

Summary of changes applied to the 2018-19 Model Report

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Purpose and overview

The purpose of this document is to provide a summary of the key changes in the 2018-19 Model Report (the Model) since the publication of the 2017-18 Model.

The changes in the Model incorporate a combination of revisions and enhancements.

The main changes include:

- Amendments to the disclosures in the Report of Operations to reflect changes in the *Local Jobs First Act 2003* introduced in August 2018, which brings together the Victorian participation policy (VIPP) and the Major Project Skills Guarantee (MPSG) policies, as these were previously administered separately;
- Incorporation of the first-time adoption of AASB 9 *Financial Instruments*, including revising the financial statements and accompanying notes;
- Inclusion of 'committed capital contribution' column for commissioned Public Private Partnership (PPP) arrangements to disclose the committed State capital contributions separately;
- Relocating all the appendices relating to the new Australian Accounting Standards (previously incorporated into the 2017-18 Model Report) to the DTF website; and
- Incorporation of example disclosures associated with the new Australian Accounting Standards (issued but not effective for 30 June 2019) to assist preparers to disclose the potential impacts of these standards on the Department's financial statements in their Annual Reports.

For details of the **New** and **Revised** reporting requirements in the Model, please refer to the summary of changes tables in this document.

General changes throughout the 2018-19 Model Report

Subject matter	Source of change	Summary of changes throughout the 2018-19 Model Report	Page reference
General improvements to the Model	Roll-forward dates	All relevant dates have been rolled-over in the 2018-19 Model Report as part of the roll-over process from the 2017-18 Model Report.	Whole Model
	Enhanced guidance	Editorial changes and updates to the phrasing and structure of sentences/paragraphs have been made to improve the guidance material throughout the Model.	Whole Model
	To update the source references	The following changes have been made to the source references: <ul style="list-style-type: none"> Changes to the AASB/FRD source references as a result of the update to the relevant AASB/FRD since 1 July 2018. 	Whole Model
	Revised Standing Directions	All references to the 'Standing Directions for the Minister for Finance' has been replaced with the "Standing Directions 2018 under the Financial Management Act 1994", to reflect the General Order issued 29 November 2018.	Whole Model
	To update references to the Assistant Treasurer	All references to the Minister for Finance has been replaced with Assistant Treasurer, to reflect the General Order issued 29 November 2018.	Whole Model

Summary of changes – Introduction

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Introduction	Page reference
Key financial publications for the State of Victoria	To update the footnotes	Minor editorial changes have been applied to the footnote as part of the general roll-over process from the previous Model Report.	1
Resource materials	Resource Management Framework	A paragraph has been inserted to update preparers that the Resource Management Framework will combine and replace the Budget Operations Framework and the Performance Management Framework, effective 1 July 2019.	2
Diagram 3: Publication coverage and project indicative timelines	Annual update	All relevant dates on the indicative publication timelines have been updated as part of the roll-over process from the previous Model Report	4
	To update reference to the Expenditure Review Committee	The title of the Expenditure Review Committee has been updated to replace the Expenditure Review Sub-Committee.	4
The Model Report: Purpose and Scope	To update references to Departments	The names of Departments have been updated to reflect the machinery of government changes.	5
Setting the Scene	To remove duplicate information	Duplicate information on the streamlining of the Model Report has been removed from the section, which is outlined in the Guidance Section 1 <i>How to Streamline a set of Financial Statements</i> .	6

Summary of changes – Introduction

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Introduction	Page reference
Structure of the Model Report and disclosure requirements	General update	<p>The list of Appendices has been updated to reflect the relocation of the Accounting Standards Checklists in the Appendices (previously Appendix 11-13) in the Model Report to the DTF website.</p> <p>Please refer to the Appendices section in the “Summary of Changes applied to the 2018-19 Model Report” for further detail.</p>	8

Summary of changes – Model Report of Operations

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Introduction	Page reference
[Revised] Capital projects/asset investments program	General Improvement	For improved clarity, the illustration in Table 2 has been amended to differentiate between Capital projects reaching practical completion (in Table 1) and financial completion (in Table 2).	29
[Revised] Reporting towards the Department's performance against OH&S management measures	General Improvement	Additional examples of OH&S performance indicators have been included to assist preparers with their disclosures against OH&S reporting requirements as required by FRD 22H <i>Standard Disclosures</i> in the <i>Report of Operations</i> . Examples include: <ul style="list-style-type: none"> the number of quarterly OH&S committee meetings held in a year; and the percentage of reported incidents investigated. 	38
[New & Revised] Local Jobs First	FRD 25D <i>Local Jobs First</i>	Disclosures have been updated to reflect the changes in the <i>Local Jobs First Act</i> introduced in August 2018, which brings together Victorian participation policy (VIPP) and Major Skills Guarantee (MPSG). The new disclosure requirements include: <ul style="list-style-type: none"> reporting on the number of projects MPSG applied on from 16 August 2018; total number of hours completed or to be completed by apprentices, trainees or cadets on these projects, and the total number of opportunities created for apprentices, trainees and cadets on these projects; and total number, across all projects commenced or completed by the department, of small and medium sized businesses engaged as either the principle contractor or as part of the supply chain. 	46-47
[Revised] Information and communication technology expenditure	General improvement	Minor amendments have been made to the section to replace the fictitious ICT expenditure (for illustration purposes) with directions for preparers to insert their own total ICT expenditure.	50
[Revised] Freedom of Information	General improvement	Minor amendment has been made to provide clarity on the processing time for Freedom of Information requests when there is external consultation.	51-52
[Revised] Compliance with the Building Act 1993	General improvement	Minor revisions have been made to the guidance section to remind preparers that any non-compliance resulting from audit outcomes should be included in the disclosure statement.	53
[Revised] Competitive Neutrality Policy	General improvement	Minor amendment has been made to draw reference to the Competition and Infrastructure Reform Agreement for competitive neutrality reporting against the enhanced principles.	53-54
[Revised] Compliance with the <i>Disability Act 2006</i>	General improvement	The section has been amended to include additional examples of the four outcomes under the Disability action plan to assist preparers with their disclosure of reporting requirements as required by the <i>Disability Act 2006</i> .	55-56

Summary of changes – Model Report of *Operations*

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Introduction	Page reference
[Revised] Disclosure Index	Annual update	All relevant sections and page numbers have been updated as part of the roll-over process from the previous Model Report.	71-72

Summary of changes – Model Financial Statements

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Introduction	Page reference
[Revised] Independent Auditor's Report	ASA 700 <i>Forming an Opinion and Reporting on a Financial Report</i>	The auditor's report has been amended to reflect the Key Audit Matters for the current reporting period.	78-81
[Revised] Comprehensive Operating Statement Balance Sheet Statement of Changes in Equity Note 4.1 Departmental outputs – controlled income and expense Note 5.6 Investments and other financial assets Note 6.1 Receivables Note 8.1.3 Financial instruments: credit risk	AASB 9 <i>Financial Instruments</i>	<p>Revisions have been made to the financial statements and accompanying notes as a result of the following changes under AASB 9 <i>Financial Instruments</i>:</p> <ul style="list-style-type: none"> the classification and measurement of the financial instruments; and changes to the impairment model from the "incurred losses" approach to the "expected credit loss" model. <p>In addition, the AASB references have been updated throughout the Model Financial Statements to reflect the above changes.</p> <p>Additional guidance has also been added to assist the users to understand the impact of the new requirements including additional disclosure requirements.</p>	82-83, 85-86, 90, 109, 136, 139-142 and 169-173. 142-143, 147, 171-173, 174, 184, 199 and 204-205
[Revised] Note 7.1 Borrowings Note 8.1 Financial instruments specific disclosure Note 9.4 Reserves		Under AASB 9, financial liabilities designated as Fair Value Through Profit or Loss (FVTPL) – other than loan commitments or financial guarantee contracts, the portion of the change attributable to changes in the entity's own credit risk is recognised in Other Comprehensive Income (OCI), with no recycling, unless OCI presentation would create or enlarge an accounting mismatch in profit and loss. Previously, this was recognised in the 'Other economic flows included in the net result' under AASB 139 <i>Financial Instruments: Recognition and Measurement</i> .	147-148, 160-162 and 204-205
[Revised] Note 8.1 Financial instruments specific disclosure Note 9.2 Other economic flows included in net result Note 9.4 Reserves		<p>AASB 9 simplifies the classification and subsequent measurement of financial assets from four categories – FVTPL, Loans & Receivables (L&Rs), Held To Maturity (HTM) and Available For Sale (AFS) to three categories FVPTL, Fair Value through Other Comprehensive Income (FVOCI) and Amortised Cost (AC).</p> <p>Updates have been made to the relevant financial statements and accompanying notes to reflect the changes, which include Table 8.1.1 <i>Financial</i></p>	160-162, 165-167, 199 and 204

Summary of changes – Model Financial Statements

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Introduction	Page reference
		<i>Instruments: Categories</i> and 8.1.2 <i>Financial Instruments – net holding gain/(loss) on financial instrument by category</i> . Additional guidance has also been added to assist the users to understand the impact of the new requirements including additional disclosure requirements.	
[Revised] Note 9.4 Reserves		Due to the first-time adoption of AASB 9, additional guidance has been included to explain the new revaluation surplus categories. In addition, guidance has also been included to assist preparers to understand the accounting and disclosure requirements of “Financial Assets transferred out of the revaluation surplus”.	205
[Revised] Note 5.1 Total property, plant and equipment	VAGO Recommendation	The note has been updated to include a paragraph on the accounting policy on the impairment of non-financial physical assets under AASB 136 <i>Impairment of Assets</i> and AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable amount of non-cash-generating specialised assets of not-for-profit entities</i> .	120
[Revised] Note 7.5.2 PPP Commitments	Recommendation from Line Departments and VAGO recommendation	To assist consistent application and enhanced transparency, a separate column in Table 7.5.2 has been added to disclose the capital contributions that the State is yet to make under its contractual commitment for projects in construction.	156
[Revised] Note 9.7 Changes in accounting policies	AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> AASB 9 <i>Financial Instruments</i>	The section has been amended to incorporate the required transitional disclosures for the first-time adoption of AASB 9 in accordance with AASB 108 retrospective application requirements and AASB 9 specific transition requirements.	209-212
[Revised] Note 9.14 Australian Accounting Standards issued that are not yet effective	AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> AASB 1059 <i>Service Concession Arrangements: Grantor</i> AASB 16 <i>Leases</i> AASB 15 <i>Revenue from Contract with Customers</i> AASB 1058 <i>Income of Not-for-Profit Entities</i>	The note has been updated to include example disclosures associated with the new accounting standards (issued but not effective for 30 June 2019) to assist preparers to disclose the potential impacts of these standards on the Department’s financial statements in their Annual Financial Report. These include example disclosures for: <ul style="list-style-type: none"> • AASB 1059 <i>Service Concession Arrangements: Grantor</i>; • AASB 16 <i>Leases</i>; • AASB 15 <i>Revenue from Contracts with Customers</i>; and AASB 1058 <i>Income of Not-for-profit entities</i> .	221-223

Summary of changes – Appendices

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Appendices	Page reference
[Revised] Appendix 1: Extracts of whole of government financial statements	Annual update	The extract of the Whole of Government and General Government financial statements have been updated to reflect the suite of publications for the 2018-19 financial year.	248-263
[Revised] Appendix 3: Understanding the Independent Audit's Report	Auditors Report	Guidance on VAGO's independent auditor's report has been added to assist users on the interpretation of the auditor's report.	270-271
[Revised] Appendix 10A: Cabinet ministers as at 1 July 2018	Key Management Personnel for the State (Cabinet).	To support the completeness of the related party disclosures in the annual report, the listing of Cabinet Ministers has been updated to reflect the change in Cabinet and Ministerial appointments due to the State election held in the current financial year. Information has been provided in two tables: <ul style="list-style-type: none"> Cabinet ministers in office for the period 1 July -30 October 2018 (i.e. up to the start of caretaker); and Cabinet ministers in office following the State election. <p>The table of Register of Members' Interests has been updated to reflect the publications for the 2018-19 financial year.</p>	307-309
[New] Appendix 12: New Accounting Standards Instructions Pack Checklists	Relocation to the DTF website	The assessment checklists on the new Australian Accounting Standards have been relocated from the Model Report and published on the DTF website at: https://www.dtf.vic.gov.au/financial-reporting-policy/accounting-standards-checklists . These incorporate checklists for AASB 9 <i>Financial Instruments</i> , AASB 16 <i>Leases</i> , AASB 15 <i>Revenue from contracts with customers</i> and AASB 1058 <i>Income of Not-for-profit entities</i> , which were previously incorporated in the 2017-18 Model Report (formerly Appendices 11, 12 and 13).	318
[Revised] Appendix 13: Summary of new/revised accounting standards for current and future reporting periods	AASB pronouncements	Appendix 13 has been updated to reflect the AASB amendments that come into effect in the 2018-19 and future reporting periods.	319-321

Summary of changes – Appendices

Subject matter	Source of change	Summary of changes applied to the relevant sections in the Introduction	Page reference
<p>[Revised] Appendix 14 AASB reporting requirements for For-Profit and Not-for-Profit entities in the Victorian Public Sector</p>	<p>Australian Accounting Standards</p>	<p>Appendix 14 has been updated to reflect the AASB amendments that come into effect in the 2018-19 and future reporting periods applicable to For-profit and Not-for-profit entities.</p>	<p>322-324</p>