



WITNESS STATEMENT OF DAVID JOHN MARTINE

I, DAVID JOHN MARTINE, Secretary, Department of Treasury and Finance, of 1 Treasury Place, East Melbourne, say as follows:

1. I am the Secretary of the Victorian Department of Treasury and Finance (DTF) and have held this role since February 2014. In this capacity, I lead the Department in its role of providing economic, financial and resource management policy advice to the Victorian Government, particularly the Treasurer and the Assistant Treasurer.
2. Prior to this role, I held a number of senior roles in the Commonwealth public sector, including in the Commonwealth Treasury and Department of Finance and Deregulation. This included roles as the Deputy Secretary, Commonwealth Department of Finance and Deregulation from 2010 – 2014, and General Manager, Budget Policy in the Commonwealth Treasury.
3. I hold a Bachelor of Economics (Honours) from Monash University and a Masters of Business Administration from the University of New England.
4. I have received a notice from the Royal Commission into Victoria's Mental Health System (Royal Commission) pursuant to s 17(1) of the *Inquiries Act 2014* (Vic) requiring me to attend and give evidence at the Royal Commission and to provide a witness statement.
5. The views contained in this statement are my views as Secretary of DTF and not necessarily the views of the Victorian Government.

SCOPE OF STATEMENT

6. In this statement, I respond to the Royal Commission Chair's letter which states that the Royal Commission is interested in my evidence in relation to mental health funding in Victoria over time, including growth and infrastructure funding, from both the Victorian and Commonwealth Governments. The letter indicates that the Royal Commission wishes to hear my views in relation to how best to drive a strategic approach to mental health funding in the future.
7. I propose to assist the Royal Commission by:
 - firstly, providing an explanation of the Victorian Government's **resource management framework**, focusing particularly on the manner in which 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;
 - secondly, outlining the **funding for Victoria's mental health services**. This includes an overview of the respective roles of State and Commonwealth Governments in relation to funding for Victoria's mental health service system and the arrangements that support these, and an outline of the funding for Victoria's specialist mental health service system. This outline includes the annual budget process and an overview of the output (operating) and capital funding together with details of the historic investment.
 - thirdly, providing an outline of the funding issues related to Victoria's transition to the **National Disability Insurance Scheme (NDIS)**, which may cover people with a mental illness or psychiatric condition; and
 - finally, making some high-level observations on the **challenges and opportunities** within the existing resource management framework.

8. It is my objective in this statement to provide an overview of the funding arrangements for mental health services from the perspective of a central agency recognising that service delivery responsibility rests with the Department of Health and Human Services (DHHS). I understand that Ms Kym Peake, Secretary, DHHS has also been requested to appear and is better placed to address details regarding specific service models, pricing, funding models and volume.

CONTEXT FOR GOVERNMENT'S FUNDING DECISIONS

9. The funding allocated to deliver services to the Victorian community reflects decisions that are made by Government, generally as part of the annual budget process, to implement the government of the day's objectives and priorities. Decision-making is usually facilitated by a sub-committee of Cabinet. The sub-committee is responsible for considering and making decisions on all output, revenue, asset investment and financing proposals.
10. The Premier and Treasurer invite portfolio Ministers to bring forward submissions (typically in the first week of February) as part of the annual budget process. When inviting submissions, the Treasurer and the Premier often articulate the Government's key priorities for the upcoming budget, as well as setting the context for the sub-committee's deliberations.
11. There is a clear separation of responsibilities with regards to proposals seeking funding. While DTF and the Department of Premier and Cabinet (DPC) each provide advice and options to the sub-committee on the proposals within each Minister's submission as part of their advisory role, decision-making rests solely with the sub-committee.

RESOURCE MANAGEMENT FRAMEWORK

Victoria's Resource Management Framework – context

12. 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 these public monies, there are defined budgeting, financial management and reporting processes.
13. The *Constitution Act 1975* (Vic) establishes the requirement for Parliamentary appropriation of public monies. Specific laws provide legal authority for the Government's expenditure of public money, govern the use of that money and the accountability processes that the Government and public entities are obliged to comply with. Primarily these laws are the *Financial Management Act 1994* (Vic) (Financial Management Act) (and the directions issued under section 8 of that Act), the *Audit Act 1994* (Vic) and the annual Appropriation Acts. Under section 23C of the Financial Management Act, the Victorian Government is responsible 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 how the Government allocates resources 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 deliver over the upcoming financial year, including funding for new initiatives (both operating and capital) and how these resource allocation decisions will help achieve the Government's priorities.

Output funding model

14. Victoria operates a system that devolves responsibility 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'.

15. The output funding model seeks to balance the need for accountability to Parliament for public spending with the need for flexibility in departmental budget management that supports best value in the expenditure of public funds.
16. Understanding the key concepts that underpin this model is critical in understanding the Government's resource management framework which sets the context for Government funding for mental health services. It helps explain the objectives and aims of the Government's funding and how it measures progress towards these.
17. The four concepts I wish to address are:
 - *Departmental objectives* – these are the impacts a department seeks to have in delivering its outputs. Departmental Secretaries are responsible for ensuring that departmental objectives align with Government priorities. 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);
 - *Objective indicators* – these show the degree of progress towards the achievement of departmental objectives. Indicators provide evidence to support measurement and management of performance;
 - *Outputs* – these 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 or 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). The funding allocated to an output is a global allocation intended to support the various programs and activities that will deliver the output. This includes service delivery as well as management, administrative and support costs; and
 - *Output performance measures* – these measure 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 ability to measure the extent and standard of output delivery.
18. Departmental objectives and their indicators tend to be medium to long-term in their focus and are reviewed on an ad hoc basis by departments, whereas outputs and output measures are reviewed and updated annually by departments and DTF.
19. Objectives, their indicators, the output structure and the performance measures are developed by departments, endorsed by the relevant portfolio Minister and approved by the Assistant Treasurer in line with the Financial Management Act.
20. Departmental objectives, indicators, outputs and their performance measures are reported in the Government's annual Budget Papers (Budget Papers), and in departmental annual reports which are tabled in Parliament.

How departments are funded for services

21. Each year the main Appropriation Act determines the amounts that will be allocated to departments for the outputs and capital program that each department is to deliver. These allocations form part of a department's operational revenue or capital contribution. In this sense, it can be said that the Government 'pays' departments for the delivery of outputs (or that Government 'buys' the products delivered by a department or agency).
22. The Budget Papers are released by the Treasurer and, among other things, specify for each output what a department is expected to deliver for that budget year, including:
 - the objectives of that output;
 - the output cost, that is, the funding allocated to deliver the output; and

- the measures that will be used to assess performance in delivering those outputs.
23. While parliamentary appropriations provide an upper limit of the Government's payment for departments' outputs, the Financial Management Act and the *Administrative Arrangements Act 1983* (Vic) contain mechanisms to adjust appropriated amounts if that is required.

Devolved responsibility for service delivery

24. Once annual budgets are allocated, it is each department's responsibility to design, procure, fund and monitor individual services to achieve delivery of the output objectives. In doing so, they must ensure that this is consistent with the original funding and policy approvals and relevant accountability requirements.
25. The Government has implemented its commitment to appoint a Chief Financial Officer for every Victorian Government department, including DHHS, responsible to the Secretary of the DTF. Within the Government's devolved financial management system, this aims to enhance the quality, timeliness, relevance and completeness of the financial and other performance information provided to DTF, while not transferring responsibility for the day-to-day operations and decision-making of another department to the DTF Secretary.
26. Services may be delivered directly by departments, by agencies established and controlled on their behalf such as hospitals, or by non-government organisations or agencies. In the case of service delivery outside of Government, departments typically establish service level agreements with the providers that contain funding, performance and other requirements. Departments are responsible for managing these individual agreements, including performance monitoring. Ministers are responsible for meeting the performance measures for each output as agreed with the Government through the budget process and outlined in the Budget Papers.
27. There is flexibility in the current output model to support service delivery. Funding can be transferred within an output to alternative priorities and between outputs to better align resources with service delivery priorities. As a matter of Government policy, a Minister may move amounts of up to 5 per cent of an output's allocation to another output, with changes above this threshold subject to approval by the Assistant Treasurer (as set out in the Resource Management Framework, authorised by the Standing Directions under the Financial Management Act).

Benefits of a devolved funding model

28. The key benefit of a devolved funding model is it provides departments, who are closest to service delivery, with the flexibility to determine the approach to delivering services while 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.
29. This flexibility extends to service design and the allocation of resources to different types of services, subject to delivering on individual initiatives and output performance requirements. Departments are also responsible for service provider selection, price setting for various activities and service types, and determining performance measurement and monitoring arrangements for individual service types. The devolved funding model does not imply that departments must devolve service delivery provision. In relation to mental health, the system operates under devolved governance, with DHHS choosing how to commission services and manage the system.

Accountability and reporting on output performance

30. Each portfolio Minister is responsible for specifying what outputs will be delivered and what the performance measure targets for those outputs will be, in the Budget Papers. This information is tabled by the Treasurer alongside the annual appropriation bill as

required by section 40 of the Financial Management Act. The Budget Papers include each output performance measure's budget year target, the current year's expected end result and the previous year's actuals against each performance measure, including explanations for cost measure variances of more than 5 per cent between the expected end result and the target.

31. This forms part of the accountability to Parliament for the expenditure of public funds. Following publication of the Budget Papers, each portfolio Minister also appears before a public hearing of the Public Accounts and Estimates Committee (PAEC) to present on portfolio priorities and performance and responds to questions from PAEC members.
32. Departments report to DTF bi-annually on delivery of outputs, including discussion of major variances between actual output performance and target output performance. This informs reporting to government on performance and any significant delivery issues at a whole of government level and enables the Government to take remedial actions where necessary.
33. Each department also reports on each output in their annual report. This report includes reporting on output performance and the extent to which the outputs delivered have contributed to the achievement of departmental objectives, thereby acquitting the Budget Papers. Cost measure variances between targets and actuals of greater than five per cent or \$50 million are required to be explained via a footnote, in line with DTF's annual Model Report for Victorian Government Departments, which is mandatory for departments.

FUNDING FOR VICTORIA'S MENTAL HEALTH SERVICES

34. In this section I will:
 - outline the respective roles of the State and Commonwealth Governments in relation to funding for mental health, including the arrangements that support these roles;
 - outline the resource allocation process regarding operating and capital funding; and
 - provide a summary of the Victorian Government's historic capital and operating investment in mental health.

Role of the Victorian and Commonwealth Governments

35. Responsibility for meeting the mental health needs of the community is shared between state and federal governments. Local government, private practitioners, not-for-profit, religious and charitable organisations may also support people experiencing mental health issues and/or emotional distress.
36. The Victorian Government is the steward of the 'specialist mental health system', which is focussed on assessment and treatment for people with a serious mental illness. The system includes both clinical and non-clinical services. Clinical mental health services include services for children and adolescents, young people experiencing a first episode of psychosis, adults, aged persons and state-wide services that are specifically targeted to Victorians with severe and complex illnesses. Non-clinical mental health services, known as mental health community support services (MHCSS) or psychosocial support, are delivered by non-government organisations.
37. The Victorian Government also supports some prevention, early intervention and support services, including mental health initiatives focused on particular cohorts (such as Aboriginal Victorians and people experiencing family violence), or within settings other than mental health services (such as schools and corrections).

38. The Commonwealth Government's role in mental health encompasses primary health care, mental health promotion, suicide prevention and some early intervention services.
39. More specifically, the Commonwealth Government:
 - directly funds the Medicare Benefits Schedule (MBS) and the Pharmaceutical Benefits Scheme (PBS), with support accessed via primary health care professionals, including general practitioners (GPs), psychiatrists, psychologists and other allied health professionals;
 - is the main funder of mental health promotion, suicide prevention and early intervention services, including the national youth mental health platform (headspace), BeyondBlue and mental health initiatives commissioned by Primary Health Networks (PHNs); and
 - contributes funding to a range of 24-hour telephone-based counselling services and supports various workforce development initiatives.

Commonwealth-State funding arrangements

40. The Commonwealth provides funding to Victoria to support its mental health service delivery.
41. Commonwealth-State financial arrangements are governed by the Intergovernmental Agreement on Federal Financial Relations (IGA FFR). The purpose of the IGA FFR is to provide States with flexibility to use Commonwealth funding for service delivery, clear roles and responsibilities and outcomes-based public accountability and centralised administrative arrangements.
42. DTF's role in relation to Commonwealth-State financial arrangements is to provide advice to the Treasurer on Victoria's obligations under the IGA FFR and on the potential impact on revenue when Victoria is negotiating an intergovernmental agreement, when funding is allocated to meet Government's priorities, and/or if departments are at risk of not meeting outcomes agreed with the Commonwealth.
43. DTF is also responsible for providing responses to the Commonwealth Treasury on obligations under the IGA FFR to report the acquittal of expenditure under national funding arrangements, and leading Victoria's input into the annual State Treasurer's report on the treatment of expiring national funding agreements.
44. The main agreement governing Commonwealth funding for State-delivered mental health services is the National Health Reform Agreement (NHRA). The NHRA enshrines that Commonwealth, State and Territory Governments are jointly responsible for funding public hospital services (including mental health services). A new NHRA is currently under negotiation for 2020-21 through to 2024-25. At the time of making this statement Victoria had not yet signed the new agreement.
45. The current NHRA (and its Addendum which came into effect in 2017-18) specifies that the Commonwealth will contribute funding for 45 per cent of efficient growth. Victoria is responsible for the remaining 55 per cent contribution. Efficient growth is defined within the NHRA and is based on two components: the annual growth in the volume of services provided (that are eligible for NHRA funding) and the annual growth in the national efficient price (see paragraph 48 below). Commonwealth funding growth under the NHRA is based on the number and type of services provided to patients in a given year. The total annual growth in funding available under the NHRA is capped at 6.5 per cent. The funding cap has been in place since the introduction of the Addendum. If the funding required for services provided to patients in a given year exceeds the 6.5 per cent cap (for example, due to a large increase in the volume of services provided), Victoria bears the full cost of this funding growth above the cap.
46. Public hospital services that are eligible for a Commonwealth funding contribution under the NHRA include most (but not all) acute admitted services, non-admitted services, emergency department (ED) services and sub-acute services. An admitted patient

undergoes a hospital admission process to receive treatment and/or care. Non-admitted patients do not undergo a formal admission process and receive care provided by hospitals in settings such as hospital outpatient clinics, community-based clinics and in their homes.

47. In relation to mental health services specifically, admitted mental health and non-admitted mental health services fall within the scope of the NHRA. Examples of admitted mental health services that are eligible for NHRA funding include acute inpatient mental health units and secure extended care units in public hospitals. Examples of non-admitted mental health services eligible for NHRA funding include community-based mental health services, such as residential services (e.g. community care units providing rehabilitation services in a home-like environment) and ambulatory services (e.g. outpatient assessment and treatment in a community mental health service).
48. An independent national body, the Independent Hospital Pricing Authority (the IHPA) is responsible for determining the scope of services eligible for Commonwealth funding and the pricing and the classification of these services. This includes determining which services are funded through activity-based funding (ABF) and which services are funded through block funding under the national funding model and setting a 'national efficient price'. The Commonwealth Treasurer makes the final decision on the amount that will be paid to States and Territories.
49. ABF (sometimes called casemix funding) is a funding model based on the number of services provided to patients. Block funding refers to a fixed funding contribution regardless of the volume of services delivered.
50. Commonwealth contributions towards in-scope admitted mental health services are determined on an ABF basis.
51. Commonwealth contributions towards in-scope non-admitted mental health services (including non-admitted child and adolescent mental health) are block funded. Block funding is also used under the NHRA for small regional and rural hospitals and activities such as teaching, training and research.
52. DHHS, as the system manager, determines the appropriate funding allocations and prices paid to health service providers for mental health services. This may involve adaptation to the national funding model. Commonwealth contributions for admitted mental health activity are paid directly to health services in conjunction with the State contribution, while Commonwealth contributions for non-admitted mental health services are paid to DHHS and then paid by DHHS to health services together with the State contribution. Under the NHRA, Victoria has received the following funding:

TABLE A (\$ million)

NHRA funding type	2014-15	2015-16	2016-17	2017-18	2018-19*
Activity Based Funding (ABF)	3,320.9	3,603.5	4,101.3	4,343.7	4,391.7
Block Funding	458.2	488.4	528.3	578.3	700.2
Total ABF + Block Funding	3,779.1	4,091.9	4,629.6	4,922.0	5,091.9

Notes:

1. Amounts provided in the table represent the Commonwealth contribution only to Victoria for services funded under the NHRA.
2. The cash flow in the table is based on activity estimates and may include adjustments for prior year reconciliations.
3. Amounts provided (excluding 2018-19) are from the Annual Reports for the Administrator of the National Health Funding Pool.
- * Figures based on June cash flow advice received from the National Health Funding Body.

53. In addition to the NHRA, Commonwealth funding is provided to Victoria through a number of additional National Partnership Agreements (NPA) and bi-lateral agreements, including:
- The Bilateral Agreement on National Psychosocial Support Measure (funding provided directly to Victorian PHNs) - \$20.6 million over 4 years from 2017-18 to 2020-21. Under this agreement, the Commonwealth provides funding to PHNs to undertake the planning and commissioning of non-clinical mental health services, improving coordination and 'wrap-around' care for individuals with psychosocial disability. The Victorian component will be implemented through the Mental Health Community Support Services Program.
 - Suicide Prevention Hotspots - administered by the Department of Transport and signed by the Minister for Public Transport - \$1.35 million over 3 years from 2017-18 to 2019-20. This agreement supports the delivery of infrastructure projects to prevent suicides at suicide hotspots, which may include the installation of physical barriers and signage that encourages people to seek help.
54. The NPA on Supporting National Mental Health Reform, which expired on 30 June 2016, provided \$37.3 million to Victoria from 2011-12 to 2015-16. This NPA sought to improve State and Territory mental health services, particularly in the priority areas of accommodation support and presentation, admission and discharge planning in emergency departments.
55. There are also several agreements currently under negotiation, including the Specialist Dementia Services NPA and the Suicide Aftercare Bilateral Agreement (which seeks to expand beyondblue's The Way Back Support Service, which provides outreach follow-up care and practical support to individuals following a suicide attempt).

Funding for Victoria's specialist mental health service system

56. In this section I will outline:
- the annual budget process and DTF's role;
 - the output funding for specialist mental health services including total funding provided and funding for new initiatives;
 - the asset funding for specialist mental health services, both process and initiatives funded; and
 - the funding arrangements of the NDIS and how it interfaces with mental health funding.

Annual budget process

57. Submissions from portfolio Ministers outline proposals for new output and asset spending and are typically provided in the form of a business case that details the problem to be solved through additional government investment, details of the proposed solution, benefits, risks and any relevant implementation issues. Robust business cases help to provide Government with the necessary information to make informed decisions on funding proposals.
58. Business cases should outline the strategic case for investment and explain why an intervention is required within the relevant financial year, typically focused on a service need, a community or social issue, or a potential lost opportunity. Business cases also provide context with respect to the current service delivery environment, detail on existing or related services provided to the community and the existing asset base and its condition. Evidence is provided to support assessment of service need or underlying demand as well as other relevant information on the proposal's effectiveness. This evidence may be in the form of demand forecasts, performance indicators and findings of external reviews and audits, as well as the effectiveness of any proposed policy response.

59. Business cases also outline and, where possible, quantify the benefits of the proposed policy intervention, including economic, social and environmental benefits, and the impact of new investment on output performance measures outlined in the State Budget and any other relevant performance metrics.
60. DTF supports the Victorian Government in its budget deliberations by providing:
 - process management and secretariat support; and
 - information, advice and recommendations to support its decision-making, in conjunction with DPC.
61. The Government's consideration of the submissions by each portfolio Minister takes into account the Government's overall priorities and objectives. The fiscal parameters decided by Government, which are articulated in the Budget Papers every year, also inform the relevant sub-committee's decisions. The *2019-20 Budget*, Budget Paper No. 5, page 20, states that 'for the *2019-20 Budget* the Government has set its sustainability objectives as:
 - net operating surpluses in each year over the next four years;
 - expenditure growth will be no greater than revenue growth, on average, over the next four years; and
 - net debt to gross state product will be no greater than 12 per cent over the medium term.'
62. In addition, the *2019-20 Budget*, Budget Paper No. 2 page 6 outlines the Government's long-term financial management objectives as follows:
 - Victoria's finances will be managed in a responsible manner to provide capacity to fund services and infrastructure at levels consistent with maintaining a triple-A credit rating;
 - public services will improve over time;
 - public infrastructure will grow steadily over time to meet the needs of a growing population; and
 - public sector resources will be invested in services and infrastructure to maximise the economic, social and environmental benefits.
63. DTF's advice is primarily focused on ensuring that spending delivers value for money for the Victorian community and is effective in its delivery, within these fiscal parameters.
64. Advice is also informed by analysing alignment between budget proposals and the Government's policy priorities, including election commitments.
65. Once the Government finalises its decisions, DTF proceeds with the preparation of the Budget Papers.
66. Preparation of the Budget Papers includes outlining the State's current and expected economic and financial performance. In addition, it includes compiling an overview of the new output initiatives, investments and capital programs funded by the Government and delivered by departments, as well as providing the financial details of the aggregated Victorian general government sector and the broader Victorian public sector.
67. Budget Paper No. 3 Chapter 1 outlines new programs, capital investments and revenue and savings measures over the budget and forward estimates period. Chapter 2 of Budget Paper No. 3 outlines the total investment for each output over the budget year and the performance that this funding is expected to deliver, including adjustments to reflect any changes arising from new investment decisions of Government. The total output costs reflect factors beyond the annual budget allocation process for new initiatives such as adjustments due to changes in price.

Mental health output funding

Overview

68. There are two outputs that specifically relate to Mental Health: Clinical Care and Mental Health Community Support Services (MHCSS). DHHS is funded for the delivery of these two outputs.
69. The *2019-20 Budget* allocates \$1.7 billion to these two outputs:
 - \$1.6 billion for Clinical Care; and
 - \$111 million for MHCSS.
70. Total costs for the two mental health outputs since 2014-15 are provided in Table B below. The combined total budget of the two mental health outputs increased from \$1.2 billion in 2014-15 to \$1.7 billion in 2019-20, or by around 42 per cent.
71. The Clinical Care output provides a range of inpatient residential and community-based clinical services to people with mental illness and their families. The goal of this output is to support them to access timely, high quality care and support to recover and live successfully in the community.
72. Performance measures for the Clinical Care output include quantity measures such as the annual number of clinical inpatient separations, and occupied residential and sub-acute bed days, as well as quality and timeliness measures such as the number of designated mental health services achieving or maintaining accreditation under the National Standards for Mental Health Services, and the proportion of emergency patients admitted to a mental health bed within eight hours. Performance against targets in the Clinical Care output were met in 2017-18, with the exception of the proportion of emergency patients admitted to a mental health bed within eight hours (which was 57.5 per cent relative to a target of 80 per cent). Paragraphs 30 to 33 above provide for further detail on output performance measurement.
73. The MHCSS output provides a range of rehabilitation and support services to youth and adults with a psychiatric disability, and their families and carers, to support those experiencing mental health problems to access timely, high quality care and support to recover and reintegrate into the community. Performance measures for the MHCSS output include quantity measures such as total number of bed days, client support units and clients receiving community mental health support services, and quality measures like agency accreditation rates. A significant portion of this output has and will continue to transfer to the NDIS. Funding has been transitioning to the NDIS in line with individual client's transfer to these services. Performance against targets in the MHCSS output were met in 2017-18, with the exception of clients receiving community mental health support, which the DHHS 2017-18 annual report advises 'was lower than the target contributed by the transition to the NDIS' [Refer to the NDIS section for further detail].

Historic funding

74. A summary of the historic output cost of the two mental health outputs is in Table B.

TABLE B: (\$ million)

	Historical output cost Mental Health (\$ million)						
	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Budget	2018-19 Expected outcome	2019-20 Target
Clinical Care	1,082	1,141.9	1,258.2	1,372.7	1,506.8	1,564.4	1,631.8
Mental Health Community Support Services (MHCSS)	123.4	128.1	124.8	120	98.9	131.3	110.9
Total	1,205.4	1,270	1,383	1,492.7	1,605.7	1,695.7	1,742.7

75. Recent State budgets have included a number of new investments in mental health.
76. The initiatives funded in each budget, including a description and the funding for the relevant budget year and forward estimates (the subsequent three years) are announced in Budget Paper No. 3, Chapter 1 each year. Funding can also be announced in Budget Update (released in December each year) or the Pre-Election Budget Update (immediately prior to the state election). Attached to this statement and marked 'DJM-1' is a copy of an excerpt from the *2019-20 Budget*.
77. The *2017-18 Budget* included a large focus on Forensic Mental Health services, to improve services to those with mental illness and increase public safety.
78. The *2018-19 Budget* focused on reforming the way services are funded to be delivered in the community (to better incentivise services to engage with more complex clients), a significant investment in inpatient beds and new emergency department mental health and alcohol hubs as well as an expansion of the Hospital Outreach Post-Suicide Engagement program.
79. The *2019-20 Budget* aimed to ensure that the momentum of these initiatives was not lost while the Royal Commission was underway and included workforce initiatives and expanding the provision of more intensive services at a further three Prevention and Recovery Care Units.
80. In relation to the MHCSS output, the decrease between the 2017-18 actual funding to *2018-19 Budget* reflects the phased introduction of the NDIS. The *2019-20 Budget* notes that the 2018-19 expected outcome is higher than the budget for 2018-19 due to Government policy commitments. This expected outcome reflects both additional investments the Victorian Government has made to assist the transition such as *Stepping into Support Mental Health*, an initiative funded in the *2018-19 Pre-Election Budget Update* to support people with a mental illness during the NDIS rollout, as well as the impact of lower than targeted number of clients transitioning to NDIS in that year. [Refer to the NDIS section for further detail].
81. While departments are responsible for the implementation of initiatives funded through the State budget, DTF participates in relevant governance forums. By way of example, DTF is a member of the clinical mental health service improvement Steering Committee which includes monitoring key projects that have been funded over previous budgets. This committee is largely focused on implementation of significant reforms funded as part of the *2018-19 Budget*. Participation in the committee ensures that DTF understands how funding will be rolled out and is abreast of the sector's engagement

with reform priorities and any arising challenges. Participation in these forums helps inform DTF's briefing as part of the budget process. Through attendance at these steering committees DTF is also able to learn about and inform future reform priorities for DHHS.

82. The budget also provides funding for initiatives that form part of outputs other than Clinical Care and MHCSS but which contribute to the support of people with mental illness. This includes the Drug Treatment and Rehabilitation output (which is part of the same portfolio as the two mental health outputs), as well as various outputs within the Housing, Corrections, Police and Emergency Services and Child Protection portfolios. The contribution of these outputs towards meeting the mental health needs is not separately identified, however it is likely to increase the total amount of State funding that could be characterised as contributing to addressing mental health related issues.

Mental health capital funding

Overview

83. At an overarching level, capital funding for mental health services follows the same process as other areas. Asset investment is considered in the context of overall service delivery objectives. It is not a 'stand-alone' activity but rather its purpose is to support and enable Government to effectively deliver on its objectives.
84. The Government has a suite of investment guidance and advice that is published on the DTF website. Topics covered include procurement, construction policy, the Gateway review process, high value high risk framework, investment lifecycle and asset management. The Gateway review process examines projects and programs at key decision points in their lifecycle and aims to provide the person responsible for a program or project (the Senior Responsible Officer) with an independent view on the current progress of the program or project and assurance that it can proceed successfully to the next stage. This comprehensive policy framework provides the necessary tools to support departments to plan and develop robust investments. Key to this is the preparation of sound business cases that should provide Government with the necessary information to assess funding proposals. The Investment Lifecycle Guidelines help achieve a consistent approach and best practice to plan, design, implement and manage capital projects in Victoria. DTF assists departments with the development of robust business cases for specific asset proposals, with guidance on the necessary narrative and evidence to address key issues such as the definition of the problem, benefits, options, procurement, deliverability, financial, commercial and risk. The infrastructure that government funds typically has a 40+ year life and is meant to respond to current and future service delivery requirements. The Lifecycle Guidelines encourage the exploration of all feasible options to meet the demand or service need including longer-term demand management options.
85. For projects that are over \$250 million (or where a risk assessment indicates that additional assurance is beneficial) the HVHR framework helps determine if a business case is ready for Government consideration, its deliverability, its readiness to commence, and if the benefits identified in the business case are likely to be realised.
86. DTF also monitors the delivery of asset projects. DHHS provides DTF with quarterly asset investment reports on the implementation and progress of its capital program. DTF also prepares a quarterly major projects performance report which is presented by the Treasurer for noting at the Transport and Infrastructure Sub Committee. DTF also sits on many project control boards or steering committees for HVHR projects. Most mental health asset projects, however, fall outside the HVHR framework as they are generally smaller scale projects.
87. Business cases for capital funding to underpin the delivery of health services, including mental health, include analysis of the funding impacts for the capital and an indication of the operating requirements which factor in growth and efficiencies. Given the long lead

times to operationalise an asset, approval to change operating funding is made nearer to the time the asset is commissioned. Operating funding is provided on a system wide basis rather than tied to a particular capital project. When capital projects are nearly complete the operational funding is assessed having regard to demand and supply factors to determine any changes to the operating funding envelope.

88. Asset initiatives funded by the Government are published in the Budget Papers.

Historic asset investment

89. The Government's capital investment in mental health fits broadly into two categories:

- investment to support the delivery of clinical services - acute in-patient services (e.g. hospital), forensic services (e.g. Thomas Embling Hospital) and extended clinical care services (e.g. prevention and recovery care); and
- investment to support the delivery of mental health community support services delivered in State owned facilities.

90. Capital funding to deliver mental health services can be either be 'stand-alone' proposals or embedded as part of broader projects (hospital new builds or redevelopments).

91. Capital funding that contributes to mental health outputs in recent years is summarised in Table C below:

TABLE C: (\$ million)

	2014-15 Budget	2015-16 Budget	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget
Total Asset Funding Allocated	23.5	15.5	112.3	59.9	72.8	24

92. Asset investment in the last six budgets has focussed on expanding capacity in Prevention and Recovery Care Units including for youth and women, renewing assets in residential rehabilitation facilities, delivery the Orygen youth mental health facility and planning and expanding forensic bed capacity.

93. Funding for the mental health component of broader hospital projects is not separately reported in the Budget Papers. Recent examples of hospital projects include:

- *2018-19 Budget* - \$461.6 million for Ballarat Base Hospital Expansion which includes a modernised acute mental health facility;
- *2018-19 Budget* - \$100.5 million for six emergency department crisis hubs across the state to help people with urgent mental health, alcohol and drug issues;
- *2019-20 Budget* – \$1.5 billion for the new Footscray Hospital which includes funding to expand the mental health bed capacity from 32 to 58; and
- *2019-20 Budget* - \$6 million to plan the Frankston Hospital redevelopment. The 11-storey Frankston Hospital redevelopment will include 2 storeys for mental health and will also increase mental health beds from 50 to 54.

94. The new capital investments funded in each budget, including a description and the funding for the relevant budget year and forward estimates (the subsequent three years) are announced in Budget Paper No. 3, Chapter 1 each year. Attached to this statement and marked 'DJM-2' is a copy of an excerpt from the *2019-2020 Budget*.

95. Recent asset investments include:

- \$48.1 million as the asset component of reforming clinical mental health services including six new emergency department mental health and alcohol and other drug (AOD) crisis hubs and six ambulatory services short-stay units at various hospitals, which provide a specific 24-hour, seven-day emergency department pathway for mental health and/or AOD presentations (*2018-19 Budget*);
 - \$23 million to expand the capacity of Thomas Embling Hospital including \$9.5 million in the *2015-16 Budget* to construct an 8 bed stand-alone high dependency unit, and \$9.8 million for an additional 10 beds in 2016-17;
 - \$40 million to plan for the future of forensic mental health services including infrastructure works at Thomas Embling Hospital (*2017-18 Budget*);
 - \$59 million to rebuild Orygen youth mental health services (*2016-17 Budget* building on \$1 million for planning in *2015-16 Budget*);
 - \$15 million for 'Early in Life' mental health services at Monash Medical Centre (*2016-17 Budget*); and
 - \$12 million for Youth Prevention and Recovery Care (*2018-19 Budget*).
96. The Victorian Government's asset investment program is described in *Budget Paper No. 4, State Capital Program*. It provides an overview of the investments that departments and government-controlled entities will deliver in the coming financial year. It also includes capital programs and projects currently under way or in progress, and lists projects expected to be completed in the coming year. Attached to this statement and marked 'DJM-3' is a copy of an excerpt from the 2019-20 *Budget Paper No. 4* regarding DHHS.

National Disability Insurance Scheme

Overview

97. The NDIS is a transformational reform in the delivery of services to people with disabilities, including some people with a mental illness with responsibility for service delivery transitioning from States and Territories to the National Disability Insurance Agency (NDIA). State government funding that has been determined as 'in-scope' will also transfer. In relation to mental health, programs that will transfer are referred to in paragraph 107. The MHCSS output cost will reduce considerably as the funding transfers as detailed in paragraph 108.
98. The respective roles and responsibilities (funding and administrative) of the Commonwealth and Victorian Governments together with the governance and processes, are outlined in both a Heads of Agreement as well as a transitional bilateral agreement covering the transition period (1 July 2016 to 30 June 2019).
99. The transition to the NDIS has been phased. The transitional bilateral agreement outlines the targeted number of people expected to transfer to the NDIS each year. Over the transition period, as clients transition to the NDIS, Victoria withdraws funding allocated to them in existing state-funded programs and redirects it to the NDIA to support these people (known as Victoria's contribution).
100. Although the full scheme was intended to commence on 1 July 2019, delays in transitioning existing clients means the transition will continue into 2019-20. On 17 June 2019, Victoria signed a new bilateral agreement for the full scheme from 1 July 2019 with the Commonwealth Government.
101. There are approximately 12,500 existing clients from MHCSS defined programs expected to transition to the NDIS. As at 30 March 2019, approximately 6,200 had

transitioned to the NDIS and the remaining 6,300 are expected to transition by the end of 2019-20.

Eligibility for NDIS by people with mental illness

102. People with a mental health condition are eligible to access the NDIS subject to providing evidence that their condition is causing an impairment, that the impairment is likely to be permanent and that it reduces their ability to do everyday activities. The eligibility assessment focuses on the functional impact of a condition on the person's daily life, rather than solely the diagnosis of a particular condition.
103. The NDIA has agreed that people who are already receiving services from 'defined programs' (see paragraph 107 below) will generally be considered to satisfy the access requirements for the NDIS, providing they meet other NDIS eligibility criteria such as age and residency requirements.
104. People not currently in the defined programs, including those who have a mental illness, can seek to access the NDIS by approaching the NDIA directly. If the outcome of the NDIA's assessment is that the person is not eligible for the NDIS, the person may be referred to Victoria's specialist mental health service system or the Commonwealth's Continuity of Support Programme (CoS). The CoS ensures that people aged 65 years and over (or 50 years and over for Aboriginal and Torres Strait Islander people) with a disability and currently receiving state and territory-managed specialist disability service and who are not eligible for the NDIS, receive ongoing support.
105. Outside of the NDIS, the Victorian Government has continued to invest in a range of direct client support mental health services delivered through the MHCSS program. People with a mental illness and associated psychosocial disability are eligible to access these services, including those who are NDIS participants. The Victorian Government has committed new funding of \$50 million over two years for the Early Intervention Psychosocial Support Response. This initiative will provide psychosocial support to adult clients of clinical mental health services who are not eligible for the NDIS or are waiting for an NDIS access decision and their NDIS plan to begin.
106. People with a mental health condition who have transitioned to the NDIS can still access Victorian Government service systems such as healthcare and mental health supports on a case by case basis. The administrative and funding responsibilities for certain services is a topic of ongoing discussion between the Victorian and Commonwealth Governments.

In-scope mental health funding and clients

107. In Victoria there are three 'defined programs' within the MHCSS output: Individualised Client Support Packages (ICSP), Adult Residential Rehabilitation and Supported Accommodation Services (excluding three services which have a homelessness focus). It is expected that all clients in these defined programs will transition into the NDIS.
108. In 2015, DHHS and DTF conducted a review of all program funding within DHHS to determine the level of funding that was 'in-scope' for the NDIS contribution. Based on this review, approximately \$77 million of the MHCSS output cost was assessed in-scope for the NDIS transition and will form part of Victoria's contribution to the NDIS for transitioned clients. The in-scope funding represents any existing service delivery funding allocated to a Victorian client who is deemed to be eligible to transition into the NDIS. This is calculated on the basis of average funding per client.
109. Service providers will continue to receive MHCSS funding from DHHS until that client transitions to the NDIS at which point the in-scope funding is redirected to Victoria's

NDIS contribution as the client becomes an NDIS participant and the NDIA assumes responsibility. The Victorian Government is funding continuity of support for clients of MHCSS defined programs who are not eligible for the NDIS due to age or residency. These clients have been identified as the NDIS rolls out across Victoria and have been offered an individualised funding plan. This support is ongoing.

Support for the community mental health sector during transition

110. The Victorian Government has provided an additional \$70 million across 2018-19 and 2019-20 to support Victoria's community mental health sector during the NDIS rollout.
111. This additional funding is separate from the \$77 million of in-scope service delivery funding being re-directed to the NDIS as clients transition. It is to enable community mental health organisations to retain workers and their expertise during the transition, while ensuring that clients assessed as eligible for the NDIS receive the support they need while they await transition to the NDIS. This funding also includes grants to disability and community mental health agencies to assist them to adapt their business model and respond to the new challenges raised by the transition to NDIS.

CHALLENGES AND OPPORTUNITIES IN FUNDING ARRANGEMENTS

112. There are opportunities for enhancing funding arrangements that contribute to better outcomes for people with mental health issues and improved system performance.
113. In this section I consider:
 - flexibility within the output funding model to support cross-departmental activity;
 - outcome based funding models being trialled; and
 - the interface with the Commonwealth Government.

Output funding model

114. The output funding model is premised on holding individual departments and portfolio Ministers to account for delivery of an output while providing departments and Ministers flexibility in how they apply the funds to achieve the output's objectives. This can present challenges where effective delivery of an output relies on the effective delivery of related outputs, which is common in social services. For example, there is a presumed interdependent relationship between homelessness and mental health service systems.
115. While the output model ostensibly does not support funding a single output across multiple portfolios or departments, there is flexibility in the way in which the Government's resource management is applied to support joint work. In these circumstances, additional arrangements are put in place such as providing funding to multiple departments for the individual aspects of a joint or common activity for which each is responsible. This is sometimes referred to as a whole of government approach and has been used when allocating new funding to deliver a set of common or jointly agreed policy objectives, such as in the case of family violence.
116. The *2017-18 Budget* funding for the Forensic Mental Health Implementation plan is an example of this. The *2017-18 Budget* provides funding for ten initiatives across the Department of Justice and Community Safety and DHHS, for those departments to deliver urgent reforms to the forensic mental health system and increase community safety. Similarly, the Victorian Fixated Threat Assessment Centre was funded as part of the *2017-18 Budget Update*. This is a joint police and mental health initiative that coordinates responses to serious threats of violence posed by people with complex needs.

117. A further challenge relates to the output funding model's relationship with promoting and measuring outcomes. Increasingly governments are interested in understanding how their investments can be maximised to have a sustained and effective impact. The model supports the design and delivery or procurement of programs that enable a focus on client outcomes. It gives significant flexibility at the departmental level to support collaboration, coordination and on occasion joint funding across outputs to which I referred above. Increasingly governments are establishing outcomes frameworks to guide efforts in particular policy areas. For example, Victoria's 10-Year Mental Health Plan outlines 15 outcomes that the report notes are a "starting point and an aspiration, not a conclusion" and that these outcomes and the indicators that sit under them, will be improved as more is learnt about how to measure experience and outcomes.
118. The measurement of outcomes remains complex. This is partly because the output model is focussed on the activities and services delivered, with reporting on agreed performance measures generally framed around a financial year. Outcomes are often measurable only over a longer timeframe, particularly to test the impact and sustainability of gains over time. Nonetheless, the output model does support service delivery focussed on outcomes as it provides the flexibility at the level that is closest to service delivery which is necessary to inform appropriate service design. A key factor that makes outcome measurement challenging relates to data collection. Historically data systems focussed on the collection of inputs. Designing and implementing data collection systems that capture outcomes is a challenge for departments. Recently established initiatives, such as the establishment of the Victorian Centre for Data Insights is developing new ways in which existing data can be analysed to support performance measurement, including outcomes. The Victorian Centre for Data Insights operates as a business unit within DPC and is headed by the Chief Data Officer, who has statutory responsibility for data sharing within the Victorian public service. The Centre supports the Victorian public service to make better decisions using data and offers strategic, training and analytics support services.

Outcomes based funding

119. DTF plays an important role in supporting Government to explore innovative ways in which outcomes can be improved through trialling or adopting new funding approaches.
120. One recent example of a new funding model is the Partnerships Addressing Disadvantage (PAD) program, which includes and builds on the two recently funded Social Impact Bonds (SIB).
121. PADs are an outcomes-based funding model in which government makes payments upon the achievement of measurable social outcomes, such as a reduction in hospital admissions for program participants. The working capital to enable the program to run prior to performance payments is provided by a third party such as investors or philanthropists, who receive a return on their investment if the program meets its target outcomes. SIBs are a form of PADs using traditional private financing.
122. This program provides a new way for Government funding arrangements to be used to incentivise demonstrably better outcomes for Victorians facing social challenges. Key principles that guide the PAD program are:
 - clearly defining the client group and the issues they currently face;
 - ensuring that outcomes can be measured in the short to medium term;
 - reducing long-term costs to government compared to the continuation of existing government services;
 - leveraging innovative programs with a sufficiently robust evidence base; and
 - ensuring that government and investors share the risk of program success and failure fairly.

123. By providing a funding commitment for a longer time period, usually five to seven years, with payment in line with results rather than simply for activity, service providers participating in the trials will have the flexibility to develop and demonstrate new and innovative interventions and to achieve measurable and sustained outcomes compared to a matched cohort.
124. There are two PADs currently under development that are exploring strategies for improving the outcomes of vulnerable primary school students, with a focus on Aboriginal children and young people with mental illness who are not engaged in education. The two existing SIBs, which have started delivering services, are focussed on improving outcomes for Victorians experiencing chronic homelessness and young people exiting statutory care where mental health issues are prominent and highly represented.
125. Robust measurement of results underpins the payment schedule and will provide both data and useful insights about interventions and circumstances that contribute to improved client outcomes. Although in its early days, this is a promising area that sits alongside the current output funding framework, with capacity for new interventions that demonstrate success to be rolled out more broadly.

Interface with the Commonwealth Government

126. Preventing and responding in a timely and effective way to the needs of people with mental health issues requires a coordinated and concerted effort by all stakeholders, including the State and Commonwealth Governments.
127. The Commonwealth Government has a significant role in identifying, treating and supporting people with a mental illness early as it is responsible for the primary care service system including support for GPs and psychological and counselling services through the *Better Health Access* initiative which provides up to 10 free sessions to address mental health issues. Improving access to primary mental health care would enable greater early intervention. This supports better outcomes for individuals and may lead to fewer people in time needing to access the specialist mental health system. The Commonwealth has a role in ensuring that its primary care service system is optimised so that it responds effectively to people with mental health concerns, as well as working in partnership with Victoria's specialist mental health service system.
128. While it is for the Commonwealth Government to determine the most appropriate ways of strengthening the primary care service system, potential areas for consideration could include expanding the Better Health Access initiative (increasing the number of free sessions) and better support for GPs. The Commonwealth could also look at the role of Primary Health Networks. This could include support for their commissioning role in relation to primary care and other services that respond to the needs of people with mental health issues, as well as exploring strategies for addressing the social determinants of health, including mental health.
129. Increased Commonwealth funding contributions to Victoria through the NHRA and other agreements will enhance Victoria's capacity to respond to people with mental illness who need a specialist clinical service.
130. Ensuring that the NDIS responds to the needs of people with mental illness and psychosocial disability is a further area for discussion with the Commonwealth Government. This could include reviewing how eligibility criteria recognise the unique needs of people with a mental illness, given the episodic nature of mental illness, and ensuring that assessments have access to appropriate expertise. The State and Commonwealth Governments have a role in ensuring appropriate coordination between the NDIS and specialist mental health service systems to maximise outcomes for people with mental illness accessing both services.

131. Safe, stable and secure accommodation is an important component of people's recovery following discharge from acute services and also helps support those who are managing their illness in the community. Commonwealth funding for housing assistance is provided to States and Territories through the National Housing and Homeless Agreement (NHHA). The NHHA recognises that the Commonwealth and the States have a mutual interest in improving housing outcomes, including outcomes for people who are homeless or at risk of homelessness and need. The agreement requires states to match Commonwealth funding contributions for homelessness, including funding to meet Social and Community Services pay equity obligations. Increased Commonwealth funding towards housing assistance, particularly social housing and homelessness services, would improve Victoria's capacity to respond to people with mental illness who need housing assistance.
132. The current mechanisms for engagement between the Victorian and Commonwealth Governments to explore these issues include negotiations related to national funding agreements and bilateral agreements, as well as engagement through formal governance forums such as the Council of Australian Government's Council on Federal Financial Relations (which comprises the Commonwealth Treasurer and all State and Territory Treasurers) and the Board of Treasurers (which comprises all State and Territory Treasurers).

CONCLUDING REMARKS

133. Victoria's financial management and performance framework provides significant operational autonomy to Departments in relation to service delivery (known as devolution). This provides advantages over central service planning remote from clients and their needs. However, there are challenges in addressing information gaps and service coordination across services and Departments.
134. Within the existing framework, a number of features could be used more extensively to address these gaps. Introducing common or consistent performance measures for relevant outputs (beyond Clinical Care and MHCSS) could support better coordination and require consistent data collection across services. These innovations could be incorporated within Budget Paper reporting by which government accounts for its use of funds to Parliament annually.
135. 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.
136. Proposals to develop whole of government outcomes can improve the current framework by enabling performance measurement over longer periods in addition to the short to medium-term focus of the current financial management and performance framework. A stronger focus on outcomes, accountability and streamlining processes requires the definition of outcomes in the mental health area and the collection of data, which will take time and sustained effort.
137. Evaluating the success of programs that prevent and respond to people with mental illness will be crucial to informing the direction of existing and future funding.
138. Designing and implementing new approaches to the way services are funded must take into account 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. Fundamental changes to the way Government operates and funds public services generally require long lead times, significant research and long implementation timeframes. The severity and complexity of some people's needs, some characteristics of the service sector

(government and non-government) and transition to the NDIS makes policy design and implementation in this area a complicated task, requiring collaborative service design involving both government and non-government providers.

139. 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.

sign here



print
name

DAVID JOHN MARTINE

date

28 JUNE 2019

ATTACHMENT DJM-1

This is the attachment marked 'DJM-1' referred to in the witness statement of David John Martine dated 28 June 2019.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Output initiatives

Table 1.11: Output initiatives – Department of Health and Human Services (\$ million)

	2018-19	2019-20	2020-21	2021-22	2022-23
Acute Health Services					
Delivering the first stage of a new Melton Hospital	..	1.2	1.2	..	..
Health Complaints Commissioner	..	3.7	3.8	3.9	4.0
Meeting hospital services demand ^(a)	..	780.0	743.3	377.9	387.4
Nursing and Midwifery Workforce Development Fund ^(a)	..	20.0	10.0	10.0	10.0
Public IVF services to assist more families to achieve their dream	..	2.0	..	..	..
Responding to people's end of life care choices ^(a)	..	17.3	17.8	18.2	18.7
Standing with our hard-working health services staff	..	1.2	1.2	0.6	0.5
Stronger nurse and midwife to patient ratios	..	0.2	0.2	14.0	50.0
Ageing, Aged and Home Care					
A proudly multicultural Victoria – aged care	..	5.4	..	..	..
Caring for our carers with more respite and support	..	12.3	12.4	12.4	12.4
Future provision of public sector residential aged care	..	26.9	..	..	..
Ambulance Services					
Backing our paramedics to keep saving lives	..	13.0	13.3	13.7	13.9
Supporting ambulance services	..	45.9	47.1	48.3	49.5
Child Protection and Family Services					
Better assisting children in the statutory child protection system	..	7.5	7.5	7.5	7.5
Civil claims costs for historical institutional child abuse	..	20.0	..	..	..
Commission for Children and Young People	..	3.9	4.0	4.1	4.2
Kinship care	..	25.2	26.2	27.0	27.7
Progressing the children and families reform agenda	..	13.4	9.6	..	..
Supporting vulnerable children in need	14.1	26.9	..	..	..
Concessions to Pensioners and Beneficiaries					
Delivering food for Victorians in need	..	12.5	..	..	..
Disability Services					
Disability worker registration scheme	..	9.5	..	..	..
Drug Services					
Addressing drug harms	..	2.1	2.1	..	..
Family Violence Service Delivery					
Building from Strength: 10-Year Industry Plan for Family Violence Prevention and Response	..	3.1	..	..	..
Everybody Matters: inclusion and equity	..	0.9	1.3	1.7	1.9
Family violence and sexual assault therapeutic support	..	3.3	2.9	3.0	3.1
Perpetrator responses	..	22.5	20.9	20.3	21.3
Housing Assistance					
Collingwood Housing Estate upgrade ^(b)	..	0.0	..	..	..
Family violence refuge and crisis case management response	..	6.8	7.8	4.6	4.7
Gas heater servicing and replacement scheme	21.9	8.9	..	..	..
National Housing and Homelessness Agreement ^(c)	..	24.7	25.5	26.3	27.0
Responding to homelessness	..	25.2	25.2	..	..

	2018-19	2019-20	2020-21	2021-22	2022-23
Mental Health					
Better mental health care for our emergency workers	..	0.5	0.4	2.4	2.7
Critical mental health service demand ^(a)	..	26.1	41.5	..	..
Mental Health Complaints Commissioner	..	1.2	1.3	..	..
Mental Health Tribunal	..	1.6	1.6	..	..
Royal Commission into Mental Health – additional support	..	1.8	1.8	..	..
Stepping in to support asylum seekers	..	3.0	..	..	..
Victorian Fixated Threat Assessment Centre	..	16.2	..	..	..
Primary, Community and Dental Health					
Free dental care for government school students	..	25.2	92.1	97.9	106.7
More help for new Victorian mums and dads	..	17.9	19.8	22.5	30.5
Public Health					
HIV prevention – community-based rapid testing	..	0.7	0.7	0.7	0.7
Merri Health Moreland Road Facility	..	0.3	..	..	..
Protecting Victoria's leadership in health and medical research	..	49.5	67.0	..	..
SunSmart	..	3.2	4.1	4.0	3.8
Victorian Assisted Reproductive Treatment Authority	..	1.0	1.0	1.0	1.1
Total output initiatives ^(d)	36.1	1 293.4	1 214.3	721.9	789.1

Source: Department of Treasury and Finance

Notes:

(a) These initiatives contribute to activity that attracts Commonwealth funding under the National Health Reform Agreement. Estimates of the Commonwealth's contribution are included.

(b) Funding represented as 0.0 due to rounding.

(c) Comprises State Government funding only.

(d) Table may not add due to rounding.

Acute Health Services

Delivering the first stage of a new Melton Hospital

Funding will be provided to commence planning for a new Melton Hospital, which will increase access to high-quality health services in this fast-growing area. Planning will determine the capacity and range of services, and how it will link into services at other hospitals in the region, including the new Footscray Hospital over the long-term.

This initiative delivers on the Government's election commitment as published in *Labor's Financial Statement 2018*.

This initiative contributes to the Department of Health and Human Services' Admitted Services output.

Health Complaints Commissioner

Funding will be provided to enable the Health Complaints Commissioner to continue resolving complaints about health service providers and the handling of health information, conducting investigations and reviewing health complaints data to help providers improve the quality of their services.

This initiative contributes to the Department of Health and Human Services' Admitted Services output.

National Housing and Homelessness Agreement

Funding will be provided to support vulnerable people who are homeless, or at risk of homelessness, including people exiting institutional care, veterans, people who have experienced family violence and Aboriginal and Torres Strait Islander people. This funding will match the Commonwealth's contribution to homelessness services under the National Housing and Homelessness Agreement.

This initiative contributes to the Department of Health and Human Services' Housing Assistance output.

Responding to homelessness

Funding will be provided to continue to deliver homelessness services, including after-hours support for people in housing crisis, on-site treatment services in three crisis support accommodation services, and help for people at risk of homelessness to access private rental housing. Funding is also provided to continue supporting 40 young people who live at the Kangan Education Youth Foyer to achieve their educational and life goals.

This initiative contributes to the Department of Health and Human Services' Housing Assistance output.

Mental Health

Better mental health care for our emergency workers

Refer to the description under the Department of Justice and Community Safety for a description of this initiative.

Critical mental health service demand

While the Royal Commission into Mental Health undertakes its wide-ranging inquiry, funding will be targeted to key critical investments including an additional 28 inpatient beds, more intensive services at three prevention and recovery care facilities and additional community service hours for more than 7 000 new clients. In addition, the capacity of the nurse transition program will be increased, and more support provided to psychiatrists, in response to workforce pressures.

This initiative contributes to the Department of Health and Human Services' Clinical Care output.

Mental Health Complaints Commissioner

Funding will be provided for two years to enable the Mental Health Complaints Commissioner to continue safeguarding rights, resolving complaints about Victorian public mental health and recommending improvements for service and system improvements.

This initiative contributes to the Department of Health and Human Services' Mental Health Community Support Services output.

Mental Health Tribunal

Funding will be provided to ensure the Mental Health Tribunal continues to protect the rights of mental health patients receiving compulsory treatment.

This initiative contributes to the Department of Health and Human Services' Mental Health Community Support Services output.

Royal Commission into Mental Health – additional support

While the Royal Commission undertakes its wide-ranging inquiry, additional support will be provided for the Office of the Chief Psychiatrist and for a campaign to reduce the stigma around mental health.

This initiative contributes to the Department of Health and Human Services' Clinical Care output.

Stepping in to support asylum seekers

Funding will be provided for services to asylum seekers living in the Victorian community, following Commonwealth Government cuts to eligibility for the Status Resolution Support Services program in 2018.

Support will be provided for those with the most acute need, and with pre-arrival experiences of trauma, torture and family loss and separation, to reduce the long-term consequences and deterioration of physical and mental health, including children and young people.

Funding will go towards mental health and trauma counselling, material aid (food, clothing), health assistance and subsidised medications, housing assistance and case coordination, while their applications for asylum are being processed.

This initiative contributes to the Department of Health and Human Services' Mental Health Community Support Services output.

Victorian Fixated Threat Assessment Centre

The Victorian Fixated Threat Assessment Centre will continue to deliver coordinated responses with co-located police and mental health clinicians to respond to serious threats of violence posed by people with complex needs. Specialised mental health services will continue to provide support to this cohort.

This initiative contributes to the Department of Health and Human Services' Clinical Care output.

This initiative contributes to the Department of Justice and Community Safety's Policing and Crime Prevention output.

ATTACHMENT DJM-2

This is the attachment marked 'DJM-2' referred to in the witness statement of David John Martine dated 28 June 2019.

Asset initiatives

Table 1.12: Asset initiatives – Department of Health and Human Services (\$ million)

	2018-19	2019-20	2020-21	2021-22	2022-23	TEI
Acute Health Services						
Angliss Hospital expansion	..	0.1	0.2	1.7	2.6	4.6
Building a better hospital for Melbourne's inner west ^(a)	..	tbc	tbc	tbc	tbc	1 430.0
Building a world-class hospital for Frankston families	..	6.0	..	..	..	6.0
Clinical technology refresh	..	13.0	..	..	..	13.0
Engineering infrastructure and medical equipment replacement programs	..	60.0	..	..	..	60.0
Planning for new children's emergency departments	..	3.0	3.0	..	..	5.9
Royal Children's Hospital expansion	..	7.0	21.0	3.4	..	31.4
Ten new community hospitals to give patients the best care	..	2.0	..	..	..	2.0
Ageing, Aged and Home Care						
A proudly multicultural Victoria – aged care	..	0.2	21.6	..	..	21.8
Wantirna Aged Care Redevelopment	..	6.0	45.0	27.0	3.6	81.6
Ambulance Services						
Backing our paramedics to keep saving lives	..	8.0	10.9	20.0	16.0	54.9
Child Protection and Family Services						
Supporting vulnerable children in need	..	0.8	..	..	..	0.8
Housing Assistance						
Building new homes to fight homelessness	..	33.5	79.6	68.2	27.8	209.1
Family violence refuge and crisis case management response	..	0.1	..	..	..	0.1
Primary, Community and Dental Health						
More help for new Victorian mums and dads	..	9.2	24.2	32.7	32.7	123.0
Total asset initiatives ^(b)	..	148.8	205.4	152.9	82.6	2 044.1

Source: Department of Treasury and Finance

Notes:

(a) This builds on \$65 million of funding provided in previous budgets. The TEI excludes financing costs.

(b) Table may not add due to rounding.

Acute Health Services

Angliss Hospital expansion

Planning will commence for the next stage of the Angliss Hospital expansion at Ferntree Gully, which will provide additional hospital beds, upgrade infrastructure and support the re-accommodation of clinical functions.

This initiative contributes to the delivery of the Government's election commitment as published in *Labor's Financial Statement 2018*.

This initiative contributes to the Department of Health and Human Services' Admitted Services output.

Building a better hospital for Melbourne's inner west

A new 504-bed Footscray Hospital will be built in Footscray to cater for the growing demand for health services in Melbourne's inner west. It will boost capacity and services in outpatients, palliative care and mental health services. This will cut waiting times and allow almost 15 000 additional patients to be treated.

This initiative delivers on the Government's election commitment as published in *Labor's Financial Statement 2018*.

This initiative contributes to the Department of Health and Human Services' Admitted Services output.

Building a world-class hospital for Frankston families

Planning will commence on the redevelopment of Frankston Hospital that will provide new hospital beds, operating theatres, expanded child and maternal health services, a new oncology ward, oncology day clinic and areas dedicated to mental health services.

This initiative contributes to the delivery of the Government's election commitment as published in *Labor's Financial Statement 2018*.

This initiative contributes to the Department of Health and Human Services' Admitted Services output.

Clinical technology refresh

The technical infrastructure required to support and deliver patient-related services such as diagnostic imaging, patient management systems and electronic medical records will be upgraded. This will improve operational stability of the delivery of information related to patient diagnostics and other clinical services to the point-of-care and enhance cyber security.

This initiative contributes to the Department of Health and Human Services' Admitted Services output.

Engineering infrastructure and medical equipment replacement programs

Critical engineering infrastructure that has reached the end of its useful life will be replaced in selected metropolitan, rural and regional hospitals. This includes lifts, boilers, insulation, communication systems and electrical upgrades, and will enable the continuity of health service delivery and compliance with regulatory requirements.

Critical medical equipment supporting operating suites, emergency departments, surgical wards, intensive care units, neonatal and maternity services, and specialist areas will also be replaced. This will reduce risks to patients and staff and improve service availability.

This initiative contributes to the Department of Health and Human Services' Admitted Services output.

ATTACHMENT DJM-3

This is the attachment marked 'DJM-3' referred to in the witness statement of David John Martine dated 28 June 2019.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

New projects

(\$ thousand)

	Total estimated investment	Estimated expenditure to 30 Jun 2019	Estimated expenditure 2019-20	Remaining expenditure	Estimated completion date
A proudly multicultural Victoria – aged care (statewide)	21 750	..	200	21 550	qtr 4 2020-21
Building a better hospital for Melbourne's inner west (Footscray)	1 495 000	..	tbc	tbc	qtr 4 2024-25
<i>Cash flows to be confirmed. TEI includes \$65 million provided in previous budgets and excludes financing costs.</i>					
Building a new rehabilitation centre for Bendigo (Bendigo)	59 500	..	3 133	56 367	qtr 4 2022-23
Building a world class hospital for Frankston families (Frankston)	6 000	..	6 000	..	qtr 4 2019-20
World-class care for Wangaratta patients (Wangaratta)	2 400	..	1 200	1 200	qtr 4 2019-20
Ten new community hospitals to give patients the best care (statewide)	2 000	..	2 000	..	qtr 4 2019-20
<i>Priority will be given to acquire land at Phillip Island.</i>					
Clinical technology refresh 2019-20 (statewide)	13 000	..	13 000	..	qtr 4 2019-20
Engineering infrastructure and medical equipment replacement program 2019-20 (statewide)	60 000	..	60 000	..	qtr 4 2019-20
Relocation of Barwon Health clinical facilities (Geelong)	20 000	..	2 000	18 000	qtr 4 2023-24
Building a Bigger and Better Latrobe Regional Hospital (Traralgon)	7 000	..	7 000	..	qtr 4 2019-20
More help for Victorian mums and dads (statewide)	123 000	..	9 225	113 775	qtr 2 2023-24
Planning for new Children's Emergency Departments (statewide)	5 940	..	2 970	2 970	qtr 4 2019-20
Planning for the Angliss Hospital expansion (Upper Ferntree Gully)	4 556	..	86	4 470	qtr 4 2022-23
Backing our paramedics to keep saving lives (statewide)	54 900	..	8 000	46 900	qtr 4 2022-23
Regional Health Infrastructure Fund 2019-20 (regional various)	100 000	..	50 000	50 000	qtr 4 2020-21
Royal Children's Hospital expansion (Parkville)	31 400	..	7 000	24 400	qtr 4 2021-22
Rural residential aged care facilities renewal 2019-20	10 000	..	10 000	..	qtr 4 2019-20
<i>This project is funded from the Regional Health Infrastructure Fund and not included in the totals.</i>					
Wantirna Aged Care Redevelopment (Wantirna)	81 580	..	6 000	75 580	qtr 4 2022-23
Total new projects	2 088 026	..	177 814	415 212	

Source: Department of Health and Human Services

Existing projects

(\$ thousand)

	Total estimated investment	Estimated expenditure to 30 Jun 2019	Estimated expenditure 2019-20	Remaining expenditure	Estimated completion date
Ambulance Station Upgrades 2015-16 (statewide)	20 000	18 750	1 250	..	qtr 2 2020-21
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Ambulance Victoria Station Upgrades 2016-17 (statewide)	20 000	7 766	7 234	5 000	qtr 1 2021-22
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Austin Health – critical infrastructure works (Heidelberg)	70 616	54 128	16 488	..	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Ballarat Health Services expansion and redevelopment (Ballarat)	461 600	800	5 800	455 000	qtr 4 2025-26
Barwon Health – North (Geelong)	33 080	24 416	8 664	..	qtr 1 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Casey Hospital Expansion (Berwick)	139 780	120 277	19 503	..	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Engineering infrastructure replacement program (statewide)	50 000	47 012	2 988	..	qtr 2 2019-20
<i>This initiative combines programs funded in the 2017-18 Budget and the 2018-19 Budget. The project's cashflow has been revised in line with a revised project schedule.</i>					
Establishing Support and Safety Hubs (statewide)	80 812	30 173	16 237	34 402	qtr 4 2020-21
<i>The project's TEI has increased by \$14.534 million due to the redirection of project output funding for capital purposes.</i>					
Family violence information sharing system reform (statewide)	39 187	8 126	31 061	..	qtr 4 2019-20
Fixated Threat Assessment Centre (statewide)	1 500	750	750	..	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Forensic Mental Health Bed-based Services Expansion (Fairfield)	40 000	3 275	20 000	16 725	qtr 4 2019-20
<i>Cashflow has been revised in line with a revised project schedule.</i>					
Forensic mental health implementation plan – priority service reforms (Fairfield)	5 942	876	5 066	..	qtr 4 2019-20
<i>The project has received additional funding and the TEI has increased from \$3.900 million to support additional work that was identified to improve the Orygen Youth Health intensive care area. The cashflow has been revised in line with a new project schedule.</i>					
Getting Ready for the National Disability Insurance Scheme (statewide)	25 383	17 641	7 742	..	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Goulburn Valley Health redevelopment – planning and development (Shepparton)	171 234	63 349	80 136	27 749	qtr 4 2020-21
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					

	Total estimated investment	Estimated expenditure to 30 Jun 2019	Estimated expenditure 2019-20	Remaining expenditure	Estimated completion date
Grampians Prevention and Recovery Care (PARC) Services (Ballarat)	6 000	647	4 553	800	qtr 4 2020-21
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Health Service Violence Prevention Fund (statewide)	20 000	19 507	493	..	qtr 2 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Joan Kirner Women's and Children's Hospital (St Albans)	200 000	184 897	15 103	..	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule. Construction of the hospital is now complete and is scheduled to open in May 2019.</i>					
Medical equipment replacement program (statewide)	70 000	63 765	6 235	..	qtr 2 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule. Initiative combines programs funded in the 2017-18 Budget and 2018-19 Budget.</i>					
Meeting Ambulance Response Times (statewide)	69 386	34 272	5 000	30 114	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Mental Health and alcohol and other drugs facilities renewal 2017-18 (statewide)	10 000	7 200	2 800	..	qtr 2 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Mental Health and alcohol and other drugs facilities renewal 2018-19 (statewide)	10 000	2 300	7 700	..	qtr 2 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Modernisation of metro public sector residential aged care (Kew)	57 570	29 686	24 498	3 386	qtr 2 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Monash Medical Centre – Expansion and upgrades (Clayton)	71 000	4 457	28 000	38 543	qtr 4 2021-22
<i>The project's TEI has increased from \$63,200 million in last year's budget due to changes to project scope.</i>					
Monash Medical Centre – infrastructure upgrades (Clayton)	12 799	4 920	5 000	2 879	qtr 4 2020-21
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
New Regional Alcohol and Drug Residential Rehabilitation Facilities (regional various)	40 600	..	10 000	30 600	qtr 4 2020-21
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Northern Hospital inpatient expansion – Stage 2 (Epping)	162 672	26 268	50 000	86 404	qtr 1 2021-22
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Out-of-home care residential capacity (statewide)	8 000	2 723	5 277	..	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					

	Total estimated investment	Estimated expenditure to 30 Jun 2019	Estimated expenditure 2019-20	Remaining expenditure	Estimated completion date
Redesign and renovation of out-of-home care properties (statewide)	6 270	4 815	1 455	..	qtr 2 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Reforming clinical mental health services (Melbourne)	40 000	789	12 711	26 500	qtr 4 2022-23
<i>The project's TEI has been reduced by \$8.100 million due to internal reprioritisation. The cashflow has been revised in line with a revised project schedule.</i>					
Regional Health Infrastructure Fund (regional various)	250 000	176 292	73 708	..	qtr 4 2019-20
<i>The project's TEI has been revised to reflect the additional funding of \$50 million provided in the 2018-19 Budget. The cashflow has been revised in line with a revised project schedule.</i>					
Royal Melbourne Hospital – critical infrastructure works (Parkville)	40 000	16 811	11 439	11 750	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Royal Victorian Eye and Ear Hospital redevelopment (Melbourne)	274 557	199 588	61 939	13 030	qtr 2 2021-22
<i>The project's TEI has increased to reflect the additional joint funding between the department and the Royal Victorian Eye and Ear Hospital. The cashflow has been revised in line with a revised project schedule.</i>					
Safe Digital Clinical Systems – Parkville Precinct EMR (Parkville)	123 800	12 222	59 237	52 341	qtr 4 2020-21
<i>Project name changed from Electronic medical records in Parkville (Parkville) published in the 2018-19 budget papers.</i>					
Statewide Child and Family Mental Health Intensive Treatment Centre (statewide)	7 300	55	4 000	3 245	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Sunshine Hospital Emergency Department (St Albans)	29 600	500	14 400	14 700	qtr 4 2021-22
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Supporting demand for ambulance services (statewide)	3 345	650	2 695	..	qtr 2 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
The Alfred Hospital urgent infrastructure (Prahran)	69 500	1 500	10 000	58 000	qtr 4 2023-24
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Footscray Hospital – planning and critical infrastructure (Footscray)	15 000	6 777	8 223	..	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Victorian Heart Hospital (Clayton)	564 000	71 773	72 227	420 000	qtr 2 2022-23
<i>The project's TEI has increased by \$21.000 million to reflect change design requirements by Monash University. The cashflow has been revised in line with a new project schedule.</i>					
Western Health Urgent Infrastructure Works (Footscray and Sunshine)	61 335	27 808	16 803	16 724	qtr 4 2020-21
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					

	<i>Total estimated investment</i>	<i>Estimated expenditure to 30 Jun 2019</i>	<i>Estimated expenditure 2019-20</i>	<i>Remaining expenditure</i>	<i>Estimated completion date</i>
Women's Prevention and Recovery Care (PARC) Service (metropolitan various)	8 400	478	5 563	2 359	qtr 4 2019-20
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Wonthaggi Hospital emergency department expansion (Wonthaggi)	115 000	2 000	30 000	83 000	qtr 4 2022-23
Youth Prevention and Recovery Care Service (metropolitan Melbourne)	11 900	30	4 970	6 900	qtr 1 2020-21
<i>The project's cashflow has been revised in line with a revised project schedule.</i>					
Total existing projects	3 517 168	1 300 069	776 948	1 440 151	
Total Health and Human Services projects	5 605 194	1 300 069	954 762	1 855 363	
Other capital expenditure	na	na	176 912	na	various
Total 2019-20 Health and Human Services capital expenditure			1 131 673		

Source: Department of Health and Human Services