made to support outputs is each Department's base funding amount, which is allocated on an ongoing basis, as well as any amounts allocated for new initiatives. New initiatives requiring funding may be relevant to only one Department or agency, or they may be whole of government initiatives which have funding implications across several or all Departments and agencies. In each case, new initiatives are related to, and funding is provided through, specific existing Departmental outputs (or capital items where they concern asset investment). They are typically referred to in the budget papers as 'output initiatives' (or 'asset initiatives'), and summaries of each initiative and the output through which they are funded are included in Budget Paper No. 3.
23. As examples, I provide with this statement the following extracts from the 2015-16 Budget Paper No. 3:
  - 23.1. Performance statement for the Department of Health and Human Services (pages 218 - 265 of Budget Paper No. 3) (see **Attachment MS-1**);
  - 23.2. Output and asset initiatives summary – Department of Health and Human Services (pages 63 - 82) (**Attachment MS-2**);
  - 23.3. Performance statement for the Department of Justice and Regulation (pages 266 - 292) (**Attachment MS-3**); and
  - 23.4. Output and asset initiatives summary – Department of Justice and Regulation (pages 83 - 91) (**Attachment MS-4**).
24. In summary, the *2015-16 Budget* announced funding of more than \$9 billion in new output initiatives over four years, and an estimated infrastructure investment averaging more than \$5 billion a year.<sup>1</sup> Total appropriation for the 2015-16 financial

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<sup>1</sup> Victorian Budget 2015-16, *Service Delivery, Budget Paper No. 3*, Chapter 1,  
Victorian Budget 2015-16, *Strategy and Outlook, Budget Paper No. 2*, Chapter 1.

year for all Departments (excluding Parliament) was \$42.2 billion.<sup>2</sup> As I will shortly address, the *2015-16 Budget* has, for the first time as a whole of government initiative, allocated \$57.9 million in new output initiatives towards family violence.

25. It is important to note that the Commonwealth also provides substantial funding to Victoria, including in the form of National Partnership Agreements. Funds provided under these Agreements are provided for specific purposes (referred to as 'specific purpose payments') and are deemed to have been appropriated to designated Departments by section 29 of the FM Act. The outputs and performance measures that are set out in Budget Paper No. 3 include those that are partly funded by the Commonwealth.

#### ***How Departments fund services and report on their performance***

26. Through the application of appropriations, the Treasurer determines the amount that the Government will pay Departments for the outputs and capital program they are to deliver each year. Once made, these payments form part of a Department's operating revenue or capital contribution. In this sense, it can be said that Government 'pays' Departments for the delivery of outputs (or that Government 'buys' the products delivered by a Department or agency).
27. While appropriations provide an upper limit of the State's payment for the provision of outputs from each Department, there are mechanisms available to adjust appropriated amounts in the FM Act and Administrative Arrangements Acts (the latter of which provide for transfer of administration of matters and appropriations between Departments).
28. Once funding is appropriated to Departments in the manner described, the way in which individual Departments design, procure, fund and monitor individual services is generally a matter for them to manage, provided the steps taken are consistent with the original funding and policy approvals and the relevant accountability requirements.
29. In many cases, services are provided directly by Departments, or agencies established and controlled on their behalf. However, Departments also engage non-government organisations or agencies to deliver services on their behalf, and in those cases, Departments typically establish funding agreements (e.g. service level

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<sup>2</sup> *Appropriation (2015-2016) Act 2015*, Schedule 1.



agreements) with the relevant agency. Departments are responsible for managing their service level agreements, whilst responsibility for meeting the performance measures agreed with Government through the budget process remains with the portfolio Minister.

30. The benefits of a devolved system are that Departments or agencies, who are closest to service delivery and have greater expertise than central government in their particular portfolios, determine the approach to deliver services. This is done taking into account Government policy, the context of the Department or agency's overall operation and capacity, as well as the capacity of potential service providers. Devolution requires Departments to respond to changing circumstances to expend public monies in the most efficient and effective way. Departments will choose whether to provide services directly or to contract another provider to do so.
31. When the annual budget papers are published each year, each Department's output performance statement contains information on the estimated current year outcome and the previous year actual against each performance measure (i.e. three years data in total). This enables Parliament to scrutinise performance over a period of time. Following publication of the budget, each portfolio minister also appears before a public hearing of the Public Accounts and Estimates Committee to present on portfolio priorities and performance and respond to questions from Committee members.
32. Each Department reports on their service delivery in their annual report of operations, which includes reporting on output performance and the extent to which output delivery has contributed to the achievement of Departmental objectives. A useful example of an annual report, demonstrating service delivery progress reports against objectives, is the Department of Health and Human Services 2014-15 Annual Report, a copy of which is provided at **Attachment MS-5**. The relevant progress reports and report on output performance is set out at pages 9 – 57.
33. There are also examples where the Victorian Government reports publicly about key priority areas, that span the responsibilities of a number of Government Departments and agencies. For example, the annual State of Victoria's Children report accounts for how children are faring against a set of indicators which include health, wellbeing, safety and learning and development, and the State of the Environment report every five years reports on the condition of Victoria's natural environment.



### ***Current flexibility to meet changing priorities***

34. As part of the annual budget process, Ministers have the ability to reset Departmental objectives and indicators, and reshape the output structure and performance measures to meet Government priorities. However, performance measures proposed to be discontinued or substantially changed are reviewed by the Public Accounts and Estimates Committee, and the Committee's views considered by Government before final discontinuance or change.
35. During a Budget year, Ministers and Departments may decide to vary their output mix for a number of reasons, including responding to unanticipated events (i.e. they may increase one output and reduce another, or introduce a new output not included in the Department's current budget). Administrative arrangements are in place to allow Departments and DTF to change the agreed output mix in a budget by up to 5 per cent of an individual output's revenue, subject to changes being compatible with Government's desired objectives, spending is within total appropriations, and there is no increase or future demand pressures resulting from the change. Changes above 5 per cent, and the establishment of new outputs during the budget year, require approval of the portfolio Minister and the Minister for Finance.

## **FUNDING OF SERVICES RELEVANT TO FAMILY VIOLENCE**

### ***Output structure***

36. People who experience and/or perpetrate family violence may require assistance and a response from mainstream and/or specialist services. Government funds services which may be relevant to family violence across multiple Departments and agencies.
37. There is no specific family violence related output within any one Department, or across the whole of government. Instead, there are a number of outputs through which both mainstream and specialist service delivery related to family violence (as well as some not related to family violence) is funded. The key outputs and their full 2015-16 Budget output cost are:

#### **37.1. Department of Health and Human Services**

- (a) Housing Assistance (\$420.8 million);
- (b) Child Protection and Family Services (\$990 million); and

- (c) Mental Health (\$1,309 million).

### 37.2. Department of Justice and Regulation

- (a) Policing Services (\$2,512.4 million); and
- (b) Courts (\$466.1 million).

### 37.3. Department of Premier and Cabinet

- (a) Women and equality policy and programs (\$12.5 million).

38. The majority of family violence crisis and related specialist service delivery is currently funded by the Department of Health and Human Services from its Housing Assistance and Child Protection and Family Services outputs. A description of each output, and the types of services to which they are directed, is contained at page 253 (Child Protection and Family Services) and page 260 (Housing Assistance) of Budget Paper No. 3 (see **Attachment MS-1**). Some examples of relevant performance measures for each (including the estimated measure for 2015-16) are:

#### 38.1. Child Protection and Family Services

- (a) Daily average number of children in out-of-home care placements – 7,500 (a *quantity* measure);
- (b) Children and young people in out-of-home care who have had two or less placements in the past 12 months (not including placements at home) – 86% (a *quality* measure);

#### 38.2. Housing Assistance

- (a) Number of households assisted with crisis/transitional accommodation – 9,000 (a *quantity* measure);
- (b) Percentage of clients with case plans in homelessness support programs with some, most or all of their case plan goals achieved – 90% (a *quality* measure).

39. As will be seen, these performance measures and the two outputs to which they relate are not family violence specific. It might also at one level appear anomalous that the source of much of the spending on specialist family violence services is the

Housing Assistance output. However, there is a logic to the application of funds from the Housing Assistance output since, by its nature, family violence often results in homelessness or the threat of it, whether immediate, transitory or long term. The Housing Assistance output seeks to assist people vulnerable to homelessness and it is through this output that government, principally through the Department of Health and Human Services, has been able to adapt spending over time to support new and existing crisis response services for victims of family violence.

40. Having said that, there is a current example of Departmental performance measures directly concerned with family violence. The Policing Services output in the Department of Justice and Regulation (see **Attachment MS-3**) draws a distinction between family violence and non-family violence related criminal conduct, and contains the following two performance measures (including estimated measure for 2015-16):

- 40.1. Crimes against property – family violence related crime (rate per 100,000 population) –  $\geq 140.0$

- 40.2. Crimes against the person – family violence related crime (rate per 100,000 population) –  $\geq 475.0$

41. Whole of government initiatives (i.e. those that require attention and expenditure across government Departments and agencies) are possible, and not uncommon, within the existing budget and financial performance framework. It has not been the practice to create a *dedicated* output (and thus a dedicated budget) for whole of Victorian Government initiatives (although a provision held within DTF's accounts until allocation to Departments is not unusual). The typical approach is to allocate funding for the individual initiatives that make up a whole of government package to existing outputs across Departments, in order to maintain continuity of ministerial financial and performance accountability to Parliament. In Victoria's Westminster system of government, executive government accountability to Parliament (and therefore, the community) is achieved through responsible Ministers, each of whom have dedicated portfolios and supporting Departments tasked to implement policy and report on performance. It is not desirable to establish dedicated funds without attributing clear accountability to an individual Minister and Department. This is because (a) it can obscure authority and accountability for how funding is spent,

and (b) it is typically less efficient, because it is likely to increase administrative overheads and delay spending on frontline services and programs.

42. In the way described, the Victorian Government has, as part of the *2015-16 Budget*, established a funding package towards a whole of government initiative to reduce family violence for one year pending receipt of the Royal Commission's final report. This is one of three whole of Victorian Government initiatives announced in the 2015-16 Budget, each of which require a coordinated approach involving multiple Departments; the others being the Hazelwood Mine Fire Inquiry and the Ice Action Plan.
43. The new, specific output initiatives for the family violence whole of government funding package are set out in Budget Paper No. 3 at pages 4 – 11 (a copy of which is provided at **Attachment MS-6**). Table 3 below provides a summary (taken from page 5 of Budget Paper No. 3) of each output initiative and related cost. Different Departments are responsible for delivering the output initiatives, and the particular Department and Departmental output to which each initiative relates is set out at pages 7 – 11 of Budget Paper No. 3. As examples:
  - 43.1. the 'Boost to Domestic Violence Victoria' output initiative is provided as part of the Department of Health and Human Services' Housing Assistance output (page 7);
  - 43.2. the 'Child protection flexible responses' output initiative is provided as part of the Department of Health and Human Services' Child Protection and Family Service output (page 7); and
  - 43.3. the 'Family violence duty lawyers at community legal centres' output initiative is provided as part of the Department of Justice and Regulation's Access to Justice and Support Services output (page 8).
44. As described at page 6 of Budget Paper No. 3 (see **Attachment MS-6**), several other initiatives announced in the 2015-16 Budget (eg. Homelessness Innovation Action Projects and Child FIRST and Family Services) will also contribute to the Government's family violence priority, but are not part of the whole of government family violence package.

**Table 3: Output initiatives - Whole-of-Government Family Violence**

	(\$million)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Boost to Domestic Violence Victoria	..	0.4	0.4	0.4	0.4
Child protection flexible responses	..	3.9	..	..	..
Community Legal Centre assistance fund	..	1.0	1.0	..	..
Coroners Court Death Review Unit	..	0.3	0.3	0.3	0.3
Counselling services for women and children	..	2.5	..	..	..
Crisis support and transport for women and children	..	2.5	..	..	..
Culturally and Linguistically Diverse (CALD) family violence response	..	1.0	1.0	..	..
Family violence duty lawyers at community legal centres	..	1.2	..	..	..
Family Violence Fund <sup>(a)</sup>	2.0	14.0	..	..	..
Family Violence legal assistance	..	2.1	..	..	..
Family Violence Royal Commission engagement	..	1.2	..	..	..
Men's behaviour change programs - Corrections Victoria	..	1.0	1.0	..	..
Men's behaviour change programs - Courts	..	0.5	..	..	..
Men's family violence services	..	1.0	..	..	..
Personal safety	..	0.9	..	..	..
Pet welfare <sup>(b)</sup>	..	0.0	0.0	0.0	0.0
Prevention of violence against women and children	..	2.0	..	..	..
Reducing Aboriginal family violence	..	1.3	..	..	..
Responses for Aboriginal people	..	0.6	..	..	..
Royal Commission into Family Violence <sup>(c)</sup>	16.0	20.0	..	..	..
Sexual assault services demand	..	0.3	..	..	..
Support for Ballarat Centre Against Sexual Assault (CASA)	..	0.1	0.1	0.1	0.1
Victorian Court safety audit	..	0.1	..	..	..
<b>Total output initiatives <sup>(d)</sup></b>	<b>18.0</b>	<b>57.9</b>	<b>3.8</b>	<b>0.8</b>	<b>0.8</b>

**Commonwealth funding attributable to family violence**

45. Victoria currently has no specific agreement with the Commonwealth to provide services to people experiencing family violence. However, the Commonwealth Government provides funding to Victoria under two National Partnership Agreements that provide support services to victims of family violence, among others. They are the National Partnership Agreement on Homelessness (NPAH)

and the National Partnership Agreement on Legal Assistance Services (**NPALAS**). The Commonwealth also provides financial support for core state service delivery in key areas, including health, housing and education services. These have a focus on social inclusion and reducing disadvantage.

*National Partnership Agreement on Homelessness*

46. One of the priority outputs for the NPAH is to provide support services for women and children experiencing domestic and family violence. The NPAH commenced in January 2009 as a four year agreement, and has since been extended twice for one year and recently for two years. The current agreement is due to expire on 30 June 2017. Between January 2009 and 30 June 2015, Victoria has received \$153.8 million under this agreement.
47. In 2015-16 and 2016-17, the Commonwealth will provide up to \$22.8 million each year to Victoria to deliver homelessness services. This funding represents around 10 per cent of Victoria's total homelessness budget.
48. Between 2008-09 and 2012-13, the Commonwealth Government provided capital funding for residential accommodation through the 'A Place to Call Home' initiative, under the NPAH. As this program was not extended, Commonwealth funding under NPAH has decreased since 2012-13. In addition, the current NPAH does not include any indexation on recurrent funds, implying that funding will decline in real, per capita terms.
49. The succession of short term agreements has created uncertainty for State Government and its service providers regarding ongoing funding levels.

*National Partnership Agreement on Legal Assistance Services*

50. The NPALAS commenced in July 2010, and built on long standing arrangements for the delivery of legal services to disadvantaged Victorians. Under the NPALAS, legal assistance services are to be targeted to priority clients, which include people experiencing, or at risk of, family violence. The NPALAS provides around one third of total funding for Victorian Legal Aid. Between July 2010 and 30 June 2015, Victoria has received \$221.2 million under this agreement. This funding is allocated to the Access to Justice and Support Services output under the Department of Justice and Regulation.

51. The current NPALAS expires 30 June 2020. Victoria expects to receive some \$57.6 million under this agreement in 2015-16, increasing to \$58.9 million in 2019-20.

*Other national initiatives*

52. At the Council of Australian Governments (**COAG**) meeting on 23 July 2015, COAG agreed that it would consider the Model Law Framework for Domestic Violence Orders and National Perpetrator Standards at its next meeting. These are important next steps in addressing violence against women and their children. Implementing this initiative will come at a cost to the Victorian justice system, although it is expected that some funding will be provided by the Commonwealth to states and territories to support implementation.
53. In addition, the Commonwealth Government announced a new funding package in support of women's safety on 24 September 2015. This is also likely to involve work with and through state governments.

## **OPTIONS FOR ALTERNATIVE USES OF THE CURRENT SYSTEM**

### ***Output structure and performance measures***

54. As I have described, the existing legal and policy framework can be used to support cross Departmental delivery of a government priority. It is helpful to conceptualise this framework in tiers – from the determination of government priorities through the budget process to the setting of Departmental objectives and indicators, and then the establishing of outputs and performance measures which support the fulfilment the objectives.
55. Within this framework, flexibility is available in how Departmental objectives and outputs are structured. For example, relevant Departments could either have a common Departmental objective on family violence, or each Department could have a more targeted objective based on a specific contribution to the priority. A further alternative is for this priority to be part of an existing Departmental objective where the additional focus on family violence can be reflected and reported against separately identifiable indicators.
56. Similarly, Ministers and Departments have flexibility to structure outputs and propose changes to existing outputs. A separate output can be specified to deliver



various services and programs, or specific services and programs can form part of an existing output.

57. The advantage in creating a separate output for family violence is that it would increase transparency regarding the costs and performance of family violence services. However, it would also be likely to narrow the focus to specialist services, and potentially exclude mainstream services that respond to family violence. It may also encourage a silo mentality, rather than the more desirable integration of mainstream and specialist services.
58. Of greater benefit could be the creation of dedicated family violence related performance measures within an existing output, which would preserve flexibility and provide accountability for the attainment of the related Departmental objective(s).
59. Although each Department is accountable for the delivery of agreed goods and services in progressing Departmental objectives, governance arrangements can be established to partner Departments in reviewing and evaluating the overall impacts, and reshaping service delivery if required.

***Innovative or flexible funding and service delivery arrangements***

60. The FM Act provisions deliver flexibility for a Department to share or move funds across multiple Departments to meet a common government priority. Departments contributing to a family violence strategy can be funded separately to deliver their outputs in line with the government's family violence strategy, while being subject to a coordinated or common set of performance measures.
61. Alternatively, a specific appropriation (e.g. to a family violence output) could be made and allocated under the annual Appropriation Act to a 'lead agency' (such as the Department of Health and Human Services) or to a central agency.
62. Underpinning both of these options is the fact that Departments would be able to 'buy' services from other Departments and to invoice each other as required.
63. Departments have considerable flexibility with regard to how they design, procure, fund and monitor individual services. Where Departments engage non-government providers to deliver services they will generally establish a funding or service level agreement with those providers, and can incorporate objectives or results based performance measures into the agreements. The approach taken may differ

depending on the particular Department, and DTF is not directly involved in assessing or monitoring individual Departmental service level agreements.

***Consolidated reporting on family violence funding and outcomes***

64. The Victorian Government currently reports on specific policy areas that draw together information to show how some groups in the community are faring. An example is the annual State of Victoria's Children report, which provides information about children, the families and communities they are growing up in, and the supports and services accessed by them. The report focuses on outcomes for young children and summarises findings in terms of overarching goals for the early years, relating to the themes of being healthy, building wellbeing, learning and developing, and staying safe. The report draws data from a range of sources, new research findings and analysis to describe children, their families, communities and the services that provide their learning, development and wellbeing.
65. A similar report could be published on trends in family violence, service availability and innovation, and indicators of the welfare of those experiencing family violence. DTF would support the greater transparency and profile that this would afford to family violence and its implications, and how well the government service system is working to prevent family violence, support victims and hold perpetrators accountable.
66. In New Zealand, a set of indicators was developed in 2010, representing the first step in regular reporting to monitor the level of family violence. The indicators measure whether the major outcomes of family violence are changing, and whether incidents of family violence are changing across all communities. The indicators also attempt to answer whether there is specific evidence of reduced tolerance of violence and behaviour change in families across all communities.

**CONCLUDING REMARKS**

67. Victoria's financial management and performance framework provides significant operational autonomy to Departments in service delivery (known as devolution). This provides advantages over central service planning remote from clients and their needs. However, the gaps in information and service coordination across services and Departments and lack of clear common focus identified by some witnesses before the Commission can also be a consequence of devolution for

services provided by universal and specialist providers across a number of Departments.

68. Within the existing framework, a number of features could be used more extensively to address these gaps. Introducing common departmental objectives and indicators could provide a stronger common focus on family violence responses across Departments. Common or consistent performance measures for relevant outputs could support better coordination and require consistent data collection across services. These innovations would be incorporated within Budget Paper reporting by which government accounts for its use of funds to Parliament annually. Additional stand-alone consolidated reporting on family violence responses could also use these indicators and measures.
69. These changes in performance reporting would be supported by continued use of current budget management flexibility mechanisms enabling funding to adjust to the needs of service delivery within the constraints of Parliament's annual appropriation of funds.
70. Proposals to develop whole-of-government outcomes can improve the current framework by enabling performance measurement over longer periods (including generations) in addition to the short to medium-term focus of the current financial management and performance framework. Once developed, outcomes could be implemented by replacing existing Departmental objectives or refocusing objectives to the outcome relevant for the operations of each Department. A stronger focus on outcomes, accountability and streamlining processes requires the definition of outcomes in the family violence area and the collection of data, which will take time and sustained effort.
71. Measuring the extent of family violence and evaluating the success of programs to reduce incidence and support victims will be crucial to informing the direction of existing and future funding.
72. The pursuit of new approaches to the way services are funded must account for the requirement for Parliament to authorise appropriation of public monies to departments of state (or public sector agencies), and the mechanisms departments and agencies use to procure (commission) and fund frontline services.
73. The development of a more integrated, coordinated and collaborative service platform that better meets people's needs is underway. This requires the

establishment of robust measurement systems that attribute client outcomes to the actions of service providers (government and non-government) in a way that enables payments to be made under contractual principles. The effectiveness of long-term outcomes-based contracts being developed in New Zealand could be examined.

74. Fundamental changes to the way Government operates and funds public services require long lead times, significant research and long implementation timeframes. The severity and complexity of some people's needs, some characteristics of the NGO sector and history of service delivery make policy design and implementation in this area a complicated task, requiring collaborative service design involving both NGOs and government.
75. In the meantime, Victoria has a longstanding and successful budgetary and financial management system that provides significant flexibility in the delivery of public services and infrastructure, together with robust accountability to Parliament.

Signed by

**Melissa Anne Skilbeck**

at Melbourne

this 12<sup>th</sup> day of October 2015

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Before me



An Australia Legal Practitioner  
within the meaning of the  
Legal Professional Uniform Law (Victoria)