



Victorian Government
Solicitor's Office

All correspondence to:
PO Box 4356
Melbourne VIC 3001 Australia
DX 300077 Melbourne

Your reference:

Our reference: 1900473

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Contact details

Leveasque Peterson
(03) [REDACTED] (direct line)
leveasque.peterson@vgso.vic.gov.au

Alan Mitchell
Partner
Herbert Smith Freehills
Alan.Mitchell@hsf.com

Dear Mr Mitchell

**Questions on Notice for David Martine, Secretary, Department of Treasury and Finance
Royal Commission into Victoria's Mental Health System**

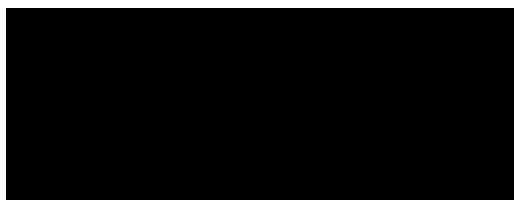
1. We write in relation to the appearance of David Martine, Secretary of the Department of Treasury and Finance, at the Royal Commission hearing on 26 July 2019.
2. During his appearance, Mr Martine took the following questions on notice from Senior Counsel Assisting:
 - 2.1 **Process when there is failure to meet output performance targets:**
What happens in the performance management framework when an output performance target in Budget Paper No. 3 is not met? As an example, what has happened in the case of non-conformance with the performance target in relation to the 24 hour wait time in Emergency Departments for mental health consumers? This target is referred to Mr Martine's statement at paragraph 72.
 - 2.2 **Funding to support the transition to National Disability Insurance Scheme:** Referring to evidence heard by the Commission that from consumers perspectives they perceive themselves to be falling through the gaps and services are not retaining workers and service delivery is being affected. How are the arrangements working in practice to address people slipping through the cracks [referred to in pp 110-111 of the Secretary's statement]?
3. The full questions are set out in the enclosed extracts of the transcript of the hearing (**Attachment 1**).

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4. We have enclosed Mr Martine's written response to these questions (**Attachment 2**).

Please feel free to contact me if you have any questions in relation to the above.

Yours faithfully
Victorian Government Solicitor's Office



Leveasque Peterson
Assistant Victorian Government Solicitor
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Royal Commission into Victoria's Mental Health System

Responses to Questions on Notice to Mr David Martine, Department of Treasury and Finance

Responses to Questions on Notice

Question on notice referring to Mr Martine's statement at paragraph 72 on performance measures in relation to the 24 hour wait time for mental health consumers, what happens in the performance management framework when that measure is not met

The Resource Management Framework is mandated for departments by direction of the Assistant Treasurer in the *Standing Directions 2018 under the Financial Management Act 1994* (Standing Directions).

Under requirement 5.1.2 of the Resource Management Framework, the Accountable Officer of each department is required to submit a bi-annual output performance report (for the six months ending 31 December and the 12 months ending 30 June) to support the department's revenue certification invoice. In this report, the Accountable Officer is required to provide:

- a table listing actual performance compared to target for each output for all performance measures; and
- commentary on any major variances between actual and target output performance.

The Assistant Treasurer decides if any adjustments should be made to the department's revenue certification invoice in the context of actual departmental output performance, and then advises the Treasurer to formally apply the amount of appropriation revenue to be recognised by the department.

Ministers and governments may also consider underperformance and identified drivers in preparing and taking decisions on submissions for new output and asset spending as part of the annual budget process. Underperformance and identified drivers are also considered as part of DTF's advice to government in the budget process.

In addition, the *Financial Management Act 1994* gives the Assistant Treasurer the authority to issue directions in relation to financial administration issues, including Financial Reporting Directions. Requirement 5.3 of Financial Reporting Direction 8D *Consistency of budget and departmental reporting* requires departments to make the following annual report disclosures in their report of operations:

- a comparison of the output targets published in the Budget Papers and actual performance for the portfolio for the corresponding financial year; and
- the reasons for any significant or material variances between the initial output targets and the actual results.

The 2019-20 Model Report for Victorian Departments requires departments to provide an explanation of any variance between output targets and the actual results exceeding 5 per cent or \$50 million (cost measures only), including internal or external factors that caused the variance.

... and are you able to say what has happened in the case of this particular non-conformance with this performance measure in BP3.

The Department of Health and Human Services Annual Report 2017-18 stated '*the result is lower than the target due to high level of demand as people are presenting directly to emergency departments needing an acute inpatient admission*'.

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The 2018-19 Budget provided an additional \$705 million to address mental illness and addiction, including \$232 million to support mental health demand growth and \$101 million to establish six new emergency department mental health crisis hubs, to reduce the pressure on hospital emergency departments.

Question on notice ‘referring to evidence heard by the Commission that from consumers perspectives they perceive themselves to be falling through the gaps and services are not retaining workers and service delivery is being affected. I'm really asking you about how in practice the arrangements are working to address people slipping through the cracks.’

The role of the Department of Treasury and Finance (DTF) in the NDIS arrangements relates to funding matters and interactions with the Commonwealth over funding arrangements.

The programs within the Mental Health Community Support Services (MHCSS) output that are transitioning to NDIS (as identified in paragraph 107 of David Martine’s Witness Statement) have been given ‘defined’ program status by the National Disability Agency (NDIA). This means that existing clients of those programs are expected to be eligible for the NDIS provided they meet age and residency requirements. State-funded psychiatric disability support services delivered through the defined MHCSS programs align with the NDIS psychosocial supports for people with a mental health condition and associated psychiatric disability.

Practical arrangements and impacts of the transition, including those related to the retention of services / workers or service delivery matters, are overseen by DHHS. DTF is aware of a number of measures which have been designed to mitigate the transition risk and for which funding has been provided, either by way of additional allocations through the budget process or allocations by DHHS from existing funding. For example:

- a Supported Access Team exists within DHHS to proactively contact existing MHCSS clients where the NDIA has been unable to contact them, to assist in their transition. This initiative was funded as part of the 2018-19 Budget; and
- numerous disability and community mental health agencies are being provided with grants to adapt their business model to respond to the challenges associated with the transition to NDIS.

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