JULY 2025

Partnerships Addressing Disadvantage

Statement of Intent

VICTORIA State Government | Treasury and Finance

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Where the term 'Aboriginal' is used it refers to both Aboriginal and Torres Strait Islander people. Indigenous is retained where it is part of the title of a report, program, or quotation.

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Contents

Acronyms

Acronym	Meaning
AOD	Alcohol and other drug
CALD	Culturally and linguistically diverse
DH	Department of Health (Victoria)
DJSIR	Department of Jobs, Skills, Industry and Regions (Victoria)
DTF	Department of Treasury and Finance (Victoria)
JDP	Joint Development Phase
LJF	Local Jobs First Policy
PADs	Partnerships Addressing Disadvantage
RCT	Randomised Controlled Trial
RFP	Request for Proposal
SIB	Social Impact Bond
SOI	Statement of Intent
SPF	Social Procurement Framework
VGPB	Victorian Government Purchasing Board

1. A New Partnership Addressing Disadvantage

The Department of Treasury and Finance (DTF) is releasing this document to begin the market sounding process for the Victorian Government's sixth Partnership Addressing Disadvantage (PAD). After internal-to-government consultation with departments and Ministers, DTF has partnered with the Department of Health (DH) and the Department of Jobs, Skills, Industry and Regions (DJSIR) for the market sounding process of this PAD.

PADs have driven innovation in social services and outcome-based funding in Victoria in recent years. This new PAD represents a further opportunity for the Government to partner with the service delivery sector and investors to continue improving outcomes for those who need it most.

1.1 Purpose of this Statement of Intent

This Statement of Intent (SOI) is designed to gauge the sector's interest in partnering with the Government to deliver a PAD and provide feedback on the proposed approach. The key cohorts we are seeking expressions of interest on are:

1. **Culturally and linguistically diverse communities experiencing high youth unemployment, and**
2. **Young people requiring alcohol and other drugs treatment with multiple and complex needs**

The expressions of interest and feedback we receive via responses to this SOI (also referred to as the market sounding process) will inform the formal tendering of the PAD in the subsequent Request for Proposal (RFP) stage.

Following market sounding feedback, the RFP will likely progress with only one of the two identified cohorts and the 6th PAD will address that cohort only. The remaining cohort may become the focus of the 7th PAD.

1.2 How to engage with this Statement of Intent

We are seeking your response to this SOI. Responses can be sent via email to: pads@dtf.vic.gov.au before 5pm Monday 4 August 2025. Please feel free to submit more than one response if you have multiple potential cohorts or program ideas.

There are no length requirements for your response, though we suggest no more than 0.5 – 1 page. As part of an expression of interest, we request you respond to the following questions:

Table 1.2 – Statement of Intent Questions

1	Are you interested in participating in this PAD?
2	What cohort do you propose to support, including any sub cohorts of particular interest (e.g. demographic factors like age, local government area, or users of specific services)? Do you have experience with the cohort?
3	What is the basic program logic associated with the idea? Is it an existing pilot program or a new program?
4	What high level outcomes for participants do you expect your program could deliver? Will it be a higher intensity service aiming to generate a significant change in outcomes for fewer people, or a lower intensity service offered to more people? How do the benefits accrue between the participants, the Victorian government and the Commonwealth?
5	Do you have any specific feedback on Section 3: *Key innovations and lessons learned to be implemented through this PAD*? Please include any experience you have with randomised controlled trials and concerns with this approach.
6	Do you have any other feedback on the proposed approach for the PAD?

The Government is hosting two identical voluntary information sessions during the market sounding process, to give an overview of what PADs are and how we plan to deliver this PAD. Information sessions will be held as follows:

- 1.30-2.30pm, Monday 21 July 2025
- 2.30-3.30pm, Thursday July 2025

If you would like to attend an information session, please email pads@dtf.vic.gov.au by 10am, Monday 21 July 2025, and specify which session(s) you would like to attend. The information sessions will be recorded and placed on the DTF website.

1.3 Disclaimers

Participation in this market sounding process is voluntary and will not form part of the evaluation of submissions to the subsequent RFP. There is no requirement to respond to this SOI prior to making a submission to the RFP.

The SOI is not an offer document and is not intended to give rise to any legal or contractual rights or relationships. No payment will be provided for participation in the market sounding process.

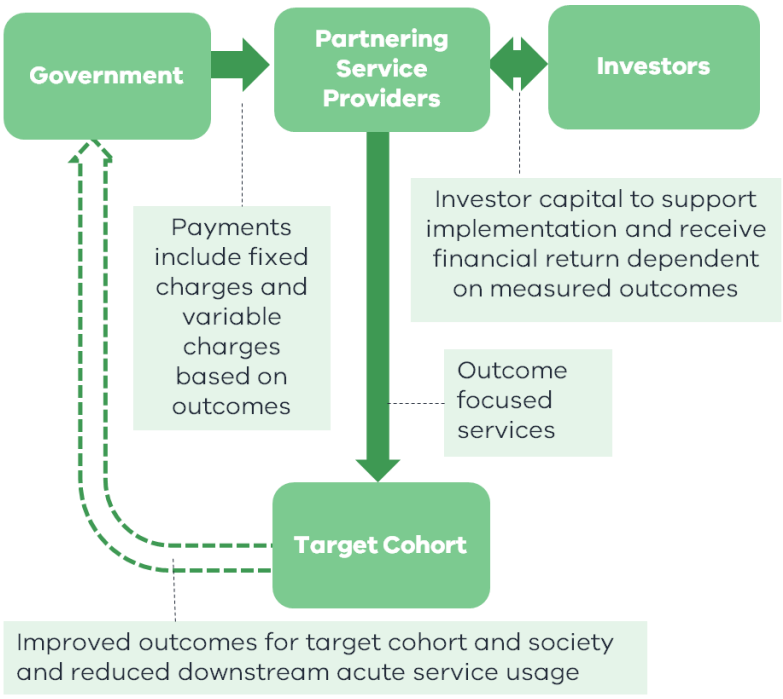
2. What are PADs?

PADs establish partnerships between the Victorian Government, service providers and investors to improve social outcomes for disadvantaged cohorts.

Partnerships across sectors are used worldwide as an innovative way to reduce deep-seated disadvantage and improve outcomes for individuals experiencing vulnerability, while building capability and fostering new approaches in government and the social and community sector. PADs were previously referred to as Social Impact Bonds (SIBs) in Victoria and are a form of social impact investing.

The PADs initiative seeks to emphasise that partnerships are needed to tackle complex problems, combining service provider insights with resources from the public and private sectors to deliver innovative solutions. PADs also recognise the opportunity to develop new investment mechanisms in addition to bonds, such as investments financed through debt, equity and/or philanthropy. The figure below illustrates the key relationships and dynamics of a PAD.

Figure 2: A typical PAD or social impact investment structure



The Government is interested in new approaches to achieve improved social outcomes in partnership with the public, private and not-for-profit sectors, and is open to feedback about how to achieve better outcomes using different social impact mechanisms.

To date, the Victorian Government has worked with service providers and investors to develop and implement five programs using the PADs model:

- **Journey to Social Inclusion (J2SI)**: Sacred Heart Mission delivered a scaled-up version of their J2SI program following a successful pilot. The PAD sought to address chronic homelessness by taking a trauma-informed, relationship and strength-based approach to case management, supplemented by access to rapid housing.
- **COMPASS Leaving Care**: Developed in partnership with Anglicare Victoria and VincentCare, COMPASS delivered a combination of individualised case management, specialist support and housing to improve the overall health, housing and justice outcomes for young people exiting out-of-home care.
- **Living Learning:** Melbourne City Mission delivers a program that provides young people living with a mental health condition and disengaged from traditional schooling, with education and wraparound mental health support.
- **Side by Side**: Delivered by Berry Street and the Victorian Aboriginal Child Care Agency, Side by Side provides student and family support for primary school students, including Aboriginal and Torres Strait Islander students. The program also provides cultural awareness and inclusion training in schools.
- **Arc**: Delivered by Vacro and Social Ventures Australia, Arc provides people leaving prison who are at risk of homelessness, with pre-release and post-release support for up to two years, along with access to housing.

Visit our website for more information on these PADs:
https://www.dtf.vic.gov.au/partnerships-addressing-disadvantage

2.1 Principles for PADs

PADs should demonstrably improve outcomes for Victorians facing social challenges. The Government will be interested in proposals which can demonstrate the following principles.

Clearly define the client group

The issues facing a specific group of individuals need to be clearly articulated and understood. This could be informed through analysis of administrative data and/or broader research.

The particular cohort of individuals needs to be defined and identifiable, with detailed eligibility criteria, and a clear pathway for referral to the program. Eligibility and referral processes need to be transparent, including the provision of evidence that ensures appropriate clients are engaged.

Deliver positive measurable outcomes to individuals

Measuring impact is at the core of PADs. PADs include outcomes that can be measured within 1-2 years and used as the basis to trigger payments ('payable outcomes'), and other outcome metrics to measure meaningful changes in the lives of participants resulting from the intervention.

Outcome data should be clear and reliably available. Outcome measures may be binary, for example if a person is at risk of not completing school, or continuous such as a reduction in service usage intensity. This might include a reduction in acute hospital bed days used, or clinical mental health bed days.

Outcomes should be measured in relation to a clearly defined counterfactual where possible, demonstrating that the intervention is directly responsible for the outcome(s).

Achieve value for money for Government

PADs aim to deliver both social and financial benefits. In addition to the measured social benefits, proposals need to demonstrate a financial return to the Government from the investment over and above the return the Government would have ordinarily received through its core business and service delivery.

The benefit of a successful outcome, measured in financial terms as the net present value of a reduction in service usage by the client group attributable to the intervention i.e. avoided cost to Government, needs to be greater than the Government contributions to the PAD.

Deliver an intervention that is innovative, but with evidence of efficacy

PADs can tackle difficult, multi-dimensional and intractable problems through innovation and trialling new programs and service models.

However, there needs to be sufficient evidence to inform an intervention's design to give the Government, investors, and service providers confidence that there is a reasonable chance of success. The intervention must be supported by evidence that there is a high likelihood of measurable benefits to the participants of the PAD. This could be in the form of a program logic supported by research on successful programs in other parts of the world.

PADs can be based on existing pilot services that are showing early signs of success. Service providers also need to have a demonstrated capability and capacity to provide the described service.

Achieve a fair sharing of risk and return

PADs allow the Victorian Government to share risk with investors, and to ensure risk sits with those organisations better able to mitigate it.

Investors are not expected to take on all financial risk of program failure. A transfer of financial risk to the Government may take the form of a standing charge of up to 50 per cent of program delivery costs, or a capital guarantee of up to 50 per cent of the program delivery costs.

Proposals must clearly set out the financial risk-return profile for each participant of the commercial arrangement.

2.2 Funding the Partnership

The Government seeks to establish a new partnership with up to $12 million (excluding GST) in state funding available.

This funding contributes to the program service costs, which will include:

- standing charges
- outcome payments (including up to the highest level of outcomes achievable)
- allowance for termination and any other contingency payments.

The State can provide up to a maximum of 50 per cent of program costs through standing charges.

The State will separately fund its own transaction costs, as well as the evaluations and research projects that form an integral part of the PAD.

It will be the responsibility of interested parties to fund their own transaction costs associated with responding to market sounding and the RFP, and the State will not be providing bid reimbursement for costs incurred during this stage. However, the State will be prepared to contribute funding to the successful applicant (referred to as the Invitee) upon entering the negotiation phase or Joint Development Phase (JDP) of the project.

The Government is not prescribing how funding is to be allocated within proposals (e.g. between service delivery and capital costs etc.) so long as proposals accord with the PADs principles in section 2.1.

2.3 Capital raising requirements

Proposals require a capital contribution from private investors. Invitees are responsible for the capital raising required to support proposals, and a fair risk sharing arrangement between the Government and investors will need to be included in proposals.

Rates of return will be based on a range of factors, including the:

- investor capital quantum
- service provider's capability and proposed model, and
- consideration of relative returns on other investments.

The Government is not prescribing expected rates of return, however a rate of less than 12 per cent is expected. The ratio between government and investor contributions to the PAD is anticipated to be approximately 50:50.

DTF released a guidance paper to support service providers engage investors and participate in PADs. The guidance paper highlights key steps and considerations in the investor engagement process. It draws on DTF commissioned papers prepared by Social Ventures Australia (an intermediary supporting the Side by Side and Arc PADs) and Anglicare Victoria (a service provider who raised capital in the COMPASS Leaving Care PAD without an intermediary).

Visit the DTF website for the guidance and supporting papers:
https://www.dtf.vic.gov.au/new-partnership-opportunities

3. Key innovations and lessons learned to be implemented through this PAD

This PAD will be the sixth PAD developed in Victoria. As such, we have accrued many learnings on how to develop partnerships and deliver PADs.

The list below details our key learnings to date, feedback from PAD partners and other innovative ideas we are keen to instil into the design of this new PAD. We welcome further feedback and reactions to these from interested parties' expressions of interest via this market sounding process.

3.1 Clearer and more informed outcome measures

Selecting outcome measures that robustly track program performance can be a complex task and is typically a key focus of negotiations through the JDP process.

We have applied various changes to assist interested parties prepare submissions which can better demonstrate **how much** impact their proposals expect to generate. This includes the following:

- **Providing more data and insights around cohorts of interest early in the process.** This PAD is informed by the second and third *Client Pathway* reports, which provide analysis of the cohorts of interest using government linked data. The *Client Pathways* reports can be found on DTF's website: https://www.dtf.vic.gov.au/client-pathways-reports
- **Providing more detail on the outcome focus areas** for the basis of submissions to the RFP (see sections 6.1 and 6.2). Compared to previous PAD market sounding and RFP processes, these sections provide further information on the outcomes of interest, baseline service usage rates and examples of relevant successful programs.
- We understand that **payable outcome measures should not be the only means of measuring the program's performance**. PADs can pilot innovative new programs and as such we are open to a variety of supplementary outcome measures to help assess the program's performance.

As a requirement of this project, estimated **avoided costs to the Victorian Government must exceed government investment in service delivery** (based on DTF modelling).

3.2 Earlier engagement and resources

Insights from consultation with the social sector and the Government have led to improvements, including:

- Scoping of the cohorts. Initial feedback was solicited from the social services sector through DTF's *Future directions for Partnerships Addressing*

Disadvantage in March 2022 on cohorts of interest. This was followed by a Treasurer led expression of interest process within the Government. From a **capability and feasibility** perspective, the PAD will benefit from this early engagement.

- The development and provision of **investor guidance**. See section 2.3 Capital Raising for further details.
- Reducing the administrative burden on interested parties by removing the requirement for **avoided cost modelling** in submissions to the RFP. DTF will prepare the avoided cost modelling it requires based on information collected in submissions to the RFP. Applicants are encouraged to ensure they are submitting well evidenced proposals that have a strong expectation of successful implementation and significant improved outcomes.

3.3 Consider the feasibility of conducting a randomised controlled trial

Previous PADs have used a variety of counterfactuals to support performance measurement, including historical and contemporaneous techniques. Agreeing to and developing the counterfactual methodology is a complex process and is usually a key matter of negotiation during the JDP.

We are seeking to test the feasibility of an RCT as part of this PAD. RCTs offer a high standard of evidence of an intervention's impact by randomly assigning participants to either an initiative or a control group, balancing known and unknown differences between the groups. See section 5.2.1 for further information.

3.4 Scale up opportunities for successful PADs

We have received feedback from previous PAD partners about the uncertain pathways for the potential scale up of successful programs. We will seek to help manage this by aligning service delivery timelines and independent PAD evaluations milestones with the annual state budget process.

The Early Intervention Investment Framework (EIIF) is embedded in the annual budget process and provides a mechanism for the Government to consider and fund evidence-based early intervention proposals. The EIIF provides opportunities for the Government to scale up successful PADs, noting all funding is subject to the Government's consideration.

For more information on the EIIF please visit the DTF website:
https://www.dtf.vic.gov.au/early-intervention-investment-framework

3.5 Swifter contract negotiation timeframes

The negotiation period through the JDP can take an extended period of time as it requires contributions from senior executives from service providers, government service delivery departments and DTF. Outcome measurement and balancing risk sharing in the financial arrangements take all parties time to settle.

Through the last two generations of PADs, we have made great strides in reducing negotiation periods. Some key learnings have demonstrated the importance of:

- front loading data analysis to ensure all parties have an earlier and clearer understanding of suitable outcome measures and available data sets
- utilising set legal templates to support negotiations and provide clear expectations of government requirements (including the Joint Development Phase Agreement, the Implementation Agreement and supporting deed templates)
- broaching non-negotiables at the outset of the JDP process, and bringing state non-negotiables into the market sounding and RFP process (including outcome measure expectations, risk sharing arrangements and cohorts of focus).

4. Process for delivering a PAD

Under the PADs initiative, the Government will develop and implement new investments in partnership with the social services sector, investors, and other participants. The process will involve three stages.

4.1 Market sounding

The market sounding process provides the sector with a voluntary opportunity to provide expressions of interest in the PAD and feedback on the proposed design features. Expressions of interest received in response to this SOI will inform the RFP.

4.2 Request for Proposal

The purpose of the RFP is to elicit proposals for a future PAD and enable the Government to select the best partner to work with to develop the new PAD. To select a partner(s), the Government will assess responses to the RFP against the Evaluation Criteria.

The RFP tendering document will contain much of the information provided in this SOI, subject to changes including feedback on the market sounding and with the expectation of progressing only one of the two policy focus areas.

4.3 Joint development phase

The purpose of the JDP is to complete the development of the PAD. The Government will do this with the Invitee selected through the RFP in a collaborative and respectful manner. The JDP is expected to take around six months, though will depend on the selected proposal and capacity of organisations involved. The aim is to commence the JDP early-to-mid-2026. The JDP will involve the following steps:

1. The JDP Parties (i.e. partners and the Government) agree and sign a JDP Agreement.
2. The JDP Parties negotiate a detailed proposal (including outcomes, measurement plans, and financial arrangements) on a regular (i.e. likely weekly) basis. Senior representatives from the JDP Parties will also be required to attend from time to time.
3. The detailed proposal will only proceed if it is expected to achieve positive outcomes for individuals participating in the intervention, and also achieve value for money for government.

The JDP Agreement enables the State to partner with an Invitee to enter into the JDP process. The current contract template for the JDP Agreement can be found on the DTF website here: https://www.dtf.vic.gov.au/tools-and-resources.

A form of this agreement must be signed by the Invitee to proceed to the JDP. Departures from the standard terms of the template will not be accepted.

Additional financial support may be available for the Invitee as part of the JDP contract to support the negotiation and development of the PAD.

4.4 Implementation

The program, once designed and agreed to by all parties, will be implemented with the support of the relevant government service delivery department.

The template for the Implementation Agreement and other supporting contract templates be found on the DTF website: https://www.dtf.vic.gov.au/tools-and-resources

Departures from the standard terms of the template will not be accepted, however aspects including program specific and financial arrangements will be negotiated.

5. Outcomes

In contrast to traditional pay-for-service government contracts, the outcome-based contracting that is used in PADs partially relies on the measurement of client outcomes to form the basis of payment. Therefore, it is critical that proposals clearly state the intended outcomes of the PAD and the metrics that will be used to demonstrate progress towards them.

5.1 Defining different types of outcome measures

Outcome measures can be grouped into three categories:

- **Payable outcome measures**: Outcomes measures that are linked to payments for the PAD. These must be measurable so that a calculation rule can be constructed for payment that corresponds to improvements in the measure. Payable outcomes must be quantifiable with available data and supported by evidence to provide confidence that the targets are achievable. As the PAD is expected to span approximately six years, proposals need to consider ways to measure payable outcomes in the short to medium term, as well as longer term meaningful social outcomes.
- **Other avoided cost measures**: Other measures that can help demonstrate broader avoided costs for the Government from a proposal, but are not considered for the basis of payments. These must demonstrate a clear link to avoided cost for the Government, be measurable and supported by evidence that identifies relevance to achieving the core outcomes of a program.
- **Supplementary outcome measures**: Other outcomes for individuals and society that do not directly contribute to avoided costs for the Government, such as a program participant's engagement in the community. These outcomes are important for understanding the broader impacts of a program that could be evaluated.

The proposal must select at least one payable outcome measure that is linked to avoided costs so that there is a strong link between the benefits and savings for the Victorian Government in the future. Proposals are to have no more than three payable outcome measures. Consideration to the volatility of measures and program logic will be considered in determining the actual number of payable outcomes. At least one outcome must be a long-term measure, collected at least 12 months after the person has completed the program, and after the program has ceased for later cohorts.

The Government intends to accept payable outcome measures among datasets that are available through integrated data resources supported by the Centre for Victorian Data Linkage (CVDL), unless there is a clear and robust alternative outcome measure and method proposed by an applicant.

Section 6 and Appendix C provide further information on the type of outcome measures the Government is interested in for the cohorts of focus, and existing data sets and resources supporting these.

5.2 Assessing outcomes

Evaluation rigor is important to demonstrate whether the outcomes for program participants can be attributable to the intervention. One of the key focuses of the JDP is to agree on the counterfactual methodology the PAD outcomes will be measured against. Options include establishing:

- **Performance baselines**, which can be updated as new data becomes available. Target outcomes can be collected based on historical data, or through existing literature.
- **Quasi-experimental methods**, which do not require the random assignment of the control and treatment groups. These methods are becoming increasingly well established and can be considered provided they can attribute outcomes to an intervention.
- **Establishing a comparison group that has similar characteristics to the intervention group but does not receive the service**. While this approach aims to minimise the impacts of extraneous variables in the broader environment, it is likely that not all differences can be controlled for in the evaluation. For example, there may be subtle differences between those who are eligible but did not receive the intervention, the complexity of their support needs, their motivation, as well as other individual differences that can't be measured.

5.2.1 Feasibility of a Randomised Controlled Trial

An RCT has not been used as part of a PAD in Victoria. The Government would like to test the feasibility of an RCT as part of this PAD (or for future PADs). An RTC can:

- provide the basis of a counterfactual methodology
- be a tool used to support the independent evaluation of the PAD.

An RCT offers a robust method of testing an intervention's impact by randomly assigning participants to either the intervention group or a control group. This process balances known and unknown factors (confounders) between the groups and guards against selection bias.[1] As a result, the two groups are comparable, and any differences in outcomes can be attributed to the program.[2]

[1] Selection bias is where those who are chosen for a program are different in known and unknown ways to those who do not receive the service.
[2] P. Webb, C. Bain, A. Page., Essential Epidemiology, 4th edition, 2020, Cambridge University Press.

Additionally, in many social services, demand exceeds supply and a mechanism of assigning people to the new program is required. Setting criteria for eligibility then randomly allocating a person to the program helps address this with the benefit of removing selection bias.[3] This increases evidence quality for, or against, the new program.

If an RCT is adopted, results should be assessed on an intention-to-treat basis, however blinding of participants, service delivery providers and evaluators would not be required. DTF may consider appointing an RCT advisor to support DTF with PAD partners to guide the development of an RTC.

6. Preferred policy areas

Two key policy areas are the focus for the new PAD:

- Culturally and linguistically diverse (CALD) communities experiencing high youth unemployment
- Young people requiring alcohol and drug treatment with multiple and complex needs.

One cohort is likely to be selected for the PAD based on feedback collected during the market sounding process. Interested parties are invited to identify sub-cohorts (e.g. people from specific geographic areas, by co-occurring need, gender or people in specific cultural communities) for any proposed programs. Depending on the market sounding feedback, the Government retains the right to ultimately select the PAD cohort as part of the RFP.

This section details the characteristics of the cohorts of focus, the issues they face and the benefits of supporting them.

DTF conducted data analysis on both cohorts, specifically the service usage and outcomes for the groups, through Client Pathways reports:

- *Client Pathways Report 2: Experience of young people seeking AOD treatment in Victoria*
- *Client Pathways Report 3: Young multicultural Victorians at risk of unemployment*

Key elements of the Client Pathways report have been summarised below, though we encourage interested parties to visit the DTF website to access the reports and charts for more information: https://www.dtf.vic.gov.au/client-pathways-reports

[3] G. Johnson, D. Kuehnle, S. Parkinson, S. Sesa, Y. Tseng, Y. Resolving long-term homelessness: A randomised controlled trial examining the 36 month costs, benefits and social outcomes from the Journey to Social Inclusion pilot program, 2014, Sacred Heart Mission, St Kilda.

6.1 Policy area 1 – Culturally and linguistically diverse communities experiencing high youth unemployment

Background information

Culturally and linguistically diverse (CALD) is a broad and inclusive descriptor for communities with diverse language, ethnic background, nationality, dress, traditions, food, societal structures, art and religion characteristics. While the term 'multicultural' is used in the *Client Pathways* report, CALD is the term used by many government and community agencies as a contemporary descriptor for ethnic communities. The precise definition of CALD often differs among Australian epidemiological studies.[4]

This document uses the definition provided by the Ethnic Communities Council of Victoria: CALD people are generally defined as those people born overseas, in countries other than those classified by the Australian Bureau of Statistics (ABS) as 'main English-speaking countries.[5]

The Government intends to be inclusive in the target cohort for the PAD. As well as people born overseas, it may include people who were born in Australia or another English-speaking country but identify as part of a multicultural community (e.g. Māori people in Australia or second-generation Australians).

Victoria is home to one of the most culturally diverse societies in the world and is one of the fastest growing and most diverse states in Australia. Victoria's rich cultural, religious, and linguistic diversity brings many social and economic benefits to the state.[6] However, CALD communities often face unique and intersecting challenges to gaining employment due to language barriers, cultural differences, difficulties gaining recognition of overseas qualifications and social exclusion.[7,8] These needs vary depending on education and work experience, and whether these were obtained in Australia or elsewhere.[9]

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[4] T.T.L. Pham, J. Berecki-Gisolf, A. Clapperton, K.S. O'Brien, S. Liu, and K. Gibson, "Definitions of Culturally and Linguistically Diverse (CALD): A Literature Review of Epidemiological Research in Australia," International Journal of Environmental Research and Public Health, vol. 18, no. 2, 2021, p. 737.

[5] Ethnic Communities' Council of Victoria, "Glossary of Terms", 2012, available at: eccv.org.au/glossary-of-terms.

[6] 'Victoria's cultural diversity', health.vic.gov.au, available at: www.health.vic.gov.au/multicultural-health-action-plan-2023-27/victorias-cultural-diversity.

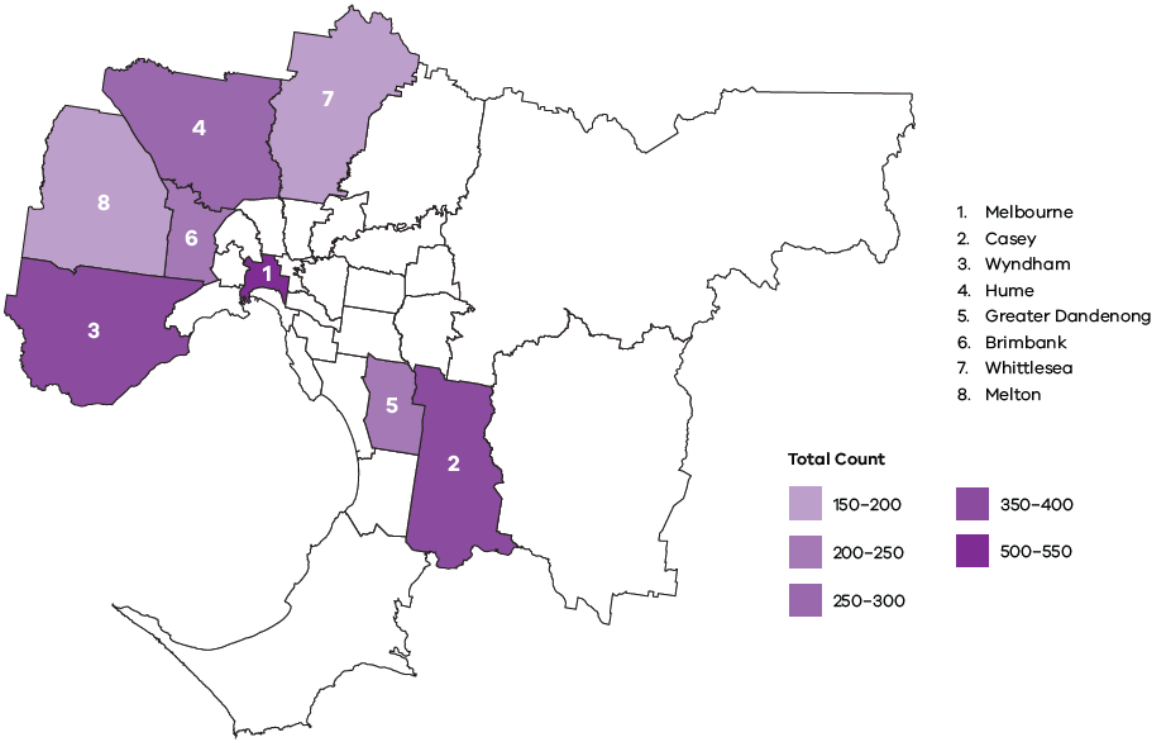
[7] "Inquiry into Migration and Multiculturalism in Australia," Chapter 11, page 190, Parliament of Australia Joint Standing Committee on Migration, 2013, available at: www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=mig/multiculturalism/report.htm.

[8] "Gender equality and intersecting forms of diversity," WGEA, available at: www.wgea.gov.au/gender-equality-and-diversity.

[9] Z. Cheng, B.Z. Wang, L. Taksa, "Labour Force Participation and Employment of Humanitarian Migrants: Evidence from the Building a New Life in Australia Longitudinal Data," J Bus Ethics 168, 2021: 697–720, available at: doi.org/10.1007/s10551-019-04179-8.

DTF analysis found most young people born overseas live in metropolitan Melbourne, and 52 per cent live in eight local government areas (LGAs). Across Victoria, the unemployment rate of non-student young multicultural Victorians was 9.7 per cent, relative to 8.6 per cent for general youth unemployment, and as high as 13 per cent in the Hume LGA. If students are included in the job seekers, 9.7 per cent increases to 15.1 per cent and the general youth unemployment rises to 10.6 per cent (as of July 2024). Figure 6.1.1 shows a breakdown of unemployed CALD youth in the eight LGAs analysed. The LGAs of Melbourne, Casey, Wyndham, Hume and Greater Dandenong showed the highest concentration of youth unemployment among multicultural populations.

Figure 6.1.1: Select LGAs by total 15-25-year-old unemployed multicultural population



Young people from migrant and refugee backgrounds face additional challenges to finding employment due to a lack of prior work experience and less-established bridging networks to assist them in the transition to work.[10] Young people's risk of experiencing long-term exclusion from the workforce is exacerbated through experiences of disadvantage, which can create social and economic barriers to education, training and employment.[11]

[10] W.Kellock. "The Missing Link? Young people from migrant and refugee backgrounds, social capital and the transition to employment," Centre for Multicultural Youth (CMY), 2016, p.30, available at: cmy.wpenginepowered.com/wp-content/uploads/2020/04/TheMissingLink-1.pdf.
[11] Australian Institute of Family Studies, 'Supporting young people experiencing disadvantage to secure work,' aifs.gov.au, 2022, available at: aifs.gov.au/resources/short-articles/supporting-young-people-experiencing-disadvantage-secure-work.

In an evaluation of programs directed at CALD youth, DJSIR found that, due to these barriers, this cohort had a less comprehensive understanding of labour market practices such as recruitment and hiring compared to their Australian born peers.

The financial hardship and stress caused by unemployment have negative impacts on social, physical and psychological wellbeing.[12] This can also be associated with social exclusion through discrimination or stigmatisation, which can cause psychological damage and harm health through long-term stress and anxiety.[13] Moreover, poor health perpetuates the cycle of social exclusion.[14]

The PAD does not prescribe a particular type of program. We welcome all proposals which could include job market navigation supports, skills and apprenticeship supports, or other proposals expected to improve the employment and other outcomes for the cohort and achieve avoided costs to government.

Benefits of supporting the cohort

The advantages of supporting CALD youth into meaningful employment can be seen in the benefits it provides to clients, their families and government.

Supporting clients into employment promotes their social and financial security. This enables them to develop stronger social networks, benefit their physical and mental health through practical and emotional support, and access new networks that help people find work or cope with economic and material hardship.

Being employed increases life expectancy, generates better health and wellbeing for individuals and improves social cohesion.[15,16] In turn, employment as an early intervention can reap the benefits of avoided costs to government in several areas, such as:

- mental health related services
- hospital and patient care
- interactions with the justice system
- reliance on public housing
- alcohol and other drug services

[12] Australian Institute of Health and Welfare, 'Social determinants of health,' *aihw.gov.au*, 2024, available at: www.aihw.gov.au/reports/australias-health/social-determinants-of-health.
[13] ibid.
[14] "Social Exclusion Monitor," *Brotherhood of St. Laurence*, available at: www.bsl.org.au/research/our-research-and-policy-work/social-exclusion-monitor.
[15] S. Assari, "Life Expectancy Gain Due to Employment Status Depends on Race, Gender, Education, and their Intersections," *J Racial Ethn Health Disparities*, vol.5, no.2, 2017, page 375-386, available at: www.ncbi.nlm.nih.gov/pmc/articles/PMC6392452
[16] Centre for Multicultural Youth, "Making it work: Refugee young People and Employment", 2014, available at: cmy.wpenginepowered.com/wp-content/uploads/2021/05/CMY-Making-it-Work.pdf.

Defining the target cohort: Culturally and linguistically diverse communities experiencing high youth unemployment

The analysis below covers employment outcomes as well as Victorian Government service use for all young Victorians, young Victorians born overseas, and those living in the eight select LGAs in figure 6.1.1.

For the purposes of the PAD, 'communities' is a broad term that can encompass a specific region, precinct, suburb or smaller areas (e.g. those living in public housing). Place based approaches will be highly regarded, acknowledging that they may be able to tailor responses to more specific CALD young people in a specific region, area or community.

Defining outcomes

For the cohort of CALD communities experiencing high youth unemployment, the Government is interested in outcomes across health, mental health, justice, youth justice, homelessness, alcohol and drugs, and employment.

Table 6.1.2 provides a list of preferred outcome metrics that are available within the Victorian Government linked data. These outcome metrics are selected based on the following considerations:

- service data is well-defined and can be readily adapted into calculation rules for outcome payments
- a reasonable portion of the target cohort is expected to use the services in lieu of the intervention
- whether the target cohort is at greater risk of accessing or requiring these services than the general population.

The table presents the average service use across key government services by this cohort in the 2022 calendar year only, the most recent year of data available at the time of analysis.

Average service use aims to provide a broad indication of baselines to inform outcome measure development and is not designed to be a precise representation of the intended target cohort. For example, it is possible that the target cohort will reside in select areas within these LGAs, and not be limited to people born overseas only.

DJSIR employment service usage or employment related Commonwealth data do not currently feature in the Victorian Government linked data sets. The Government will still entertain employment focused outcome measures where a submission details a robust approach supporting its measurement, with clear data collection processes and sound evidence supporting target setting.

Some further key considerations in interpreting the analysis below is as follows:

- The baseline service usage research is intended to provide an anchoring point for organisations seeking to prepare a PAD proposal and setting program outcomes. Further analysis will be undertaken with the Invitee during JDP process that is specific to the target cohort of the proposal.
- Baselines should not be interpreted as a true reflection of demand for services and prevalence of need. Baselines are informed by the number of services delivered and are impacted by the availability of services.
- The 'target improvement research' helps to provide an indication of the outcomes of other initiatives based on existing research and evaluations. Please note that these initiatives do not fully match the targeted cohort for this PAD and that many different evaluation methods were used (e.g. some evaluations used a control group counterfactual methodology while others did not).
- In some instances, we acknowledge that an increase in service use may reflect a positive outcome. For example, a program which provides client referrals to other supports including health services, may increase a client's short-term use of health services.
- Data used in the mapping of CALD youth distribution, socio-economic disadvantage and unemployment uses the ABS's latest census data from 2021.

Table 6.1.2: Average service use for 15-25-year-old Victorians, born overseas, living in the eight select LGAs in figure 6.1.1

Portfolio area	Outcome metric	Average service use in 2022	Research on expected target improvements among successful programs
Health	Emergency department presentations (count)	0.37 – 0.62	A study of individual placement and support employment programs for people with severe mental illness found that working for 90 days reduced the odds of being hospitalised in the final 6 months of the study by 18%.[17] 2001 study on delivering community mental health services through Vietnamese bilingual staff reported:[18] • **42% reduction** in hospital stay length for bi-lingual case management, from median stay of 27.8 days to 16.2 days • **66% reduction** in annual hospital stay length for those receiving Vietnamese case management, from median 34.2 days to 11.5 days • **41% reduction** in hospital admissions for those receiving Vietnamese case management, from 1.7 to 1.0 stays.
Mental health	Acute clinical mental health bed days	0.16 – 1.76	The final evaluation for Headspace reported that **22.7% of participants** experienced a clinically significant reduction or a reliable reduction to their psychological distress.[19] The evaluation is based on Headspace's national network of centres which provides enhanced primary care services to young people aged 12 to 25 with mild to moderate mental health problems.
Justice	Police interaction – offender (count)	0.01 – 0.13	The NSW Changing Habits and Reaching Targets program indicated a **32% reduction** to the risk of offending for those who completed the program versus those that did not, based on their respective hazard ratios of 1 and 1.48.[20] The Changing Habits and Reaching Targets program provides case work to young people to reduce re-offending.

[17] T. Burns, J. Catty, S. White, T. Becker, M. Koletsi, A. Fioritti, W. Rössler, T. Tomov, J. van Busschbach, D. Wiersma, C. Lauber, "The impact of supported employment and working on clinical and social functioning: results of an international study of individual placement and support," Schizophrenia Bulletin, vol. 35, no. 5, 2009, 949-958, available at: doi: 10.1093/schbul/sbn024.
[18] S. Ziguras, Evaluation of the Bilingual Case Management Program in Community Mental Health Services, Melbourne, 2001, available at: www.semanticscholar.org/paper/Evaluation-of-the-Bilingual-Case-Management-Program-Ziguras/f8ea3a8beabf31d3aa317abc695c1ee426f10d2e.
[19] UNSW, Is Headspace Making a Difference to Young People's Lives? – Final Report of the Independent Evaluation of the Headspace Program, 2015, p. 4, available at: bcec.edu.au/assets/2016/09/Evaluation-of-headspace-program.pdf.
[20] J. Nastaly, "Program Attrition Among Juvenile Justice-Involved Youth and Its Relationship with Reoffending Outcomes from the Changing Habits and Reaching Targets (CHART) Program," 2019, p.103, available at: unsworks.unsw.edu.au/entities/publication/425dc333-86ae-418a-ad97-a2c8138326a7/full.

Portfolio area	Outcome metric	Average service use in 2022	Research on expected target improvements among successful programs
	Corrections custody (non-remand) days	0 – 1.71	The Victorian Embedded Youth Outreach Program (EYOP) indicated a 9% reduction in the annual rate of offending in EYOP clients with a history of offending following intervention, compared to a 38% increase in the annual rate of offending in a matched cohort over the same time period.[21] EYOP pairs a police officer with a youth worker to provide after-hours assistance to young people with complex issues that come into contact with police. The Victorian Youth Crime Prevention Grant (YCPG) program indicated **a 28.2 percentage point reduction** in re-offending rate post program based on pre and post program offending rates of 92.6% and 64.4% respectively.[22] YCPG funded 15 projects targeting a range of cohorts utilising different approaches.
	Youth justice custody days	0 – 2.17	
Homelessness	Homelessness accommodation nights (including short, medium and long-term accommodations)	0.8 – 6.19	The 2015 evaluation of a US 'independent living' program for young adults in need showed that program group members were 6.1 percentage points less likely to have been homeless at some point in the year (21.1%) compared to the control group (27.2%).[23]
	Homelessness support period days	2.21 – 11.56	

[21] Centre for Forensic Behavioural Science, Executive Summary – Embedded Youth Outreach Program Evaluation, 2020, p. 33, available at: EYOP final report Exec Summary 2020_09_24.pdf (police.vic.gov.au).
[22] Victorian Department of Justice and Community Safety, Youth Crime Prevention Grants Program Evaluation – Final Report, 2022, p. 72, available at: www.crimeprevention.vic.gov.au/grants-and-programs/youth-crime-prevention-program/youth-crime-prevention-grants-program-evaluation.
[23] Manpower Demonstration Research Corporation, Becoming Adults: One-Year Impact Findings from the Youth Villages Transitional Living Evaluation, 2015, p. 61, available at: papers.ssrn.com/sol3/papers.cfm?abstract_id=2609362.

Portfolio area	Outcome metric	Average service use in 2022	Research on expected target improvements among successful programs
Unemployment	There is currently no Victorian Government linked data on employment/unemployment services. Baseline information will be subject to additional analysis based on cohorts/regions chosen for the PAD, and we anticipate that outcomes data will be collected by the program.		Evaluation of the NSW youth employment program Sticking Together Project (STP) reported:[24] • **40%** of STP participants found employment. • **45%** of the NSW Youth Employment Innovation Challenge (YEIC) participants found employment. • **27%** of the Smart, Skilled and Hired Youth Employment Program (SSHYE) participants found employment compared to **18%** in a comparison group. An Argentinian youth employment social impact bond (SIB) reported employment rates ranged between **14%** (144 people maintained their job for 12 months) **and 32%** (319 people entered the labour market) based on 1000 participants.[25] Preliminary results for a Finnish SIB reported more than **50%** of participants who have completed training have found employment.[26] This SIB aims to provide jobs for 2,500 migrants.

[24] Urbis, *Evaluation of The Sticking Together Project*, Final Report, Prepared for NSW Department of Education, 2023, p. 30, available at: www.nsw.gov.au/sites/default/files/2023-10/Sticking%20Together%20Project%20Evaluation%20-%20Final%20Report.pdf.
[25] Proyectá tu futuro – Buenos Aires Youth Employment Social Impact Bond, 2023, available at: golab.bsg.ox.ac.uk/knowledge-bank/case-studies/improving-employability-buenos-aires/#intro-the-impact.
[26] Kotouttamisen (KOTO) Social Impact Bond, 2022, available at: golab.bsg.ox.ac.uk/knowledge-bank/case-studies/kotouttamisen-koto-social-impact-bond/#intro-the-impact.

Existing service offering

The PAD should complement a range of universal and targeted services the Victorian Government already provides to this cohort. Proposals should focus on innovative approaches that address service gaps rather than duplicate existing services.

Jobs Victoria Mentors

Jobs Victoria Mentors support people who face significant employment barriers in the locations where it is most needed, delivering support that is tailored to the needs of local communities. Mentors provide personalised pre-employment support, links to training or skills development, and help to manage other barriers such as mental health and transport. Mentors can also provide support for six months once participants have started working in a job.

Work and Learning Centres (WLC)

WLCs provide targeted employment support, with a focus on jobseekers who are accessing public or social housing, have precarious accommodation arrangements or are on waiting lists to access housing support. WLC sites were chosen due to their high concentration of public housing and community disadvantage, including high levels of unemployment.

Youth Employment Scheme (YES)

YES was established to address youth unemployment for priority cohorts by offering traineeships across the public sector. YES focuses on young people facing barriers to employment prioritising traineeships for young people who are Aboriginal, from CALD backgrounds or who have a disability. To be eligible for this program, a young person must not hold a university level qualification.

Learn Locals

Learn Locals are adult community education providers, offering programs at over 200 locations, in a safe and inclusive learning environment. Programs include digital literacy, reading, writing, English, digital skills and more. The programs include coordinated partnerships and pathways to TAFE which are a core element of the Adult, Community and Further Education Board Strategy 2020-2025 and supported by projects with a range of adult community education providers that have a strong record in engaging adults with low prior education and helping them progress to further education and training or a job. Learn Locals funding includes support for the establishment of a Multicultural Learning Partnership to support project activity focused on improving core skills awareness and engagement for CALD communities.

Skills and Jobs Centres

Skills and Jobs Centres offer free career, employment and training support services. There are no requirements to qualify for support from Skills and Jobs Centres. New immigrants or refugees are able to use this service.

Through these initiatives Victoria aims to address gaps in the services and support provided by the Australian Government, who have primary responsibility for employment and social services. Supports offered by the Australian Government include Jobseeker, Rent Assistance, the Energy Supplement, Workforce Australia, Transition to Work, Disability Employment Services and Healthcare Card Concessions.

6.2 Policy area 2 – Young people requiring alcohol and other drugs treatment with multiple and complex needs

Background information

Victorian youth AOD clients with serious substance use problems often experience co-occurring psychosocial issues, such as a mental illness, disengagement from school or work and homelessness.[27] This is reflective of the dynamic economic and social factors, including disadvantage and trauma, that influence the uptake of alcohol and drugs.[28]

The social determinants of health have a complex relationship with the development of AOD use and co-occurring mental health issues. Some factors that can lead to increased vulnerability include disconnection through unemployment, family or peer drug use, involvement in child protection, disengagement from the school system, prior trauma and poverty.[29,30,31]

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[27] J. Kutin, A. Bruun, P. Mitchell, K. Daley, and D. Best, Snapshot: *SYNC Results: Young people in AOD services in Victoria. Summary Data and Key Findings* (Melbourne: Youth Support + Advocacy Service, 2014, available at: yodaa.org.au/sites/default/files/SNAPSHOT_StatewideYouthNeedsCensus.pdf.

[28] S. Kwon, J. Kim, Y. Lee, et al., "The Impact of COVID-19 on Mental Health: A Study of Anxiety and Depression Among University Students," *Journal of Affective Disorders*, vol. 276, 2020: 110–117, available at: pubmed.ncbi.nlm.nih.gov/32034568

[29] K. E. Champion, E. L. Barrett, T. Slade, M. Teesson, and N. C. Newton, "Psychosocial Factors Associated with Adolescent Substance Use: A Longitudinal Investigation," Advances in Dual Diagnosis, 10, no. 4, 2017: 142–54.

[30] J. Kelly, R. Harrison, and A. Palmer, "Trauma and Youth Alcohol and Drug Use. Findings from a Youth Outpatient Treatment Service," Journal of Applied Youth Studies, 2016, p 58–76.

[31] "Identifying Risk Factors," Alcohol and Drug Foundation, accessed September 19, 2022, adf.org.au/resources/health-professionals/aod-mental-health/identifying-risk-factors.

Populations that are at the greatest risk of experiencing co-occurring mental health and AOD issues include Aboriginal and Torres Strait Islander People, LGBTQIA+ people and young people with a refugee background.[32,33] Young people with mental health issues use AODs more frequently and more often use multiple substances compared to young people who do not have a mental health problem.[34]

The overlap in demand between youth justice supervision and alcohol and other drug (AOD) treatment services has been captured by an Australian Institute of Health and Welfare study. Young people aged 10–17 who received an alcohol and other drug treatment service were 30 times more likely than the Australian population to be under youth justice supervision.[35] Similar findings are captured in the 2022-23 Victorian Youth Parole Board's annual report[36] which showed that:

- 82 per cent of young offenders had a history of use or misuse of drugs
- 67 per cent had a history of use or misuse of alcohol, and
- 68 per cent are accessing mental health support in relation to their diagnosed mental illness.

A DH commissioned study found that while the majority of young people benefited from AOD services, close to one in eight did not improve or substance use problems continued to escalate. This group had ongoing issues with social functioning and family relationships, as well as low levels of engagement in meaningful activities. These results reflect the additional challenges that young people experiencing psycho-social issues face when accessing treatment.

For people experiencing co-occurring AOD and mental health conditions, there is a risk that they will not receive treatment for the problem that is perceived to be secondary or less severe.[37] If this occurs, and treatment is not received for an issue, it reduces the likelihood of treatment benefits being sustained.[38]

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[32] Ibid.
[33] M. Posselt, N. Procter, C. Galletly, and C. Crespigny, "Aetiology of Coexisting Mental Health and Alcohol and Other Drug Disorders: Perspectives of Refugee Youth and Service Providers," Australian Psychologist, 50, no. 2, 2015, 130–40.
[34] N.Guerin and V. White, ASSAD 2017 Statistics & Trends: Australian Secondary Students' Use of Tobacco, Alcohol, Over-the-Counter Drugs, and Illicit Substances, 2nd ed. (Melbourne: Cancer Council Victoria, 2020); and J. Halladay, R. Woock, H. El-Khechen, C. Munn, J. MacKillop, M. Amlung, et al., "Patterns of Substance Use Among Adolescents: A Systematic Review," Drug Alcohol Depend, 2020, 108222.
35 AIHW, Overlap Between Youth Justice Supervision and Alcohol and Other Drug Treatment Services: 1 July 2012 to 30 June 2016, Cat. no. JUV 126 (Canberra: AIHW, 2018).
36 State of Victoria, Department of Justice and Community Safety, Youth Parole Board Annual Report 2022–23, October 19, 2023.
37 C. Marel, K. Mills, R. Kingston, K. Gournay, M. Deady, F. Kay-Lambkin, et al., Guidelines on the Management of Co-occurring Alcohol and Other Drug and Mental Health Conditions in Alcohol and Other Drug Treatment Settings, 2nd ed. Sydney, Australia: Centre of Research Excellence in Mental Health and Substance Use, National Drug and Alcohol Research Centre, 2016, University of New South Wales.
38 M. Cleary, G. E. Hunt, S. Matheson, and G. Walter, "Psychosocial Treatments for People with Co-occurring Severe Mental Illness and Substance Misuse: Systematic Review," Journal of Advanced Nursing, 65, no. 2, 2009, p: 238-58.

In some cases, a young person might seek treatment for one issue, before receiving treatment for the other (sequential approach). In other cases, they may receive treatment for both issues from different services, which sometimes can be difficult to sustain (parallel approach).[39]

Sequential and parallel approaches do not adequately address the interconnectedness of mental health and substance use issues. Additionally, through promoting the involvement of multiple services and clinicians, these approaches place a greater burden on the individual, and their support networks.[40]

Box 1: Current service access for young people with cooccurring needs.

AOD: The AOD catchment-based intake function supports client pathways to all Victorian AOD services, inclusive of youth. Intake providers offer services to people aged 16 years and older. Young people aged up to 25 years are offered the choice to attend a youth AOD service, as appropriate. Youth services accept referrals from catchment-based intake services as well as self-referrals and direct referrals from other services, including child protection, out-of-home care providers and youth justice providers.

Youth Justice: Young people who are not in the custody of youth justice access DH-funded AOD services. Those in custody are assessed for immediate issues at the time of admission into custody and receive AOD supports in custody.

Mental Health and Wellbeing System: Young people can expect to receive integrated treatment care and support in the reformed Infant, Child and Youth Area Services with a service stream for young people aged 12-25 years. However, more than two thirds of young people do not seek help from mental health services when it is needed, especially if their problem is AOD use.[41]

39 C. Marel, K. L. Mills, R. Kingston, K. Gournay, M. Deady, F. Kay-Lambkin, et al., Co-occurring Alcohol and Other Drug and Mental Health Conditions in Alcohol and Other Drug Treatment Settings (Sydney, Australia: Centre of Research Excellence in Mental Health and Substance Use, National Drug and Alcohol Research Centre, University of New South Wales).

40 Headspace, 'Part 1: why are integrated interventions recommended?' Headspace, Melbourne, 2021, p.3, accessible at: headspace.org.au/assets/Reports/Integrated-Treatment-Evidence_Part-1.pdf.

41 N. J. Reavley, S. Cvetkovski, A. F. Jorm, and D. I. Lubman, "Help-seeking for Substance Use, Anxiety and Affective Disorders Among Young People: Results from the 2007 Australian National Survey of Mental Health and Wellbeing," Australian and New Zealand Journal of Psychiatry, 44, no. 8, 2010, p:729-35.

Evidence on integrated models

Integrated models of care aim to address the complexity of navigating multiple services as they involve the simultaneous treatment of a person's AOD use and mental health by a single service.[42] An integrated model of care for addressing co-occurring mental health and AOD issues is the approach recommended by State,[43,44] Australian[45] and international[46] government bodies, and by AOD and youth mental health experts and organisations.[47,48]

Systematic reviews of empirical studies generally report that clients receiving integrated care report improved AOD and/or mental health outcomes[49,50,51] and higher satisfaction with treatment than clients receiving standard treatment.[52] Similarly, randomised trials evaluating the effectiveness of the integration of AOD and medical care have found higher rates of abstinence from AOD without adding significant additional costs among clients receiving integrated care.[53]

Benefits of supporting the cohort

Supporting young people requiring AOD treatment with multiple and complex needs provides benefits to individuals, their families and government.

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[42] NHMRC Centre of Research Excellence in Mental Health and Substance Use, Models of Care, 2024, available at: comorbidityguidelines.org.au/b6-approaches-to-cooccurring-conditions/models-of-care.
43 Victorian Department of Health and Human Services, Dual Diagnosis: Key Directions for Service Development, 2024, available at: www.health.vic.gov.au/publications/dual-diagnosis-key-directions-for-service-development.
44 State of Victoria, Department of Health, Integrated treatment, care and support for people with co-occurring mental illness and substance use or addiction: Guidance for Victorian mental health and wellbeing and alcohol and other drug services, July 2022, available at: www.health.vic.gov.au/mental-health-reform/recommendation-35#learn-about-how-the-guidance-will-inform-other-reform-work.
45 National Centre for Education and Training on Addiction (NCETA) Consortium, Alcohol and other drugs: a handbook for health professionals, Canberra, ACT: Australian Government Department of Health and Ageing, 2004.
46 J. Richardson and C. Ingoglia, Bridging the Addiction Treatment Gap: Certified Community Behavioural Health Clinics, Washington, DC: National Council for Behavioural Health, 2018.
47 A. Yule and J. F. Kelly, "Integrating Treatment for Co-occurring Mental Health Conditions," Alcohol Research, vol.40, no. 1, 2019: 07.
48 D. I. Lubman, L. Hides, and K. Elkins, "Developing Integrated Models of Care within the Youth Alcohol and Other Drug Sector," Australasian Psychiatry, 16, no. 5, 2008: 363-6.
49 R. E. Drake, E. L. O'Neal, and M. A. Wallach, "A Systematic Review of Psychosocial Research on Psychosocial Interventions for People with Co-occurring Severe Mental and Substance Use Disorders," Journal of Substance Abuse Treatment, vol.34, 2008: 123–38.
50 M. Donald, J. Dower, and D. Kavanagh, "Integrated versus Non-integrated Management and Care for Clients with Co-occurring Mental Health and Substance Use Disorders: A Qualitative Systematic Review of Randomised Controlled Trials," Social Science & Medicine, vol.60, 2005: 1371–83.
51 J. Morgenstern, A. Hogue, S. Dauber, C. Dasaro, and J. R. McKay, "A Practical Clinical Trial of Coordinated Care Management to Treat Substance Use Disorders Among Public Assistance Beneficiaries," Journal of Consulting and Clinical Psychology, 77, 2009: 257-69.
52 S. J. Schulte, P. S. Meier, and J. Stirling, "Dual Diagnosis Clients' Treatment Satisfaction - A Systematic Review," BMC Psychiatry, vol.11, 2011: 1.
53 C. Weisner, J. Mertens, S. Parthasarathy, C. Moore, and Y. Lu, "Integrating Primary Medical Care with Addiction Treatment: A Randomized Controlled Trial," JAMA, vol.286, 2001: 1715–23.

This impact was seen in studies using linked data from participants in the New South Wales Program for Adolescent Life Management – a program that provides three months of residential rehabilitation for young people aged 13-18. It was found that criminal conviction trajectories improved for those with multiple convictions prior to treatment.[54] Additionally, significantly lower rates of hospitalisation for physical injury, mental health problems, substance use disorder and organic illness were found in the years after treatment.[55]

Supporting this cohort will likely reduce demand across various services, including the criminal justice and healthcare systems. The long-term benefits of supporting this cohort also include a lower likelihood of young people requiring AOD services as adults and improved educational attainment and labour market outcomes.[56]

The PAD does not prescribe a particular type of AOD treatment intervention, but notes that interventions that respond to co-occurring needs through holistic care and support will be highly regarded.

Defining target cohort: Young people requiring alcohol and drug treatment with multiple and complex needs

This cohort of focus is defined as young people between 12-25 years old that have substance use concerns and multiple and complex needs. These needs can include, but are not limited to mental health needs, justice system engagement, family violence and/or family reunification needs.

Defining outcomes

For this cohort, the Government is interested in targeting improved outcomes across health, mental health, justice, youth justice, homelessness and education engagement.

Table 6.2.1 below provides a list of preferred outcome metrics that are available within Victorian Government linked data. The metrics are selected based on the following considerations:

- The service data is well-defined and can be readily adapted into calculation rules for outcome payments.
- A reasonable portion of the target cohort is expected to use the services in lieu of intervention.
- The target cohort is at greater risk of accessing or requiring these services than the general population.

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[54] T. Whitten, J. Cale, S. Nathan, S. Bista, M. Ferry, M. Williams, P. Rawstorne, and A. Hayen, "Hospitalisation Following Therapeutic Community Drug and Alcohol Treatment for Young People with and without a History of Criminal Conviction," Drug and Alcohol Dependence, vol.231, 2022: 109280, available at: doi.org/10.1016/j.drugalcdep.2022.109280.

[55] ibid.

[56] Department for Education, The Impact of Parental Involvement, Parental Support and Family Education on Pupil Achievement and Adjustment: A Literature Review, Research Report RR433, 2003: 80, available at: assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/197952/DFE-RB087.pdf.

The table presents the average service use across key government services in 2019 and the average service use overtime per year per person between 2019 and 2022.

We acknowledge that the details of the target cohort for each proposal will differ. This analysis looks at a range of potential cohort complexities to provide a broad idea of what baseline outcomes may look like for cohorts of different characteristics and social disadvantages. The different cohorts analysed include those who are aged between 12 and 25 and:

- accessed AOD services for the first time in 2019, and identified as male and female
- accessed AOD services for the first time in 2019 and have used clinical mental health services (including those delivered in the community) previously
- accessed AOD services for the first time in 2019 and interacted with the justice system (as an offender) previously.

Some further key considerations in interpreting the analysis in Table 6.2.1 are as follows:

- The baseline service usage is intended to provide an anchoring point for organisations seeking to prepare a proposal for the RFP in setting the program outcomes. Further analysis will be undertaken with the Invitee during JDP that is specific to the target cohort of the proposal.
- The 'target improvement research' helps to provide an indication of the outcomes of other initiatives based on existing research and evaluations. Please note that these initiatives do not fully match the targeted cohort for this PAD and that many different evaluation methods were used.
- In some instances we acknowledge that an increase in service use may reflect a positive outcome. For example, a program which provides client referrals to other supports including health services, may increase a client's short-term use of health services.
- For data completeness, 2019 is chosen as the base year given the AOD data collection was updated in 2018 and older data is difficult to compare with post-2019 data. Due to the lag between data collection and when it is available in the linked dataset, some data is not available post-2022.
- The target cohort of the analysis appears within the Victorian Alcohol and other Drug Collection dataset. This excludes prisons and correctional based AOD treatment services.

Table 6.2.1: Average service use for 15-25 years old that have substance use concerns and multiple and complex needs

Portfolio area	Outcome metric	Baseline service use in 2019	4-year average between 2019 – 2022	Cohorts that are likely to experience high baseline	Research on expected target improvements among successful programs
Health	Emergency department presentations (poisoning)	0.12 – 0.29	0.06 – 0.15	Co-occurring mental health needs	2023 NSW study on the impact of a short-term residential program for drug and alcohol use on young people indicated reduced hospitalisation ranging between **22 to 42 per cent** (based on hazard ratio ranging from 0.58 to 0.78 for Comparison 1).[57]
	Acute admitted services – other (episodes of care) ('other' = not for maternity or preventable conditions)	0.23 – 0.57	0.17 – 0.38 Average is based on 2019 – 2021. 2022 data unavailable	Co-occurring mental health needs	
Mental health	Emergency department presentation (psychiatric) (count)	0.20 – 0.74	0.10 – 0.43	Co-occurring mental health needs Female cohort	A 2015 UNSW study on the impact of headspace services on young people found that **22.7% of participants** experienced a clinically significant reduction or a reliable reduction to their psychological distress.[58]

[57] T. Whitten, J. Cale, S. Nathan, J. Hayen, M. Williams, M. Shanahan and M. Ferry, 'Duration of stay and rate of subsequent criminal conviction and hospitalisation for substance use among young people admitted to a short-term residential program', vol 42, no.6, 2023:1450-1460, available at: researchoutput.csu.edu.au/en/publications/duration-of-stay-and-rate-of-subsequent-criminal-conviction-and-h.
[58] UNSW, Is headspace making a difference to young people's lives? – Final report of the independent evaluation of the headspace program, October 2015, p. 4.

Portfolio area	Outcome metric	Baseline service use in 2019	4-year average between 2019 – 2022	Cohorts that are likely to experience high baseline	Research on expected target improvements among successful programs
	Clinical mental health – acute (nights)	1.34 – 6.39	1.24 – 3.61		A 2018 review of 10 studies which assessed the impact of early intervention services on adolescents and adults with first episode psychosis indicated the following:[59] • **24% reduction** in the risk of psychiatric hospitalisation (risk of at least 1 psychiatric hospitalisation of 32.3% for early intervention services and 42.4% for treatment-as-usual) • **31% reduction** in the number of psychiatric hospitalisations (mean hospitalisation of 0.41 for early intervention services and 0.59 for treatment-as-usual) • **30% reduction** in the number of inpatient days (mean number of bed days of 21.20 for early intervention services and 30.41 for treatment-as-usual) The 2019 evaluation of the Communities That Care program indicated **reductions of up to 10%** to hospital admissions for youth aged 10 to 19.[60] The program aimed to improve mental health and reduce youth injury risk factors including alcohol and drug use.
Justice	Police interactions – offender (count)	1.58 – 3.65	0.87 – 2.02	Previously accessed justice services. Male cohorts	2004 evaluation of the pilot NSW youth drug court indicated participants experienced a **14 percentage point reduction** in recidivism based on recidivism rate of 57% (16/28) for graduated individuals and 71% (29/41) for terminated individuals.[61]

[59] C. U. Correll, B. Galling, A. Pawar, et al., "Comparison of Early Intervention Services vs Treatment as Usual for Early-Phase Psychosis: A Systematic Review, Meta-analysis, and Meta-regression," JAMA Psychiatry, 75, no. 6, 2018: 555-565, available at: pubmed.ncbi.nlm.nih.gov/29800949.

[60] J. Berecki-Gisolf, B. Rowland, N. Reavley, B. Minuzzo, and J. Toumbourou, "Evaluation of Community Coalition Training Effects on Youth Hospital-admitted Injury Incidence in Victoria, Australia: 2001–2017," Injury Prevention, 26, no. 5, 2020: 439-445, available at: www.ncbi.nlm.nih.gov/pmc/articles/PMC7513265.

[61] T. Eardley, J. McNab, K. Fisher, S. Kozlina, J. Eccles, and M. Flick, Evaluation of the New South Wales Youth Drug Court Pilot Program: Final Report, 2004, p.62, dx.doi.org/https://doi.org/10.26190/unsworks/293.

Portfolio area	Outcome metric	Baseline service use in 2019	4-year average between 2019 – 2022	Cohorts that are likely to experience high baseline	Research on expected target improvements among successful programs
	Corrections custody (non-remand) days	0.72 – 19.26	1.28 – 12.51		2004 evaluation for the Family Integrated Transition (FIT) program reported a **13 percentage point reduction** in the proportion of offenders re-convicted within 18 months of release (41% for comparison group and 27% for FIT participants).[62] FIT targeted youth offenders with 'co-occurring' substance abuse and mental health disorders. 2011 evaluation of the FIT program indicated recidivism was **30% lower** for participants at 36 months.[63] 2004 evaluation of the Juvenile Breaking the Cycle (JBTC) program indicated participants were **2.36 times less likely** to be re-arrested.[64] JBTC targeted youth involved in serious and chronic offenses and involved in substance use.
Youth Justice	Youth justice custody days	1.51 – 7.29	1.02 – 5.04	Previously accessed justice services. Male	
Homelessness	Homelessness short term accommodation	2.49 – 6.16	2.21 - 5.61	Co-occurring mental health needs	
	Homelessness support days	14.49 – 46.91	14.60 - 48.53	Co-occurring mental health needs Female cohorts	

[62] Washington State Institute for Public Policy, Washington State Institute for Public Policy, Washington State's Family Integrated Transitions Program for Juvenile Offenders: Outcome Evaluation and Benefit-cost Analysis, December 2004, available at: www.wsipp.wa.gov/ReportFile/888/Wsipp_Washington-State-s-Family-Integrated-Transitions-Program-for-Juvenile-Offenders-Outcome-Evaluation-and-Benefit-Cost-Analysis_Full-Report.pdf, p.4.
[63] E. Trupin, S. Kerns, S. Walker, M. DeRobertis, and D. Steward, 'Family Integrated Transitions: A promising program for juvenile offenders with co-occurring disorders', Journal of Child & Adolescent Substance Abuse, vol. 20, 2011: 429, available at: www.researchgate.net/publication/232992862_Family_Integrated_Transitions_A_Promising_Program_for_Juvenile_Offenders_with_Co-Occurring_Disorders.
[64] 'Program profile: Juvenile breaking the cycle (JBTC) program (Lane County, Oregon)', CrimeSolutions, National Institute of Justice, 2016, available at: crimesolutions.ojp.gov/ratedprograms/478.

Portfolio area	Outcome metric	Baseline service use in 2019	4-year average between 2019 – 2022	Cohorts that are likely to experience high baseline	Research on expected target improvements among successful programs
Education	Unexplained absences	5.83 – 10.12 (Note only those in school age will have absences recorded. The average is across the full sample population including those not in school age)	2.08 – 3.70 (Note that the decline may be partially explained by young people who completed or left school over time)	Co-occurring mental health needs Previously accessed justice services Female cohorts	A 2017 study on the impact of in-school and out-of-school mental health services reported children with four or more psychiatric outpatient visits during a school year had **10% lower monthly absences** compared to those with less than four outpatient visits.[65]

[65] C. Kang-Yi, C. Wolk, J. Locke, R. Beidas, I. Lareef, A. Pisciella, S. Lim, A. Evans, D. Mandell, Impact of school-based and out-of-school mental health services on reducing school absences and school suspensions among children with psychiatric disorders, vol.67, 2018: 105-112, pubmed.ncbi.nlm.nih.gov/29289924.

Existing programs

The PAD should complement a range of universal and targeted services the Government funds for this cohort. Proposals should focus on innovative approaches that address service gaps rather than duplicate existing services.

The following program types and services are currently in operation:

Community programs

- Day programs which offer a routine and program of activities with other young people. They run over many hours and are best suited to young people not in school or employment. Further details at: yodaa.org.au/youth/day-programs
- Outreach provides support in places where young people live, and includes support in referrals and linkages, family support, counselling and medical care. Further details at: yodaa.org.au/youth/outreach

Residential programs

- Residential programs also exist to support young people (and their families) for long-term change. Examples include:
  - **Bunjilwarra Koori Youth Alcohol and Drug Healing Service**, a supportive environment for young Aboriginal Victorians to manage alcohol and drug issues through therapeutic programs to develop living skills, strengthen cultural identity and spiritual wellbeing. Further details at: ysas.org.au/locations/bunjilwarra
  - **Gippsland Youth Residential Rehabilitation Program** (Uniting Vic Tas), a 16-week program supported by a range of AOD and mental health staff. Further details at: www.unitingvictas.org.au/services/alcohol-other-drugs/rehabilitation/youth-rehabilitation
  - **'Birribi' Youth residential rehabilitation** (YSAS), a three-month therapeutic community program to improve health, wellbeing and substance use. Further details at: ysas.org.au/locations/birribi
  - **Recovery Support Service (Self Help Addiction Resource Centre)**, community-based housing and day program balancing support, independence and long-term recovery. Further details at: www.sharc.org.au/sharc-programs/residential-peer-programs

7. Independent Evaluation of the PAD

A fulsome evaluation process is a key feature of all PADs to gather learnings for future government policy design and for sharing information with the broader sector.

The Government will undertake an independent evaluation of the PAD to validate and establish the evidence base for the proposed interventions and their efficacy. This may also explore indicators of the intervention's impact, beyond the payable outcomes, such as benefits to individuals and the community like earnings and sense of inclusiveness. Evaluation, including any RCT component of this PAD will inform the design of the program.

Evaluations of previous PADs can be found on the DTF website:
https://www.dtf.vic.gov.au/current-pads

8. Details on the advisors to the State

The State has appointed a probity advisor and will appoint a legal advisor for the development of this PAD initiative.

Conflicts of interest should be disclosed within proposals, including where interested parties have previously engaged the same advisors for advice or work related to this PADs initiative.

Probity advisor

The Probity Advisor engaged for the PAD is:

Rory O'Connor
O'Connor Marsden & Associates Pty Ltd
Telephone: 1300 882 633
Mobile: 0416 107 627
Email: roconnor@ocm.net.au

During the forthcoming RFP process, the Probity Advisor will have regard to the following probity principles:

- fairness and impartiality
- accountability and transparency of process
- confidentiality and security of information and materials
- effective management of conflict of interest
- value for money.

Invitees who have any concerns about the conduct or probity of the procurement process should contact the Probity Advisor.

More information on the role of probity in government procurement can be found in the Victorian Government Buying for Victoria website Plan for Probity: www.buyingfor.vic.gov.au/plan-probity.

Legal advisor

The State expects to appoint a legal advisor to support the development of this PAD's initiative ahead of the release of the RFP for the PAD. The State's legal advisor will be detailed in the RFP.

Appendices

The following appendices provide guiding information to support the preparation of responses to the forthcoming RFP for the new PAD. These Appendices are based on information used to inform previous PAD RFPs.

We have included this information as appendices to this SOI so interested parties can have an understanding of these requirements. Please note they are subject to change.

Appendix A – Mandatory information for RFP and legal templates

Appendix B – Request for Proposal evaluation

Appendix C – Data requirements, guidance and information for RFP

Appendix A: Mandatory information for RFP and legal templates

A.1 Mandatory information

General legislative and regulatory requirements

All proposals submitted to the RFP must:

a) include a completed Supplier Code of Conduct commitment letter (to be released as part of the RFP tender)
b) provide details of the partners, including contact details. The lead member must be a legal entity, and
c) provide details of any accreditation or registration held by the Invitee that is required to deliver or procure the services proposed.

Proposals which do not meet these requirements may not be assessed by the RFP Evaluation Team.

The Invitee when delivering the services will be required to comply with (among other things):

- all standards as gazetted under applicable Acts and standards endorsed by the applicable departments
- all applicable departmental policies, including those related to service specific requirements as outlined in the department's policy and funding guidelines
- laws including those related to fire protection, industrial relations, employment, health, general safety, and taxation.

To satisfy legislative requirements, Invitees will need to have a current Working with Children Check for any proposal that interacts with children. It is the responsibility of the provider to include evidence of this approval in accordance with legislation and departmental policy.

A.2 Supporting requirements to address the Evaluation Criteria

All responses will be required to address the Evaluation Criteria. See Appendix B for guidance on the Evaluation Criteria.

In addition, the information provided in response to the Evaluation Criteria should be supported as appropriate by:

- **A financial model** that supports all proposed financial arrangements, estimates and other relevant information.
  - All financial model functions, formulae and linkages must be operational (including no circular references), and no part of the financial model should be password protected (unless the password is clearly provided for each level of protection). Additionally, no cells or worksheets containing input, calculations or output data should be hidden from view in any way and cells should not contain links to external workbooks or add ins.
  - All Visual Basic macros must be fully documented to explain how the macros function and specify the relevant part of the financial model to which it relates.
  - All assumptions should be clearly set out and justified. Where appropriate, the financial model should have links between the different Evaluation Criteria as outlined in the RFP. All financial information must be presented in net present value terms as well as in nominal cash flows over time.
- Completion of the **'Minimum Avoided Cost Modelling Data Requirements Template':** this will seek the basic input assumptions for a proposal via a brief excel template. The template will be made available as an attachment to the RFP during the tendering phase. The RFP Evaluation Team will undertake economic feasibility analysis of the intervention and estimate avoided costs for government through the information collected.
- **Data, evidence and sources as appropriate** to justify your intervention design, to support your choice of outcome measures etc.

A.3 Voluntary information

Avoided cost modelling supporting the proposed interventions is not required as part of proposals to the RFP.

Applicants may find that undertaking their own avoided cost modelling is helpful to support assumptions and analysis within their financial modelling. In which case, applicants can provide any avoided cost modelling they prepare in support of the applicant and alongside their financial modelling.

Appendix B - Request for Proposal evaluation

This section explains how the RFP Evaluation Team intends to evaluate proposals. It will be subject to change and finalised as part of the RFP.

The information in this section is not intended to limit the scope of responses. Proposals should include further detail or information as needed. The below guidance is intended to be indicative and non-exhaustive.

B.1 Evaluation process

The Government's RFP Evaluation Team intends to evaluate proposals according to the Evaluation Criteria and weights set out in Table B.2.1.

To assist the Evaluation Team in making evaluations and decisions regarding the proposals, the Evaluation Team may require advice from the Government's advisors on various:

- communications and stakeholder relations
- legal
- planning
- technical matters.

The Government may also consult with subject matter experts as required, who will be subject to appropriate confidentiality requirements.

The Government's advisors (Legal and Probity Advisors) do not participate in the final scoring and ranking by the Evaluation Team, but their advice may be sought and considered by the Evaluation Team on matters relevant to their areas of expertise. Their advice may also be sought on any specific conditions or provisions recommended to be attached to the approval by the Government.

Once successful partners have been chosen and the parties enter JDP, it is expected that joint working groups and steering committees comprising members of both parties will be established to negotiate the final PADs initiative.

The RFP Evaluation Team will contact organisations, if required, to clarify aspects of proposals, as well as seek any further information which the RFP Evaluation Team considers necessary for assessment. All information requests and queries will be conducted with the oversight of the probity advisor.

B.2 Evaluation Criteria and principles

Proposals to the RFP must comply with mandatory requirements set out in Section A.1. The RFP Evaluation Team will evaluate proposals according to the Evaluation Criteria and weightings set out in Table B.2.1. The assessment will be guided by the PADs principles outlined in Section 2.1.

Table B.2.1: Evaluation Criteria and weighting

Note the values and criteria below are indicative only and may be subject to change as part of the RFP for the new PAD.

Technical criteria (70/100 or 70% weighting)

No.	Criteria	Maximum points available
T1	The partners, governance, and planning	10
T2	The intervention you propose	15
T3	The outcomes you will achieve and how you will measure them.	30
T4	The financial and commercial arrangements you propose	15

Local Jobs First Criteria (20/100 or 20% weighting)

No.	Criteria	Maximum points available
LJF1	Local industry development	10*
LJF2	Jobs outcomes	10

*The 10 per cent weighting for Local Industry Development will be automatically assessed as a 10 out of 10, subject to a commitment to comply with local content of 97 per cent and above within the Local Industry Development Plan.

Social Procurement Framework Criteria (10/100 or 10% weighting)

No.	Criteria	Maximum points available
SPF1	SPF criteria will be assessed based on information provided as part of proposals	10

Appendix A provides guidance on the information that you will need to provide to effectively address the Evaluation Criteria. It is not intended to limit responses.

Further information regarding Local Jobs First and the Social Procurement Framework at the end of Appendix B.3

B.3. Information to address Evaluation Criteria

Table B.3.1: Information to address Evaluation criteria

Evaluation Criteria	To answer this you will need to:	At a minimum your answer should include:
T1: The partners, governance, and planning	1. Describe the experience, capability, and capacity of the members of your team.	(a) The proposed team for the JDP, including the organisations and individual members of the team. (b) The relevant experience the people and organisations have in working with the group of people that the intervention is seeking to help and negotiating transactions. (c) Evidence demonstrating an ability to work with relevant Federal Government, State or Local Government service providers. (d) The proposed team for the implementation of the actual PAD, including the organisations involved, and their direct, relevant experience.
	2. Describe how the governance of your team will work.	(a) A description of the roles and responsibilities of each organisation and individual members of the team during the JDP. (b) A description of the roles and responsibilities of each organisation during the actual implementation of the proposed PAD if you are successful.
	3. Describe your plan to successfully complete the work required for the JDP.	(a) An indicative timeline of the key actions set out to be taken by the team, by the Government and together during the JDP. (b) Any proposed changes that Government will need to make to provide for the program, including policy changes, site access, referrals, priority access to clients etc. (c) Any major changes that would be required by members of the team to achieve success (e.g. system changes or upgrades, process changes). (d) Any major approvals required. (e) A list of major risks, and how you will manage them.
T2: The intervention you propose	1. Describe the group of people that the intervention will help (the client group).	Noting the policy focus groups in section 6, provide: (a) A description of your proposed client group, including the number of people, key characteristics, eligibility criteria and any proposed exclusions. (b) A description of the process for program referral and entry, including acknowledgement of existing services if appropriate. It should be objective and minimise opportunity to 'cherry-pick' clients. Relationships with relevant referral agencies and/or local partners should be identified. (c) A description of how individuals in the program will be retained to manage program attrition.

Evaluation Criteria	To answer this you will need to:	At a minimum your answer should include:
	2. Describe the proposed intervention.	(a) How the intervention relates to the Government's preferred policy areas. If it does not relate, a clear explanation as to why this will lead to better outcomes for Victorians is required. (b) A description of the proposed service model/intervention design. This should include the program logic for the intervention and a description of the research or evidence that supports your proposed intervention. (c) Service locations, being clear about what services/partnerships are pre-existing and what must be developed new. (d) The total cost of the proposed intervention and the timing of costs. This should include the number of people who will receive services and the unit price of the services. All underlying assumptions, such as price escalation and uptake of services, should be set out. The program cost will form part of the financial model in T4. (e) How the intervention group will be protected from any harm. This should include how the intervention will comply with legislative requirements to protect and support individuals. (f) If the intervention will support Aboriginal and Torres Strait Islander clients, information regarding how appropriate engagement with Aboriginal Community Controlled Organisations will occur in relation to implementation and monitoring of the intervention and have regard for the government's commitment to self-determination. (g) A high-level implementation plan for the intervention.
	3. A plan to obtain any required ethics approval.	(a) If ethics approval is not proposed, the proposal should include a statement outlining why this is not required.
T3: The outcomes you will achieve, and how you will measure them	1. Describe the intended impact of the service intervention on the client group and the broader community.	(a) How the success of the program will be measured: • How the lives of the people in the client group will be improved. • How the welfare of the broader community will be improved. (b) The proportion of program participants that will demonstrate improved outcomes. (c) The level of impact expected to be achieved (in percentage or level terms) (d) A timeline that shows when the outcomes will be achieved.

Evaluation Criteria	To answer this you will need to:	At a minimum your answer should include:
	2. Describe the measures to trigger outcome payments.	With reference to the outcome information discussion in section 6: (a) What the outcome measures are, what data sources they use, how they are calculated and how they will be collected and over what time period. (b) What the payable outcome measures are, and why these have been selected as payable. Connections to the key outcomes and payment metrics must be drawn. Proposals should aim to include at least one and no more than two payable outcomes (not including short-term or proxy outcomes) is recommended. (c) How a long-term measure will be captured after the person has completed the program, and potentially after the program has ceased. (d) Other supplementary outcome measures outside the payable outcome measures to support performance measurement. (e) The changes in outcome measures that are proposed to achieve. This should be presented for a range of scenarios (e.g. expected case, downside case, upside case). (f) If the outcome measures are not directly related to the desired impact, provide evidence that they are closely related proxies. (g) How program attrition will be measured and its impact on outcome measurement and payments.
	3. Describe how success will be measured and outline the counterfactual that outcomes will be assessed against. Include here detail on any expected use of an RTC.	(a) What type of counterfactual will be used (e.g. randomised controlled trial, quasi-experimental, control group, historical baseline) (b) If a control or comparison group is proposed, a description of how the control group will be constructed and engaged throughout the life of the program and beyond. (c) How attrition will be accounted for in the assessment of program success and what level of attrition will be accepted.
	4. Provide evidence to support the financial and economic feasibility of the proposed intervention.	(d) Explain at a high-level what costs the Victorian Government will avoid if the intervention is successful. These costs can be longer than the period of the PAD, and should ideally be directly linked to the payable outcomes. (e) Program assumptions and parameter details on outcome data to enable avoided cost modelling to be undertaken by the Evaluation Team to assess the economic feasibility of the intervention for the Victorian Government. This information is to be provided as part of the Minimum Avoided Cost Modelling Data Requirements Template. (f) Analysis and evidence to suggest if the estimated avoided costs to the Victorian Government are expected to exceed the service delivery costs to the Victorian Government. (g) Other than to the Victorian Government, outline any broader social or indirect benefits to the community from a successful intervention, and how they may be measured as part of the broader evaluation.

Evaluation Criteria	To answer this you will need to:	At a minimum your answer should include:
	5. Explain how the data produced by the intervention will be turned into new information and knowledge.	(a) How this will support service providers and policy makers to help the people in the intervention group and design future interventions.
T4: The financial and commercial arrangements you propose	1. Provide the financial model underpinning your proposal.	The following financial and commercial arrangements are to be detailed in a 'financial model' provided in excel: (a) The number of clients in the intervention and anticipated attrition, including timing of intake and exit. (b) The length and cost of intervention. (c) The proposed payment from the Government for varying levels of success in achieving outcome(s). The total quantum of government funding sought should not exceed $12 million (excluding GST). (d) Proposed contribution from the Government, such as a standing charge or capital guarantee. (e) The proposed role of investors, including their capital contribution, risk and returns at varying levels of performance. (f) All assumptions, such as the discount and inflation rates used, need to be explicitly stated.
	2. Describe the sources of capital to fund the intervention.	(a) What funds will be sourced from private investors, other sources and from the Government.
	3. Provide a financial risk–return analysis for each party to the PAD.	(a) The financial risks and returns of each party to the transaction should be clearly articulated. Expectations around the maximum amount of at-risk capital should be clearly stated.
	4. Outline your preferred commercial framework	(a) The entity(s) that will receive payments from the Government, and the proposed legal relationship between parties to the PAD.

Local Jobs First criteria

Local Jobs First (LJF) criteria will be assessed based on information provided as part of the Local Industry Development Plan (LIDP) applicants provide to the Industry Capability Network.

The requirements under the LJF will be detailed as part of the RFP. More information on LJF and its application to Victorian Government tendering can be found here: localjobsfirst.vic.gov.au

Social Procurement Framework (SPF) criteria

The Social Procurement criteria will be assessed based on the responses to the RFP. The requirements under the SPF will be detailed as part of the release of the RFP. More information on SPF and its application to Victorian Government tendering can be found here: www.buyingfor.vic.gov.au/social-procurement-framework

Fair Jobs Code

While not part of evaluation criteria, it is expected that the Fair Jobs Code will apply, and organisations must hold a pre-assessment certificate. Online applications are free, usually take under one hour to complete, and are generally approved in around a month. Leave adequate time to include the certificate number in the proposal. Any further requirements under the Fair Jobs Code will be detailed as part of the release of the RFP. More information on the Fair Jobs Code and its application to Victorian Government tendering can be found here: https://www.buyingfor.vic.gov.au/fair-jobs-code

Economic parameters

The proposal and the supporting financial model for submission under the RFP must specify key assumptions and inputs used. Standard economic parameters that will be used to assess the economic feasibility and financial models are outlined below. Final parameters of the purpose of the Implementation Agreement will be determined by JDP negotiations.

Table B.3.2. Key economic parameters and assumptions

Category	Input	Comments
Inflation	2.5 per cent per annum	Mid-point of Reserve Bank of Australia's inflation target band.
Discount rate	4 per cent per annum	A standard discount rate of 4 per cent will be applied to assess all financial modelling and any voluntary avoided cost estimates.
Timeframe for analysis	10 years	Avoided cost will be estimated over 10 years to provide baseline comparison across proposals. However alternative timeframes might be proposed if avoided costs can be estimated with a high degree of confidence.

Appendix C: Data requirements, guidance, and information

Credible data should be used in the financial analysis supporting proposals to the RFP and relating back to how the organisation proposes to measure outcomes, and the data you might need to measure them.

Appendix C aims to provide:

- details on minimum modelling information requirements (Section C.1)
- data and guidance on avoided cost modelling, with examples of public unit costs to the Government across acute services. This can be used for avoided cost and financial analysis (Section C.2)
- assistance on how administrative datasets may be able to support outcomes measurement (Section C.3), and
- information on developing a counterfactual to measure outcomes of a proposal (Section C.4.)
- links to information to support further research and analysis (Section C.5).

C.1 Minimum avoided cost modelling data requirements template

Data and information relating to the intervention parameters and expected outcomes are required in proposals to enable the RFP Evaluation Team to undertake an economic feasibility analysis of the intervention and estimate avoided costs for government. This includes, outcome measures, payable outcome measures, proposed success rates and other program details.

This information is to be provided in proposals through the 'Minimum Avoided Cost Modelling Data Requirements Template'. This template will be released as an attachment to the RFP.

C.2 Data on costs avoided by government

Interested parties are encouraged to prepare their submissions using:

(a) their own (internal) data
(b) data included in the SOI and forthcoming RFP
(c) publicly available online data and data contained in published reports, including the recently published Client Pathway reports available at https://www.dtf.vic.gov.au/client-pathways-reports
(d) data held by other parties including administrative data sets.

The payable outcomes under the PAD should link to the future savings for the Victorian Government that the proposed intervention is expected to achieve. To estimate future savings, there needs to be an understanding of the costs incurred when some social and government services are used.

While these costs do not necessarily translate into immediately realisable and cashable savings to the Government, they do represent appropriate costings that can be used for the purposes of demonstrating the merits of an intervention.

Noting submitters do not need to provide avoided cost modelling information beyond the minimum information to be collected in Attachment B: the Minimum Avoided Cost Modelling Data Requirements Template, this section provides further data and guidance to any interested parties who wish to conduct their own avoided cost modelling.

The Government will work with a successful Invitee through the JDP to confirm payable outcome measures and apply avoided cost modelling.

Table C.2.1 below provides a list of publicly sourced government service unit costs that could be considered as part of any avoided cost and financial modelling. The list should be treated as a guide only and does not represent the Government's preference in any future funding decisions based on publicly available information.

This list is not exhaustive, there will be costs to the Government that have not been included in the RFP. The Government may use additional service unit costs to support the avoided cost modelling and assessment of economic feasibility of proposals. Proposals can also suggest costings that are obtained from sources other than this document if they are appropriately referenced, and the assumptions clearly specified.

Table C.2.1: Estimated government service delivery unit costs in housing, justice, health and mental health services[66]

Activity/service	Description	Original cost year	Cost (in $ of original cost year)	Unit	Source
Housing					
Estimated cost per client accessing homelessness services	Estimated real recurrent cost per client accessing homelessness services	2022-23	5 160	Per client	RoGS 2024Part G Section 19 Table 19A.18
Estimated cost per day of homelessness support	Estimated real recurrent cost per day of support for clients	2022-23	52.04	Per client per day	RoGS 2024 Part G Section 19 Table 19A.16
Public housing expenditure	Government recurrent expenditure per public dwelling	2022-23	50 958	Per dwelling	RoGS 2024 Part G Section 18 Table 18A.48
Public housing expenditure (excluding cost of capital)	Government recurrent expenditure per public dwelling excluding cost of capital	2022-23	9 265	Per dwelling	RoGS 2024 Part G Section 18 Table 18A.48
Community housing expenditure	Government recurrent expenditure per tenancy rental unit in community housing	2021-22	16 941	Per tenancy unit	RoGS 2024 Part G Section 18 Table 18A.50
Indigenous Community housing expenditure	Government recurrent expenditure per dwelling in Indigenous community housing	2022-23	9 526	Per dwelling	RoGS 2024 Part G Section 18 Table 18A.51

[66] This table includes summary cost data for some key costs associated with housing, justice, health and mental health services. The data is provided as a guide for proposal development. Other cost data may be used where it can be demonstrated that it is more appropriate and/or of an improved quality (with key assumptions clearly documented).

Activity/service	Description	Original cost year	Cost (in $ of original cost year)	Unit	Source
Justice					
Average cost per court case (criminal)	Per criminal matter disposed in the Magistrates' Court in Victoria	2022-23	1 462.1	Per case	2024-25 Department Performance Statement (DTF) page 168
Average cost per court case (civil)	Per civil matter disposed in the Magistrates' Court in Victoria	2022-23	1 786.7	Per case	2024-25 Department Performance Statement (DTF) page 167
Average cost per community correction offender	Average cost per offender per year in community corrections (calculated using total real net operating expenditure/average daily offender population)	2022-23	18 812	Per offender per year	RoGS 2024 Part C Section 8 Table 8A.6 and Table 8A.2
Prison cost per day per prisoner	Real net operating expenditure per prisoner per day	2022-23	401	Per prisoner per day	RoGS 2024 Part C Section 8 Table 8A.20

Activity/service	Description	Original cost year	Cost (in $ of original cost year)	Unit	Source
Health					
Hospital admitted acute separations	Average cost per admitted acute care patient separation (formal admission to hospital to receive short-term treatment)	2020-21	5 315	Per separation	IHPA National Hospital Cost Data Collection: Public Sector Report, 2020-21 Financial Year
Non-admitted patient service	Average cost per non-admitted patient service event (patient encounter that has not undergone the formal hospital admission process)	2020-21	342	Per service event	IHPA National Hospital Cost Data Collection: Public Sector Report, 2020-21 Financial Year, p.28
Emergency Department presentation (all)	Average cost per emergency department presentation	2020-21	789	Per presentation	IHPA National Hospital Cost Data Collection: Public Sector Report, 2020-21 Financial Year, p.33
Emergency Department presentation (admitted)	Average cost per admitted emergency department presentation	2020-21	1,235	Per presentation	IHPA National Hospital Cost Data Collection: Financial Year 2020-21 Infographic, p.6
Emergency Department presentation (non-admitted)	Average cost per non-admitted emergency department presentation	2020-21	611	Per presentation	IHPA National Hospital Cost Data Collection: Financial Year 2020-21 Infographic, p.6
Ambulance services (metro)	Cost per emergency ambulance attendance via transport in metropolitan Melbourne	2024-25	1 396	Per service event	Department of Health Ambulance Fees Website
Ambulance services (rural)	Cost per emergency ambulance attendance via transport in rural Victoria	2024-25	2 059	Per service event	Department of Health Ambulance Fees Website

Activity/service	Description	Original cost year	Cost (in $ of original cost year)	Unit	Source
Mental health					
Admitted mental health care	Average cost per phase of admitted mental health care	2020-21	19 984	Per phase	IHPA National Hospital Cost Data Collection: Public Sector Report, 2020-21 Financial Year, p.38
Community mental health care	Average cost per phase of community mental health care	2020-21	2 876	Per phase	IHPA National Hospital Cost Data Collection: Public Sector Report, 2020-21 Financial Year, p.41
General mental health services	Average recurrent real costs per inpatient bed day in public hospitals for general mental health services	2021-22	1 402.15	Per patient bed day	RoGS 2024 Part E Section 13 Table 13A.38
Child and adolescent mental health services	Average recurrent real costs per inpatient bed day in public hospitals for child and adolescent mental health services	2021-22	2 198.75	Per patient bed day	RoGS 2024 Part E Section 13 Table 13A.38
Forensic mental health services	Average recurrent real costs per inpatient bed day in public hospitals for forensic mental health services	2021-22	1,723.86	Per patient bed day	RoGS 2024 Part E Section 13 Table 13A.38
Community residential mental health services (24-hour staffed)	Average recurrent cost per patient day for community residential services, general adult units (24-hour staffed units)	2021-22	738.24	Per patient day	RoGS 2024 Part E Section 13 Table 13A.41

Activity/service	Description	Original cost year	Cost (in $ of original cost year)	Unit	Source
Community residential mental health services (non-24 hour staffed)	Average recurrent cost per patient day for community residential services, general adult units (non-24-hour staffed units)	2021-22	295.80	Per patient day	RoGS 2024 Part E Section 13 Table 13A.41
Ambulatory mental health care	Average cost per treatment day of ambulatory care (same day medical procedure performed in out-patient setting)	2021-22	516.33	Per treatment day	RoGS 2024 Part E Section 13 Table 13A.42

C.3 Using administrative data to measure outcomes

There are a number of publicly available sources of information that interested parties may use in developing their response to the forthcoming RFP. The design of outcome measures must give due consideration to the data that may be able to support the robust measurement of outcomes.

The Victorian Government holds many datasets that may be able to be accessed to support the measurement of outcomes for any given social intervention. Administrative data, along with self-reported data and other forms of data collection, each have unique strengths and weaknesses that should be taken into consideration when developing outcome measures for any intervention.

Some of these datasets are managed by Victorian Government departments, while others are managed by the Commonwealth Government and other agencies. The datasets managed by the Victorian Government cover a range of different services and policy areas, including health care, social services including housing and homelessness services and justice services including the courts and correctional institutions.

The State will only accept payable outcome measures among datasets that are available through the Victorian Social Integrated Data Resource (VSIIDR) supported by the Victorian Centre for Victorian Data Linkage, unless there is a clear and robust alternative method proposed by an applicant. For a list of the datasets available through CVDL, visit the following webpage: vahi.vic.gov.au/ourwork/data-linkage/apply

Due to the timeframes of the PAD, the Department of Treasury and Finance cannot respond to or coordinate individual data requests during the market sounding or RFP stages. Data request response timelines can vary depending on the department and size of the request. Interested parties to the RFP should allow as much time as possible for departments to respond to any data request and include clear information including research questions, data sought and applicable years.

Table C.3.1. provides an overview of some of the administrative datasets held and managed by various departments and agencies, as well the key datasets linked through VSIIDR often used to measure outcomes for earlier intervention proposals.

Table C.3.1: Administrative datasets held by Government – description and contact information

Dataset	Description	Further information (useful links)
Justice		
Crime Statistics Agency	Responsible for processing, analysing, and publishing Victorian crime statistics, independent of Victoria Police (including youth justice). The Crime Statistics Agency also undertakes analysis of crime and criminal justice issues in Victoria.	For more information, please visit https://www.crimestatistics.vic.gov.au/
Health		
Victorian Admitted Episodes Dataset (VAED)	Collects morbidity data on all admitted patients from Victorian public and private acute hospitals including rehabilitation centres, extended care facilities and day procedure centres.	For more information about the VAED, please visit https://www.health.vic.gov.au/data-reporting/victorian-admitted-episodes-dataset Data requests from the VAED can be made via https://vahi.freshdesk.com/support/home
Victorian Emergency Minimum Dataset (VEMD)	Collects information on emergency presentations at Victorian public hospitals that receive the non-admitted emergency services grant, and other hospitals as designated by DH.	For more information about the VEMD, please visit https://www.health.vic.gov.au/data-reporting/victorian-emergency-minimum-dataset-vemd Data requests from the VEMD can be made via https://vahi.freshdesk.com/support/home
Funding of alcohol and other drugs services (Drug Treatment Activity Unit)	Information relating to activity-based funding for alcohol and drug treatment service programs and funding rules in Victoria.	For more information about the funding of alcohol and other drugs services, please visit https://www.health.vic.gov.au/funding-and-reporting-aod-services/funding-of-alcohol-and-other-drug-services
Victorian Integrated Non-Admitted Health (VINAH)	The Department of Health's non admitted data collection integrating patient-level data across many government-funded programs.	For more information about the VINAH, please visit https://www.health.vic.gov.au/data-reporting/victorian-integrated-non-admitted-health-vinah-dataset

Dataset	Description	Further information (useful links)
Client Management Interface/Operational Data Store (CMI/ODS)	Measures mental health service contacts.	For more information about the CMI/ODS, please visit https://www.health.vic.gov.au/research-and-reporting/cmiods
Family Services and Housing		
Integrated Reports and Information System (IRIS)	Data collection system used by Child FIRST and Family Services to record client and service data. Records key data about the client and service profile within Family Services. All data fundamentally derives from practice – from the initial referral to Family Services, through key client issues and service activities to the case outcome and closure reason.	For more information about the IRIS, please visit https://providers.dffh.vic.gov.au/integrated-reports-and-information-system
Client Relationship Information System for Service Providers (CRISSP)	Developed by DFFH for the non-government community services sector, the system provides an extensive range of functions for recording client information, assisting case management and enabling electronic reporting of data required by the department.	For more information about the CRISSP, please visit https://fac.dffh.vic.gov.au/systems
Specialist Homelessness Services Collection	The SHSC reported by AIHW collects information about people who are referred to, or seek assistance from, specialist homelessness services (SHS) agencies.	https://www.aihw.gov.au/about-our-data/our-data-collections/specialist-homelessness-services-collection
Education		
Victorian Child and Adolescent Monitoring System (VCAMS)	Online data portal that provides a range of data supporting the Victorian Child and Adolescent Monitoring Outcome Framework.	Online portal can be reached on: https://www.vic.gov.au/victorian-child-and-adolescent-monitoring-system-vcams
Victorian VET Student Statistical Collection Guideline	The Victorian VET Student Statistical Collection captures information about training activity in Victoria. This includes, but is not limited to, information on registered training organisations (RTOs), training activity, students' demographic and prior education details as well as enrolment and qualification completion details associated with Vocational Education and Training (VET) delivery for domestic and international students, both in Victoria and offshore.	The 2020 guideline can be found on: victorian-vet-student-statistical-collection-guidelines-2020.pdf (education.vic.gov.au)

C.4 Use of counterfactuals to measure outcomes

To understand the value-add of the PAD intervention, successful evaluation of the PAD involves counterfactual analysis – understanding what would have happened in the absence of intervention.

Proposals must consider ways to demonstrate how impacts can be attributed to the intervention, as opposed to those that would occur naturally without further action (e.g. children's learning behaviours may change naturally as they age) or due to other external factors (e.g. economic growth affecting employment).

To estimate the counterfactual scenario, a similar control group is usually required to benchmark the outcomes of those who did not receive the intervention. Generally, the more similar a control group is to the intervention group, the more robust the measure of the impact of intervention will be.

As discussed in section 5.3, this process will explore the feasibility of the 6th PAD including an RCT in its design.

Counterfactual risk

Social Finance, UK has outlined several factors that affect the accuracy of evaluation:

Availability of historical data on outcome: low or no historical data or understanding of baseline increases risk of inaccurate estimation.

Dependence of outcome on external events: outcomes that are highly affected by external factors are more prone to be misrepresented.

Strength of evidence base for intervention: limited understanding of the link between target outcome and cohort could impact ability to draw inferences on the intervention impacts.

Scale of service provision: counterfactuals are harder to define for smaller sample sizes.

Duration of the intervention: longer interventions are more prone to the effects of external factors.[67]

[67] Technical guide: Evaluating Impact Bonds – Balancing Evidence and Risk, Social Finance & CIFF, September 2016, ciff_report_final.pdf (socialfinance.org.uk)

Examples of methods to mitigate counterfactual risk

Social Finance, UK also developed a multi-tiered approach to counterfactual methodologies:[68]

Table C.3.1 Examples of methods to mitigate counterfactual risk

Counterfactual design methodology	Impact on counterfactual risk
Experimental design (e.g. randomised control trial)	**High** – Ability to control for most variables and least prone to counterfactual risk.
Quasi-experimental design (e.g. regression discontinuity design)	**High** – Ability to control for most variables and external factors, if they are factored in modelling.
Live non-experimental controls (e.g. selected control geographies)	**Medium** – Ability to control for external events and variables that were accounted during selection.
Constructed counterfactuals (e.g. historical or population benchmark)	**Medium to low** – Ability to control for measured variables and susceptible to external factors happening real-time or to the target geography.

C.5 Further references

Further references are provided to assist interested parties to identify policy and financial information that may be relevant.

Description	Further information (useful links)
General information	
DataVic Portal	www.data.vic.gov.au
Productivity Commission (Report on Government Services)	www.pc.gov.au/research/ongoing/report-on-government-services
Australian Bureau of Statistics	www.abs.gov.au
Australian Bureau of Statistics – Census	www.abs.gov.au/census
Household, Income and Labour Dynamics in Australia (HILDA)	melbourneinstitute.unimelb.edu.au/hilda
Police	
Australian Institute of Criminology	www.aic.gov.au
Courts	
Magistrates' Court Data	Figures relating to MCV operations can be obtained from their annual reports, the Sentencing Advisory Council or the Crime Stats Agency

[68] Technical guide: Evaluating Impact Bonds – Balancing Evidence and Risk, Social Finance & CIFF, September 2016, ciff_report_final.pdf (socialfinance.org.uk)

Description	Further information (useful links)
County Court Data	www.countycourt.vic.gov.au
Children's Court of Victoria Data	www.childrenscourt.vic.gov.au
Sentencing Advisory Council	www.sentencingcouncil.vic.gov.au
Corrections	
Statistical Profile of the Victorian Prison System	www.corrections.vic.gov.au/annual-prisons-statistical-profile
Prisoner and offender statistics	www.corrections.vic.gov.au/statistics-and-research
Health and Human Services	
National Weighted Activity Unit (NWAU) calculators	https://www.ihacpa.gov.au/health-care/pricing/nwau-calculators
Victorian Cost Data Collection	www.health.vic.gov.au/data-reporting/victorian-cost-data-collection-vcdc
Victorian Health Services Performance	performance.health.vic.gov.au/Home/Statewide-performance-data.aspx
Australian Institute of Health and Welfare	www.aihw.gov.au
Turning Point, AODstats	aodstats.org.au
Roadmap for Reform; Strong Families, Safe Children	www.dffh.vic.gov.au/publications/roadmap-reform-strong-families-safe-children

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